## EXHIBIT "D"

## FRANCHISE AGREEMENT

TeamLogic IT®	Business #
Contract Date:_	
	Date Executed by Franchisor
Expiration Date:	

## FRANCHISE OFFERED:



The Parties to this Franchise Agreement are:

FRANCHISOR:	TeamLogic, Inc. a California corporation 26722 Plaza Mission Viejo, CA 92691
	AND
FRANCHISEE:	
HOME ADDRESS:	
TELEPHONE NUMBER:	



# TERRITORY DESIGNATION (with map attached)

TeamLogic IT® BUSINESS NUMBER:			
The physical boundaries as represented by the	ee's territory, if any, as outlined on the attached map. he written description and shall remain the territory for event street names, city borders, or zip codes become		
SAMPLE			
BUSINESS ADDRESS:			

## TABLE OF CONTENTS

Section		<u>Page</u>
Section I.	DEFINTIONS	1
Section II.	GRANT OF FRANCHISE	3
Section III.	PAYMENTS BY FRANCHISEE	4
Section IV.	OBLIGATIONS OF FRANCHISOR	5
Section V.	TERRITORY AND LOCATION OF BUSINESS	7
Section VI.	FRANCHISEE OBLIGATIONS FOR MAINTENANCE AND OPERATION OF BUSINESS	8
Section VII.	TERM	12
Section VIII.	SERVICE MARKS	13
Section IX.	NATIONAL ACCOUNTS	14
Section X.	TERMINATION OF FRANCHISE	14
Section XI.	TRANSFER BY FRANCHISEE	18
Section XII.	DISPUTES / ARBITRATION	20
Section XIII.	MISCELLANEOUS	21
Section XIV.	ACKNOWLEDGMENTS AND SIGNING	23

This TeamLogic IT® Franchise Agreement is entered into between TeamLogic, Inc., a California corporation (hereinafter "Franchisor") and the undersigned (hereinafter "Franchisee"), with reference to the following facts:

## RECITALS

- A. Franchisor has developed and is engaged in the ongoing development and operation of a "System" (as defined in Section 1 hereof) under certain Trademarks (as defined in Section 1 hereof) operated in accordance with the provisions of this Agreement and Franchisor's "Operations Manual" (as defined in Section 1 hereof), as amended from time to time.
- B. Franchisor grants to persons that meet Franchisor's qualifications, and are willing to undertake the investment and effort, a franchise to operate a TeamLogic IT<sup>®</sup> Business (as defined in Section 1 hereof) and to utilize the System.
- C. Franchisor is the sole and exclusive owner of all proprietary and other rights and interests in and to the trade names and trademarks, "TeamLogic IT®," and all other names, phrases and logos associated with or having acquired a secondary meaning by use with the TeamLogic IT® network and all variations, similarities and likenesses together with signs, emblems, insignia, color schemes and patterns used and/or associated with, or as part of, the TeamLogic IT® System; Franchisor also owns proprietary rights in a number of trade secrets such as operations manuals, instruction materials, compilations, vendor terms and contact information, information, knowledge and know-how, business and marketing processes and methods; and
- D. <u>Prospective</u> Franchisee desires to acquire the right to become a part of the TeamLogic IT<sup>®</sup> network and use the TeamLogic IT<sup>®</sup> System, trademarks, trade names and trade secrets in connection with the operation of a TeamLogic IT<sup>®</sup> Business.

Acknowledging the above recitals, the parties mutually agree as follows:

## **SECTION I.**DEFINITIONS

1. The following terms shall have the following meanings when they appear capitalized in this Agreement.

<u>Business</u> – The term "Business" shall mean the business operations of the TeamLogic IT<sup>®</sup> Franchise subject to this Franchise Agreement.

Client Management Tools – The term "Client Management Tools" shall mean the collection of any and all software systems and other online or offline data repositories that store customer information and data including client's contact information, sales information, service history, and more.

<u>Core Services</u> –Franchisor will maintain a list of the products and services that are considered to be standard and that all TeamLogic IT® Franchisees must offer their clients, "Core Services." This list will be used for marketing materials <u>and</u> sales efforts. It is the responsibility of the Franchisee to ensure that they have the technical skills on staff to perform all Core Services. This list may be modified from time to time.

<u>Franchisee Intranet Site</u> – The Franchisee Intranet Site supports the business operations of TeamLogic IT<sup>®</sup> franchisees. This site facilitates communication between the franchisees and franchisor. It is a repository for documentation, articles and forms related to all aspects of a TeamLogic IT<sup>®</sup> Business that a franchisee may need from time-to-time and is accessible 24/7/365. The components making up the Franchisee Intranet Site may be modified or changed by Franchisor as needed.

<u>Gross Sales</u> – Except as provided below, the term "Gross Sales" shall mean all sales by your Business (for all services, labor charges related to the installation of hardware or software, including buyouts), revenues from all SystemWatch IT® Managed Services, Core and Non-Core services Core Services, whether for cash, check, credit, financed, leased or barter, and without deduction for failure to collect. Gross Sales does not include revenue from the sale of hardware or software and associated sales or use tax ("Product"), unless such hardware or software is sold as a service.

<u>Network</u> – The term "Network" shall mean all of the TeamLogic IT® franchisees and any Franchisor-owned TeamLogic IT® locations.

<u>Non-Core Services</u> – The term "Non-Core Services" shall mean, in addition to the Core Services listing of products and services, additional IT-related services that Franchisee may offer their clients, assuming Franchisee can perform these services either through a brokered agreement or by qualified on-staff technicians.

<u>Operations Manual</u> – The term "Operations Manual" shall mean the proprietary manual containing policies and procedures to be adhered to by Franchisee in performing under this Agreement, including all updates and supplements provided to Franchisee by Franchisor.

<u>Product</u> - A "Product" is defined as hardware or software or other technology in which the ownership for the technology is moved to the customer and the transaction is handled as a single event, and the Product is not sold as a service.

<u>Professional Services Automation</u> - The term "Professional Services Automation" shall refer to the software system which Franchisee shall use to operate, record and manage all business operational activity.

<u>Proprietary Information</u> – The term "Proprietary Information" means all information deemed confidential by the Franchisor, including its trade secrets which are contained within the System (defined below) and are not generally known to the public, such as survey results, know-how, compilations, methods, techniques, "best practices" and processes that are gathered, assimilated and made available to Franchisee specifically to gain an advantage over their competitors or to be more successful in their Business. Proprietary Information made available to the Franchisee, and not to the public, shall be deemed confidential and will be protected by Franchisee.

<u>Service</u> — A Service is recurring revenue that has the ownership of the technology residing with someone other than the end user or customer, including, <u>but not limited to</u>, software as a service (SaaS) and hardware as a service (HaaS). The customer procuring the services does not generally, except by exclusive contract, obtain exclusive ownership. Service also includes consulting, labor and installation charges to the customer.

<u>System</u> – The term "System" shall mean the comprehensive marketing, sales, financial, technology and employee management systems prescribed by Franchisor, to be used in the conduct of the Business in this Agreement and the Operations Manual, as amended from time to time. All elements of the System are confidential and proprietary and are considered trade secrets, and belong to Franchisor. Franchisee shall not receive any rights to the System other than a conditional license to use the System outlined herein. The

System shall include, among other things, the Trademarks, Core Services, Non-Core Services, the Operations Manual, the Franchisee intranet site, and all Franchisor-produced advertising, marketing and sales programs, methods and techniques, vendor compilations, knowledge and know-how, <u>survey results</u>, customer and customer data obtained utilizing the System, TeamLogic IT® websites, URL's and domain names. In its sole discretion, Franchisor may improve and/or change the System from time to time for the intended purpose of making the System more effective, efficient, economical, or competitive.

<u>SystemWatch IT® Managed Services</u> – SystemWatch IT® is Franchisor's branded Managed Services offering. The TeamLogic IT® Managed Services solution consists of a variety of integrated services including technology that will proactively monitor the clients' IT infrastructure, help detect problems and provide remote control access. Additionally, the Network Operations Center (NOC) provides proactive technical support, the Help Desk/Service Desk provides reactive end-user technical support and activity management, and the Business Continuity solutions provide back-up and disaster recovery and account management support. Franchisor's Managed Services solution provides reports on performance optimization of the clients' systems regardless of whether the clients' technology is premised-based, in the cloud or a combination (hybrid). The revenue generated from these SystemWatch IT® Managed Services each month will be recurring revenue for the Franchisee.

<u>Territory</u> – The term "Territory" shall mean that designated geographical area defined on the Territory Designation Sheet.

<u>Trademarks</u> — The terms "Trademarks" shall mean the proprietary marks owned by Franchisor and registered or pending registration with the United States Patent and Trademark Office, and common law trademarks and service marks, trade names, logos, tag lines, descriptors, designs and other commercial symbols which Franchisor now uses, or uses in the future to identify the TeamLogic IT® Business.

## **SECTION II.**GRANT OF FRANCHISE

- 2.1 <u>Grant of Franchise</u>. Subject to the terms of this Agreement, Franchisor hereby grants and the Franchisee does hereby accept a franchise to operate one (1) TeamLogic IT® Business out of Franchisee's home, or from a business office space within Franchisee's territory, throughout the term of this Agreement. If Franchisee operates the Business out of Franchisee's home, Franchisee must also maintain a business street address in Franchisee's Territory. Franchisee further agrees to continuously operate the Business only under the brand name TeamLogic IT® throughout the term of this Agreement, and will not operate any other business under any other trademark, service mark, name or license, except that of a TeamLogic IT® Business, at said franchised location during the term of this Agreement, without prior authorization from Franchisor.
- 2.2 <u>License of Trademarks</u>. Franchisor hereby grants to Franchisee the right, during the term hereof, to use and display the Trademarks in accordance with this Agreement and the Operations Manual, solely in connection with the operation of the Franchised Business. Franchisee acknowledges that the Trademarks are the exclusive property of Franchisor and Franchisee does not, and will not in the future, assert any claim to any goodwill, reputation, or ownership of the Trademarks virtue of Franchisee's use thereof. The rights granted herein by Franchisor is a non-exclusive, revocable, royalty-free license.
- 2.3 <u>Access to Franchisee Intranet Site</u>. Franchisor hereby grants to Franchisee conditional and non-exclusive access to use and utilize the then current Franchisee Intranet Site in connection with the TeamLogic IT® Business, for the term of this Agreement and only as authorized by Franchisor.

## **SECTION III.**PAYMENTS BY FRANCHISEE

- 3.1 <u>Initial Franchise Fee</u>. Concurrently with the execution of this Agreement, Franchisee shall pay to Franchisor a non-refundable Initial Franchise Fee in the amount of \$45,000. If Franchisee qualifies for a Vet★Fran discount, the Initial Franchise Fee is \$40,000. For multiple franchise purchases, the Initial Franchise Fee is \$30,000. For a conversion franchise, the Initial Franchise Fee is \$45,000.
- 3.2 <u>Software License Fees</u>. The annual software licenses fees are between \$2,820 <u>\$2,100</u> and \$3,500 (subject to change), depending on the particular software, and a portion of the fees is payable to Franchisor and billed to franchisee on a monthly basis. The Professional Services Automation software fees are payable to Franchisor.
- 3.3 <u>Minimum and Continuing Franchise Fees</u>. Franchisee shall pay to Franchisor or its designees a Continuing Franchise Fee equal to seven percent (7%) of Franchisee's monthly Gross Sales (as defined in Section 1), subject to the monthly minimums stated below. Continuing Franchise Fees are collected electronically on a monthly basis via automatic withdrawal from a pre-authorized account, without deduction for failure to collect from Franchisee's clients. No offset is permitted against Continuing Franchise Fees for amounts due or allegedly due Franchisor by Franchisee.
- Minimum and Continuing-Advertising Fees. Franchisee shall pay to Franchisor or its designees a 3.4 monthly Advertising Fee equal to the greater of (a) 1.2% of the Business's monthly Gross Sales, or (b) \$200 per month. The Advertising Fee is collected electronically on a monthly basis via electronic withdrawal from a pre-authorized account. The minimum monthly fee of two hundred dollars (\$200) is waived for the first six (6) months of operation, subject to Section 3.6, (beginning the first day after the first full month following completion of training or sooner, or the month the Franchisee takes over the business ownership). These amounts will be deposited in an Advertising Fund and used by the Franchisor to conduct advertising, public relations, and promotional programs designed to develop brand awareness and build sales volumes of all TeamLogic IT® Businesses on a Network-wide basis and not in any specific geographic area. Methods and media employed, contents of advertising, and terms and conditions of advertising campaigns and promotional programs shall be within the sole discretion of Franchisor. Franchisee shall not offset any advertising fees based upon Franchisee's dislike or non-use of the marketing and advertising programs and materials created from the Network-wide Advertising Fund. No offset is permitted against advertising fees for amounts due or allegedly due Franchisor by Franchisee. Franchisor does not guarantee that the Network-wide advertising will appear in Franchisee's geographic area in proportion to Franchisee's specific contributions in any given year. The purpose of the Advertising Fund is to promote the brand on a national basis. Franchisor reserves the right to allocate no more than 15%20% of the Advertising Fund revenue for its general administrative expenses, including, without limitation, collection agency fees and expenses incurred in collecting the Funds from past and present franchisees.
- 3.5 <u>SystemWatch IT® Managed Services Fees</u>. Franchisee shall pay to Franchisor a fee on all SystemWatch IT® Managed Services Remote Monitoring and Management (RMM) Software (RMM) agents used directly or indirectly by the franchisee. As of 2017, fees paid to Franchisor range from six

dollars (\$6) down to three dollars (\$3.00) per RMM agent per month depending on volume, and may change from time to time. In order to maintain consistency and integrity of Franchisor's managed services solution, all core remote monitoring and management software agents must be purchased from and are payable to Franchisor. Upon prior approval, software agents may be purchased from an approved supplier Franchisor designates. If Franchisee wants to use or sell any equivalent or subset of remote monitoring and management software, Franchisee must obtain Franchisor's prior written approval to use or sell the equivalent or subset RMM tool.

