

# FRANCHISE DISCLOSURE DOCUMENT

<p><b>BOR Franchising, LLC</b> <b>A Colorado Limited Liability Company</b> <b>8200 Southpark Circle, Suite 300</b> <b>Littleton, Colorado 80120</b> <b>720-204-2095</b> <b>www.BORestoration.com</b> <b>Info@BORestoration.com</b></p>	    <b>BEST OPTION RESTORATION</b>
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The franchise offered is for the establishment, operation, and delivery to the owners of residential, commercial, and governmental properties water, fire, contents cleaning, mold remediation, and after-remediation repair services.

The total investment to begin operations of a BOR franchise is between \$185,918 and \$230,468. This includes \$168,994 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Nick-Anthony Zamucen, Member at 8200 Southpark Circle, Suite 300, Littleton, CO 80120, 720-204-2095.

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

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

There may also be laws on franchising in your state. Ask your state agencies about them (Exhibit A).

The issuance date is: March 26, 2024; Amended May 31, 2024

## How to Use This Franchise Disclosure Document

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

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

## What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Colorado. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Colorado than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

## NOTICE REQUIRED BY THE STATE OF MICHIGAN

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

A prohibition of the right of a Franchisee to join an association of franchisees.

A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel that 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 all claims.

A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause includes the franchisee's failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

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 that 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 (a) the term of the franchise is less than five years, and (b) 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; or other advertising or another commercial symbol in the same area after the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.

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.

A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from agreeing, at the time of arbitration or litigation, to conduct arbitration or litigation at a location outside this state.

A provision that permits a franchisor to refuse to permit a transfer of ownership of a franchise except for good cause. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause includes:

The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

The franchisee's failure 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.

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 and has failed to cure the breach in the manner provided in this notice.

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the franchisor's option, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, and telephone (517) 373-7117.

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

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**BOR FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**ITEM 1**

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

To simplify the language in this Disclosure Document, the use of the word “we,” “us,” or similar pronouns means the Franchisor BOR Franchising, LLC. “You” and similar pronouns mean the person or corporation, partnership, or other entity (Legal Entity), including your owners, stockholders, or partners, who are buying the right to operate under the Franchise Agreement.

**The Franchisor, Any Parents, and Its Predecessors and Affiliates**

We are a Colorado limited liability company that was formed on January 10, 2018. We also do business under the name “B.O.R.,” “BOR,” and “Best Option Restoration.” Our principal business address is 8200 Southpark Circle, Suite 300, Littleton, CO 80120, 720-204-2095. We have been franchising since January of 2018. We do not operate a business of the type being offered here. We do not offer franchises in this line of business and do not have another line of business.

We have no parent or predecessor.

Our Affiliate is BOR IP, LLC (BOR IP Affiliate), a Colorado limited liability company that was formed on September 19, 2021. Its address is the same as ours. It recently applied to the United States Patent and Trademark Office (USPTO) for the word mark “Best Option Restoration.” (Item 13). It has agreed to license the same to us so we may sublicense it to you. BOR IP has never offered franchises in this or any other line of business.

**The Business**

Under the franchise, we offer you the right to establish, operate, and deliver to the owners (Clients) of residential, commercial, and governmental properties water, fire, contents cleaning, mold remediation, and after-remediation repair services (Services). This is your “Business.”

Before signing the Franchise Agreement, you will be subject to an initial criminal background check.

This Franchise Disclosure Document (FDD) and the Franchise Agreement describe the terms and conditions under which we currently offer franchises to new franchisees. As the needs of the market change, we will occasionally offer franchises under different terms and conditions.

The “System” is our proprietary, confidential, and trade secret information. The System includes, without limitation, the trademarks, service marks, and logos (Marks); the manner and method of training that we deliver to you; the operations manuals (which may be in paper or electronic format and may be changed and updated by paper or electronic notices including email and texts - “Franchisee Manuals”), standards, and procedures that you will use in the day-to-day operation of the Business; any copyrighted, trade secret or confidential information owned by us, including this FDD, the Franchise Agreement, and the Franchisee Manuals; and all other copyrighted, trade secret or confidential information owned by us. You must operate under our System. The right to operate in your Exclusive Territory and elsewhere (Item 12), the names and contact information of all of your Clients, and the right to provide Services offered by the Franchise Agreement are also our sole and exclusive property (Item 14).

### **Prior Business Experience**

Our Affiliate has offered water, mold, and similar restoration services since 2018. These services are substantially similar to those you will offer.

### **Competition and Laws Affecting the Business**

The market for your Services includes residential, governmental, and commercial properties that have suffered a fire, been inundated with water, or have mold that requires remediation. The market for your Services is mature, non-seasonal, and well-developed, and you will be competing against other local and national firms that offer the same or similar Services as you may be offering. You will also compete against other franchisees. (Item 12).

Most states and local jurisdictions have laws, rules, regulations, and ordinances that may apply to the operation of any business, including occupational health and safety, labor, licensing and bonding, insurance, and advertising. We do not require you to do so, but your municipality, county, or state may require a contractor's license or a technician certification from the Institute of Inspection Cleaning and Restoration Certification (IICRC). Also, if you offer repairs after you have delivered the Services, like replacing drywall, you may need a general contractor or similar license. Your local, county, or state may require you to obtain other certifications. You must investigate and comply with all applicable federal, state, county, and city laws and regulations.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **Member and Chief Executive Officer: Nick-Anthony Zamucen**

Mr. Zamucen has been our Member and CEO since our inception. From 2010 to September of 2016, Mr. Zamucen was the Chief Executive Officer of our former affiliate Ringside Development Company d/b/a Bio-One Colorado, Inc., which was a franchisor of crime-scene and hoarding cleanup services. In January of 2021, Mr. Zamucen again took this position with Bio-One. Bio-One was sold in September of 2021, when it had 110 open units. From September of 2016 to our inception, Mr. Zamucen was building this system.

## **ITEM 3**

### **LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4**

### **BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

## **ITEM 5**

**INITIAL FEES**

The initial franchise fee (IFF) is \$35,000. The IFF represents payment for expenses incurred by us in furnishing valuable resources to you, including the Manuals, training, and pre-opening services (Item 11), to pay sales costs and a profit.

We will deliver the BOR Application (“Application” - Exhibit H to this FDD) to you when you receive this FDD. No earlier than 14 calendar days after the date that you sign and return the Receipt (the last page of this FDD) (or after any other date that may be defined by state law), you must complete and return the Application and must pay us the Application Fee of \$1,000. If we disapprove of your Application, the fee will be fully returned. If we accept your Application, you qualify for a franchise award and must sign the Franchise Agreement within 90 days. If you do not sign the Franchise Agreement within that time, your Application Fee will become non-refundable. If you sign the Franchise Agreement at any time, your Application Fee is credited against the IFF.

You are required to purchase from our approved vendor, an Affiliate, or us your initial package of equipment, tools, and supplies needed to open your Business (Opening Package) that includes air movers, air scrubbers, dehumidifier(s), one or more liquid extractors, mold-remediation equipment, smoke removal equipment including ozone generators, thermal imaging equipment, hand tools, a Microsoft or equivalent computer tablet (Tablet) loaded with the “BOR Software Suite,” and other equipment needed to operate the Business for \$127,000 (Opening Package Cost). You must pay the Opening Package Cost when you pay your IFF.

You will purchase a license to use the BOR Software Suite from us at the cost of \$3,999 (BOR Software Suite Initial License Fee). The BOR Software Suite contains proprietary estimating software and client relationship management (CRM) software.

You will pay us \$2,995 as your “Technology Startup Fee,” which will be used to set up your landing page on our website.

Unless stated above, all fees are payable in one lump sum, are uniform, and are non-refundable.

You pay our Affiliate or us no other fees or payments for services or goods before your Business opens.

**ITEM 6**

**OTHER FEES**

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Royalty	The greater of 7% of “Gross Sales” (Percentage Royalty) or \$500 (Minimum Royalty). (Note 2)	Payable by you on or before the 16th day of each month. If the 16th falls on a Saturday, Sunday, or federal or state holiday, the Royalty will be due on the next business day.	Payable to us through an automated clearinghouse (ACH) transaction.

<b>TYPE OF FEE (Note 1)</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Local Advertising Fee	The greater of \$1,500 or 5% of Gross Sales per month.	As incurred.	You pay local suppliers, subject to our approval. The Local Advertising Fee will also be used for internet advertising (Item 11). We may require your expenditures to be used in the Regional Advertising Cooperative. We may increase this amount at any time to no more than 6% or \$2,000 after first giving you no less than 60 days prior written notice.
National Branding Fee	Currently, none.	Payable with Royalty.	We may, in the future, collect a percentage of your Gross Sales or a fixed dollar figure to fund national branding events and social media advertising materials. We will give you no less than 60 days prior written notice before implementing this fee or, once implemented, before changing this fee. Payable to us.
Regional Advertising Cooperative Fee	Currently, none. If a Regional Advertising Program is established, you may be required to contribute a specified part of your Local Advertising Fee and National Branding Fee.	Payable with Royalty.	Payable to the cooperative. We have not determined any formula for calculating the percentage of your Local Advertising Fee that would be paid to the cooperative. (Item 11).
Technology Maintenance Fee	Currently, \$695 per month.	Payable with Royalty.	This covers our cost to maintain your landing page on our website. We may increase this fee at any time and in any amount after first giving you no less than 60 days prior written notice. Payable to us.
Franchisee Life Insurance Policy Fee	Currently, \$150 per month per franchisee for each natural-person franchisee, or \$150 per month per equity owner if the franchisee is a business entity.	Payable with Royalty.	See Note 3.
BOR Software Suite Monthly License Fee	Currently, \$995 per month.	As incurred.	See Note 4.
Additional Training Fees	Currently, \$500 per day plus your travel, room, and board if you travel to us.	14 days before the visit.	Note 5.

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Substitute or New Designated Manager Training	Currently, \$1,500 per person, plus your travel room and board.	14 Days Before Course Begins.	Payable to us to train any replacement “Designated Manager” (Item 11). We have the right to increase this fee by any amount without limitation after giving you no less than 60 days’ prior written notice.
Conference Fee	Currently, \$995.	As incurred.	We have an annual conference, and attendance is mandatory. All attendees will pay our then-current Conference Fee. We may increase this fee at any time by any amount after giving you no less than 60 days’ prior written notice.
Mandatory Non-Attendance Fee	Currently, \$1,500.	As incurred.	If you fail to attend the annual meeting, you will pay this fee. We may increase this fee at any time by any amount after giving you no less than 60 days’ prior written notice.
Additional Conferences, Seminars, or Programs	Currently, none.	As incurred.	We may offer additional conferences, seminars, or programs at a frequency we determine. Some of these seminars or programs may be mandatory, and we may charge tuition. We have no criteria for determining tuition and thus cannot now quote a fee. We will give you no less than 60 days prior written notice before we assess tuition.
Transfer Fee	50% of the then-current Initial Franchise Fee.	At the time the transfer is to be completed.	Payable to us if you are permitted to transfer your rights to a third party. If we are not offering franchises at that time, the Transfer Fee will be 50% of the IFF you paid.
Successor Franchise Fee	50% of the then-current IFF.	At the time of signing the new Franchise Agreement.	Payable to us if you are awarded Successor Franchise Rights at the end of the then-current term (Item 17(a) and (b)). You may be required to sign a Franchise Agreement with different terms from those found in your current Franchise Agreement. If we are not offering franchises at that time, the Successor Franchise Fee will be 50% of the IFF you paid.
Opening Package Maintenance and Update	Maintenance will occur as often as necessary. Updating could cost up to \$15,000.	As incurred.	See Note 6.

<b>TYPE OF FEE (Note 1)</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Opening Package Consumables Replacement	As incurred.	As incurred.	See Note 6.
System Modification; New Goods, Services, Fees, or Technology	As incurred.	As incurred.	See Note 7.
Client Service Fee	All costs incurred by us in assisting your Clients, including our then-current daily "Client Service Fee," that now is \$750.	As incurred.	See Note 8.
Temporary Management Fee	Currently, \$1,500 per day plus our travel, room, and board.	Each month it applies.	See Note 9.
Indemnification and Cost of Enforcement	Will vary.	As incurred.	You have to reimburse us if we are held liable for any claims arising from your Business, including any costs we incur to enforce the Franchise Agreement. Payable to us.
Insurance	Will vary.	As incurred.	For your required insurance (Item 8).
Late Fee	Currently, \$150 per month per fee that is paid late.	As incurred.	Note 10.
Default Interest for Late Payments	Currently, 15% per annum, compounded monthly.	As incurred.	Note 10.
Report Late Fee	Currently, \$50 per day.	As incurred.	Note 10.
Audit Fees	Currently, \$1,500 plus our costs and expenses, including any accountant's fee, travel, room and board, and, if applicable, attorney's fees.	As incurred.	Payable to us for underreporting or for any other reason permitted under the Franchise Agreement. We may increase this fee at any time and in any amount after giving you no less than 60 days' prior written notice.
Approval of New or Substitute Vendor	Currently, none.	As incurred.	We may charge a fee to review and approve a new or substitute vendor that you introduce to us. We have the right to increase this fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected. (Item 8)
Taxes	Our costs.	As incurred.	See Note 11.
Insurance	Varies.	As incurred	Note 12.
Gift Cards and Loyalty Programs	Currently, none.	As incurred	Note 13.

1. All fees paid to our Affiliate or us are payable in one lump sum, uniform, fully earned by us, and non-refundable except as stated in Item 5. Any interest charged by us will not exceed that allowed by your state law.

2. The Minimum Royalty will never be less than \$500 during the initial term of the Franchise Agreement. The Minimum Royalty may increase in the 36th month and seventy-second month of the initial term to reflect an increase in the Consumer Price Index for all urban consumers (CPI-U) as quoted by the U.S. Bureau of Labor Statistics. We will start billing for Royalties and all other fees collected with the Royalty 45 days after your "Opening Date." (Item 11).

"Gross Sales" means all revenue and income actually received by you from the operation of your Business, including all revenue received from Clients you directly bill, and also includes all revenue received from a Client's insurance carrier, late fees, revenue generated over the billed amount, and any other amount charged to Clients, whether received in cash, in services in kind, from barter or exchange, on credit or otherwise. You may deduct from Gross Sales all sales tax or similar taxes, which by law are chargeable to Clients by any taxing authority and are collected by you. You may not deduct the amount of any documented discounts, refunds, or credits.

3. With this fee, we purchase a life insurance policy on the life of each equity owner of the Business. In the event of death, we will use the proceeds to offset our costs in operating and managing your Business until it is sold or is operated by the franchisee's estate. (Franchise Agreement, Article 9) and Item 8. We will retain any of the proceeds not used.

4. You must pay the then-current monthly BOR Software Suite License Fee. We may increase the BOR Software Suite License Fee at any time and in any amount after first giving you no less than 60 days prior written notice before any such increase.

5. We allow two people to take Initial Training. If you wish for more to take it, you will pay our then-current Additional Training Fee.

At least one of the two people receiving Initial Training must complete it before opening. You then have no more than 365 days after your "Opening Date" (see Item 11) to send the second trainee to Initial Training. If you do not send a person within that time, Initial Training will only be offered at our then-current Additional Training Fee.

Additional Training also includes any training you request or, if we require it, that you must take.

We have the right to increase this fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected. Payable to us.

6. You must maintain all of the Opening Package equipment and replace the same as needed to keep it operational. We have no formula for determining if, when, or the cost of such maintenance, so we cannot quote such cost here.

We may require you to replace all of the tools and equipment supplied with the original Opening Package (other than the Tablet) no more often than once every five years, and we may require you to update the Tablet no more often than once every three years. The replacement equipment from the Opening Package must be purchased from our approved vendor, an Affiliate, or us. We have the right to increase this fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected. We reserve the right to change the make and model of any Opening Package component at any time.

You are required to replace all consumables from the Opening Package as necessary. The replacement inventory is available only from an approved supplier, an Affiliate, or us. We have no formula for determining if, when, or the cost of any such consumables, so we cannot quote such cost here.

7. We may, in the future, require all franchisees and you to add new goods and Services to those already sold through the Business, and we may require you to add new technology. If we do this, you may incur additional expenses, costs, and fees, some of which may be due to an approved vendor, Affiliate, a third party for whom we collect the funds, or us. If we introduce new lines of goods, Services, or technology, we will notify you in writing and give you a reasonable time to comply with the changes.

8. If one of your Clients complains to us, and if we reasonably determine that it is necessary to service such Client directly, you must reimburse us for all of our costs and pay our daily Client Service Fee. We have the right to increase the Client Service Fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected.

9. If you breach the Franchise Agreement, we may temporarily manage your Business and charge these fees and costs. We have the right to increase this fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected.

10. The Late Fee is payable to us only if you fail to timely pay the Royalty National Branding Fee timely because of under-reporting or for another breach for which the fee can be collected. The Late Fee applies to each separate fee that you are paying late. We may increase this fee by any amount without limitation after giving you no less than 60 days' prior written notice.

The Report Late Fee is payable to us only if you fail to deliver required reports on time. The Report Late Fee is applicable to each separate report you file late. We may increase this fee by any amount after giving you no less than 60 days' prior written notice.

Default interest is payable on late payments, underreported payments, or as otherwise described in the Franchise Agreement. We may increase the interest rate by any amount after giving you no less than 60 days' prior written notice, except that the rate will never violate the Applicable Laws of your state.

11. If your state assesses them, and except for our income taxes, you will reimburse us for all taxes we pay for products or services we furnish you, or on our collection of the IFF, the Royalties advertising contributions, or other fees. We will give you written notice if such a tax is levied and provide commercially reasonable proof of the tax calculation.

12. If you fail to get the insurance required for the Business's operations, we may buy it for you in our discretion. If we do, you will reimburse us for the premiums. We have no formula for determining if this will occur or the amount of such premiums, and as a result, we cannot quote a fee here.

13. We do not now, but we may require all franchisees and you to participate in gift card, coupon, loyalty, or customer incentive programs in the future. If we do this, we will give you no less than 60 days' prior written notice. The POS Systems will have modules installed to help implement these programs.

## **ITEM 7**

### **ESTIMATED INITIAL INVESTMENT**

### **YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
IFF	\$35,000	Lump sum	At the signing of Franchise Agreement.	Us
Opening Package	\$127,000	Lump-sum	At the signing of the Franchise Agreement.	An Approved Vendor, An Affiliate, or Us.
BOR Software	\$3,999	Lump-sum	At the signing of the Franchise Agreement.	Us.
Technology Startup Fee	\$2,995	Lump-sum	At the signing of the Franchise Agreement.	Us.
Rent and Rental Improvements (Note 2)	\$0 to \$300	As incurred	Before opening.	Landlord.
Office Furniture, Fixtures, and Equipment (Note 2)	\$0 to \$300	As incurred	Before opening.	Vendors.
Microsoft Office 365 and Constant Contact (Note 3)	\$174	As incurred	Before opening.	Approved Vendor.
Initial Training Expenses (Note 4)	\$1,000 to \$2,500	As incurred	Before training.	Airlines, Hotels, Restaurants.
Business Vehicle and Wrap (Note 5)	\$1,000 to \$35,000	As incurred	Before opening.	Vendor.
Business Vehicle Tax, Title, and License (Note 5)	\$0 to \$1,500	As incurred	Before opening.	State or Local Government.
Business Vehicle Insurance (Note 5)	\$500 to \$1,000	As incurred	Before opening.	Insurer.
Grand Opening Cost (Note 6)	\$500	As incurred	Before opening.	Advertiser.
Insurance and Professional Services (Note 7)	\$4,750 to \$5,200	As incurred	When incurred.	Professionals.
Additional Funds - 3 months (Note 8)	\$9,000 to \$15,000	As incurred	When incurred.	Used for your personal expenses as needed.
<b>TOTAL (Note 9)</b>	<b>\$185,918 to \$230,468</b>			

### Notes

1. Fees payable to third parties may or may not be refundable depending on their policies over which we have no control. Except as stated in Item 5, all fees payable to an Affiliate or us are uniform,

payable in one lump sum, and non-refundable. Our Affiliate and we do not finance any portion of your initial investment.

2. It is anticipated and intended that you will operate this Business from your home. You may choose to rent off-site storage space for which we have no criteria. If you decide to rent, you may choose any size property. This is an estimate of three months of rent for a 10' x 10' space. Your rent could be significantly higher, depending on your location in the country.

You will need a table, chair, filing cabinet, and similar home office equipment. We have no criteria for the furniture, fixtures, or equipment. You may already have sufficient equipment. If not, it could cost this amount.

3. You must purchase a license for Microsoft Office 365 at its then-current fee, which is now \$99 per year, and Constant Contact at its then-current fee, which now \$25 per month. This figure represents payment in full for one year of Microsoft Office 365 and the first three months of Constant Contact.

4. This is the approximate amount you may spend before opening for two people to attend Initial Training. This includes travel, food, and lodging. You may spend more or less depending on your location relative to our training center (currently Littleton, Colorado) and the lodging you choose.

5. You must have a late model truck, such as a one-quarter-ton pickup or equivalent, and a fourteen-foot enclosed trailer from any manufacturer or a fourteen-foot enclosed box truck (Business Vehicle), which may be purchased or leased from any source. The Business Vehicle may be used (though it may be no older than ten years as measured by the vehicle's model year on the date you and we sign the Franchise Agreement) and free from body damage and rust. It must be bright white. Subject to the above requirements, the Business Vehicle, and trailer may be any make or model. You may already own a vehicle that meets our requirements. If not, it may cost you the amount stated here to purchase or lease such a vehicle. You may purchase or lease the Business Vehicle from any source. The Business Vehicle must be wrapped with our approved package, which costs at least \$1,000 and must be purchased from our approved vendor.

Your final cost for the Business Vehicle will depend upon the model you choose, its age and condition, and your location in the country. Your cost could be substantially more.

You must also register the Business Vehicle, pay the taxes for it, and purchase the licenses, the cost of which will vary depending on the municipality, county, and state where you live. You will also be required to insure it. Your costs for these licenses and insurance will depend on the model of vehicle you choose, its age and condition, and your location in the country. Your cost could be substantially more.

6. You must spend at least this amount on your initial advertising that will occur within three months of your Opening Date.

7. This amount includes the initial cost for legal and accounting help and the first three months of operation. You may spend more depending on your location in the country and the professionals you choose. This also includes your approximate general liability insurance premium for the first year of operation. See Item 8.

8. The estimate of additional funds is for the first three months of capital. The estimate of additional funds does not include an owner's salary or draw. The additional funds required will vary by your management skill, experience, and business acumen, your relative effectiveness as a salesperson, local

economic conditions, the local market for your Services, competition, and the sales level in your Exclusive Territory you reach during this period.

9. In compiling these estimates, we have relied upon the experience and business acumen of our principals (Item 2) gained from operating businesses similar to the one offered to you.

An Affiliate or we do not offer direct or indirect financing to franchisees for any items.

You should carefully review these figures with a business advisor before making any decision.

## **ITEM 8**

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

#### **Required Purchases and System Changes**

You must open and operate your Business under the System. The specifications necessary to operate under the System include standards for delivering the Services to the Client, standards for operation, criteria for performance, and purchases of required goods and Services. We formulated these specifications.

We may communicate our standards, specifications, and purchase requirements directly to suppliers who wish to supply your goods or Services. We will communicate our standards and specifications to you during training, before you open, during periodic visits to your Business, and through the Franchisee Manuals and periodic bulletins. We may issue new standards and specifications through written notices. Once you are notified, you must make the specified change.

We have the right, in our sole discretion, to vary required purchases, standards, or specifications based upon a franchisee's qualifications, special circumstances, the demographics of a particular territory (Item 12), business potential, or any other condition which we deem to be of importance to the successful operation of any particular Business. We may also modify any specification as to any good, service, supply, fixture, equipment, inventory, computer hardware, software supplier, or the like at any time and on a local, regional, or national basis. We will not be required to disclose or grant you a similar variance. We may change approved vendors at any time.

#### **Required and Approved Suppliers**

You must purchase the Opening Package, and you must purchase replacement inventory for the Opening Package and any updates to it only from our approved vendor, an Affiliate, or us. Our approved vendor, an Affiliate, or we are the only supplier of the Opening Package and replacement items.

You must use the Computer System that we supply as part of the Opening Package. (Items 5 and 11.) We are the only supplier of the BOR Software Suite for which you pay us the fees stated in Items 5 and 7. We may change the vendor for this software at any time, and we may decide that such vendor will be an Affiliate or approved vendor.

You must activate and then maintain licenses for Microsoft 365 and Constant Contact throughout the term of the Franchise Agreement. The manufacturers of these software packages and services are the only approved suppliers.

We do not now but may, in the future, have a loyalty or gift card program. We will provide you with no less than 60 days' written notice before implementing the program or programs.

We are the only supplier of the services for which the Technology Maintenance Fee will be paid.

If we receive a Client complaint and determine it necessary to service your Client, you will pay us the Client Service Fee. We are the only supplier of this service.

If you breach the Franchise Agreement, we may step in and temporarily manage your Business. If we do, you will pay us the Temporary Management Fee. We are the only supplier of these services.

Your Business Vehicle must meet our criteria and standards and must be maintained and replaced as required by the Franchise Agreement and Manuals. (Franchise Agreement, Article 2). You must purchase the wrap needed for the Business Vehicle from our approved vendor. You may use any reputable installer to install it.

In the future, we may require all franchisees and you to add new goods, Services, or technology to the Business. If we do this, you may incur additional expenses, costs, and fees, some of which may be due to an Affiliate, a third party for whom we collect the funds, an approved vendor, or us. If we introduce new goods or Services or new technology, we will notify you in writing and give you a reasonable time, not to exceed 60 days, to comply with the changes.

You may purchase any other equipment or materials from an approved source. The list of approved products and suppliers is published in the Franchisee Manuals.

Except for the goods and services that must be purchased from an Affiliate or us, our principals own no interest in any other supplier. Except as stated here, our Affiliate and we are not approved suppliers.

### **Insurance**

Before opening the Business, you will purchase and maintain the following insurance with the following minimum limits:

a. General liability insurance having a combined annual single limit for any form of injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate;

b. Automobile liability insurance in reference to the Business Vehicle(s) used in the operation of the Business, and automobile liability coverage for owned, non-owned, scheduled, and hired vehicles having limits for bodily injuries of \$500,000 per person and \$1,000,000 per accident, and property damage limits of \$50,000 per occurrence;

c. Employer's liability and worker's compensation insurance as required by state law in the state in which the Business is found. If your state does not require you to carry such insurance (such as Mississippi or Texas), you must still obtain it, in which case the minimum amount will be \$1,000,000/\$1,000,000/\$1,000,000. You or your equity owners that operate the Business must be covered; no exclusions are allowed. A "Stop Gap" endorsement or similar coverage is required in North Dakota, Ohio, Washington, and Wyoming. This policy must provide primary coverage.

d. Business interruption insurance of not less than \$30,000.00 per month for loss of income and other expenses with a limit of not less than nine months of coverage.

e. Professional liability insurance with coverage of at least \$1,000,000 per occurrence and \$1,000,000 annual aggregate.

f. Excess liability umbrella coverage for general and automobile liability of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

g. You will also pay us our then-current Franchisee Life Insurance Policy Fees, which we use to purchase a life insurance policy for you that names us as the beneficiary. Upon your death, we will use its proceeds to manage your Business until the estate disposes of it. Any benefits from the policy that remain after the sale or assumption of the Business will be retained by us.