Franchisee must maintain SystemWatch IT® Managed Services on a minimum of three (3) computers in Franchisee's Business and pay the associated monthly fees. SystemWatch IT® Managed Services fees are collected on a monthly basis via electronic withdrawal from a pre-authorized account, on the last business day of the month for all SystemWatch IT® Managed Services agents in place at the end of the prior month, without deduction for failure to collect from Franchisee's client. No offset is permitted against any other amounts due or allegedly due Franchisor by Franchisee.

3.6. <u>Monthly Minimums</u>. There are monthly minimums that are calculated on the COMBINED amounts due for Continuing Franchise Fees and SystemWatch IT<sup>®</sup> Managed Services Fees as follows, beginning with the first day after the first full month following completion of training, or sooner ("open date"), or the month Franchisee takes over ownership:

Months in Business	Combined Monthly Minimums
First 6 months in business	\$ 0.00
Months 7-12	\$ 500.00
Months 13-24	\$ 750.00
Months 25 to end of term of Franchise Agreement	\$1,000.00

- 3.7 <u>E-Mail Hosting Fee</u>. Franchisee shall pay to an approved outside vendor a monthly, e-mail hosting fee based on the number of Franchisee's email addresses. The current email address fee ranges from \$4.95 to \$9.95 per email address per month and is subject to change.
- 3.8- <u>Interest on Delinquent Charges</u>. If Franchisee fails to pay Franchisor any amount when due under this Agreement, or any other agreement with Franchisor, Franchisee must pay interest on the delinquent amount at the California Judgment Rate, currently 10%, or the maximum rate permitted by any applicable law. In addition, Franchisee shall pay any expenses incurred by Franchisor in the collection of such delinquent amounts.
- 3.9 Multi-Factor Authentication Fee. Utilized to remotely assess your clients' network. Collected electronically by us, \$10 monthly.

## **SECTION IV.**OBLIGATIONS OF FRANCHISOR

4.1 <u>Pre-Opening Obligations</u>. Prior to the opening of your TeamLogic IT® Business, TeamLogic will:

- a. Provide one copy of our proprietary Operations Manual and provide updates and changes to the Operations Manual, which may be provided for you electronically. This Manual is confidential and remains TeamLogic's property. TeamLogic may modify, add to, or delete from the manual; the modifications will not alter your status or rights under the Franchise Agreement.
- b. Award a Territory. A review of Franchisee's preferred market area will be conducted to determine if the territory is available and, if it meets the business count requirements of a the Franchisor for a TeamLogic IT® Business.
- c. Provide Initial Training. This Initial Training includes up to 6 days of classroom instruction at TeamLogic headquarters in Mission Viejo, California, and up to 26 hours of pre-opening training and §6 hours of post-opening training online and through webinars and phone consultation. The objective of the Initial Training is to train you in the four operating systems for your Business: Technology Management, Employee Management, Marketing and Sales Management, and Financial Management. The Initial Training must be scheduled and completed within two (2) months after signing the Franchise Agreement. Franchisee and any appropriate management personnel must take this training prior to the opening of the TeamLogic IT® Business. Your Franchise Fee, or the Transfer Fee, pays for the Initial Training at Franchisor's headquarters for up to two people, including travel, 1 hotel room (double occupancy) and some meals, and the The second person can have up to one year after the signing of the Franchise Agreement to attend Initial Training with these costs covered by the Franchise Fee or the Transfer Fee, except for the hotel room, which is at the Franchisee's expense. Attendance by the second person at Initial Training after one year will be at the Franchisee's expense. The Franchise Fee, or the Transfer Fee, is not refundable or pro-rated. Additional trainees beyond two (2) must pay the current training fee for the Initial Training, as well as transportation, lodging, meals, and any additional expenses.
- d. Provide signage specifications for any TeamLogic IT® office space location. The latest version of signage specifications including layout and color options will be made available to help you prepare the most appropriate layout to meet the requirements of your landlord or building management firm.
- e. Provide artwork and guidance for the <u>vehicle</u> signage and <u>Graphics Package</u>. It is important that consistency of the vehicle signage and any <u>Graphics Package graphics</u> be maintained throughout the TeamLogic IT<sup>®</sup> Network in order to build brand awareness as the network grows.
- f. Provide you with specifications for the required hardware and software you will need to operate your TeamLogic IT® Business.
- g. Provide the specifications for required third-party vendor software licenses. To operate your TeamLogic IT® Business, you must have several software licenses. These specific licenses may change from time to time as the vendor's upgrade/modify their software licenses. Franchisor will provide Franchisee with the specific list and accompanying costs of the necessary current versions, which are available at the time, you sign this Agreement. Franchisor does not develop or license its own proprietary software but may do so in the future. Franchisor does not make any warranties or guaranties upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, for any third-party software.
- h. Provide training on our Professional Services Automation software database. TeamLogic will ensure that you have the proper access and understand the guidelines for using to training for you to use this software system that will help you manage the day-to-day operations of your TeamLogic IT®

Business as well as enable you with the tools you will need to market track and engage your clients with the SystemWatch IT® Managed Services.

- 4.2 <u>Continuing Obligations</u>. Once your TeamLogic IT<sup>®</sup> Business is open, TeamLogic will:
  - a. Provide you with current available resources, which as of 201687, include:
    - Consulting and assistance by TeamLogic support representatives, including sales support, technical support, and marketing and operations support;
    - Provide research and evaluation of technical products, services and vendors, including and but not limited to servers, security, storage, backup and networking;
    - Toll-free support line for telephone consulting;
    - Marketing materials and assistance;
    - Seminars and webinars;
    - Franchisee blog;
    - Advice and information about new developments in the computer consultation, repair and managed services industry;
    - Advertising materials;
    - Access to the Franchisee Intranet Site;
    - Provide access to the Professional Services Automation software-database;
    - End-user Help Desk and NOC; and; and
    - IT Consulting/Strategic Advice.
  - b. Administer the Network-wide Advertising Fund.
- c. Provide the initial supply of sales, marketing, and advertising tools and materials for Franchisee to use to implement the TeamLogic IT® Marketing and Sales Management System in Franchisee's area. The initial supply is intended to last for the first three to six months of the Business operation. Additional tools and materials will be available if desired by Franchisee for ordering and purchases through Franchisor's marketing department or outside vendors, on an as-needed basis.
- d. Provide an Initial 12-Month Marketing Program consisting currently of direct mail, telemarketing, search engine marketing, and email marketing, subject to change. Franchisee must sign up for the Initial 12-Month Marketing Program directly with TeamLogic approved vendors using a credit card. For the first 3 months, TeamLogic will pay the cost of this Marketing Program and Franchisee will not be required to spend the minimum \$2,000 per month on local marketing described in section 6.4 of this Agreement. Franchisee must pay the cost for the remaining 9 months of this Marketing Program, which cost ranges from \$2,000 to \$2,400 per month and will satisfy Franchisee's obligation to spend a minimum of \$2,000 per month on local advertising. After the Initial 12-Month Marketing Program is completed, Franchisee is required to spend a minimum of \$2,000 per month on local marketing.
- e. Provide, host and maintain the master website <a href="www.TeamLogicIT.com">www.TeamLogicIT.com</a>. TeamLogic will also provide a local website with corresponding URL for your business on the master website, as well as the content management tools that you can use to customize your <a href="local">local</a> website.

TeamLogic is not obligated to perform these services to your particular level of satisfaction, but as a function of our experience, knowledge, and judgment.

## SECTION V. TERRITORY AND LOCATION OF BUSINESS

- 5.1 <u>Territory</u>. Franchisor hereby grants to Franchisee the right to locate the Business in Franchisee's home, or from a business office space within the geographical boundaries defined in the Territory Designation Sheet (the "Territory") according to the following conditions:
- a. Franchisor shall not, during the term of this Agreement and any renewal hereof, own or operate, or grant a franchise to a third party to own or operate a TeamLogic IT® Business located in the Territory;
- b. Franchisee expressly acknowledges and agrees that Franchisor, its parent company, and its affiliates have and retain the rights, among others to: (i) own and/or operate a TeamLogic IT® Business located outside of the Territory, (ii) grant a franchise, or other rights, to third parties to own and/or operate TeamLogic IT® Businesses located outside of the Territory, (iii) directly or indirectly market and/or sell, within or outside the Territory, products and services that are not sold through TeamLogic IT® Businesses, whether or not they use the Trademarks, (iv) maintain other existing brand locations offering the same or similar products and services as a TeamLogic IT® Business in the Territory (but Franchisor will not open or franchise any additional locations of the other brand in the Territory), and (v) market and negotiate pricing for National Accounts, as described below, within or outside the Territory;
- c. The Territory is usually designated by street description with a map and will be identified in the Territory Designation Sheet, which may be identified and completed after the Franchise Agreement is signed; and
- d. The Territory shall not be construed as a limitation on Franchisee's marketing, or on the clients Franchisee may serve (except for National Account clients, as defined in Section 9 below), and Franchisee may service clients located in another franchisee's Territory (except for National Account clients), and other franchisees may service clients in your Territory (except for National Account clients).
- Business Location. Franchisee is not required to obtain an office space business location within the Territory. but may operate from Franchisee's home. If Franchisee operates the Business out of Franchisee's home, then Franchisee must also maintain a business street address in the Territory. Franchisee must maintain such business location, approved by Franchisor, or street address throughout the term of the Franchise Agreement.
- 8.3 <u>Relocation</u>. Franchisee must request Franchisor's approval to relocate its Business. Franchisee must make a written request to Franchisor at least thirty (30) days prior to any relocation, for Franchisor's approval, which will not be unreasonably withheld. Franchisor will notify Franchisee in writing of its approval or disapproval. Franchisee may not relocate outside its Territory or inside another TeamLogic IT® franchisee's Territory.

### SECTION VI.

FRANCHISEE'S OBLIGATIONS FOR MAINTENANCE AND OPERATION OF BUSINESS

- 6.1 <u>Authorized Sales and Services</u>. Franchisee is authorized and obligated to sell TeamLogic IT® products, services, and equipment including Core Services, Non-Core Services, and SystemWatch IT® Managed Services in accordance with this Agreement and the Operations Manual.
- 6.2 <u>Technician</u>. Prior to opening and operating the Business, and at all times during the conduct of the Business, Franchisee must have a minimum of one (1) qualified Technician in order to offer the minimum required IT consultation services, SystemWatch IT<sup>®</sup> Managed Services and Core repair services to its client base. Franchisee may hire this Technician as an employee or use other resources, such as an independent contractor or an employment agency.
- 6.3 <u>Vehicle Signage/Graphics-Package</u>. Prior to opening and operating the Business, Franchisee is required to obtain, at a minimum, approved vehicle signage. (or, at Franchisee's option, the gGraphics Package) for any leased or personal vehicle to be used in the Business using any approved vendor, at Franchisee's cost.
- 6.4 <u>Local Marketing</u>. Franchisee shall spend a minimum of \$2,000 per month on local marketing, except for the first 3 months as described in section 4.2.d of this Agreement.
- 6.5 <u>Training</u>. Prior to opening the Business, Franchisee must attend and successfully complete Franchisor's Initial Training.
- 6.6 <u>Bank Account</u>. Prior to opening the Business, Franchisee must establish a bank account for the TeamLogic IT® Business that will allow electronic transfer of funds with Franchisor's account; and shall execute all documents necessary to set up such preauthorized transfers.
- 6.7 <u>Maintenance and Repairs</u>. Franchisee must at all times maintain the Business location and any vehicle used in the Business in a clean, orderly condition and in accordance with all maintenance and operating standards in the Operations Manual. Franchisee must make all repairs, upgrades, and replacements, at Franchisee's expense, as Franchisor deems reasonably necessary.
- 6.8 Equipment. Franchisee must at all times maintain equipment for providing the services of the Business in accordance with the specifications prescribed by Franchisor from time to time. The current required equipment is: two three (32) computers, including at least one laptop. In addition, each technician that is hired must have a smartphone. The other equipment that the Business will need is a telephone system that is capable of forwarding calls to remote numbers and has a voicemail system that can be easily accessed from the field. This equipment may be obtained from any source. Franchisee must upgrade such equipment whenever necessary in order to maintain adherence to the specifications set out by Franchisor.
- 6.9 <u>SystemWatch IT® Managed Services</u>. SystemWatch IT® is Franchisor's branded Managed Services offering. In order to maintain consistency and integrity of Franchisor's managed services solution, all core remote monitoring and management software agents must be purchased from and are payable to Franchisor. Upon prior approval, software agents can be purchased from an approved supplier Franchisor designates. The naming configuration/branding assigned to Franchisor's Managed Services solution has no bearing on the requirement to purchase the software agents from Franchisor. If Franchisee wants to use or sell any equivalent or subset of remote monitoring and management software, Franchisee is required to obtain Franchisor's prior written approval and Franchisor may require Franchisee to purchase the equivalent or subset tool from Franchisor.