Although we require certain insurance coverage and may recommend other coverages, we do not guarantee that the required or recommended insurance will be adequate to protect your assets fully. You should consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Business.

If you fail to get the above insurance and then maintain it throughout the franchise relationship, we have the option (but not the obligation) to secure it for you. In that case, you will reimburse us for our costs associated with securing the same, plus a reasonable administrative fee.

### **Approval of Alternative Suppliers**

In some cases, you may wish to purchase a required good or service from a supplier that has not been previously approved by us. There is no charge for this service. We do not maintain written criteria for approving suppliers, and thus, these criteria are not available to you or your proposed supplier. You must submit such information as we may reasonably require to obtain our approval. We will evaluate the submitted information and provide written notice of our decision within 15 days. If no written notice is received, the approval is denied. We may grant or deny approval for any reason or no reason at all. Other than as stated here, we have no other process for approving suppliers.

We may revoke an alternative supplier's approval if we determine in good faith that the goods or services no longer meet our quality standards.

### **Revenue from Franchisee Purchases**

In the year ending December 31, 2023, we received \$2,714,298 through required purchases. This represents approximately 45% of our total revenue of \$5,943,976.

The cost of equipment and supplies purchased through us will represent 60% to 80% of your total purchases to establish the Business and approximately 20% to 30% of your total purchases during the operation of the Business.

We do not now but may, in the future, receive rebates and material benefits from vendors with whom you are to do business. If we do, we may, in our sole discretion, share some of the rebates with all franchisees.

### **Cooperatives**

Though there is none at this time, we may, in the future, develop a regional purchasing cooperative in your area. The purchasing cooperative's purpose will be to obtain all goods and services at a more competitive price. Upon the creation of the same, you must participate in the program. Any item carried by the cooperative will be of the same quality as required for any other franchisees.

### Negotiated Prices

We have negotiated prices with some of our vendors to benefit the franchisees.

### Material Benefits

We do not provide or withhold material benefits to you (including renewal rights or the right to open additional businesses) based on whether you purchase through the sources we designate or approve. However, purchases of unapproved services, the use of unapproved vendors, or supplying unapproved Services to the public will be a violation of the Franchise Agreement, and you may be terminated as a result.

## ITEM 9

### FRANCHISEE'S OBLIGATIONS

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

<u>Obligation</u>	<u>Article in Franchise Agreement</u>	<u>Item in Disclosure Document</u>
(a) Site selection and acquisition/lease	2	Items 7 and 11
(b) Pre-opening purchase/leases	2	Item 8
(c) Site development and other pre-opening requirements	5	Items 6,7,11
(d) Initial and ongoing training	7	Item 11
(e) Opening	2	Item 11
(f) Fees	3	Items 5,6,7
(g) Compliance with standards and policies/operating manual	8	Item 11
(h) Trademarks and proprietary information	6	Items 13 and 14
(i) Restrictions on products/services offered	8	Items 11 and 16
(j) Warranty and Customer service requirements	Not Applicable	Not Applicable
(k) Territorial development and sales quotas	Not Applicable	Item 12
(l) Ongoing product/service purchases	8	Item 8
(m) Maintenance, appearance, and remodeling requirements	Not Applicable	Item 11
(n) Insurance	17	Items 7,8
(o) Advertising	3	Items 6,7,11
(p) Indemnification	14	Item 6
(q) Owner's participation/management/staffing	8	Items 11 and 15

<u>Obligation</u>	<u>Article in Franchise Agreement</u>	<u>Item in Disclosure Document</u>
(r) Records and reports	8	Item 11
(s) Inspections and audits	8	Item 6
(t) Transfer	9	Item 17
(u) Renewal	4	Item 17
(v) Post-termination obligations	11	Item 17
(w) Non-competition covenants	15	Item 17
(x) Dispute resolution	16	Item 17
(y) Other	16 and 18	Item 17

## **ITEM 10**

### **FINANCING**

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

## **ITEM 11**

### **FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as stated below, BOR Franchising, LLC is not required to provide you with any assistance.**

#### **Pre-Opening Assistance**

Before you open, your Business, BOR Franchising, LLC, will,

- a. assign you an “Exclusive Territory” (Item 12 and Franchise Agreement, Article 1);
- b. deliver the Opening Package and the BOR Software Suite (Franchise Agreement, Articles 2 and 3).
- c. provide you with the Initial Training that is described in this Item 11 (Franchise Agreement, Article 7);
- d. if we have one, provide you with a list of approved suppliers for equipment, goods, and services (Franchise Agreement, Section 5.2);
- e. loan you one copy of all of the Franchisee Manuals that you need to operate the Business (Franchise Agreement, Section 5.1); and,
- f. supply reasonable support by telephone, text, and email (Franchise Agreement, Section 5.2).

Your employees are not our employees, and you are solely responsible for hiring, training, and managing them from day to day. Though we train your “Principal Operator” and “Designated Manager” (see Training in this Item 11), we offer no other guidance to your employees.

### **Post-Opening Assistance**

During the operation of your Business, BOR Franchising, LLC will,

- a. offer additional conferences, training seminars, or programs at a frequency we determine. Some of these seminars or programs may be mandatory, and we may charge tuition (Item 6 and Franchise Agreement, Section 5.3);
- b. if there are any, provide updates to the Franchisee Manuals, the System, the Marks, and in reference to the training provided to you, at a frequency which we determine (Franchise Agreement, Section 5.3);
- c. review all promotional materials and advertising you wish to use (Franchise Agreement, Section 5.3);
- d. if requested by you and approved by us, we will provide Additional Training at a location determined by us. You will pay the travel, room, board, and the then-current Additional Training Fee for such services (Franchise Agreement, Section 5.3);
- e. visit and inspect your Business, and use other methods to ensure that you and all other franchisees are delivering quality services and products that conform to the System (Franchise Agreement, Section 5.3);
- f. provide promotional materials and advertising programs from time to time as we deem appropriate (Franchise Agreement, Section 5.3);
- g. if appropriate, begin regional cooperative buying, and if we do, you may be required to participate (Franchise Agreement, Section 5.3); and,
- h. offer reasonable phone, text, and email assistance as we deem necessary (Franchise Agreement, Section 5.3).

From time to time, we may suggest a pricing structure for the services you offer, but you are under no obligation to follow such suggestions. We do not set prices.

### **Schedule for Opening**

Franchisees typically open for business within 30 to 60 days after the Franchise Agreement is signed by you and us (Effective Date). In all events, you must open within 60 days of the date you sign the Franchise Agreement (Opening Date). We may extend the Opening Date for a reasonable time (not to exceed 20 days) if factors beyond your reasonable control prevent you from meeting it, and you request an extension of time from us. The factors that affect the Business's opening may include the ability to obtain financing, permits, and licensing. Before the Opening Date, you must secure all necessary permits and licenses, purchase or lease, and have installed all of the equipment we require. You must also have obtained the required insurance and provided us evidence of the same.

### **Optional Assistance**

If requested by you and approved by us, we will provide Additional Training at a location determined by us. You will pay the travel, room, board, and the then-published daily fee for such services (Franchise Agreement, Sections 5.3 and 7.4).

## **Advertising**

### **Grand Opening**

During the first three months of operation, you must plan for and pay a minimum of \$500 (Grand Opening Fee) to execute an opening advertising campaign (Grand Opening). We must review and approve your plans for the Grand Opening in the same way we approve your Local Advertising.

### **Local Advertising and Constant Contact**

You must spend the greater of \$1,500 or 5% of Gross Sales (Local Advertising Fee) each month on local advertising (Local Advertising). You will advertise only within your Exclusive Territory. We may increase this amount at any time to no more than 6% or \$2,000 after first giving you no less than 60 days' written notice.

As part of your Local Advertising expenditure, we may require you to purchase internet advertising for your Exclusive Territory from Google®, Bing®, Yahoo®, or similar search engines. Before you open, you will inform us of the search engine you choose, and you will set up your account with them. We have the option (in our sole discretion) to monitor your account to determine how your Local Advertising Fee is used.

Before it is placed, we must approve any advertising, including all search engine and social media advertising. You will deliver the proposed advertising to us no less than 15 calendar days before its insertion into any medium. If you do not receive written notice within the 15 calendar days, the advertising is disapproved.

Unless otherwise approved in writing by us or in an amendment to the Manual, you will not establish a separate website on the internet.

You must continually use Constant Contact's services to deliver newsletters and emails to past and present Clients and prospects. You are responsible for setting up the campaign with a Constant Contact representative. We must approve the content of any newsletters in the same manner as we approve other Local Advertising.

### **National Branding Fee**

We do not now, but may in the future collect a percentage of your Gross Sales or a fixed dollar figure for national advertising (National Branding Fee). The National Branding Fee will be due at the same time as your Royalty.

The National Branding Fees will be deposited in a separate checking account, savings account, or any other account of our determination (National Branding Account). The National Branding Account is not a trust, and we assume no fiduciary duty in administering it. Any monies not used in any year will be carried to the next year.

We will administer the National Branding Account in our sole discretion. The proceeds may be used for the creation, production, and placement of advertising reasonably intended to benefit some or all franchisees in any local, regional, or national medium, in-house or outside agency costs and commissions, costs associated with the preparation of and presentation of an annual convention, creation, and production of the Internet, video, audio, and written advertisements, for the payment to us of costs related to

administering the National Advertising Account such as reasonable salaries, administrative costs, costs allocated to any conferences, travel expenses, and overhead, and for any other commercially reasonable purpose consistent with this paragraph.

We make no guarantee to you or any other franchisee that advertising expenditures from the National Branding Account will benefit you or any other franchisee directly or on a pro-rata basis. We assume no other direct or indirect liability or obligation to you to collect amounts due to the National Branding Account or for maintaining, directing, or administering the National Branding Account.

Any company-owned Businesses will participate in any national or regional advertising programs on the same basis as franchisee-owned Businesses.

The advertising will be produced by a local, national, or international advertising agency or by us.

We will deliver an annual unaudited financial statement no later than 120 days after our year-end upon your prior written request. The National Branding Account is unaudited.

Once implemented, we reserve the right to increase the National Branding Fee by any percentage of Gross Sales or fixed dollar amount after first giving you no less than 60 days' prior written notice.

We intend for the National Branding Fee to be continuous and perpetual, but we have the right to form, change, suspend (and subsequently reinstate), merge, or terminate it if necessary. We will not close the National Branding Account, however, until all contributions and earnings have been used for the purpose for which they were collected.

There will be a franchisee advisory council. The council will be made up of between three and five current franchisees, each of whom is in the top 10% of franchisees in terms of Gross Sales. The council will have advisory powers only. We have the power to form, change, dissolve, and then reinstate the council at any time.

We collected no money for this account for the year ending December 31, 2023.

### **Regional Advertising**

We reserve the right, upon 30 days prior written notice, to allocate all or a portion of your Local Advertising Fee and National Branding Fee to a regional advertising program (Regional Advertising Cooperative) for the benefit of Businesses located within a market area. We have the right to determine the composition of all market areas included in a particular Regional Advertising Cooperative. If a market region is formed, we will require all franchisees and company-owned and affiliate-owned Businesses located in the region to participate. The Regional Advertising Cooperative will be administered by its contributors. There will be no governing documents. All advertising for the Regional Advertising Cooperative will be prepared by a local, national, or international advertising agency or by us. The Regional Advertising Cooperative will prepare unaudited financial statements and will make them available to all Cooperative participants within 120 days of the year-end. We have the right to change, dissolve, reinstate, or merge any Regional Advertising Cooperatives.

### **Computer Requirements**

As part of the Opening Package, you will receive a Microsoft or equivalent hand-held tablet (Tablet) such as a Microsoft Surface. The Tablet will have preloaded the BOR Software Suite. The cost

of the Tablet is included in the cost of the Opening Package and is not broken out as a separately purchased item. It cannot be substituted for a tablet or other computer you may already own.

You must pay the BOR Software Suite Initial License Fee and the BOR Software Suite Monthly License Fee. All updates are supplied as part of the BOR Software Suite Monthly License Fee without additional charge.

You must also activate the licenses for and then maintain throughout the term of the Franchise Agreement, Microsoft Office 365, and Constant Contact by paying their then-current license fees. Currently, (a) Microsoft Office 365 costs approximately \$99 annually, and Constant Contact costs approximately \$25 monthly. As each software package is cloud-based, any updates are included in the manufacturer's yearly or monthly fee.

We may require you to update the Tablet no more often than once every three years. This could cost between \$500 and \$1,000. We reserve the right to change the make and model of the Tablet at any time, though you will not be required to conform to this change other than once every three years.

We do not provide any Tablet maintenance services and do not require you to have a maintenance contract. Yearly maintenance could cost you \$50 to \$100 per year to maintain.

The Tablet must, at all times, be connected to a high-speed internet connection.

Data from the Tablet is uploaded to our server each time you use it, and we will always have independent access to your databases. There are no other contractual limitations on our right to access such information.

In the future, we may require you to use other proprietary software, web-based programs, or new or additional software modules that will be integrated into the BOR Software Suite, for which you will pay the then-current fees for licenses associated with each. We do not have a schedule for such additions and do not have a formula for determining the cost of any such change or additions. As a result, we cannot estimate any cost to you.

### **Franchisee Manual and Table of Contents**

We will loan you one copy of the Franchisee Manual, though it will always remain our property. It is part of the System and contains our confidential, proprietary, and trade secret information. The Table of Contents of the Franchisee Manual is found in Exhibit C to this Disclosure Document. The Franchisee Manual contains approximately 96 pages.

### **Location Selection**

It is anticipated and expected that you will operate the Business out of your home (Franchised Location). We have no criteria or requirements for your Franchised Location except that it must be located in your Exclusive Territory. You may decide to lease storage space for which we have no criteria. We will not review your lease.

### **Training**

#### **Initial Training**

For the first franchise that you buy, you (if you are a sole proprietor or are the sole equity owner of the business-entity franchisee), your "Designated Manager," or your "Principal Operator" (if you are a

business-entity franchisee with more than one equity owner) must attend and complete initial training (Initial Training) to our reasonable satisfaction. You may also have one additional trainee (for a total of 2). At least one of the two must complete Initial Training before you open. You will then have no more than 365 days after the Opening Date to send a second trainee to Initial Training. If each Person completes Initial Training as described here, there will be no tuition. If, however, you send a person after the 365 days, Initial Training will be offered at our then-current Additional Training Fee.

If one of the two people who attend Initial Training before opening fails to pass Initial Training, the person will be allowed to take it again at the next available class. There will be no tuition charged for this, but you will pay for travel, room, and board. If this person fails to pass the second time, the person will not be permitted to provide any Services requiring completion of the Initial Training. If the two people who take Initial Training before opening fail to complete the training to our reasonable satisfaction, both will be permitted to take it the second time for no additional tuition. If they both fail to pass Initial Training the second time, we have the right to terminate the Franchise Agreement, except that all restrictive and other covenants of the Franchise Agreement that must survive termination in order to remain enforceable will so survive.

If one person passes training before opening and the second person attends training within 365 days of the Opening Date, the person must pass Initial Training to our satisfaction. If the person does not pass, they will be allowed to take it again at the next available class. There will be no tuition charged for this, but you will pay for travel, room, and board. If this person does not pass the second time, the person will not be permitted to provide any Services requiring completion of the Initial Training. Though the person may take the course for the third time, we will charge the then-current Additional Training Fee, and the person will pay for travel, room, and board.

If you wish for more than two people to attend Initial Training, you will pay our then-current Additional Training Fee for each additional trainee plus their travel, room, and board. The “Principal Operator” is the person designated by your business entity to receive our training and operate the Business day-to-day. The “Designated Manager” is defined as the person, besides your Principal Operator or you, who acts as the general manager of the Business, has been trained by us, and who will operate the Business from day to day.

Initial Training consists of approximately five days of instruction, of which approximately 40 hours are classroom instruction and 3 hours are on-the-job training. Initial Training may occur at our then-current headquarters or another facility we designate. You must pay all your costs for attending training, including travel, lodging, food, and wages.

Initial Training is held as needed, but in any case, no more often than once each month, and the training materials include the Manuals and handouts. There is no charge for training materials.

Training consists of the following:

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Sales and Marketing	16	0	Littleton, Colorado, or at another location we designate.

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Estimating Software and Estimating Systems	16	1	Littleton, Colorado, or at another location we designate.
General Operation of All Machinery	4	1	Littleton, Colorado, or at another location we designate.
Safety Program and Equipment	2	1	Littleton, Colorado, or at another location we designate.
Q & A	2	0	Our current headquarters or at another location we designate.
<b>TOTAL</b>	<b>40</b>	<b>3</b>	

Our trainer is Nick Zamucen, who is listed in Item 2. He is our founder and has provided the services to customers for which you will be trained since our inception. Mr. Zamucen has operated a business similar to the one offered here and has experience in each area of the training. From time to time, persons who are active in the operations and administrative side of our business and support staff may assist in the training.

If you request additional, extraordinary, or refresher courses or training, or if we require you to take the same, we may, at our option, charge our then-current Additional Training Fee. You will also pay your costs for travel, lodging, and food.

If you propose to sell or transfer the Business to a third party, part of our approval process will be the requirement that the transferee attends the Franchisee Initial Training and all other training we are then requiring and that the purchaser or transferee pay for the training at the then-current fees being charged.

**Conference and Training Attendance**

We do have a conference at which attendance is mandatory. You will pay the then-current Conference Fee for attendance (Item 6), and you are also responsible for paying all travel, room, board, and other expenses incurred. When it is known, you will be provided with the duration of a meeting, its location, the identities of those who will present information at the meeting, and the content of any information that will be delivered at that time. If you fail to attend, we may charge you the Mandatory Non-Attendance Fee. The conference will be held in a location to be determined by us.

In addition to the conference, and though we do not now, we have the right in the future to require your Principal Operator, Designated Manager, and you to attend a local or regional meeting up to two times per year. Though none is now charged, we reserve the right to charge tuition in the future. You, however, are always responsible for all travel and living expenses that are associated with attendance at the same. When it is known, you will be provided with the duration of such a meeting, as well as its location, the identities of those who will present information, and a statement of the content to be presented. The meetings will be held in a location to be determined by us.

**ITEM 12**

**TERRITORY**

You receive an Exclusive Territory that will consist of so many contiguous zip codes as may be necessary to encompass approximately 200,000 people, depending on the exact number of people in the zip codes chosen. In some cases, a Zip Code will have geographic territories that are not contiguous. In that case, that portion of the ZIP Code area that is not contiguous will not be included in the assigned zip code. The Exclusive Territory will have no particular demographics or geographic shape. For so long as you are in compliance with your Franchise Agreement, we will not award a franchise within your Exclusive Territory and will not place a company-owned or Affiliate-owned Business there. You and we will agree upon your Exclusive Territory before you sign the Franchise Agreement. You and we will agree upon your Exclusive Territory before you sign the Franchise Agreement.

You may only service Clients located in your Exclusive Territory. If, however, there is an area contiguous to your Exclusive Territory in which there is no franchisee, company-owned, or Affiliate-owned Business, you may temporarily advertise there and may service Clients until a franchisee, company-owned, or Affiliate-owned Business is assigned to that territory. Once that occurs, you must cease servicing such an area and must deliver the names and contact information of such Clients to the new franchisee, the Affiliate, or us. If you receive a call from a Client in another franchisee's territory, you must refer that business to that franchisee.

You are not required to meet certain sales volumes or quotas to maintain your Exclusive Territory.

You may relocate your Franchised Location anywhere within the Exclusive Territory without our permission, except that you must provide us the address and other contact information for the new Franchised Location.

### **Reservation of Rights**

Any Affiliates (if any), and we reserve the right, among others, to,

- a. own, franchise, or operate businesses that are similar to your Business that use the Marks and the System at any location outside your Exclusive Territory;
- b. use the Marks and the System to sell any products or Services (which may be similar to those you will sell) through any alternate channels of distribution within or outside of the Exclusive Territory. Alternative channels of distribution include television or over the internet. You cannot use alternate channels of distribution without our express permission, which may be granted or denied for any reason or no reason. If we do use alternative channels of distribution within your Exclusive Territory, we are not required to make any payment to you;
- c. use and license others to use, either within the Exclusive Territory or in alternate channels of distribution, other trademarks, trade names, service marks, and logos that are not the same as or confusingly similar to our Marks that offer goods, Services, and related products and Services that may be similar to, or different from those used or offered through your Business;
- d. purchase, or be purchased by or merge or combine with any business, including a competitive business wherever located, so long as the survivor does not use trademarks, trade names, service marks, or logos that are the same as or confusingly similar to our Marks;
- e. acquire and convert to our System any businesses offering Services and products similar to those offered by you, including such businesses operated by competitors or otherwise operated independently, or as part of, or in association with any other system or chain, whether franchised or

corporately owned, and whether located inside or outside of the Exclusive Territory so long as any such business does not use trademarks, trade names, service marks, or logos that are the same as or confusingly similar to our Marks; and,

- f. retain all other rights not specifically reserved to you.

Though we can use alternative channels of distribution to make sales of goods, items, and Services associated with the System and the Marks or associated with any other system or trademarks, service marks, trade names, logos, and the like, we have not done so as of the date of this disclosure document. We reserve the right to do so at any time. We do not pay any compensation for soliciting or accepting orders inside your Exclusive Territory that were obtained through alternate channels of distribution.

**ITEM 13**

**TRADEMARKS**

One of our Members, Nick Zamucen, received registration of the following Mark through the United States Patent and Trademark Office (USPTO):

Registration Number	Description of Mark	Register of the USPTO	Registration Date
5,354,635		Principal	December 12, 2017

All affidavits will be filed when required.

Our BOR IP Affiliate filed the below word mark for registration with the USPTO. This has been published for opposition, which is the final step prior to registration.

Serial Number	Description of Mark	Register of the USPTO	Application Date
97887350	BEST OPTION RESTORATION	Principal	April 13, 2023

Mr. Zamucen also claims common law rights to the following Marks:



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

We have licenses with Mr. Zamucen and our BOR IP Affiliate to sublicense the Marks in connection with offering the franchise opportunity identified in this disclosure document. We must maintain the goodwill of the Mark by monitoring your use of the Marks.

There are presently no effective material determinations of, and there is no pending material litigation involving the USPTO, any trademark administrator of any state or federal court, trial, and appeal board, or of any federal or state court concerning a claim of interference, infringement, opposition, or cancellation involving any of the Marks. There is no pending federal or state court litigation regarding our use or ownership rights in any Marks that are material to the franchise. There are no infringing uses or previous superior rights known to us that can materially affect your use of the Mark in this state or any other state where your Business is to be located.

Except for the license, there are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed in this section in any manner material to the franchise.

Mr. Zamucen intends to renew all registrations and file all appropriate affidavits for the Marks when required by law.

We have the right to control any administrative proceedings or litigation involving a Mark licensed by us to you. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We will take the action we deem necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. We have no obligation to defend or indemnify you if the claim against you is related to your use of the Marks in violation of the Franchise Agreement.

We have the right to require you to modify or discontinue your use of any of the Marks. If we exercise this right, we will provide all franchisees with advance notice.

We have secured the following Internet domain names: [www.BORestoration.com](http://www.BORestoration.com). Other domain names may be added at our discretion.

If we, in our sole discretion, determine it necessary to modify or discontinue the use of any proprietary Marks or to develop additional or substitute marks, you will, within a reasonable time after receipt of written notice of such modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

If you learn that an unauthorized third party is using the Marks or any variant of them, you must promptly notify us. We will determine whether we wish to take any action against the third party. You have no right to demand or prosecute any claim against the alleged infringer. We will not pay any franchisee for exercising these rights.

#### **ITEM 14**

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

We do not own any patents or copyright registrations that are material to the franchise.

We claim common law copyrights and copyright protection in and on all of the components of the System, including, but not limited to, the Franchisee Manuals and related materials, training modules, and techniques, all advertisements in any medium, including the internet, and other promotional and written materials that fall within copyright protection under common law or by registration. Along with the Marks, every component of the System is our proprietary, trade secret, and confidential information. You will use any component of the System only as described in the Franchise Agreement. We know of no System

copyright infringement that could materially affect you. There are no agreements that limit your use of the System or any copyrighted materials.

We require that you maintain the confidentiality of each component of the System, our Marks, and our copyrighted materials and that you adopt reasonable procedures to prevent unauthorized disclosure of any such information.

We have the right to control any administrative proceedings or litigation involving our System or the copyrighted materials. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We will take the action we deem necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims. We have no obligation to defend or indemnify you if the claim against you is related to your use in violation of the Franchise Agreement.

If you learn of or believe that any other person or entity is using any component of the System or any of our copyrighted materials without our permission, you must immediately notify us in writing. We will take any action that we deem appropriate.

If we, in our sole discretion, determine it necessary to modify or discontinue the use of any portion of the System or the copyrighted materials or to develop additional or substitutes for that portion of the system or the copyrighted materials, you will, within a reasonable time after receipt of written notice of such modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

During the term of the Franchise Agreement, or after the transfer, expiration, or termination of the Franchise Agreement, you cannot reveal any component of the Marks or our System to any person or entity, and cannot use it for any other business. You may not copy any portion of the System or the Marks unless we specifically authorize it in writing. All persons affiliated with you may be required to sign the then-current "Confidentiality Agreement," the current copy of which is attached to the Franchise Agreement as an exhibit.

In operating your Business, you will create a list of names and other identifying information of Clients that have used your Services. (Client List). You agree that the Client List was obtained through the use of the System and the Marks. As a result, the Client List will always remain the Franchisor's sole and exclusive property. At the termination of this Franchise Agreement for any reason, said lists are the sole and exclusive property of the Franchisor without the obligation to pay you for it.

## **ITEM 15**

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

Your Principal Operator, Designated Manager and you must complete our training, and at least one trained person must operate the Business from day to day. Though the Franchise Agreement does not require it, it is always recommended that your Principal Operator or you operate the Business from day to day, though your Designated Manager may take on this responsibility. If you have one, your Designated Manager must abide by all confidentiality requirements of the franchise agreement and may be required to sign our then-current confidentiality and non-competition agreement. Your Designated Manager is not required to own any interest in the Business. The Principal Operator must own no less than 10% of the equity in the franchisee business entity.

If you purchase the Franchise Agreement through a business entity or if you convert to a business entity other than a sole proprietorship, each individual who owns an interest in the Business entity must sign a personal guaranty that includes an agreement that each signor will abide by all restrictive covenants and discharge all obligations of the franchisee under the Franchise Agreement. Your spouse, domestic partner, or similarly situated person is not required to sign the guaranty.

**ITEM 16**

**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell all of and only those Services and products approved by us. You may not use the Business, Systems, or Marks for any other purpose.

We have the right to add, delete, change, or supplement the types of Services you provide, and there are no limits on our right to do so. If we add, delete, change, or supplement the types of Services, we will provide you with no less than 60 days’ written notice by which to comply.

If you breach the franchise agreement, we have the right to terminate you.