The TeamLogic IT® Managed Services solution consists of integrated services including technology that proactively monitors the clients' IT infrastructure, helps detect problems, and provides remote control access. Additionally, the Network Operations Center (NOC) provides proactive technical support, the Help Desk/Service Desk provides reactive end-user technical support and activity management, and the Business Continuity solutions provide back-up disaster recovery and account management support. Franchisor's Managed Services solution provides reports on performance optimization of clients' systems regardless of whether the clients' technology is premised-based, in the cloud or a combination (hybrid). Franchisee may charge any price for SystemWatch IT® Managed Services, but Franchisee must use Franchisor's form of Contract and Terms and Conditions. Franchisee may modify the Franchisor's Contract or Terms and Conditions, or create its own contract or own terms and conditions, with the prior written approval from Franchisor.

- 6.10 Operations Manual. Franchisee shall operate the Business in accordance with the Operations Manual, a copy of which shall be loaned to Franchisee at training. Franchisor has the right to modify the Operations Manual at any time by addition, deletion, or other modification. All such additions, deletions, or modifications may be posted on the company intranet and shall be effective three (3) business days after such posting. Franchisee shall timely implement and adhere to all modifications. Franchisee acknowledges that the Operations Manual contains trade secrets and confidential information and Franchisee may not disclose such information to any other person except employees and agents of Franchisee. Franchisee shall regularly check the Franchisee intranet site for such modifications.
- operate, record and manage all operational Business activity through the Professional Services Automation software. The monthly fees for the Professional Services Automation software are payable to Franchisor. Franchisee must utilize this system for, among other things, scheduling of all sales appointments, customer service and repair history, and technician scheduling. Franchisee must purchase and maintain other general third-party software licenses, such as QuickBooks. These specific licenses may change from time to time as the vendors upgrade/modify their software. Franchisor will provide Franchisee with the specific list and accompanying costs of the necessary current versions, which are available at the time Franchisee signs this agreement. Franchisor does not make any warranties or guaranties upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, for any third-party software.
- Reporting Sales to Franchisor. Franchisee shall report to Franchisor in a timely manner by the seventh (7<sup>th</sup>) calendar day of the following month, all Gross Sales, as well as hardware and software sales, on forms and methods approved by Franchisor, as outlined in the Operations Manual or elsewhere, and which may change from time to time.
- Internet and Website. Franchisee must have and maintain, at its expense, high-speed Internet access. Prior to opening and operating the Business, Franchisor will assign a website URL to the Business. Upon opening the Business, a standard TeamLogic IT® website will be created for the Business and be linked and available from the Franchisor website (www.TeamLogicIT.com). Franchisee may not maintain a separate website for Franchisee's business without prior written approval from Franchisor. The Franchisee cannot establish and use a different URL address to promote any aspect of the TeamLogic IT® Business without obtaining Franchisor's prior written consent. Franchisee must cease using any URL address which in Franchisor's sole opinion causes, or may cause, confusion among Franchisees, or be misleading or misrepresentative to the origin of the services, even if such URL was previously approved by Franchisor. Franchisee may not buy a domain name to direct web traffic to Franchisee's TeamLogic IT® website or otherwise without Franchisor's prior written consent. All URL's and domain names to be used by Franchisee in connection with Franchisee's TeamLogic IT® Business must be owned by Franchisor and, if

approved by Franchisor, will be licensed to Franchisee.

- 6.14 <u>Credit Cards</u>. Franchisee must accept payment for sales and services from the Business by way of credit cards, including Visa<sup>®</sup>, MasterCard<sup>®</sup>, and American Express<sup>®</sup>, and take all such steps necessary to set up required accounts with those vendors at Franchisee's cost prior to opening the Business.
- 6.15 <u>Business Insurance</u>. Franchisee must procure, prior to commencing the Business, and must maintain in full force and effect during the term of this <u>agreement</u>, at Franchisee's sole expense, the following insurance coverage, and any other coverage as indicated in the Operations Manual:
- a. Comprehensive general liability insurance, including coverage for business operations, contractual liability, personal injury, fire damage, medical expenses, with limits per occurrence for bodily injury and general liability of one million dollars (\$1,000,000), and for property damage of three hundred thousand dollars (\$300,000);
- b. Automobile liability coverage for owned, non-owned, scheduled, and hired vehicles having limits for bodily injuries of one million dollars (\$1,000,000) per accident, and property damage limits of three hundred thousand dollars (\$300,000) per occurrence;
- c. Employer's liability and worker's compensation insurance as required by the state where the TeamLogic IT® Business is located; and
- d. Errors and Omissions insurance, including cyber liability insurance, in an amount not less than one million dollars (\$1,000,000).

All such coverage will be on an occurrence basis, except for errors and omissions which is on a claims-made basis, and will provide for waivers and subrogation. TeamLogic must be an additional named insured on each policy of insurance. Franchisee must deliver a certificate of insurance evidencing each policy to Franchisor within ten (10) days after each policy is issued or renewed. Each policy must contain a provision that it cannot be canceled without thirty (30) days written notice to Franchisor.

- 6.16 <u>Compliance with Law</u>. Franchisee must operate the Business in compliance with all federal, state, and local laws, regulations and ordinances including obtaining and maintaining all necessary permits, certificates, licenses and registrations, at Franchisee's expense.
- 6.17 Covenant Not to Compete. Franchisee must use the System and the Trademarks for operation of the TeamLogic IT® Business only and must not use them in connection with any other operation, business, or activity. Franchisee shall not, during the time of this Agreement, be involved in any capacity, directly or indirectly, or cause any third party to be involved in any capacity, directly or indirectly, in or with any operation, business or activity which provides products and services the same or similar to the products and services of a TeamLogic IT® Franchise within a one hundred (100) mile radius of any TeamLogic IT® location without prior written consent from Franchisor. The foregoing shall not apply to ownership of stock in a publicly held company. Franchisee acknowledges that the use, duplication or disclosure of any part of the System, except as expressly permitted by this Agreement, would constitute an unfair method of competition and that Franchisor and its other franchisees will suffer irreparable injury thereby.
- 6.18 <u>Confidentiality of the System</u>. Franchisee acknowledges that the System is proprietary and confidential and contains trade secrets. Franchisee shall not disclose or disseminate to any third parties, without the express written consent of Franchisor, any part of the Proprietary Information or System,

including but not limited to, the Operations Manual, customer data or customer lists that Franchisee obtains using the System, vendor terms and contact information, processes, know-how, programs, techniques, newsletters, bulletins, or other confidential information that is not readily accessible to the public and provides a competitive or economic advantage to the Business, whether such advantage is tangible or intangible, whether used individually or collectively. Franchisee shall at all times keep these items in a safe place and treat them as confidential. Further, Franchisee agrees not to copy, publish, post or otherwise duplicate any part of the Proprietary Information or the System nor permit others to do so. Some parts of the System, such as contract templates, marketing collateral and content for site posts, are intended to be used with customers or posted on your site, and may be disclosed in the ordinary course of business as necessary and used for the sole purpose of promoting and building your Business. This information may be copyrighted under federal or common laws, and authorship and ownership remains with Franchisor. Franchisor remains the owner of the System and all components thereof. If employees of Franchisee are given access to any part of the System or Proprietary Information, each employee shall be required to execute a confidentiality agreement, with Franchisor listed as a third-party beneficiary. Failure to obtain a confidentiality agreement from an employee does not limit your liability in respect to protecting the Proprietary Information, and Franchisee shall indemnify Franchisor from employee's improper use of Proprietary Information or System.

- 6.19 <u>Franchisor's Right to Electronic Access of Records/Inspection and Audit</u>. Franchisee acknowledges that Franchisor has electronic access to most operational aspects of Franchisee's business through the Professional Services Automation software, including but not limited to client identity, appointments, invoicing, technician scheduling, etc. Franchisee shall not take any steps to block or disengage Franchisor's access in any manner. Franchisor will not use the information gained through the Professional Services Automation software for any purposes not connected to the TeamLogic IT® System. Franchisee acknowledges that Franchisor may use this information for internal audit purposes of Franchisee's Business, and may also conduct on site audits and inspections as well, during reasonable hours upon reasonable notice. Any discrepancy between the on-site information and the online information shall be reconciled accordingly. Costs of audits, which result in discrepancies of sales revenues under-reported to Franchisor, will be borne by Franchisee; if discrepancy is more than 2%. In addition, Continuing Franchise Fees and Continuing-Advertising Fees shall be immediately due on all under-reported sales.
- 6.20 <u>Financial Statements</u>. Franchisee <u>shall is required to submit to Franchisor a monthly financial statement to include a balance sheet and a profit and loss statement by the 25<sup>th</sup> day of the month following the end of each month. Franchisee <u>shall is required to submit to Franchisor an annual year-end financial statement by March 15<sup>th</sup> for the prior calendar year.</u></u>

## SECTION VII. TERM

- 7.1 <u>Initial Term</u>. The initial term of this Agreement shall be for ten (10) years from the date TeamLogic, Inc. signs this Agreement.
- 7.2 <u>Additional Terms</u>. Franchisee shall have the right to extend the TeamLogic IT<sup>®</sup> Franchise Agreement for additional ten (10) year terms upon the following terms and conditions:
- a. Franchisee must notify Franchisor of its intent not to renew not less than six (6) months and not more than twelve (12) months prior to the expiration of this Agreement;

- b. Franchisee must not be in material default of this Agreement or any other agreement with Franchisor;
- c. Franchisee must be current with all monetary obligations to Franchisor, its affiliates, approved vendors, or other TeamLogic IT® Franchisees;
- d. Franchisee must execute Franchisor's then current form of Franchise Agreement, which may contain terms and conditions materially different from those in this Agreement;
  - e. Franchisee must pay a two thousand dollar (\$2,000) franchise renewal fee;
- f. Franchisee must satisfy Franchisor's then current qualifications and training requirements for new Franchisees, at franchisee's expense;
- g. Franchisee must bring the TeamLogic IT® Business location, vehicle signage and any gGraphics Package—up to current standards for look, design, and function as is required of all new TeamLogic IT® Franchisees; and
- h. Franchisee must execute a general release, in the form prescribed by Franchisor, of any and all claims against Franchisors and its officers, affiliates and agents.

## SECTION VIII. TRADEMARKS

- 8.1 <u>Use of Trademarks</u>. Franchisee must use the Trademarks in connection with the operation of the TeamLogic IT® Business in the manner authorized by us-<u>Franchisor</u> and in no other manner, and must prominently display the Trademarks in the manner as designated by Franchisor and may not use other trademarks, service marks, logotypes, trade dress, product identifiers, tag lines, etc., other than the Trademarks, as designated from time to time.
- 8.2 <u>Corporate Name</u>. Franchisee may not use the name "TeamLogic IT®" (or any substantially similar name) or "SystemWatch IT®" or any of the Trademarks now or hereafter utilized by Franchisor as a part of the legal name of Franchisee's corporation or other entity, but must obtain the fictitious or assumed name registrations that may be required under applicable law. Franchisee must be identified as the owner of the Business by displaying Franchisee's legal name on all licenses and permits for the Business and on all checks, invoices, receipts, contracts, and other documents that bear any of the Trademarks. On all printed materials, Franchisee's name must be followed by the phrase "An independently owned and operated franchise of TeamLogic, <u>Inc.</u>" or such other phrase as designated from time to time. In addition, use of the Trademarks must be accompanied by the registration®, service mark<sup>sm</sup>, trademark<sup>TM</sup> or other symbol, as designated by Franchisor, in close proximity to the Trademarks.
- 8.3 <u>Franchisor Retained Rights</u>. Franchisee's usage of the Trademarks granted hereunder is nonexclusive, and Franchisor retains the right to, among other things: (a) use the Trademarks in connection with selling products and services; (b) grant other licenses for the Trademarks, in addition to those licensees already granted to existing franchisees; (c) develop and establish other systems using the same or similar marks, or any other proprietary marks, and (d) grant licenses or franchises in those systems without providing any rights to Franchisee.

- 8.4 <u>Acts in Derogation of the Trademarks</u>. Franchisee agrees that it will not, and its employees and agents will not, do or permit any act or thing to be done in derogation of any of the Trademarks nor engage in any acts or conduct that materially impair or impugn the name, reputation, market recognition or goodwill associated with the TeamLogic IT® network, the System or the Trademarks.
- 8.5 <u>Modification of Trademarks</u>. Franchisor may add to, substitute, modify, or delete any or all of the Trademarks from time to time, by directive in the Operations Manual. Franchisee will accept, use, display, or cease using, as may be applicable, the Trademarks, including but not limited to, any such modified or additional trade names, trademarks, service marks, descriptors, logos, or commercial symbols, at Franchisee's expense.
- 8.6 <u>Franchisors Rights in Event of Termination</u>. Franchisee's usage of the Trademarks and any goodwill established thereby is to Franchisor's exclusive benefit and Franchisee retains no right or rights in the Trademarks upon the termination or expiration of this Agreement. Upon termination or expiration of this Agreement, Franchisee must completely and permanently discontinue all usage of all of the Trademarks, and Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Trademarks including any fictitious or assumed name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-infact to do so.
- 8.7 <u>Trademark Infringement Claims and Defense of Trademarks</u>. If Franchisee receives notice or otherwise becomes aware of any claim, suit or demand against it by any party other than Franchisor on account of any alleged infringement, unfair competition or similar matter arising from its use of the Trademarks, Franchisee shall promptly notify Franchisor of any such claim, suit or demand. Franchisor shall determine, in its sole discretion, whether to defend, compromise or settle any such claim, suit or demand at Franchisor's cost and expense, and Franchisee shall cooperate fully in such matter.

## SECTION IX. NATIONAL ACCOUNTS

Franchisee may contract with companies that have a national or multi-location regional presence that may desire TeamLogic IT goods and/or services through a uniform pricing structure for all or many of their locations ("National Accounts" or "National Account").

Franchisees drive and manage the activity of the National Accounts program. Franchisor has provided franchisees with recommended operating guidelines, an inter-company payments schedule, and suggested SLAs. These guidelines are maintained in the TeamLogic IT Operations Manual.

Further, the National Account may use any TeamLogic IT office regardless of geographic proximity to the franchisee. If a franchisee chooses not to participate in a specific National Account program or does not adhere to agreed-upon pricing for the National Account, they may opt-out and that business will be offered to another TeamLogic IT franchisee.

Franchisor may contract with large companies with multiple national and/or regional locations who will desire to receive TeamLogic IT® goods and/or services through a uniform pricing structure, for all or many of their locations ("National Accounts"). Franchisee must forward any National Account lead or

inquiry to Franchisor, and may not negotiate terms of a contract that will impact other TeamLogic IT® Businesses with any such National Account.

## SECTION X. TERMINATION OF THE FRANCHISE

- 10.1 Termination With Opportunity to Cure. Franchisor may terminate the Franchise Agreement and Franchise for the defaults for which Franchisee has not cured:
- a. Franchisee fails to open the Franchised Business within ninety (90) days of execution of this Agreement, unless approved in writing by Franchisor-;
- b. Franchisee commits a material breach of the Franchise Agreement or materially defaults in the payment of any indebtedness to the Franchisor or to Franchisee's suppliers arising out of the purchase of supplies or equipment and this default is not cured within twenty (20) days of written notice to Franchisee;
- c. Franchisor determines that Franchisee is conducting business in a manner likely to impair the value or reputation of the TeamLogic IT® Network and fails to cure same within seven (7) days written notice to Franchisee; Franchisee commits three (3) or more defaults in payment to Franchisor within a twelve (12) month period even though cured within the twenty (20) day period on each occasion; and
- d. Franchisee loses possession of a Business premises (through no fault of Franchisee) and fails to open for business at a new Franchisor-approved location within ninety (90) days thereafter; or abandons the franchise location and such abandonment remains uncured for seven (7) days after notice by Franchisor (Abandonment is defined to include instances where Franchisee allows his or her Business to remain unmanned and clients remain without service for more than seven (7) consecutive days (other than for a planned vacation), or fails to respond to an email or voicemail of Franchisor within seven (7) days, and such closing is not beyond the control of Franchisee and/or without consent of Franchisor). It shall not be considered abandonment if Franchisee transfers or relocates the assets of the TeamLogic IT® Business without the TeamLogic IT® name or changes the name of the TeamLogic IT® Business and continues the operation. In such case, Franchisor may obtain injunctive relief in an appropriate Court, or elect to hold Franchisee responsible for wrongful repudiation of the Franchise Agreement; and

LAWS APPLYING TO FRANCHISES OF THE STATE WHERE THE BUSINESS IS LOCATED MAY DIFFER FROM THIS AGREEMENT REGARDING DEFAULT, CURE TIME, NON-RENEWAL AND CAUSE FOR TERMINATION. Should any term of this Agreement be contrary to judicially determined public policy or be considered void or inconsistent with the franchise laws of state wherein the Franchisee's Business is located, then any term or portion thereof so void and any inconsistency shall be construed and governed by that state's law to the extent so void or inconsistent.

Where notice of default and demand for performance is not given when and to the extent required, failure to give such notice or demand shall not be a waiver of any other term hereof.

10.2 <u>Termination Without Opportunity to Cure</u>. The Franchisor may terminate the Franchise Agreement immediately without opportunity to cure if:

- a. Franchisee becomes insolvent or makes a general assignment for benefit of creditors; a petition in bankruptcy is filed by Franchisee or a petition is filed against Franchisee and consented to by Franchisee; Franchisee is adjudicated bankrupt; a receiver is appointed; or proceedings for composition with creditors is instituted;
  - b. If Franchisee is convicted of a felony;
- c. If Franchisee knowingly maintains false books or records or submits false reports to Franchisor;
- d. If Franchisee commits fraud upon Franchisor by making a material misrepresentation on the franchise application or related documents which misrepresentation materially affected Franchisor's determination in accepting Franchisee's application for a TeamLogic IT® Franchise; or
- e. Franchisee commits three (3) or more defaults in payment to Franchisor within a twelve (12) month period even though cured within the twenty (20) day period on each occasion; or
- f. Franchisee fails to conduct business having Gross Sales greater than two thousand five hundred dollars (\$2,500) per week for twelve (12) consecutive weeks (except during the first (1<sup>st</sup>) twelve (12) months of operation).
- g. Franchisor determines that Franchisee is conducting business in a manner likely to impair the value or reputation of the TeamLogic IT® Network and fails to cure same within seven (7) days written notice to Franchisee.
- 10.3 <u>Effect of Termination by Franchisor</u>. Upon termination, for any reason, or upon expiration of this Agreement, all Franchisee's rights hereunder shall terminate.
- Trademarks and Proprietary Information. Upon termination of the Franchise Agreement for a. any reason, or upon expiration of this Agreement, Franchisee shall cease any and all use (including Internet use) of the Trademarks and shall remove all items, graphics, signs and other material bearing the Trademarks and any other items identifying Franchisee as having been associated with Franchisor or the TeamLogic IT® System including ceasing to wear apparel bearing any of the TeamLogic IT® Trademarks and removing all Trademarks from any vehicles and any business premises; shall cease to use and shall return to Franchisor all proprietary information, materials with trade secrets, Operations Manuals, advertising and marketing materials, and all other manuals and instruction materials owned by Franchisor as described in other sections of this Agreement whether written or in electronic form; and shall turn over to Franchisor all customer lists and customer data whether written or in electronic form. Should Franchisee fail to voluntarily comply with this section upon demand, Franchisor is authorized to enter the premises without notice and physically remove all signs, emblems, markings, displays, manuals and other items bearing Franchisor's Trademarks and remove all confidential or Proprietary Information, including assigning the customer relationship and/or contract to Franchisor or Franchisor's designated agent, at Franchisee's expense.
- b. <u>Telephone listings and numbers</u>. Upon termination of the Franchise Agreement for any reason, or upon expiration of this Agreement, all telephone and other online directory identification shall be canceled. Further, all telephone and fax line number(s) servicing the Business shall be disconnected without referral, or at the discretion of the Franchisor, transferred or referred to any other TeamLogic IT®

Business owner (or as otherwise directed by Franchisor). Franchisor shall have the absolute right to notify the telephone company and all listing agencies of the termination of Franchisee's right to use all telephone numbers and all classified and other directory listings under the TeamLogic IT® name and to authorize the telephone company and all listing agencies to transfer to Franchisor or to any other TeamLogic IT® Business (or as otherwise directed by Franchisor) all telephone numbers and directory listings for the Franchisee's business. Franchisee acknowledges that Franchisor has the absolute right and interest in and to all telephone numbers and directory listings associated with the TeamLogic IT® brand and Franchisee agrees to cooperate and execute any documentation necessary to effect said disconnection, transfer or referral. Franchisor is hereby appointed as Franchisee's irrevocable Attorney in Fact to effect same in name of Franchisee and Franchisee hereby holds the telephone company harmless from acting on this Power of Attorney, which shall supersede any subsequent instructions by Franchisee. This Agreement is evidence of the exclusive rights of Franchisor to such telephone numbers and directory listings and this Agreement shall constitute the authority for the telephone company to transfer the telephone numbers and directory listings as directed by Franchisor. Franchisee shall not use the disconnected number(s) at any time thereafter.

- Web Site, Franchisee Intranet Site, E-mail and URL addresses, Internet use and SystemWatch IT®. Upon closing of the business or termination of the Franchise Agreement for any reason, or upon expiration of this Agreement, Franchisee shall cease all internet use of TeamLogic IT® including removing all URLs using any Franchisor's trademarks, including "TeamLogic" or TeamLogic IT® or any variation thereof, or any other URLs used in the Business or licensed to Franchisee by Franchisor for use in the Business. Franchisee is required to terminate the use of and close business listing and/or online directory accounts, including, but not limited to, Google Adwords, Google+, Google My Business, Google Places for Business, Google Maps, Yahoo, Bing, LinkedIn, Mapquest, Yelp, Merchant Circle, Yellow Pages, Yellowbook, YP, Superpages, Whitepages, DexKnows, Manta, Local.com, Angie's List, Foursquare, Citysearch and Facebook, Franchisee shall initiate a domain transfer process to Franchisor within 5 business days for any such URLs; if Franchisee does not initiate the process, Franchisee grants to Franchisor the right to contact the registrar and initiate a transfer to Franchisor. Franchisee's access shall immediately cease to (i) Franchisor's Intranet web site, (ii) the Franchisor-provided URL address for a Franchisee web site, (iii) the Professional Services Automation software, and (iv) any e-mail addresses with the name TeamLogic IT®. Franchisee acknowledges and agrees that all information contained in or obtained through the Professional Services Automation software regarding Franchisee's clients and Franchisee's TeamLogic IT® Business (the Electronic Information) has been gathered and created under Franchisor's name, System, Trademarks, and Franchisor's good will and therefore belongs to the Franchisor, and upon closing, termination or expiration of the Franchise Agreement, shall revert solely to Franchisor.
- d. Franchisee must immediately assign to Franchisor, and allow access to, all SystemWatch IT® Managed Services agents, the Professional Services Automation software, and any other customer relationship management ("CRM") software, or the like (collectively referred to as "Client Management Tools") used in relation to in Franchisee's Business and its past and current customers. Franchisee hereby assigns to Franchisor (such assignment effective only upon closing, termination or expiration of the Franchise Agreement) all Franchisee's interest in and to, Franchisee's Client Management Tools, and in such case Franchisor shall step into the shoes of Franchisee with regard to those Client Management Tools, including any customer contracts, and Franchisee have no further obligation to service such clients, and shall not attempt to service such clients nor purport to represent that it will continue to service such clients. Franchisee acknowledges that Franchisor may further assign its position in the Client Management Tools or customer contracts to any third party without the consent of Franchisee and without any consideration to Franchisee. Franchisee shall not be entitled to any revenues from any software, contracts or relationships

after termination or expiration of the Franchise Agreement. Franchisor or its assignee will pay for any ongoing fees associated with any Client Management Tools. Franchisee is not entitled to copies of any of the electronic information and all such copies shall be immediately returned to Franchisor. Franchisor may use such electronic information in any manner in connection with its TeamLogic IT® franchise network.