**ITEM 17**

**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	4	Ten years unless terminated sooner.
b. Renewal or extension of the term	4	Two additional 5-year terms if all obligations for Successor Franchise Rights are met.
c. Requirements for franchisee to renew or extend	4	You must provide notice, you must have no outstanding material defaults or money owed, you must not have had more than three default notices during the initial term or one notice during the Successor Franchise Term, we must not have determined in our Reasonable Business Judgment not to renew, you must sign the then-current Franchise Agreement (which may have terms materially different than those of your current Franchise Agreement) and pay the renewal fee.
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	10	We can terminate only if you default. See (g) and (h) below.
g. “Cause” defined - curable defaults	10	Failure to pay fees after five days’ notice; 30 days to cure any defaults under the Franchise Agreement except those described in (h) below. We have the right to manage the Business temporarily.
h. “Cause” defined - non-curable defaults	10	Non-curable defaults, abandonment, bankruptcy, felonies, material judgment against you, failed criminal background check, poor credit check,

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		misuse of the Marks or Proprietary Information, breach of curable covenants more than three times during the Initial Term or one time during Successor Franchise Term, illegal transfer, violation of laws applying to business, criminal or civil convictions, material misrepresentations, failure to obtain permission, failure to pay taxes, underreporting, complaints against the business, disparagement of us, failure to add new goods or Services, other violations of Franchise Agreement that contain their own cure provisions, failure to add new goods, Services or technology. We have the right to manage the Business temporarily.
i. Franchisee’s obligations on termination/non-renewal	11	Obligations include deidentification, payment of amounts due, cessation of use of trademarks and Proprietary Information, and return of all materials (see r. below).
j. Assignment of contract by franchisor	9	No restriction on the franchisor’s right to assign.
k. “Transfer” by franchisee - defined	9	Sale, assignment, gift, pledge, mortgage, transfer because of dissolution of marriage, civil union or partnership, or other disposition of any part of the Franchise Agreement, ownership of the franchisee or the Business.
l. Franchisor approval of transfer by franchisee	9	Transferee has had a background check and has the necessary financial resources. We have a 30-day right of first refusal; the transferee pays for training (Item 6).
m. Conditions for franchisor approval of transfer	9	Must be in Compliance; must pay a fee; must not be in breach; new franchisee must qualify; you must have no outstanding defaults or money owed; you must provide the terms of the proposed transfer to us; the new franchisee must sign the current Franchise Agreement; new franchisee must attend training; and, you must have signed release.
n. Franchisor’s right of first refusal to acquire franchisee’s business	9	30 days on the same terms as the bona fide offer.
o. Franchisor’s option to purchase your Business	9	Our first-right option upon expiration or termination is to purchase a part or all of the hard assets for fair market value.
p. Death or disability of franchisee	9	Franchise must be assigned by the estate to an approved transferee within 180 days of death or disability.
q. Non-competition covenants during the term of the franchise	15	No involvement in a competing business.
r. Non-competition covenants after the franchise is terminated or expires	15	No competing business for 36 full months within your Exclusive Territory, within the exclusive territory of another franchisee, company-owned or Affiliate-owned Business, or within 5 miles of the perimeter of your Exclusive Territory, or the territory of another franchisee, company-owned or Affiliated-owned Business.
s. Modification of the agreement	15 and 18	No modifications generally, but Franchisee Manuals and the System are subject to change.
t. Integration/merger clause	18	Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises outside the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	10 and 16	Subject to state law, except for certain claims, all disputes will be subject to arbitration (if the mandatory face-to-face meeting and mediation do not resolve the issue). Meetings, mediation, and arbitration to be conducted within 15 miles of our then-current headquarters.
v. Choice of forum	10 and 16	Subject to state law, meeting/mediation/arbitration, or State/Federal Courts in the state in which our then-current headquarters is located that now located in Littleton, Colorado.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
w. Choice of Law	10 and 16	Subject to state law, the state law of our then-current headquarters that is now in Colorado.

### **ITEM 18**

#### **PUBLIC FIGURES**

We are currently not using any public figures to promote the franchise system. There is no compensation or other benefit given or promised to any public figure arising from either the use of the public figure in the name or symbol of the Franchise or the endorsement or recommendation of the Franchise by the public figure in advertisements. There are no public figures involved in our management.

### **ITEM 19**

#### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if, (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

#### **HISTORICAL DATA**

The data below are from the unaudited financial statements of the franchisees.

The 2023 data below represent 16 of our total of 50 franchised Businesses as of December 31, 2023. These 16 reporting Businesses were open for at least 12 months as of December 31, 2023. Eight of the 16 offices are located in our home state of Colorado, and the balance are located around the country. Of the 34 Businesses not included in the below data, 28 franchise agreements were signed in 2023 and have not been operating for one year, two were transferred and did not have sales for the full 12 months. In addition, two were closed and two did not provide reports for all 12 months of 2023.

All franchisees in 2023 offered the same products and Services to the public as will you.

Year	Total Gross Sales	High	Low	Average	Median	Percentage of Franchisees At or Above Average	Number of Franchisees Above Average
2023	\$12,522,000	\$1,615,513	\$238,685	\$782,625	\$611,925	37%	6

The total of “Goss Sales” is derived from the 16 units identified above.

“Gross Sales” means all revenue and income actually received by you from the operation of your Business, including all revenue received from Clients you directly bill, and also includes all revenue received from a Client’s insurance carrier, late fees, revenue generated over the billed amount, and any other amount charged to Clients, whether received in cash, in services in kind, from barter or exchange, on credit or otherwise. Deducted from Gross Sales are all sales tax or similar taxes, which by law are chargeable to Clients by any taxing authority and are collected by you. There are no deductions because of any documented discounts, refunds, or credits.

Franchisees have not reported, and the above figures do not show deductions for royalties, technology fees, and other fees paid to us based on a percentage of Gross Sales or otherwise, costs of goods, employment costs, rent, or any other general or administrative expenses, all of which would be deducted from the Gross Sales described above. You should take this into account.

**Some outlets have earned these amounts. Your individual results may differ. There is no assurance that you’ll earn as much.**

Written substantiation of the data used in preparing these data will be made available to you upon reasonable request. The information presented above has not been audited. You should investigate the costs and expenses you will incur in operating your Franchised Business. Franchisees or former franchisees listed in this FDD at Exhibit D may be one source of this information.

Except as stated above, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Nick-Anthony Zamucen, Member, at 8200 Southpark Circle, Suite 300, Littleton, CO 80120, 720-204-2095 or Info@BORestoration.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary For the Years 2021 through 2023**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the end of the Year</b>	<b>Column 5 Net Changes</b>
Franchisee Owned	2021	14	20	+6
	2022	20	22	+2
	2023	22	50	+28
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
<b>Total Outlets</b>	2021	14	20	+6
	2022	20	22	+2
	2023	22	50	+28

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

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Arizona	2021	0
	2022	1
	2023	0
Colorado	2021	2
	2022	0
	2023	2
Total		
	2021	2
	2022	1
	2023	2

**Table No. 3**  
**Status of Franchised Outlets For the Years 2021 through 2023**

Column 1 State	Column 2 Year	Column 3 Franchises at the Start of the Year	Column 4 Franchises Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operation - other reasons	Column 9 End of the Year
Arizona	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	1	2
	2023	2	1	0	0	0	1	2
Arkansas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Colorado	2021	5	1	0	0	0	0	6
	2022	6	1	0	0	0	0	7
	2023	7	2	0	0	0	0	9
Florida	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
Georgia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	1	1
Idaho	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Illinois	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Kansas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Kentucky	2021	1	1	0	0	0	0	2

Column 1 State	Column 2 Year	Column 3 Franchises at the Start of the Year	Column 4 Franchises Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operation - other reasons	Column 9 End of the Year
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	<b>Maryland</b>	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	<b>Michigan</b>	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	<b>Minnesota</b>	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	<b>Nevada</b>	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<b>New Jersey</b>	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<b>North Carolina</b>	2021	2	1	0	0	0	3
	2022	3	0	1	0	0	0	2
	2023	2	4	0	0	0	1	5
	<b>Ohio</b>	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	2	0	0	0	0	3
	<b>Oklahoma</b>	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	<b>South Carolina</b>	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<b>Tennessee</b>	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	<b>Texas</b>	2021	0	1	0	0	0	1
	2022	1	2	0	0	0	0	3
	2023	3	6	0	0	0	0	9
	<b>Utah</b>	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<b>Totals</b>							
	2021	14	7	1	0	0	0	20
	2022	20	4	1	0	0	1	22
	2023	22	30	0	0	0	2	50

**Table No. 4  
Status of Company/Affiliate-Owned Outlets For the Years 2021 through 2023**

Column 1 State	Column 2 Year	Column 3 Outlets as the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets sold to Franchisees	Column 9 Outlets at the End of the Year
Colorado	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

**Table No. 5  
Projected Openings As Of December 31, 2023**

Column 1 State	Column 2 Franchise Agreements Signed but not Opened	Column 3 Projected new Franchise Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Current Fiscal Year
Missouri	1	1	0
Texas	1	1	0
<b>TOTALS</b>	2	2	<b>0</b>

Exhibit D lists the names of all franchisees and the addresses and telephone numbers of their outlets as of December 31, 2023. Exhibit D also lists the name, city, state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year, or who has not communicated with us within ten weeks of the issuance date of this Franchise Disclosure Document.

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

Franchisees and we have signed no confidentiality agreements during the past three years. In some instances, current or former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Exhibit E lists, to the extent known, the names, addresses, telephone numbers, email, and web addresses of each trademark-specific franchisee organization associated with the franchise system being offered that we have created, sponsored, or endorsed, and the independent franchisee organizations that have asked to be included in this disclosure document.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit G are our audited financial statements for fiscal years ended December 31, 2021, December 31, 2022, and December 31, 2023.

## **ITEM 22**

### **CONTRACTS**

Attached to this Disclosure Document are the following franchise-related contracts:

Exhibit B Franchise Agreement and all Exhibits to Franchise Agreement as follows:

<b>Exhibit 1</b>	<b>Initial Franchise Fee and Statement of Ownership</b>
<b>Exhibit 2</b>	<b>Exclusive Territory and Franchised Location</b>
<b>Exhibit 3</b>	<b>Release for Criminal and Credit Check</b>
<b>Exhibit 4</b>	<b>General Release</b>
<b>Exhibit 5</b>	<b>Collateral Assignment of Contact and Electronic Information</b>
<b>Exhibit 6</b>	<b>Confidentiality Agreement</b>
<b>Exhibit 7</b>	<b>State Addenda</b>
<b>Exhibit 8</b>	<b>Guaranty</b>
<b>Exhibit 9</b>	<b>Closing Acknowledgement</b>

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

## **ITEM 23**

### **RECEIPT**

The Receipt is found at the end of this booklet as Exhibit I.

**EXHIBIT A**  
**STATE AGENCIES**

## **Names and Addresses of State Regulatory Authorities and Registered Agents in the States**

The following is a list of state administrators responsible for franchise registration in their state. We may register in one or more of these states.

### California

Department of Financial Protection and Innovation  
One Sansome Street, Ste. 600  
San Francisco, CA 94104

Commissioner of the Department of Financial Protection and Innovation  
320 W. 4<sup>th</sup> Street, Suite 700  
Los Angeles, California 90013

Commissioner of the Department of Financial Protection and Innovation  
2101 Arena Blvd.,  
Sacramento, CA 95834

### Connecticut

Connecticut Banking Commissioner  
Department of Banking  
Securities & Business Investments Division  
260 Constitution Plaza  
Hartford, Connecticut 06103  
(860) 240-8299

### Florida

Division of Consumer Services  
Attn: Business Opportunities  
2005 Apalachee Parkway  
Tallahassee, Florida 32399-6500

### Hawaii

Commissioner of Securities  
Department of Commerce & Consumer Affairs  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

### Illinois

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706

### Indiana

Indiana Secretary of State  
Securities Division  
302 West Washington Street, Room E-111  
Indianapolis, Indiana 46204

### Kentucky

Office of the Attorney General  
Consumer Protection Division  
Attn: Business Opportunity

1024 Capital Center Drive  
Frankfort, Kentucky 40601-8204

Maine

Department of Professional and Financial Regulations  
Bureau of Banking  
Securities Division  
121 Statehouse Station  
Augusta, Maine 04333

Maryland

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202

Michigan

Department of the Attorney General  
Consumer Protection Division, Franchise Unit  
P.O. Box 30213  
G. Mennen Williams Building  
Lansing, Michigan 48909

or

525 W. Ottawa Street  
G. Mennen Williams Bldg, 1st Floor  
Lansing, MI 48913

Minnesota

Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101

Nebraska

Nebraska Department of Banking and Finance  
Commerce Court  
1230 O Street, Suite 400  
Lincoln, Nebraska 68509

New York

New York State Department of Law  
Investor Protection Bureau  
28 Liberty St. 21st Fl  
New York, NY 10005  
212-416-8285

North Carolina

Secretary of State  
Securities Division  
Old Revenue Complex  
2 South Salisbury Street  
Raleigh, North Carolina 27601

North Dakota

North Dakota Securities Department

600 East Boulevard Avenue  
State Capitol – 5<sup>th</sup> Floor  
Department 414  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

Rhode Island

Department of Business Regulation  
1511 Pontiac Avenue  
Bldg. 68-2  
Cranston, RI 02920

South Carolina

Office of the Secretary of State  
1205 Pendleton Street  
Edgar Brown Building, Suite 525  
Columbia, South Carolina 29201

South Dakota

Division of Insurance  
Securities Regulation  
124 S. Euclid Suite 104  
Pierre SD 57501  
(605) 773-3563

Texas

Office of the Secretary of State  
Statutory Document Section  
1019 Brazos Street  
Austin, Texas 78701

Utah

Utah Department of Commerce  
Division of Consumer Protection  
160 East Three Hundred South  
P.O. Box 146704  
Salt Lake City, Utah 84114-6704

Virginia

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9th Floor  
Richmond, Virginia 23219

Washington

Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, WA 98504-1200

Wisconsin

Administrator of the Division of Securities  
4822 Madison Yards Way,  
Madison, Wisconsin 53705

## LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agents for the service of process under the applicable state laws. We may register in one or more of these states.