- e. <u>Monies Owed</u>. Upon termination of the Franchise Agreement for any reason, or upon expiration of this Agreement, Franchisee shall immediately pay all monies due Franchisor.
- f. <u>Client, Supplier Notification</u>. Upon termination of the Franchise Agreement for any reason, or upon expiration of this Agreement, Franchisee shall immediately notify all suppliers and clients that, as of the date of termination/expiration of the Agreement, Franchisee is no longer associated with Franchisor and the TeamLogic IT<sup>®</sup> Network and that such clients will be transferred to a nearby TeamLogic IT<sup>®</sup> Business (or as otherwise directed by Franchisor). Franchisee shall provide Franchisor with a list of all such suppliers and clients in hard copy, electronic form or in whatever form or media contained, and shall cooperate in an orderly transfer of the client files and client list to the nearby TeamLogic IT<sup>®</sup> (or as directed by Franchisor). Franchisor shall have the right to notify such suppliers and clients and/or verify that such notification has been given by Franchisee.
- g. Non-Competition, Non-Solicitation Agreement. Upon termination or expiration of the Franchise Agreement, the Franchisee shall not be associated directly or indirectly as employee, proprietor, stockholder (other than a publicly traded company), partner, agent, officer, director or consultant with the operation of any business which is the same or substantially similar to the business covered by this Agreement (except with a TeamLogic IT® Business), within a radius of twenty-five (25) miles of the subject assigned Territory or of any TeamLogic IT® Business for a period of one (1) year from the date Franchisee has complied with all of the above requirements upon termination. For a period of one (1) year from the date of termination, Franchisee shall not solicit, or cause anyone to solicit, business from or make any contact with, the former TeamLogic IT® Business's clients, nor hire, or cause anyone to hire any of the former TeamLogic IT® Business employees. Franchisor shall have the right to enforce this provision by way of obtaining an injunction against Franchisee in the state the Business is located. It is agreed that this provision shall specifically survive the termination of the Franchise Agreement, and the rejection of the Franchise Agreement in any bankruptcy proceeding. Franchisee shall be responsible to pay Franchisor Continuing Franchise Fees and other damages during any period of violation of this section.
- h. <u>Prohibited Actions</u>. If Franchisee, or any agent, association, relative, or employee of Franchisee, takes any action to terminate this Agreement or to convert Franchisee's Business to another business at the same or different location (whether during the term or upon expiration or termination of Franchise Agreement), then such action by Franchisee shall be deemed a wrongful repudiation of the Franchise Agreement and Franchisee shall continue to be obligated to the Franchisor for all anticipated and estimated fees due hereunder until such time as this Agreement expires.

## SECTION XI. TRANSFER BY FRANCHISEE

11.1 <u>Consent to Transfer Required.</u> The Franchisee shall not, without the Franchisor's prior written consent, which will not be unreasonably withheld, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey to any person, firm or corporation, or encumber any portion of his interest in this Agreement, and/or in the franchise granted hereby, or in the assets of the business, or in any location lease, or offer to do so, or permit the same, and any purported transfer without Franchisor's consent shall constitute a material default hereunder and shall be null and void.

- 11.2 <u>Requirements to Obtain Franchisor's Approval of a Transfer</u>. Franchisor may reasonably refuse approval to a proposed transfer unless all the following are met:
- a. Transferee must meet those standards of qualification as expected of all Franchisees purchasing a new TeamLogic IT® Franchise;
- b. All of Franchisee's debts and obligations owing to Franchisor including Continuing Franchise Fees, Advertising Fees, SystemWatch IT® fees, software license fees, etc., must be paid before or concurrently with the transfer;
- c. Franchisee or the transferee must bring the Business and the vehicle signage and/or any gGraphics Package up to the current standards of appearances required by the Franchisor;
- d. Before the effectiveness of the transfer, Franchisee must pay to the Franchisor the then current transfer fee (\$10,000 in year 2018). The transfer fee is waived in the event the TeamLogic IT® Business is transferred to a member of Franchisee's immediate family who has actively participated in the operations of the Business;
  - e. The proposed transferee must attend and complete the training specified in Section 4.1.c;
- f. Franchisee must enter into a Transfer Release Agreement with Franchisor. Franchisee hereby consents to Franchisor releasing any information concerning the Business to the transferee (new Franchisee) which Franchisee has reported to Franchisor; and
- g. Franchisor and the transferee must enter into a new Franchise Agreement upon the then current standard form being offered by Franchisor to new Franchisees and the old Franchise Agreement will be deemed terminated subject to all post-termination obligations.
- h. Franchisee must pay Franchisor any broker referral or commission fee due as a result of the buyer being first referred to Franchisor to purchase a new franchise, but instead decides to buy Franchisees' business after visiting or talking with Franchisee. In such case if Franchisor is contractually obligated to pay the broker, then Franchisor's consent will be reasonably withheld unless Franchisee pays the broker fee as part of the consummation of the sale to the buyer.
- 11.3 Transfer to a related corporation/limited liability company. A transfer may be made to a related corporation/limited liability company, without a transfer fee, providing that Franchisee shall remain the legal and beneficial owner of at least fifty-one percent (51%) of all the shares of stock of such corporation/limited liability company during the term and/or renewal term of this Agreement and shall personally guarantee the franchise obligations of the corporation/limited liability company and shall remain jointly liable along with the corporation/limited liability company. Further, the names and home addresses of any proposed shareholders/members, along with the percentage and amount of shares/membership interests transferred shall be forwarded to Franchisor in writing. Any transferee of shares/membership interests shall be bound by this Franchise Agreement as though they had signed individually. All stock/membership certificates shall include a legend setting forth these restrictions in order to effect a binding restriction on transferability in accordance with the corporate law of the state in which the corporation/limited liability company is formed. Any such transfer to a corporation/limited liability company shall be effected on forms prescribed by Franchisor. Franchisee may not transfer the assets of the business to a corporation/limited liability company without the prior consent of Franchisor and any purported transfer shall be a violation of the Franchise Agreement; and Franchisor may elect to hold such

corporation/limited liability company jointly responsible with Franchisee for the obligations under this Franchise Agreement, as if such corporation/limited liability company originally signed the Franchise Agreement, jointly with Franchisee.

- 11.4 <u>Indemnity</u>. In any transfer or proposed transfer, in this Section 11, Franchisee indemnifies and holds Franchisor harmless from any and all actions, causes of action, liabilities, losses, costs, expenses and fees, incurred by Franchisor as a result of any action or inaction, or any misrepresentations made by Franchisee to the transferee or proposed transferee in connection with the transfer or proposed transfer of the TeamLogic IT® Business. This indemnification shall survive the termination or cancellation of this Agreement.
- 11.5 <u>Franchisor's Right of First Refusal</u>. If Franchisee receives and desires to accept from a third person a bona fide written offer to purchase the TeamLogic IT® Business, the Franchisor shall have the option, exercisable within thirty (30) days after written notice and receipt of a copy of such complete offer, to purchase the TeamLogic IT® Business, including any location lease, on the same terms and conditions as offered by said third party. If Franchisor does not respond within such thirty (30) day period, then Franchisor's option shall be waived. (Franchisee must still obtain Franchisor's approval for the transfer).
- 11.6 <u>Death of Franchisee</u>. If Franchisee dies, his personal representative may sell and assign his interest herein (or if Franchisee is or shall then be a corporation and its controlling stockholder dies, Franchisee's personal representative may sell Franchisee's shares) only with the prior written consent to sale or assignment to a qualified person who will conform to the Franchisor's training requirements and assume Franchisee's obligations, is of good character and reputation and economic stability, from whom a bona fide offer to purchase has been received, provided the Franchisor shall have the right and option to acquire the decedent's interest in this Agreement and any location lease at said offered price; said option to be exercised within thirty (30) days after the Franchisor is notified in writing of said bona fide offer.
- 11.7 <u>Unauthorized Transfers</u>. It is agreed and understood that any attempted transfer of only the assets and/or the phone numbers and/or website addresses/URLs of the Business without the transfer of the franchise itself is strictly prohibited and may be voided. Such action may be treated by Franchisor, in its sole discretion, as a wrongful repudiation of the Franchise Agreement by Franchisee, entitling Franchisor to damages which are hereby agreed upon as the amount of the anticipated and estimated Continuing Franchise Fees and SystemWatch IT<sup>®</sup> Managed Services fees for the remaining term of the Franchise Agreement by utilizing the current Continuing Franchise Fees and SystemWatch IT<sup>®</sup> Managed Services fees as a base. Alternatively, Franchisor shall have the right to void the purported transfer by way of injunction or restraining order in a State or Federal Court where the Business is located.

## **SECTION XII.**DISPUTES/ARBITRATION

- 12.1 Except as provided below, any controversy or claim arising out of or relating to this Franchise Agreement or the breach hereof, including a claim for emergency relief, shall be settled by arbitration with the American Arbitration Association in accordance with the Commercial Arbitration Rules then in effect. The arbitration of any dispute between the parties shall be conducted with regard to Franchisee only and not with regard to any collective group of franchisees or class action. This arbitration provision shall survive the expiration or earlier termination of this Agreement.
- a. <u>Arbitrator</u>. There shall be a single arbitrator who shall be an existing or former judge of a court of record within the United States or an attorney in good standing admitted to practice for a period of

at least ten (10) years within the United States. A corporation/limited liability company to which an individual Franchisee has transferred some or all of the assets comprising the TeamLogic IT® Business shall be considered either a joint Franchisee or successor Franchisee (at Franchisor's option) and bound by this arbitration agreement.

- b. Location. The site of the arbitration shall be in Orange County, California.
- c. <u>Absence of party</u>. The arbitration may proceed in the absence of either party, providing that notice of the filing of the arbitration has been sent to the other party in accordance with this Agreement.
- d. <u>Decision/Jurisdiction</u>. The decision of the arbitrator shall be final and binding upon the parties, and judgment upon the award rendered by the arbitrator, may be entered in any court having jurisdiction thereof. Franchisee hereby consents to California personal jurisdiction for himself and any corporation owning some or all of the assets of the TeamLogic IT® Business, and hereby consents to service of process by way of certified mail, return receipt requested, or by recognized courier (such as FedEx or UPS) sent to the TeamLogic IT® Business location, signed by a duly employed employee of Franchisee, or by personal service or by substitute service in accordance with California law. The parties agree that punitive damages shall not be available as a remedy for a breach of this Agreement or any dispute relating to this Agreement.
- e. <u>Fees</u>. If any party commences an action, either arbitration or court proceedings, against any other party arising out of or in connection with this Franchise Agreement, the prevailing party or parties shall be entitled from the losing party or parties, both attorney's fees and costs of the arbitration and/or suit as part of the judgment rendered, along with attorney's fees and costs incurred in enforcing any such judgment.
- f. <u>Trademarks</u>. Notwithstanding the above, the arbitrator shall have no power or authority to diminish Franchisor's complete and exclusive right, title and interest in its patents, trademarks, service marks, trade names, copyrights and other trade secrets, or to vary the terms, condition or payments which Franchisor has designated for licensing the same.
- 12.2 This section shall survive and remain in full force and effect subsequent to termination or expiration of this Agreement.
- 12.3 Except where contrary to a specific law in Franchisee's state, written notice of any alleged default by Franchisor of this Agreement must be given by Franchisee to Franchisor within eighteen (18) months of the alleged default or Franchisee is precluded from raising such alleged default thereafter in <u>any</u> proceeding involving Franchisor or Franchisee. Franchisor and Franchisee both hereby waive the right to assert the principles of collateral estoppel in any action between them. Franchisor and Franchisee hereby waive any right to a jury trial.

## **SECTION XIII.**MISCELLANEOUS

## 13. The parties further agree as follows:

a. <u>Independence of Franchisee/Indemnity</u>. Franchisee is, and shall be at all times during the term of this Agreement, an independent contractor and not an agent or employee of the Franchisor. The Franchisee is not a partner or joint venturer with the Franchisor. This Agreement does not create a fiduciary relationship between the parties. Franchisee is solely responsible for the day-to-day control of Franchisee's

TeamLogic IT® Business. Neither Franchisee nor any of Franchisee's employees are in any way, directly or indirectly, expressly or by implication, to be construed to be Franchisor's employees for any purpose. Franchisee is solely responsible for all terms of employment of Franchisee's employees and personnel. Any requirements, restrictions or specifications which Franchisee is required to comply with under this Agreement, whether set forth in the Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising Franchisee's control of the day-to-day operations of Franchisee's Business. Franchisee shall defend, indemnify and hold harmless Franchisor, its affiliates, and their respective shareholders, directors, officers, employees, representatives, and agents from and against any and all actions, causes of actions, claims, suits, fines, demands, losses, liabilities, costs, and fees (including attorney fees) of any kind arising out of or in connection with Franchisee's TeamLogic IT® Business, including but not limited to personal injury, property damage, violation of the rights of others, negligent or intentional corruption of data, joint employer liability issues, or any wrongful use of System, Proprietary Information or other Franchisor-owned material by electronic medium or otherwise.