### California

Commissioner of the Department of Financial Protection and Innovation  
One Sansome Street, Ste. 600  
San Francisco, California 94104

Commissioner of the Department of Financial Protection and Innovation  
320 W. 4th Street, Suite 700  
Los Angeles, California 90013

Commissioner of the Department of Financial Protection and Innovation  
2101 Arena Blvd.,  
Sacramento, CA 95834

### Connecticut

Connecticut Banking Commissioner  
Department of Banking  
Securities & Business Investments Division  
260 Constitution Plaza  
Hartford, Connecticut 06103  
860-240-8299

### Hawaii

Commissioner of Securities  
Department of Commerce and Consumer Affairs Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

### Illinois

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706

### Indiana

Indiana Secretary of State  
Securities Division  
302 West Washington Street, Room E-111  
Indianapolis, Indiana 46204

### Maryland

Maryland Securities Commissioner  
Office of Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202

### Michigan

Michigan Department of Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
P.O. Box 30213

Lansing, Michigan 48909

or

525 W. Ottawa Street  
G. Mennen Williams Bldg, 1st Floor  
Lansing, MI 48913

Minnesota

Minnesota Commissioner of Commerce  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101

New York

Secretary of the State of New York  
99 Washington Avenue  
Albany, NY 12231

North Dakota

North Dakota Securities Department  
State Capitol – 5<sup>th</sup> Floor  
600 East Boulevard  
Bismarck, North Dakota 58505-0510

Rhode Island

Department of Business Regulation  
1511 Pontiac Avenue  
Bldg. 68-2  
Cranston, RI 02920

South Dakota

Division of Insurance  
Securities Regulation  
124 S. Euclid Suite 104  
Pierre SD 57501  
(605) 773-3563

Virginia

Clerk of the State Corporation Commission  
1300 East Main Street 1st Floor  
Richmond, Virginia 23219

Washington

Director, Department of Financial Institutions  
Securities Division  
150 Israel Road SW  
Olympia, WA 98501

Wisconsin

Administrator of the Division of Securities  
4822 Madison Yards Way,  
Madison, Wisconsin 53705

Service of Process in Colorado

Nick-Anthony Zamucen  
8200 Southpark Circle  
Suite 300  
Littleton, Colorado 80120

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**BOR FRANCHISING, LLC  
FRANCHISE AGREEMENT**



**BEST OPTION RESTORATION**



**THIS CONTRACT IS SUBJECT TO ARBITRATION**

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## EXHIBITS

<b>Exhibit 1</b>	<b>Initial Franchise Fee and Statement of Ownership</b>
<b>Exhibit 2</b>	<b>Exclusive Territory and Franchised Location</b>
<b>Exhibit 3</b>	<b>Release for Criminal and Credit Check</b>
<b>Exhibit 4</b>	<b>General Release</b>
<b>Exhibit 5</b>	<b>Collateral Assignment of Contact and Electronic Information</b>
<b>Exhibit 6</b>	<b>Confidentiality Agreement</b>
<b>Exhibit 7</b>	<b>State Addenda</b>
<b>Exhibit 8</b>	<b>Guaranty</b>
<b>Exhibit 9</b>	<b>Closing Acknowledgement</b>

**BOR FRANCHISING, LLC  
FRANCHISE AGREEMENT**

This Franchise Agreement (“**Franchise Agreement**” or “**Agreement**”) is entered into and made effective as of the “**Effective Date**” between BOR Franchising, LLC, a Colorado limited liability company having a principal place of business at 8200 Southpark Circle, Suite 300, Littleton, CO 80126, (“**Franchisor**,” “**we**” and **similar pronouns**), and \_\_\_\_\_ and \_\_\_\_\_ having a principal place of business located at \_\_\_\_\_ (“**Franchisee**,” “**you**” and **similar pronouns**).

**RECITALS**

We have developed a unique system for the establishment, operation, and delivery of water, fire, contents cleaning, mold remediation, and after-remediation repair services to the owners of residential, commercial, and governmental properties. You have thoroughly investigated and familiarized yourself with this opportunity's essential aspects and purposes and have been advised by counsel or have had the reasonable opportunity to be advised by counsel you chose concerning the terms of this Franchise Agreement. You agree that your consistent and uniform operation of the Business using the System is essential.

**NOW, THEREFORE**, in consideration of the mutual covenants, agreements, terms, and conditions herein contained and the acts to be performed by each of us, you and we agree as follows.

**COVENANTS**

**ARTICLE 1**

**DEFINITIONS, GRANT OF FRANCHISE LICENSE, LICENSE, REASONABLE BUSINESS  
JUDGMENT,  
AND RESERVATION OF RIGHTS**

**1.1 Definitions**

Unless defined elsewhere in this Franchise Agreement, the following capitalized terms have the meaning set forth.

“**ACH**” or “**Automated Clearing House**” refers to the process used for electronic bank-to-bank transfers of fees due to us.

“**Additional Training**” means the delivery of Initial Training to a Person besides the two people who are allowed to take Initial Training; to a Person permitted to take Initial Training but who fails to get such training within 365 days from the Opening Date; or, for additional, advanced, or extraordinary training that you request or that we require you to take.

“**Additional Training Fee**” means our then-current fee for Additional Training.

“**Affiliates**” means an entity controlled by, controlling, or under common control with another entity. We currently have one Affiliate, BOR IP, LLC, that owns one of the Marks that will be sublicensed to you. We may add Affiliates in the future. You may be required to work with or purchase goods and services from one of our Affiliates.

**“Applicable Laws”** means each rule, regulation, statute, ordinance, and similar determination or power authorized by or granted to any Governmental Authority that has jurisdiction over your Business and to which an Applicable Law applies.

**“Audit Fees”** means the then-current fees we charge if you understate your Gross Sales by 2% or more or for any other audit permitted under this Franchise Agreement. This fee includes our costs and expenses, including any accountants’ and attorneys’ fees, travel, room, and board, plus a fixed fee payable to us. We may increase this fee at any time and in any amount after giving you no less than 60 days’ prior written notice.

**“BOR Software Suite”** means our proprietary suite of software preinstalled on the Tablet and containing estimating software and client relationship management (CRM) software.

**“BOR Software Suite Initial License Fee”** means the then-current initial fee you will pay us to activate the BOR Software Suite.

**“BOR Software Suite Monthly License Fee”** means the then-current monthly license fee you pay us to maintain your access to the BOR Software Suite.

**“Business”** means the business that you operate under this Franchise Agreement.

**“Business Vehicle”** has the meaning given to it in Article 2.

**“Change of Control”** means that (i) the natural person franchisee takes on a partner regardless of whether such partner is in control; (ii) a natural person franchisee converts to a business entity franchisee and then delivers more than 49% of the equity interest to another Person(s); (iii) a business entity franchisee takes on any number of equity partners and delivers 49% or more of the equity interest to such Persons; (iv) through the Transfer of so much of the equity interests equal 49% or more to a Person other than you; (v) by a Transfer of any equity interest to a voting agreement, voting trust, or the like; or (vi) you in any manner delivers control of the day-to-day operations of the Business to a Person who we have not first approved.

**“Claims”** has the meaning given to that term in Article 14.

**“Client”** means the commercial, governmental, and residential users to whom you sell and deliver Services and products through the Business.

**“Client Service Fee”** means all costs and fees incurred if one of your Clients complains to us and if we determine it necessary for us to provide Services to your Client.

**“Client List”** refers to the names and contact information of all your Clients.

**“Competitive Business”** is any business that offers water, fire, or mold remediation services to residential, commercial, and governmental properties or offers any of the goods or services we offered on the date this Franchise Agreement expired, was terminated, or Transferred.

**“Compliance”** means that you (i) are current in all respects under this Franchise Agreement and will be current at the time you and we execute any document or take any action that requires Compliance;

and (ii) have received written notice of a curable breach from us no more than three times during the Initial Term, and no more than one time during any Successor Franchise Term.

**“Conference”** means the annual conference that we hold.

**“Conference Fee”** means our then-current fee for attending the Conference.

**“Default Interest”** means our then-current interest charged on late payments, underreported Gross Sales, or, as otherwise described in this Franchise Agreement, compounded monthly. We may change Default Interest at any time after giving you no less than 60 days’ prior written notice, but any change will not violate the Applicable Laws of your state.

**“Designated Manager”** means the Person besides your Principal Operator and you who has received our training and is authorized by you to operate the Business from day to day. The Designated Manager need not be an owner of any interest in the Business.

**“Due Date”** is when all Royalties and other fees are due to us under Article 3.

**“Effective Date”** is the date that we fully execute this Franchise Agreement. There is no agreement, and this is not a contract between us until that date, regardless of the order that signatures were obtained.

**“Event of Default”** is a breach of any provision of Sections 10.1 through 10.3 of Article 10.

**“Exclusive Territory”** means the geographic territory of so many contiguous zip codes that may be necessary to encompass approximately 200,000 people depending on the exact number of people in the chosen zip codes. In some cases, a Zip Code will have a geographic territory that is not contiguous. In that case, that portion of the Zip Code area that is not contiguous will not be included in the assigned zip code. The Exclusive Territory will have no particular demographics or geographic shape. It is more fully described in Article 2 and Exhibit 2.

**“Fair Market Value”** means the value that a reasonable Person under no duress or obligation would pay for the furniture, fixture, equipment, or item being sold by a seller under no duress or obligation. If you and we do not agree to the Fair Market Value, it will be established by an independent appraiser selected and paid for by us but who is independent and disinterested in the outcome of any such valuation. No goodwill will be considered in any such valuation.

**“Force Majeure”** means that except for monetary obligations that are due regardless of the existence of an event of Force Majeure, or as otherwise specifically provided in this Franchise Agreement, if either of us is delayed or prevented from the performance because of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, epidemic, pandemic, or a declared county, state, federal or international health problem, or other causes beyond the Party’s reasonable control, then performance will be excused for the shorter period of 45 days from the date of the inability to perform or for the period of the delay.

**“Franchise Disclosure Document” or “FDD”** means the disclosure document that was delivered to you at least 14 calendar days (or any shorter or longer period required by a particular state) before you signed this Franchise Agreement or paid any money to the Franchisor.

**“Franchisee”** means your Principal Operator, any Designated Manager, you, any Guarantor, any officers, directors, managers, members and the holders of any equitable interest in a business-entity Franchisee, your family members that actively participate in the Business, and all others who may take an active role in the operation of the Business in a manager or above position. The use of personal pronouns such as “you” means the Franchisee and includes all Persons identified in this definition.

**“Franchisee Life Insurance Policy”** means the life insurance policy that we purchase with the Franchisee Life Insurance Policy Fees as more fully described in Article 9.

**“Franchisee Life Insurance Policy Fee”** means the then-current fee that we charge per month for each natural-person franchisee or equity owner (if you are a business entity other than a sole proprietor) for our payment of the premium on the Franchisee Life Insurance Policy as more fully described in Article 9.

**“Franchised Location”** means the Franchised Business’s physical location, the address of which is identified in Exhibit 2.

**“Franchisee Manual” or “Manual”** means the operations manuals (that may be more than one manual, booklet, or handout), that are delivered to you before you open for business, that may be amended from time to time, and which Franchisee Manuals disclose the operating methods used in the Business.

**“Franchisor”** means the entity identified herein as the Franchisor, which definition also includes the Franchisor’s predecessors (if any), all Affiliates (if one or more Affiliates exist), any parent (if one exists), and the respective shareholders, directors, officers, managers, members, employees, and agents, and all successors and assignees of the Franchisor, its predecessor, parent, Affiliates or any other persons or entity so named in this definition. Any reference to “us,” “our,” or similar pronouns include all Persons identified in this definition.

**“Governmental Authority”** means each local, county, state, or federal agency that has jurisdiction over the operation of your Business.

**“Grand Opening”** means the celebration of the opening of the Business, and **“Grand Opening Cost”** means the amount that you spend on your Grand Opening.

**“Gross Sales”** means all revenue and income actually received by you from the operation of your Business, including all revenue received from Clients you directly bill, and also includes all revenue received from a Client’s insurance carrier, late fees, revenue generated over the billed amount, and any other amount charged to Clients, whether received in cash, in services in kind, from barter or exchange, on credit or otherwise. You may deduct from Gross Sales all sales tax or similar taxes that, by Applicable Law, are chargeable to Clients by any taxing authority and are collected by you. You may not deduct the amount of any documented discounts, refunds, and credits.

**“Indemnified Parties”** has the meaning given to it in Article 14.

**“Initial Franchise Fee” and “IFF”** means the fee you pay us for awarding you the rights granted under this Franchise Agreement, as more fully described in Article 3.

**“Initial Term”** has the meaning given to it in Article 4.

**“Initial Training”** means the initial training we offer to you and one other Person as per Article 7.

**“Involuntary Transfer”** means any Transfer not approved by us and includes the loss of, transfer of, or assignment of any interest in this Franchise Agreement; any of your interest in the Business; a substantial portion of the assets of the Business; or any interest in the business entity that is the Franchisee (except as permitted by this Franchise Agreement). An Involuntary Transfer also includes any transfer or assignment of any interest in you, this Franchise Agreement, or your franchise business entity as a result of any insolvency or bankruptcy proceeding; the foreclosure of any manner of lien or encumbrance against you, the Business, or the franchisee business entity; the taking of any interest in you, this Franchise Agreement or the franchisee business entity as a result of a divorce or separation, or in the case of a business entity any action by the equity owners or creditors the result of which is the loss of any equitable interest or any other interest. An Involuntary Transfer also occurs through any other means or method over which you have no control or against which you cannot substitute a bond or other monetary instrument to avoid such Involuntary Transfer.

**“Late Fee”** means our then-current late fee for your failure to timely make payments because of underreporting or for another breach for which the fee can be collected. The Late Fee applies to each separate breach. We may increase this fee at any time and in any amount after giving you no less than 60 days’ prior written notice.

**“Local Advertising”** has the meaning given to it in Article 3.

**“Local Advertising Fee”** has the meaning given to it in Article 3.

**“Mandatory Non-Attendance Fee”** means the then-current fee we may charge if training is mandatory and you fail to attend.