- b. <u>Abandonment or Surrender by Franchisee/Close of Business</u>. If Franchisee shall, for any reason, abandon (as defined in Section 10.2d above) or surrender all or any part of its rights and privileges under this Agreement, all such rights shall revert to the Franchisor. However, Franchisee shall not have the right to abandon its obligations under this Agreement. <u>Franchisee shall have the right to close down the business</u>, subject to the conditions in Sections 10 and 11 concerning termination and transfer.
- c. <u>Waiver</u>. No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option or power arising out of any breach or default by Franchisee, or by any other Franchisee, of any of the terms, provisions or covenants contained herein, shall constitute a waiver by Franchisor thereof to enforce any such right, option or power as against Franchisee, or as to a subsequent breach or default by Franchisee.
- d. <u>Severability</u>. Should any provision of the Agreement for any reason be construed or declared to be invalid, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated.
- e. <u>Right of Successors</u>. The Franchisor has the right to assign the Franchise Agreement and all its rights and privileges thereunder, to any other person, firm, or corporation, provided that the assignee is financially responsible and economically capable of performing the obligations of the Franchisor. The Assignee must also assume and agree to perform all obligations of the Franchisor under the Franchise Agreement. The Franchisee's consent is not required for any such assignment.
- f. <u>Previous Agreements and Representations</u>. Upon execution of this Agreement by both parties, all previous agreements, contracts, arrangements or understandings of any kind relative to the franchise herein granted are canceled and all claims and demands thereon are fully satisfied.
- g. <u>No Representations</u>. No agent or representative of Franchisor has authority to make any representations, statements, warranties, or agreements not herein expressed and Franchisee agrees that no such representations, statements, warranties or agreements have been made, or if made, that no reliance thereon has been considered in the signing of this Agreement.

h. <u>Notice</u>. Whenever, under the terms of this Agreement, notice is required, the same shall be given in writing and delivered personally or by certified mail (postage prepaid) or by recognized courier (UPS, FedEx). Notice shall be deemed delivered three (3) business days after notice has been sent by certified mail (whether or not the return receipt has been returned to the sender) and deemed delivered by courier when delivered to the recipient or his/her/its agent, representative, spouse or employee. All such notices intended for the Franchisor shall be addressed to it at:

TeamLogic, Inc. / Attn: President 26722 Plaza Mission Viejo, California 92691

or as may be designated in writing by Franchisor. Notice to Franchisee shall be directed to the Business address or to the Franchisee's home address.

- i. <u>Terminology and Construction</u>. All terms and words used in this Agreement regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular and plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any section, paragraph or clause herein may require, as if such words had been fully and properly written in the appropriate number and gender. If Franchisee consists of two (2) or more individuals or entities, such individuals and/or entities shall be jointly and severally liable hereunder.
- j. <u>Entire Agreement; Modification</u>. The Franchise Agreement and the accompanying Disclosure Document together contain the entire Agreement of the parties and there are no representations, inducements, promises, or agreements, other than those duly executed in writing. This or any other agreement of any kind or any addendum or exhibit, amending, altering or changing the context of any portion hereof, shall not be binding unless it is executed by an appropriate officer at TeamLogic IT<sup>®</sup> Corporate offices and by Franchisee or Franchisee's representative. Certain aspects of the franchise relationship may be affected by changes in the Franchisor's Operations Manuals. The Franchisor may make such modifications without Franchisee's approval, so long as they are reasonable and apply uniformly to all Franchisees. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
- k. <u>Performance</u>, <u>Applicable Law and Forum</u>. It is stipulated this Agreement has been negotiated, executed and delivered within the State of California and is to be performed at Franchisor's offices in the County of Orange, California. Except as otherwise provided for hereunder, this Agreement shall be interpreted and the rights and obligations of the parties hereunder governed in accordance with the laws of the State of California, except for Section 10.3(f) of this Agreement which shall be governed by the laws of the State where the TeamLogic IT<sup>®</sup> Business is located.
- l. <u>Headings</u>. The headings of the paragraphs herein are inserted for convenience only and are not intended to be construed as part of the Agreement or to limit the scope of a particular paragraph.
- m. <u>Signature</u>. This Agreement may be originally signed by an individual if unmarried or if married, individuals and their spouses as the Franchisee, or if signed by a Corporation or Limited Liability Company ("LLC"), must be personally guaranteed by the shareholders/members and their spouses. It is acknowledged that should an individual Franchisee subsequently transfer some or all of the assets of the TeamLogic IT® Business to a corporation/LLC, then Franchisee agrees that such corporation/LLC shall be considered either a joint or successor Franchisee (at Franchisor's option) to this Franchise Agreement, and

shall, along with all shareholders/members, be bound hereby, as if the corporation/LLC and shareholders/members each executed this Agreement.

n. <u>Warranty as to Original Document</u>. Franchisee hereby warrants that he has not caused any electronic modification, scanning or manipulations of the Franchise Agreement received from Franchisor and that this document is the same document received from Franchisor, and agrees that any such modifications or manipulation shall be void.

## SECTION XIV. ACKNOWLEDGEMENTS AND SIGNING

Acknowledgements. Franchisee acknowledges and agrees that:

- 14.1 <u>Risk</u>. Purchasing a franchise in the business to be operated under this Agreement involves business risks. I am assuming those risks and understand that my active participation in the TeamLogic IT<sup>®</sup> Business is vital to its success.
- 14.2 <u>Information from Representatives/Earnings Claims</u>. I have not relied on any representation, promise or guarantee from any representative of Franchisor regarding potential or expected sales, profits or revenues of the Business, and have performed my own due diligence in investigating this franchise opportunity.
- 14.3 <u>Acceptance of Agreement</u>. I have read all of the foregoing Agreement and hereby accept and agree to each and all of the provisions, covenants and conditions therein contained.
- 14.4 <u>Opportunity for Legal Counsel</u>. I have received, read, and understood the Franchise Disclosure Document, which includes a copy of this Agreement and have been advised to, and afforded ample opportunity to, review and discuss the terms herein and consult with my legal or other counsel before affixing my signature.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties executed this Agreement, which shall be effective when executed by Franchisor's corporate offices, County of Orange, State of California.

I HAVE READ THIS AGREEMENT AND ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS, AND CONDITIONS CONTAINED IN THIS AGREEMENT.

I HAVE RECEIVED A COPY OF THIS AGREEMENT AND HAVE BEEN AFFORDED AMPLE OPPORTUNITY TO REVIEW AND DISCUSS THE TERMS, AND CONSULT WITH MY LEGAL OR OTHER COUNSEL BEFORE AFFIXING MY SIGNATURE.

APPROVED AND ACCEPTED FOR TEAMLOGIC, INC.	
Charles R. Lennon, Executive Vice President	Effective as of:
SIGN BELOW IF YOU WANT YOUR FRAINDIVIDUAL NAME(S).	ANCHISE AGREEMENT TO BE IN YOUR
	Dated:
OR	Dated:
SIGN BELOW IF YOU WANT YOUR FRA	ANCHISE AGREEMENT TO BE IN A GN THE PERSONAL GUARANTY ON THE NEXT
CORPORATION or LIMITED LIABILITY Concentration (Personal Guaranty Required)	COMPANY:(Corporate Name or "TBD")
By:Name/Title:	Dated:
By:	Dated:

## PERSONAL GUARANTY OF FRANCHISEE

(Required if Franchisee is a Corporation or Limited Liability Company)

The undersigned, being the sole own	ers of the corporation or limited liability company ("LLC"),
*	, a corporation or LLC, nditionally and irrevocably guarantee the performance of said
and their spouses of the owners, hereby unco	nditionally and irrevocably guarantee the performance of said
corporation of LLC of all obligations contain	ned in the foregoing Franchise Agreement and shall be jointly rporation or LLC, as if the undersigned were the original
and severally obligated, along with the co-	Logic, Inc., may enforce such obligations directly against the
undergianed without first looking to the corne	pration or LLC. This Guaranty is given in connection with the
Franchise Agreement and any other docum	ents executed in connection with the Franchise Agreement
including without limitation any amendme	ents, addendums, extensions and renewals to the Franchise
Agreement (whether entered into now, previous	ously or in the future), relating to the TeamLogic IT® Business
operated pursuant to the Franchise Agreemen	nt (the "Obligations").
	Date:
Signature	Date.
(Print Name)	
	Date:
Signature of Spouse	
(Print Spouse's Name)	
	Date:
Signature	
(D: (DI)	-
(Print Name)	
	Date:
Signature of Spouse	
(Print Spouse's Name)	-

## EXHIBIT "E"

MULTI-STATE ADDENDUM

TO

FRANCHISE DISCLOSURE DOCUMENT

AND

FRANCHISE AGREEMENT

### MULTI-STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

#### AND THE FRANCHISE AGREEMENT

The following states have laws that override the provisions stated in this Disclosure Document and the Franchise Agreement: California, Florida, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin:

### **California**

### Item 17 Disclosure Document

The franchise agreement requires you to sign 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 is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Business Oversight before a solicitation of a proposed material modification of an existing franchise.

#### Covenant Not to Compete

Item 9 Disclosure Document; Section 6.18 Franchise Agreement

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of California.

## Termination of the Franchise

Item 17 Disclosure Document; Section 10 Franchise Agreement

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 is inconsistent with the law, the law will control.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

Neither TeamLogic, Inc. any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in the association or exchange.

THE FRANCHISE AGREEMENT REQUIRES BINDING ARBITRATION. THE ARBITRATION WILL OCCUR IN ORANGE COUNTY, CALIFORNIA WITH THE COSTS BEING BORNE BY THE LOSING PARTY. PROSPECTIVE FRANCHISES 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 PROCEDURES SECTION 1281, AND THE FEDERAL ARBITRATION ACT) TO ANY PROVISIONS OF A FRANCHISE AGREEMENT RESTRICTING VENUE TO A FORUM OUTSIDE THE STATE OF CALIFORNIA.

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.).

WE MAINTAIN A WEB SITE AT THE FOLLOWING ADDRESS: www.teamlogicit.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

### **Florida**

### Disclosure

The State of Florida has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

### Hawaii

Effect of Termination by Franchisor
Item 17 Disclosure Document; Section 10 Franchise Agreement

As to comply with Section 482E-6(3), Hawaii Revised Statutes: Upon termination or refusal to renew the franchise, the Franchisee shall be compensated for the fair market value, at the time of the termination or expiration of the franchise, of the Franchisee's inventory, supplies, equipment and furnishings purchased from the Franchisor or a supplier designated by the Franchisor; provided that personalized materials which have no value to the Franchisor need not be compensated for. If the Franchisor refuses to renew a franchise for the purpose of converting the Franchisee's business to one owned and operated by the Franchisor, the Franchisor, in addition to the remedies provided in this paragraph, shall compensate the Franchisee for the loss of goodwill. The Franchisor may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of the Franchisee's inventory, supplies, equipment, and furnishings, and may offset from such compensation any moneys due the Franchisor.

### Illinois

Illinois law governs the agreement between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Franchisor has disclosed that it has no obligation to perform any service to you as a franchisee, to your satisfaction.

#### Indiana

Obligations and Duties of Franchisor; Territory; Operating Limitation, Remedies, Venue, Waiver, Indemnification Items 12 and 17 Disclosure Document; Section 4, 5, 6.10, 11 and 12 Franchise Agreement

In accordance with Indiana Code Sections 23-2-2.7-1(2) and 23-2-2.7-2(4), the franchisor is prohibited from operating a substantially identical business to that of the Franchisee's within the Franchisee's territory regardless of trade name. According to Indiana Code Sections 23-2-2.7-10(10) and 23-2-2-27-1(5), the reservation of right to injunctive relief or any specified remedy, limitation of the remedies available to either party, stipulation as to forum or venue and waiver or release of any rights with regard to the Franchise Agreement are prohibited. Further, the post-termination covenant not to compete is limited by IC 23-2-2.7-1(9). Further, indemnification by the Franchisee shall exclude any indemnification for liability caused by the Franchisee's proper reliance on or use of procedures or materials provided by the Franchisor or caused by Franchisor's negligence.

### Termination

Item 17.r. Disclosure Document; 6.18 Franchise Agreement

The post-termination covenant not to compete complies with the limitations in the Indiana Code Section IC 23-2-2.7(9).

Obligations and Duties of Franchisee; Transfer by Franchisee; Miscellaneous Section 5.6.7, 8, 11, 13

The reservation of right to injunctive relief or any specified remedy, limitation of the remedies available to either party, and stipulation as to appropriate forum or venue are prohibited according to Indiana Code Section 23-2-2.7-1(10). Further, the waiver or release of any rights with regard to the Franchise Agreement is prohibited according to Indiana Code Section 23-2-2.7-1(5).

### Maryland

Renewal, Termination, Transfer and Dispute Resolution

Item 17 Disclosure Document; Section 10, 11 Franchise Agreement

In accordance with Maryland Law, Item 17, the appropriate sections of the Franchise Agreement are amended to state that the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

<u>Previous Agreements and Representations, Sections 13f and g Franchise Agreement Acknowledgement, Section 14 Franchise Agreement</u>

The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any disclaimer regarding the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Franchise Law in order to purchase the franchise 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. This amends Section 14 of the Franchise Agreement.

#### Arbitration

Item 17 Disclosure Document; Section 12 Franchise Agreement

Except for claims arising under the Maryland Franchise Registration and Disclosure Law, the franchisee must sue/arbitrate in California.

Item 17 of the Disclosure Document and Section 12.3 of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

Renewal, Termination, Transfer and Dispute Resolution Item 17 Disclosure Document The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

Release, Estoppel, or Waiver of Liability
Section 13(g) and Section 14.2 of the Franchise Agreement

The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective Franchisee to assent to any release, estoppel or wavier of liability as a condition of purchasing a franchise. Section 13(g) and Section 14.2 of the Franchise Agreement 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.