**“Marks”** means all trademarks, trade names, logos, service marks, and similar commercial symbols that we require you to use to identify your Business, as stated more fully in Article 6.

**Minimum Royalty** is the minimum of \$500 per month you pay if your Percentage Royally calculation is less than the Minimum Royalty.

**“National Branding Account”** is the account into which all National Branding Fees are deposited as more fully set forth in Article 3.

**“National Branding Fee”** has the meaning given to it in Article 3

**“Opening Date”** means the date by which you must be open for business, as more fully defined in Article 2 below.

**“Opening Package”** means that package of equipment, tools, and supplies needed to open your Business, including air movers, dehumidifier(s), one or more liquid extractors, thermal imaging equipment, mold remediation equipment including ozone generators, thermal imaging equipment, hand tools, a Microsoft or equivalent computer tablet (**Tablet**) loaded with the **“BOR Software Suite,”** and other equipment needed to operate the Business and all of which must be purchased from our approved vendor, an Affiliate, or us.

**“Opening Package Cost”** means the then-current fee then being charged for the Opening Package.

**“Party” or the “Parties”** means the Franchisor and the Franchisee.

**“Percentage Royalty”** is the Royalty determined by multiplying monthly Gross Sales by 7%.

**“Permanent Disability”** means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or does prevent the Principal Operator or you from supervising the management and operation of the Franchised Business for 120 days from the onset of such disability, impairment, or condition.

**“Person”** means a natural person, a business entity of any nature or kind, and the equity holders in any business entity. If in doubt, the reference to a Person in a sentence or paragraph will refer to a natural person, a business entity, and the equity holders of a business entity

**“Principal Operator”** means the Person authorized by the business-entity Franchisee to receive our training, to operate the Business, and to act as the contact between us. The Principal Operator must own no less than 10% of the equity in the franchisee business entity.

**“Proposed Transferee”** means the Person to whom or entity to which Franchisee wishes to Transfer an interest, as more fully described in Article 9.

**“Proprietary Information”** has the meaning given to it in Article 6.

**“Reasonable Business Judgment”** Use of our Reasonable Business Judgment will mean that our determination on a given matter will prevail even in cases where other alternatives are also reasonable so long as we intend to benefit or are acting in a way that could reasonably benefit any component of the System or the Marks, any one or more of the franchisees, or any other aspect of the franchise system. Such decisions may include, but will not be limited to, decisions that may enhance or protect the Marks and the System; increase client satisfaction, increase the use of the Services all franchisees offer; and matters that correspond with franchisee satisfaction. We are not required to consider any particular franchisee’s economic or other circumstances when exercising our Reasonable Business Judgment. Reasonable Business Judgment decisions will not affect all franchisees equally, and some will benefit while others will not. You and we intend that the exercise of our Reasonable Business Judgment will not be subject to limitation or review. If Applicable Law implies a covenant of good faith and fair dealing in this Franchise Agreement, you and we agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Franchise Agreement.

**“Regional Advertising Program”** has the meaning set forth in Article 3.

**“Report Late Fee”** means the then-current fee that we charge if you are late filing any reports required by this Franchise Agreement. The Report Late Fee applies to each separate report that you file late. We may increase the fee in any amount at any time after giving you no less than 60 days’ prior written notice.

**“Royalty” or “Royalties”** means the Minimum Royalty or Percentage Royalty as applicable.

**“Services”** means the then-current suite of services that you offer Clients. We may change, update, and alter this at any time after giving you reasonable notice.

**“Successor Franchise Fee”** is 50% of the then-current IFF charged to new franchisees. If we are not offering franchises at that time, the Successor Franchise Fee will be 50% of the IFF you paid.

“**Successor Franchise Rights**” has the meaning given to it in Article 4.

“**Successor Franchise Term**” has the meaning given to it in Article 4.

“**System**” means, without limitation, the manner and method of training that we deliver to you; the operations, standards, and procedures that you will use in the day-to-day operation of the Business; advertising programs; the economic and financial characteristics of the Business; any copyrighted, trade secret or confidential information owned by us; the Proprietary Information; the trademarks, service marks, and logos (“Marks” as they may be owned by us, or that may be sublicensed by us); and all other copyrighted, trade secret or confidential information owned by us. You must operate under our System. This definition may be supplemented by other language of this Franchise Agreement and by us from time to time.

“**Tablet**” means the Microsoft or equivalent computer delivered to you as part of the Opening Package.

“**Technology Maintenance Fee**” means the then-current fee you pay us to maintain your presence on our internet web system. Payment is due with Royalties.

“**Technology Startup Fee**” means the fee we charge you before you open to set up your landing page on our website.

“**Temporary Management Fee**” is the then-current fee we charge if you breach this Franchise Agreement and we elect to operate your Business temporarily.

“**Training**” has the meaning given to it in Article 7.

“**Transfer**” has the meaning given to it in Article 9.

“**Transfer Fee**” is 50% of the then-current IFF charged to new franchisees. If we are not offering franchises at that time, the Transfer Fee will be 50% of the IFF you paid.

## 1.2 Grant of Franchise

a. We grant you, and you accept from us, the non-exclusive license and right to use the System in connection with establishing and operating one Business within the Exclusive Territory and through the Franchised location. You agree to use the Marks and the System as they may be changed, improved, and further developed by us from time to time, only under the terms of this Franchise Agreement. You will complete the Statement of Ownership found at Exhibit 1 and agree that it is current, complete, and accurate. You agree to update Exhibit 1 within 30 days of any change. Each Person who is or becomes a Principal Operator and each Person that joins the business-entity Franchisee as an equity owner must sign a guaranty, the current form of which is found at Exhibit 8. The terms of the Guaranty may change during the Term.

b. At the time you sign this Franchise Agreement, and if you are a business entity, you must deliver to us your articles of incorporation, articles of organization, partnership agreement, or similar organizational documents filed with your state and proof that the business entity is in good standing with such state.

c. **As part of the grant of this Franchise Agreement, you agree that you will be subject to an initial credit and criminal background check before you sign.** You further agree that we have the

right to recheck your credit and criminal background at any time during the Term (or any Successor Franchise term) of this Franchise Agreement. You agree to and will sign the release that is attached as Exhibit 3.

### **1.3 Scope of Franchise Operations**

You will always comply with your obligations under this Franchise Agreement and will continuously use your best efforts to promote and operate the Business. You will utilize the Marks, System, Proprietary Information, and Manuals to operate all aspects of the Business. The Business will offer all products and Services we designate (which product and service mix may change from time to time), and you are restricted from offering or selling any products and Services not previously approved by us in writing.

### **1.4 Reasonable Business Judgment**

We will use our Reasonable Business Judgment to exercise our rights, obligations, and discretion, except where otherwise indicated. As part of its Reasonable Business Judgment and to respond timely to market conditions and the needs and wishes of Clients to the Businesses, we reserve the right, in our sole and exclusive determination, to vary any standard of the System, the Marks, or the Franchisee Manuals.

### **1.5 Reservation of Rights**

Our Affiliates (if any) and we reserve the right, among others, to,

a. own, franchise, or operate businesses that are similar to your Business and uses the Marks and the System at any location outside of the Exclusive Territory;

b. use the Marks and the System to sell any products or Services (which may be similar to those you will sell) through any alternate channels of distribution within or outside of the Exclusive Territory. Alternative channels of distribution include television or the Internet. You cannot use alternate channels of distribution without our express permission, which may be granted or denied for any reason or no reason. If we do use alternative channels of distribution within your Exclusive Territory, we are not required to make any payment to you;

c. use and license others to use, either within the Exclusive Territory or in alternate channels of distribution, other trademarks, trade names, service marks, and logos that are not the same as or confusingly similar to our Marks that offer goods, Services, and related products and Services that may be similar to, or different from those used or offered through your Business;

d. purchase, or be purchased by or merge or combine with any business, including a competitive business wherever located, so long as the survivor does not use trademarks, trade names, service marks, or logos that are the same as or confusingly similar to our Marks;

e. acquire and convert to our System any businesses offering Services and products similar to those offered by you, including such businesses operated by competitors or otherwise operated independently, or as part of, or in association with any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the Exclusive Territory so long as any such business does not use trademarks, trade names, service marks, or logos that are the same as or confusingly similar to our Marks; and,

f. retain all other rights not specifically reserved to you.

g. Though we can use alternative channels of distribution within your Exclusive Territory to make sales of goods, items, and Services associated with the System and the Marks, or associated with any other system or trademarks, service marks, trade names, logos, and the like, we have not done so as of the date of the FDD. We reserve the right to do so at any time.

## **1.6 Other Covenants Relating to the Grant of this License**

**a. WE BOTH AGREE TO WAIVE THE RIGHT TO A JURY TRIAL AND TO BE AWARDED EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES IN ANY ACTION BROUGHT IN REFERENCE TO THE RELATIONSHIP BETWEEN YOU AND US. SEE ALSO ARTICLE 10.**

**b. WE BOTH AGREE THAT EACH OF US IS LIMITED TO BRINGING ANY LEGAL CLAIM AGAINST THE OTHER WITHIN ONE YEAR OF THE DATE THAT THE FACTS WHICH GIVE RISE TO THE CLAIM OCCURRED. SEE ARTICLE 16.**

**c. THIS FRANCHISE AGREEMENT DESCRIBES THE TERMS AND CONDITIONS ON WHICH WE CURRENTLY OFFER FRANCHISES TO NEW FRANCHISEES. WE MAY OFFER FRANCHISES UNDER DIFFERENT TERMS AND CONDITIONS TO ENHANCE, BUILD, AND PRESERVE THE SYSTEM.**

d. You covenant, represent, and warrant as follows and acknowledge we are relying upon such covenants, representations, and warranties in making your decision to enter into this Franchise Agreement:

i. You acknowledge that you have received and have read this Franchise Agreement and all Exhibits attached hereto. Specifically, we have advised you to seek out and use professional counsel of your choosing to interpret any terms, covenants, or conditions of this Franchise Agreement and advise on the relationship overall. It is your sole and exclusive obligation to obtain such counsel, and we do not provide any legal, financial, or other counsel about this Franchise Agreement.

ii. You have adequate funding to purchase and operate the Business and are financially capable of undertaking the risks involved in the opening and operation of any business. You know of no circumstances that would lead to litigation against you in the future.

iii. All statements made by you in writing in connection with your application for this Franchise were, to the best of your knowledge, true when made and continue to be true as of the date of this Franchise Agreement.

iv. You are not a party to any litigation or legal proceedings other than those disclosed to us by you in writing.

v. You and your equity owners agree to comply with and assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws as defined below. As a result, you and your owners certify, represent, and warrant that, (A) none of their property or interests is subject to being “**blocked**” under any of the Anti-Terrorism Laws and that you and your owners are not otherwise in violation of any of the Anti-Terrorism Laws; (B) none of them is listed in the Annex to Executive Order 13224 (which can be accessed at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>); (C)

it will refrain from hiring (or, if already employed, retain the employment of) any individual who is listed in the Annex; (D) it has no knowledge or information that, if generally known, would result in you, your owners, the employees, or anyone associated with you to be listed in the Annex to Executive Order 13224; (E) it is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and you specifically acknowledges and agrees that its indemnification responsibilities set forth in this Franchise Agreement pertain to its obligations under this subparagraph; and (F) any misrepresentation under this subparagraph or any violation of the Anti-Terrorism Laws by you, its owners, agents, and employees will constitute grounds for immediate termination of this Franchise Agreement and any other agreement you have entered into with an Affiliate or us. For purposes of this Franchise Agreement, “Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations, and other regulations found at 31 CFR 515, 595, 597, and Applicable Laws which now pertain or which may in the future pertain to the matters of this Section.

e. We do not require you to do so, but applicable Governmental Authorities may require you to obtain a contractor’s license or a technician certification from the Institute of Inspection Cleaning and Restoration Certification (**IICRC**). If you offer repairs after delivering the Services (like replacing drywall), you may also need a general contractor or similar license. These Governmental Authorities may also require you to obtain other certifications. You must investigate and comply with all Applicable Laws. You alone are responsible for complying with all Applicable Laws.

f. We do not now but may, in the future, receive rebates and material benefits from vendors with whom you are to do business. We may share the rebates or material benefits or not in our sole discretion.

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

## ARTICLE 2

### OPENING PERIOD, EXCLUSIVE TERRITORY, EQUIPMENT, AND ADDITIONAL RIGHTS

#### 2.1 Opening Date

a. You must open within 60 days of the Effective Date. (**Opening Date**). You are required to attend Initial Training before you open. We may extend the Opening Date for a reasonable time (not to exceed 20 days) if factors beyond your reasonable control prevent you from meeting the deadline and you request an extension of time from us.

b. Before the Opening Date, you must secure all necessary permits and licenses, purchase or lease, and have installed and in operating order all of the equipment required and will have obtained insurance and provided evidence of the same.

#### 2.2 Exclusive Territory and Franchised Location

a. You and we will agree upon your Exclusive Territory before you sign the Franchise Agreement. For so long as you are in Compliance, we will not award a franchise within your Exclusive Territory and will not place a company-owned or Affiliate-owned Business there.

**THE LOCATION OF YOUR BUSINESS AND THE FACT THAT YOU HAVE AN EXCLUSIVE TERRITORY DOES NOT IN ANY WAY GUARANTEE YOUR SUCCESS OR PROFITABILITY.**

b. You may only service Clients located in your Exclusive Territory. If, however, there is an area that is contiguous to your Exclusive Territory in which there is no franchisee, company-owned, or Affiliate-owned Business, you may temporarily advertise there and may service Clients until a franchisee, company-owned, or Affiliate-owned Business is assigned to that territory. Once that occurs, you must cease servicing such an area and deliver the names and contact information of such Clients to the new franchisee, the Affiliate, or us. If you receive a call from a Client in another franchisee's territory, you must refer that business to that franchisee.

c. It is expected that you will operate your Business from your home (**Franchised Location**). You may operate the Business, however, from any location within your Permitted Territory. We have no criteria for your Franchised Location, and we do not review or approve any lease.