### Michigan

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

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

- (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- h. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- i. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact 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: <u>State of Michigan, Department of Attorney General,</u> <u>Consumer Protection Division, Franchise and Antitrust Unit, PO Box 30213, Lansing, MI 48909 - (517) 373-7117.</u>

### Minnesota

#### Renewal of the Franchise

Item 17 Disclosure Document; Section 7.2 Franchise Agreement

The Franchise Agreement gives the Franchisee the right to renew the franchise for one 10 year term by giving written notification to the Franchisor not less than 180 days before the expiration of the current term and not more than 360 days prior to the expiration of current term.

### Termination of the Franchise

Item 17 Disclosure Document: Section 10 Franchise Agreement

The Franchisor may terminate or cancel this Agreement and the franchise if (i) Franchisee is given written notice setting forth all the reasons for the termination or cancellation at least 180 days in advance of termination or cancellation, and (ii) the Franchisee fails to correct the reasons stated for termination or cancellation in the notice within 60 days of receipt of this notice; except that the notice is effective immediately upon receipt where the alleged grounds for termination or cancellation are: (1) Voluntary abandonment of the franchise relationship; (2) the conviction of the Franchisee of an offense directly related to the business conducted in accordance with the franchise; or (3) failure to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the Franchisor's trade name, trademark, service mark, logotype or other commercial symbol after the Franchisee has received written notice to cure of at least 24 hours in advance thereof.

Franchisor may not terminate or cancel a franchise except for good cause. "Good Cause" means failure by Franchisee to substantially comply with the material and reasonable franchise requirements imposed by the Franchisor including: (1) the bankruptcy or insolvency of the Franchisee; (2) assignment for the benefit of creditors or similar description of the assets of the franchise business; (3) voluntary abandonment of the franchise business; (4) Conviction or a plea of guilty or no contest to a charge of violating any law relating to the franchise business; or (5) any act by or conduct of the Franchisee which materially impairs the goodwill associated with the Franchisor's trademark, trade name, service mark, logotype or other commercial symbol.

With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds, 3, 4 and 5 which require, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

### Arbitration

Item 17 Disclosure Document; Section 12 Franchise Agreement

The Franchise Agreement provides for arbitration in accordance with the rules of the American Arbitration Association. According to Minnesota law, the site of the arbitration shall be held in the county or city of the franchise location, State of Minnesota.

Item 17 of Disclosure Document and Section 12.3 of the Franchise Agreement are amended to say: "any claims arising under the Minn. Stat. 80C must be commenced within three (3) years from when the cause of action accrues."

#### Transfer of the Franchise

Item 17 Disclosure Document; Section 11 Franchise Agreement

According to Minn. Stat. 2860.4400, Item 17 and the transfer sections of the Franchise Agreement are amended to state, "It shall be unfair and inequitable for any person to require a franchisee to assent to a release assignment, novation, or waiver that would relieve any person from liability imposed by Minn. Statutes 1973 Supp., Sections 80C.01 to 80C.22."

#### New York

Franchise Fee

Item 5. Disclosure Document

This fee is for the grant of the franchise, the use of the service marks and the trademarks, and for the use of the proprietary system.

Renewal, Termination, Transfer and Dispute Resolution

Item 17. W. Disclosure Document

No assignment will be made except to any assignee who in the good faith and judgment of the Franchisor is willing and able to assume to Franchisor's obligations under the franchise agreement.

The choice of law should not be considered a waiver of any right conferred upon the franchiser or upon the franchisee by article 33 of the General Business law of the state of New York.

Information comparing franchisors is available. Call the State Administrators listed in Exhibit "G" or your public library for sources of information. Registration of this franchise by New York State does not mean that New York State recommends it or has verified the information in this Disclosure Document. If you learn that anything in the Disclosure Document is untrue, contact the Federal Trade Commission and New York State Department of Law Bureau of Investor Protection and Securities, 120 Broadway, 23<sup>rd</sup> Floor, New York, New York 10271.

The franchisor may, if it chooses, negotiate with you about items covered in the prospectus. However, the franchisor cannot use the negotiating process to prevail upon a prospective franchisee to accept terms which are less favorable than those in this prospectus.

#### Item 3: Litigation

Neither the franchisor, its predecessor, a person identified in item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. 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 or property, unfair or deceptive practices or comparable civil or misdemeanor allegations.
- B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-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 franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation or property, or unfair or deceptive practices or comparable allegations.
- C. 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 any currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

# Item 4: Bankruptcy

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the Disclosure Document; (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

### North Dakota

Addendum to North Dakota Disclosure Document and Franchise Agreement.

The Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota Franchisees (Section 51-19-09 of the North Dakota Century Code):

Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisees' business.

Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

Liquidated Damages and Termination Penalties: Requiring North Dakota Franchisees to consent to liquidated damages or termination penalties.

Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.

Waiver of Jury Trial: Section 12.3 of the Franchise Agreement requiring franchisees to consent to a waiver of jury trial is deleted.

### Rhode Island

Performance, Applicable Law and Forum/Disputes/Arbitration
Item 17 Disclosure Document; Sections 12. and 13k. Franchise Agreement

§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.

#### South Dakota

Termination of the Franchise

Item 17 Disclosure Document; Section 10 Franchise Agreement

Franchisee commits a material breach of the Franchise Agreement; or materially defaults in the payment of any indebtedness to the Franchisor, or Franchisee's suppliers arising out of the purchase of the supplies or equipment and this default is not cured within 30 days of notice to Franchisor.

Covenant Not to Compete

Item 9 Disclosure Document; Section 6.17 Franchise Agreement

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.

Disputes/Arbitration

Section 12. Franchise Agreement

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages or any provision that provides that parties waive their right to a jury trial may not be enforceable under South Dakota law.

Transfer by Franchisee

Section 11 Franchise Agreement

SDCL 53-9-5 voids liquidated damages provisions from contracts unless it would be impractical or extremely difficult to fix actual damages.

Arbitration/Performance, Applicable Law and Forum

Item 17 Disclosure Document; Section 12 and 13k. Franchise Agreement

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the state of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of California.

Any provision in the franchise agreement and/or development agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

#### Virginia

<u>Termination of the Franchise</u> Section 10 Franchise Agreement

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for the 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.

THE INDEPENDENT AUDITOR'S REPORT DATED MARCH 18, 2015 STATES: THE PARENT COMPANY HAS CONTINUED TO PROVIDE FINANCIAL SUPPORT TO THE COMPANY, SUCH THAT THE COMPANY WILL BE ABLE TO MEET ITS OPLIGATIONS AS THEY COME DUE THROUGH JANUARY 1, 2016.

#### Washington

#### Rider

The State of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. These 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 involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. In the event of a conflict of laws, the provisions of Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed in connection with 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectible to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

### Wisconsin

# Termination of the Franchise

Item 17 Disclosure Document; Section 10 Franchise Agreement

The laws of the various states may differ regarding notice periods, time to cure defaults, causes for non-renewal, and causes whereby Franchisor may terminate. Franchisor shall comply with the requirements of the state in which Franchisee's Center is located in that event. (See Section 10 of the Franchise Agreement). The Wisconsin Fair Dealership Law, Chapter 135, Wis. Stats., supersedes any provision of the franchise contract or agreement if such provisions are in conflict with the law.

	FRANCHISEE(S)
Date:	By:
	By:
	TEAMLOGIC, INC.
Date:	By:Charles R. Lennon, Executive Vice President

# **EXHIBIT "F"**

**CONVERSION ADDENDUM** 



# **CONVERSION ADDENDUM**

TeamLogic IT® Business # \_\_\_\_\_

This Addendum is entered into on the Effective Date by and between TeamLogic, Inc. ("Franchisor") and, ("Franchisee"), with respect to the following recitals.
RECITALS
WHEREAS, Franchisee currently owns and operates an independent (non-franchised) computer repair/consultation business located at the "Existing Business") and desires to convert the Existing Business into a TeamLogic IT® Business; and
WHEREAS, Franchisor and Franchisee have entered into, or are about to enter into a Franchise Agreement ("the Franchise Agreement") for Franchisee to own and operate a TeamLogic IT® Business to be operated by converting the Existing Business to the TeamLogic IT® Business; and
WHEREAS, Franchisor desires to consummate such a conversion, on the terms and conditions provided for herein, which terms and conditions shall supersede any conflicting provision in the Franchise Agreement.
NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

- 1. Section I <u>Definitions</u>, Section 3.5 <u>SystemWatch IT<sup>®</sup> Managed Services Fees</u>, Section 6.9 <u>SystemWatch IT<sup>®</sup> Managed Services</u>: The following language is added to these sections: Franchisee must convert/migrate any existing managed services clients to SystemWatch IT<sup>®</sup> within 90 days of the Effective Date.
- 2. Section 3.1 of the Franchise Agreement <u>Initial Franchise Fee</u>: The first sentence is replaced by and shall read: Concurrently with the execution of this Agreement, Franchisee shall pay to Franchisor a non-refundable Initial Franchise Fee in the amount of \$45,000.
- 3. Section 3.3 Minimum and Continuing Fees: The Continuing Franchise Fee outlined in Sections 3.3 of the Franchise Agreement shall be modified as follows: For the first 12 months from the Effective Date of the Franchise Agreement, Continuing Franchise Fees shall be payable on only those Gross Sales that exceed an amount equal to: the average annual gross sales of Franchisee's independent business, as calculated from the prior 36 months ("the Excluded Amount"). If Franchisee has been in business less than 36 months then the Excluded Amount shall be the average of all the months Franchisee has been in business for a monthly average multiplied by twelve. Franchisee shall pay the Continuing Franchise Fees as indicated Exhibit "F"

in Section 3.3 on all Gross Sales in excess of the Excluded Amount, for the first 12 months, according to the terms of the Franchise Agreement. After the first 12 months, Continuing Franchise Fees shall be payable as indicated in section 3.3 on all Gross Sales (as that term is defined in the Franchise Agreement).

- 4. Section 3.4. <u>Minimum and Continuing Advertising Fees.</u> It is acknowledged that the advertising fees outlined in section 3.4 of the Franchise Agreement shall apply on all Gross Sales by all clients, existing and new.
- 5. Section 4.1.d. of the Franchise Agreement shall be modified as follows: Franchisor will provide an Initial 12-Month Marketing Program consisting currently of direct mail, telemarketing, paid search marketing, and email marketing, subject to change. Franchisee must sign up for the Initial 12-Month Marketing Program directly with TeamLogic approved vendors using a credit card. Franchisee must pay the cost of this Marketing Program, which cost ranges from \$2,000 to \$2,400 per month and will satisfy Franchisee's obligation for the first 12 months to spend a minimum of \$2,000 per month on local advertising described in section 6.4 of the Franchise Agreement.
- 6. Section 6.3 <u>Vehicle Signage/Graphics-Package</u>. Franchisee must have the approved vehicle signage, at a minimum, installed on any leased or personal vehicle used in the Business within forty-five (45) days of the Effective Date of the Franchise Agreement.
- 7. Section 10.3.f. <u>Non-Competition, Non-Solicitation Agreement.</u> This section is deleted in its entirety.
- 8. Except as modified herein, the terms of the Franchise Agreement shall remain as originally written. The Franchise Agreement, together with this Conversion Addendum may not be modified except in writing signed by the President of Franchisor and Franchisee.
- 9. The Effective Date of this Addendum shall be the Effective Date of the Franchise Agreement.

TEAMLOGIC, INC.	FRANCHISEE
Ву:	By:
Date:	Date:
	By:
	Date:

# EXHIBIT "G"

TRANSFER RELEASE AGREEMENT



# TRANSFER RELEASE AGREEMENT

This Agreement is entered into by and between TeamLogic, Inc., a California corporation,

("TE	EAMLO	GIC") and	("FRANCHISEE") with reference to the following facts:
#		whereby FRANC	LOGIC and FRANCHISEE entered into a Franchise Agreement dated CHISEE is authorized to own and operate TeamLogic IT® Business
#	c	currently located at	("Franchise Agreement"); and
			CHISEE is about to sell FRANCHISEE'S TeamLogic Business and the transaction and TEAMLOGIC desires to consent to such transfer w; and
to m knov	ionship uutually a	upon the sale of FRAN release one another from or not, and any other	LOGIC and FRANCHISEE desire to mutually terminate their franchise CHISEE'S TeamLogic IT® Business and, except as provided for below, om any presently-existing disputes or claims between them, whether disputes or claims which the parties have or could have asserted against or at any time in the future.
the p		THEREFORE, in congree as follows:	sideration of the covenants and promises each to the other made herein,
of the	ness#_ e transfe gations t	r, the Franchise Agreer	by consents to the transfer by FRANCHISEE of TeamLogic IT® (buyer) and upon the consummation ment shall be deemed mutually terminated, subject to all of Franchisee's on date and post-termination covenants and obligations under the
mutu admi assig expe exist partic valid and Busin any states repre	hand and ally releginistrators and a consest or which est includity of an all active ness; (c) statements, a consentative	d FRANCHISEE, on ease and forever dischars, affiliates, officers, attorneys, of and from a sts and fees of whatsoe the may hereafter arise, ading but not limited by provision of the Franchities of FRANCHISE any statements or reports or representations acts or omissions by the statement of the party representations acts or any third party representations.	tion of the sale of the TeamLogic IT® Business, TEAMLOGIC, on the the other, and subject to the obligations in section 1 above, hereby harge each other and all of each other's respective heirs, executors, directors, employees, representatives, agents, consultants, successors, my and all claims, demands, actions, causes of action, liabilities, losses, ver kind, nature or description, whether known or unknown, which now absed on, relating to, or in connection with any matter between the to: (a) the performance, non-performance, breach, enforceability or achise Agreement and any other agreement between the parties; (b) any BE or TEAMLOGIC relating to FRANCHISEE'S TeamLogic IT® presentations allegedly made to TEAMLOGIC by FRANCHISEE; (d) allegedly made to FRANCHISEE by TEAMLOGIC; and (e) any any person on behalf of TEAMLOGIC to FRANCHISEE their elating to the purchase of FRANCHISEE'S TeamLogic IT® Business. TEAMLOGIC from any restriction on disclosing any and all financial FDD 3/2018

information relating to FRANCHISEE'S TeamLogic IT® Business to the buyer and expressly authorizes such disclosures at any time. TEAMLOGIC and FRANCHISEE hereby waive any and all rights they may now or hereafter have under Section 1542 of the California Civil Code, as presently worded or as hereafter amended, (and any similar statute of any other jurisdiction) which section presently reads as follows:

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

Nothing contained in this general release shall operate to waive or release any claims arising from any breach or non-performance of this Agreement, nor of any of FRANCHISEE'S obligations through the termination date and post-termination obligations under the Franchise Agreement.

- 3. FRANCHISEE hereby agrees to defend and indemnify TEAMLOGIC for and against any and all losses, liabilities, costs, expenses, etc. as a result of any alleged claims of misrepresentation by FRANCHISEE to the purchaser of the TeamLogic IT® Business, either orally or in writing and whether meritorious or not.
- 4. This Agreement reflects the entire agreement of the parties, and all prior oral or written agreements, statements, and representations made by any of the parties are intended to be merged with this Agreement. All of the parties acknowledge that no other statements or representations have been made to such party by any other party concerning any matter that is the subject of this Agreement. This Agreement may be executed and exchanged in counterparts by fax or email and the faxed/emailed generated executed copies shall have the same legal force and effect as copies bearing original signatures of the parties.

TEAMLOGIC, INC.	FRANCHISEE
By:	By:
Date:	Date:
	By:
	Date:

# EXHIBIT "H"

STATE ADMINISTRATORS

#### STATE ADMINISTRATORS

#### California

Commissioner of Business Oversight Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344

Telephone: (213) 576-7500 Toll Free #: (866) 275-2677

# <u>Florida</u>

Terry Rhodes
Temporary Commissioner of Agriculture
Florida Department of Agriculture & Consumer Services
Division of Consumer Services
227 North Bronough Street, Suite 7200
City Centre Building, 7th Floor
Tallahassee, Florida 32301
Telephone: (904) 922-2770

#### Hawaii

Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 Telephone: (808) 586-2722

#### Illinois

Lisa Madigan Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 Telephone: (217) 782-4465

#### Indiana

Office of the Secretary of State Indiana Securities Division 302 West Washington Street Indianapolis, Indiana 46204 Telephone: (800) 223-8791

#### Maryland

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

### **Michigan**

Office of the Attorney General P.O. Box 30213 Lansing, Michigan 48909 Telephone: (877) 765-8388

# **Minnesota**

Minnesota Department of Commerce 85 7<sup>th</sup> Place East, Suite 500 or 600 St. Paul, Minnesota 55101 Telephone: (651) 296-6025

# Nebraska

Department of Banking and Finance P.O. Box 95006 Lincoln, Nebraska 68509-5006 Telephone: (402) 471-2171

### **New York**

Joseph Punturo Assistant Attorney General New York State Department of Law 120 Broadway, Room 23-122 New York, New York 10271 Telephone: (212) 416-8211

# North Dakota

North Dakota Securities Department 600 East Boulevard Avenue State Capitol - 5th Floor Bismarck, North Dakota 58505-0510 Telephone: (701) 328-4701

### **Rhode Island**

Maria D. Piccirilli
Associate Director and Superintendent of Securities
Department of Business Regulation
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
Telephone: (401) 222-3048

# EXHIBIT "H" (continued)

### South Dakota

Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 Telephone: (605) 773-4823

# **Texas**

Henry Cuellar Secretary of State P. O. Box 12887 Austin, Texas 78711 Telephone: (512) 463-5770

# Virginia

State Corporation Commission 1300 East Main Street, 9th Floor Richmond, Virginia 23219 Telephone: (804) 371-9967

### Washington

Director of Securities Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 Telephone: (360) 902-8760

# Wisconsin

Department of Financial Institutions Division of Securities P. O. Box 1768 Madison, Wisconsin 53701 Telephone: (608) 266-8557 EXHIBIT "I"

SBA ADDENDUM

# **ATTACHMENT**

#### ADDENDUM TO FRANCHISE AGREEMENT

and between	("Franchisor"), located at	
and	("Franchisee"), locate	
together with any amendments from a lender in which funding	red into a Franchise Agreement on, the "Franchise Agreement"). Franchisee is provided with the assistance of the U. S. xecution of this Addendum as a condition to	is applying for a loan ("Loan") Small Business Administration
	promises below and for good and valuable acknowledge, the parties agree that notwith	

#### CHANGE OF OWNERSHIP

Franchise Agreement:

• 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 franchise 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 franchise 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 franchise term (excluding additional renewals) for fair market value.

#### **COVENANTS**

• If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

#### **EMPLOYMENT**

• Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum	automatically terminates	on the earlier	to occur of the	following:	(i) the Loan	is paid in
full; or (ii) SBA 1	no longer has any interest	in the Loan.				

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

FRANCHISOR:	FRANCHISEE:		
By:	By:		
Print Name:	Print Name:		

**Note to Parties:** This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

# **ITEM 23** RECEIPT

<b>TeamLogic</b>	$\mathrm{IT}^{\circledR}$	<b>Business</b>	#	

Rob Levig

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Team Logic offers you a franchise, it must provide this disclosure document to you 14 calendar days 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.

If Team Logic does not deliver this disclosure document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and your state agency listed in Exhibit "G."

Franchise Brokers/sellers offering the franchise: The following are all located at 26722 Plaza, Mission Viejo, CA 92691, (949) 582-6300 (except as otherwise indicated), and the other Brokers/Sellers you met with are checked below. After you return the Receipt, we may add names if you meet with additional salespersons, but if we do, we will provide you with a copy of the revised Receipt.

Lee Dye

	_ Charles R. Lenn	on		_Daniel J. Cong	er	i —	Dan Shapero	
	Frank Picarello		ì	Mike Celayeta		_	Chris Chinnery	
	- David Robidoux	,		Alisa Kunz		I	Patrick Spaan	
	Richard Lowe			_ _Denise Denton		_	Benjamin Purcell	
Franch	ise Brokers / Oth	ers: (see rever	se side)					
	XHIBIT "B" FOI ECEIVE SERVIC			DDRESS OF TE	EAMLOG	(C, INC.'S R	EGISTERED AGENT	` AUTHORIZED
I/We				and				,
	Print Name) First	Middle	Last		First	Middle	Last	
-	Street No. City			State			Zip Code	
Ackno Dates exhibi	page at the beginn	We did receiv iing of this Fra	e this date inchise Dis	a Disclosure Docume	ocument w nt. This F	rith an Effecti ranchise Disc	ve Date as listed in the losure document inclu	e State Effective des the following
A.	Audited Financ	ial Statements	s as of Dec	ember 31, 2015,	Decembe	r 31, 2016, ar	d December 31, 2017	
B.	Agents for Serv							
C.	Operations Man		Contents					
D.	Franchise Agre							
E.	Addendum to a		Agreement					
F.	Conversion Ad							
G	Transfer Releas							
H.	State Administ							
I.	SBA Addendu	m						
Date R	Received:			Si	gned:			
Date R	eceived:			Si	oned.			

The issuance date of this Franchise Disclosure Document is March 5, 2018

Don F. Lowe

	Of *FranNet LLC, 10302 Brookridge Village Blvd., Louisville, KY 40291 (502) 753-2380.
	of *Franchise Alliance, Inc., 400 Galleria Pkwy., #1500, Atlanta, GA 30339 (678) 3856750.
	of *E-Path Advisors, 26153 N. 104th Place, Scottsdale, AZ 85255 (810) 496-6225. of *One Dakota, Inc., dba Executive Franchise Specialists, 710 Prairie Blvd., Dakota Dunes, SD 57049, (605) 422-1139 of *The You Network, 21001 N. Carrillo Trail, Surprise, AZ 85387, (623) 975-9703
	Salem, NC 27106
	of *FranServe, Inc. / Greenline Franchise Consulting, LLC, 48 Glen Road, Yarmouth, ME 04096 (866) 568-1278
[HAVE NEW CONSULTANT	(800) 321-6072 of *Your Own Deal, 16864 Island Avenue, Rockville, MN 55044 (800) 214-1279
Name:	
Address:	Address:
Tel:	Tel
Name:	Name:
Address:	
Tel:	Tel

<sup>\*</sup>These brokers have not been appointed by Franchisor as its Franchise Broker in the State of Washington and cannot make offers to prospective Franchisees for a franchise in Washington.

# ITEM 23 RECEIPT

TeamLogic IT® Business	s #	
------------------------	-----	--

Dob Lovia

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Team Logic offers you a franchise, it must provide this disclosure document to you 14 calendar days 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.

If Team Logic does not deliver this disclosure document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and your state agency listed in Exhibit "G,"

Franchise Brokers/sellers offering the franchise: The following are all located at 26722 Plaza, Mission Viejo, CA 92691, (949) 582-6300 (except as otherwise indicated), and the other Brokers/Sellers you met with are checked below. After you return the Receipt, we may add names if you meet with additional salespersons, but if we do, we will provide you with a copy of the revised Receipt.

Lee Dye

-				_ 200 250			ROU LOVIS	
Charles R. Lennon Frank Picarello David Robidoux Richard Lowe				Daniel J. Conger  Mike Celayeta  Alisa Kunz  Denise Denton			Dan Shapero Chris Chinnery Patrick Spaan	
							Benjamin Purcell	
	chise Brokers / Othe ISTERED AGENT						ADDRESS OF TEA	MLOGIC, INC.'S
Ι,				and				,
	(Print Name) First	Middle	Last		First	Middle	Last	<del></del>
	Street No. City			State			Zip Code	
	s page at the beginn						ve Date as listed in losure document incl	
A.				ember 31, 2015	, Decembe	r 31, 2016, an	d December 31, 201	7
B.	_	Agents for Service of Process						
C.		Operations Manuals Table of Contents						
D. E.		Franchise Agreement						
E. F.		Addendum to and Franchise Agreement Conversion Addendum						
G.		Fransfer Release Agreement						
H.		State Administrators						
I.	SBA Addendun							
Date Received:					Signed:			
n ,	n ' 1							

The issuance date of this Franchise Disclosure Document is March 5, 2018

Don F. Lowe

	of *Franchoice, Inc., 7500 Flying Cloud Dr., Eden Prairie, MN 55344 (770) 552-9661. of *FranNet LLC, 10302 Brookridge Village Blvd., Louisville, KY 40291
	(502) 753-2380.
	(678) 3856750. of *Entrepreneur Authority, 5800 Granite Pkwy., #300, Plano, TX 75024 (972)731-6766.
	CATE TO A LIVE ACCUSED TO A STATE OF THE CONTROL OF COMMITTEE OF CO
	-6*On Delete In the December Provide Constitute 710 Delete
	Dunes, SD 57049, (605) 422-1139
	of *Murphy Business & Financial Corporation (MBFC) 3715 Lindenleaf Ct., Winston-
	Salem, NC 27106
	of *Personal (Business) Advisors, LLC, 14008 Antonio Dr., Helotes, TX 78023 (210) 695-8340
	of *E Community Community Community LLC 40 Clay Dood Veryanth ME
	04096 (866) 568-1278
	*Richard LeBrun, LeBrun Advisory Group, 1155 St. Andrews Ct., Algonquin, IL 60102
	*Franchise Consulting Company, 3735 SW 8th Street, Ste. 207, Miami, FL 33134
	(800) 321-6072
	of *Your Own Deal, 16864 Island Avenue, Rockville, MN 55044 (800) 214-1279
Name:	Name:
Address:	Address:
Tel:	Tel
Name:	Name:
Address:	Address:
Tel:	

<sup>\*</sup>These brokers have not been appointed by Franchisor as its Franchise Broker in the State of Washington and cannot make offers to prospective Franchisees for a franchise in Washington.