### **2.3 Relocation**

You may relocate your Franchised Location anywhere within the Exclusive Territory without our permission, except that you must provide us with the address and other contact information for the new Franchised Location.

### **2.4 Opening Package, Business Vehicle, Tablet and Software, and Other Furniture, Fixtures, and Equipment**

a. You must purchase the Opening Package for the Opening Package Costs when you pay the IFF.

i. You must maintain all of the Opening Package equipment and replace it as needed to keep it operational. You are required to replace all consumables from the Opening Package as necessary. The replacement inventory is available only from an approved supplier, an Affiliate, or us.

ii. We may require you to replace all of the tools and equipment supplied with the original Opening Package (other than the Tablet) no more often than one time every five years, and we may require you to update the Tablet no more often than once every three years. The Opening Package's replacement equipment must be purchased from our approved vendor, an Affiliate, or us. We have the right to increase this fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected. We reserve the right to change the make and model of any Opening Package component at any time.

b. You must have a late model truck, such as a one-quarter-ton pickup or equivalent, plus a fourteen-foot enclosed trailer from any manufacturer or a fourteen-foot enclosed box truck (**Business Vehicle**) that may be purchased or leased. The Business Vehicle may be used (though it may be no older than ten years as measured from the Effective Date of this Franchise Agreement) and must be free of body damage and rust. It must be bright white.

i. Subject to the above requirements, the Business Vehicle and trailer may be any make or model. You may already own a vehicle that meets our requirements.

ii. You may purchase or lease the Business Vehicle from any source.

iii. The Business Vehicle must be wrapped with our approved package purchased from our approved vendor.

iv. You must maintain the mechanical integrity and appearance of your Business Vehicle. If the Business Vehicle exceeds ten years of age at any time during the Initial Term or any Successor Franchise Term, or if using our Reasonable Business Judgment, we determine that it has not been properly maintained, then you may be required to replace it with the then-current Business Vehicle we require of all new franchisees.

v. You must properly title and license the Business Vehicle and maintain the insurance we require for it. (Article 17).

c. You must use the Tablet we supply, which will come pre-loaded with the BOR Software Suite. You must activate and then maintain licenses for Microsoft 365 and Constant Contact. You cannot substitute the Tablet with your computer hardware or tablets. We may require you to update the Tablet no more often than once every three years. We reserve the right to change the make and model of the Tablet at any time, though you will not be required to conform to this change other than once every three years.

d. You must also have a printer of any type. You may already have this equipment.

e. You will need a desk, phone, chair, and other office furniture.

f. You must maintain high-speed internet access to the Tablet at all times.

g. We will have independent access to your databases, and there are no other contractual limitations on our right to access such information.

h. We may, in the future, require you to use other proprietary software, web-based programs, or new or additional software modules that will be integrated into the BOS Software Suite for which you will pay the then-current fees, costs, and licenses associated with each.

## ARTICLE 3

### FEES, ADVERTISING, and REPORTING

#### 3.1 Fees Paid to Us Before you Open

a. The IFF is stated in Exhibit 1 and is due when you sign this Franchise Agreement. You acknowledge that the IFF represents payment for the training and the initial grant of rights to use the Marks and System and that we have earned the IFF in full upon receipt.

b. At the time you pay the IFF, you must also,

i. purchase the Opening Package;

ii. purchase the BOR Software Suite by paying the BOR Software Suite Initial License Fee; and,

iii. pay the Technology Startup Fee.

- c. There are no refunds for any of these fees.

### **3.2 BOR Software Suite Monthly License Fee, Technology Maintenance Fee, and New Technology Fees**

a. You will pay the then-current BOR Software Suite Monthly License Fee at the same time you pay your Royalties. We may increase the BOR Software Suite License Fee at any time and in any amount after giving you no less than 60 days prior written notice before any such increase.

b. You will pay us our then-current Technology Maintenance Fee. We may increase this fee at any time without limitation after first giving you no less than 60 days' written notice.

c. We each also acknowledge and agree that changes to technology are dynamic and not predictable during a Term of this Franchise Agreement. To provide for inevitable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards, costs, and fees for the implementation of new technology in the System, and you agree to comply with those reasonable new standards.

### **3.3 Royalty**

a. You will pay the greater of the Minimum Royalty or the Percentage Royalty monthly (Royalty), which is collected in the manner more fully stated below.

b. The Minimum Royalty will never be less than \$500.

i. It may be increased no more often than once every 36 months during the Initial Term to reflect an increase in the "Consumer Price Index" for all urban consumers, all items seasonally adjusted (base 1982-1984) (**CPI-U**) that is quoted by the U.S. Bureau of Labor Statistics, or its successor.

ii. To determine if there is an increase in the CPI-U, we will first determine the baseline CPI-U (**Base CPI-U**) as of the Effective Date. If the Effective Date is other than the first day of a month, then the Base CPI-U will be determined on the first day of the first month following the Effective Date. Then, on the 36th-month anniversary of the Effective Date and again on the seventy-second month anniversary (or the first day of the month following the 36th or 72d-month anniversary if that date is other than the first day of a month), we will determine the then-current CPI-U. (**Current CPI-U**). We will calculate the increase (if any) in the Minimum Royalty by multiplying the then-current Minimum Royalty by a fraction, the denominator of which is the Base CPI-U and the numerator of which is the Current CPI-U.

c. The Minimum Royalty and Percentage Royalty may increase to the then-current amounts if you are awarded Successor Franchise Rights.

d. We will begin collecting Royalties and other fees due to us 45 days after your Opening Date.

### **3.4 Advertising and Advertising Fees**

a. **Grand Opening**

During the first three months of operation, you must plan for and pay a minimum of \$500 to execute an opening advertising campaign (**Grand Opening**). We must review and approve your plans for the Grand Opening in the same way we approve your local advertising.

**b. Local Advertising and Constant Contact**

i. You must spend the greater of \$1,500 or 5% of Gross Sales (**Local Advertising Fee**) each month on local advertising (**Local Advertising**). You will advertise only within your Exclusive Territory. We may increase this amount at any time to no more than 6% or \$2,000 after first giving you no less than 60 days' written notice.

ii. As part of your Local Advertising expenditure, we may require you to purchase internet advertising for your Exclusive Territory from Google, Bing, Yahoo, or similar search engines. Before you open, you will inform us of your chosen search engine and set up your account with them. We have the option, in our sole discretion, to monitor your account to determine how your Local Advertising Fee is used.

iii. We must approve any advertising, including all search engine and social media advertising before it is placed. You will deliver the proposed advertising to us no less than 15 calendar days before its insertion into any medium. If you do not receive written notice within the 15 calendar days, the advertising is disapproved.

iv. Unless otherwise approved in writing by us or set forth in the Manual, you will not establish a separate website online.

v. You must continually use the services of Constant Contact to deliver newsletters and emails to past and present clients and prospects. You are responsible for setting up the campaign with a Constant Contact representative. We must approve the content of any newsletters in the same manner as we approve other Local Advertising.

**c. National Branding Fee**

i. We do not now, but may in the future collect a percentage of your Gross Sales or a fixed dollar figure for national advertising (**National Branding Fee**). The National Branding Fee will be due at the same time as your Royalty.

ii. The National Branding Fees will be deposited in a separate checking account, savings account, or any other account of our determination (**National Branding Account**). The National Branding Account is not a trust, and we assume no fiduciary duty in administering it. Any monies not used in any year will be carried to the next year.

iii. We will administer the National Branding Account in our sole discretion. The proceeds may be used for the creation, production, and placement of advertising reasonably intended to benefit some or all franchisees in any local, regional, or national medium, in-house or outside agency costs and commissions, costs associated with the preparation of and presentation of an annual convention, creation, and production of the Internet, video, audio, and written advertisements, for the payment to us of costs related to administering the National Advertising Account such as reasonable salaries, administrative costs, costs allocated to any conferences, travel expenses, and overhead, and for any other commercially reasonable purpose consistent with this paragraph.

iv. We make no guarantee to you or any other franchisee that advertising expenditures from the National Branding Account will benefit you or any other franchisee directly or on a pro-rata basis.

v. We assume no other direct or indirect liability or obligation to you to collect amounts due to the National Branding Account or for maintaining, directing, or administering the National Branding Account.

vi. The advertising will be produced by a local, national, or international advertising agency or by us.

vii. Upon your prior written request, we will make an annual unaudited financial statement available no later than 120 days after our year-end.

viii. Once implemented, we reserve the right to increase the National Branding Fee by any percentage of Gross Sales or fixed dollar amount after giving you no less than 60 days' prior written notice.

ix. We intend for the National Branding Fees to be continual and perpetual, but we have the right to form, change, suspend (and subsequently reinstate), merge, or terminate it if necessary. We will not close the National Branding Account, however, until all contributions and earnings have been used for the purpose for which they were collected.

x. There will be a franchisee advisory council. The council will be made up of between three and five current franchisees, each of whom is in the top 10% of franchisees in terms of Gross Sales. The council will have advisory powers only. We have the power to form, change, dissolve, and then reinstate the council at any time.

#### **d. Regional Advertising**

We reserve the right, upon 30 days prior written notice, to allocate all or a portion of your Local Advertising Fee and National Branding Fee to a regional advertising program (**Regional Advertising Cooperative**) for the benefit of Businesses located within a market area. We have the right to determine the composition of all market areas included in a particular Regional Advertising Cooperative. If a market region is formed, we will require all franchisees and company-owned and affiliate-owned Businesses located in the region to participate. The Regional Advertising Cooperative will be administered by its contributors. There will be no governing documents. All advertising for the Regional Advertising Cooperative will be prepared by a local, national, or international advertising agency or by us. The Regional Advertising Cooperative will prepare unaudited financial statements and make them available to all Cooperative participants within 120 days of the year-end. We have the right to change, dissolve, reinstate, or merge any Regional Advertising Cooperatives.

### **3.5 Other Fees and New Lines**

a. You will pay the Additional Training Fee plus any costs we incur for travel, room, and board for any Additional Training.

b. You will be charged the Successor Franchise Fee.

c. We may charge our then-current fee for approving a new vendor.

- d. You will pay the then-current Franchisee Life Insurance Policy Fees.
- e. We will charge you the Transfer Fee.
- f. Other fees are identified elsewhere in this Franchise Agreement and are due at the time stated.
- g. We may, from time to time, and in our sole discretion, assess other fees or costs to help operate your Business or the System or that may be assessed for any other reasonable purpose.
- h. If assessed by your state, and except for our income taxes, you will reimburse us for all taxes we pay for products or services we furnish you, on our collection of the initial franchise fee, on the collection of royalties and advertising contributions, and the collection of similar fees or costs.
- i. We may, in the future, require all franchisees and you to add new goods and Services to those already sold through the Business, and we may require you to add new technology. If we do this, you may incur additional expenses, costs, and fees, some of which may be due to an approved vendor, Affiliate, a third party for whom we collect the funds, or us. If we introduce new goods, Services, or technology, we will notify you in writing and give you a reasonable time to comply with the change.
- j. We do not now, but we may require all franchisees and you to participate in gift card, coupon, loyalty, or customer incentive programs in the future. If we do this, we will give you no less than 60 days' prior written notice. The POS Systems will have modules installed to help implement these programs.

### **3.6 Method of Payment, Reports and Audits**

- a. The Royalty and all other fees due to us are paid monthly and will be delivered to us by such means as we may determine from time to time (including the delivery through an ACH transaction) on or before the 16th day of the month that follows the month for which the Royalties and other fees were calculated (Due Date). All such fees will be deposited into your operating account no later than 3:00 p.m. Mountain Time by the 15th day of the month following the end of the prior month, but if the 16th day falls on a Saturday, Sunday or federal or state holiday, the Royalty will be due on the next business day.
- b. We have the right to change the collection method of the Royalties and any other fees at any time after giving you reasonable notice. If we decide to use the ACH method, you will, no later than ten days after receiving notice from us, execute an authorization agreement for ACH transactions from your account to our account in the form that your bank may require.
- c. No later than the 10th day of the month following the month in which the Royalty is due, you will report to us by such means as we direct any information we may require (and using forms we require) to calculate your Royalty and for any other purpose.
- d. You agree to record all sales on your Tablet. You agree to retain all computer records, charge account records, sales slips, orders, return vouchers, sales tax reports, and all of your other business records and related background material for at least seven years following the end of the year in which the items were or should have been generated.

e. In our discretion, we may require you to and you will provide us with monthly or quarterly financial statements (or both), including a profit and loss statement and balance sheet, by the 10th of each month for the previous month or quarter (or both).

f. In addition, you will submit to us within 10 days after the end of each calendar year a complete financial statement for the preceding calendar year, including profit and loss statements and a balance sheet.

g. You will also provide us with your year-end franchisee tax returns within ten days of the date that they are filed with applicable Governmental Authorities but no later than October 15 of each calendar year.

h. The monthly, quarterly, and yearly financial statements must be prepared using generally accepted accounting principles and must be based on accounting's accrual method. All bookkeeping and accounting must be completed by an employee, independent contractor, bookkeeper, accountant, or certified public accountant who is not you or a family member. You must provide us with reasonable proof at the end of each calendar year that your bookkeeping and accounting have met these requirements.

i. All financial statements must be accompanied by a statement certified under penalty of perjury from the employee, independent contractor, bookkeeper, accountant, or certified public accountant that the documents are true and accurate.

j. If you fail to deliver any records required under this Franchise Agreement in a timely manner, we have the right to collect the then-current Report Late Fee for each separate late report in addition to any other rights we may have. We may increase this fee by any amount after giving you no less than 60 days' prior written notice.

k. If you fail to timely pay any Royalties or other fees due under this Franchise Agreement, have underreported Gross Sale, or for another breach for which the fee can be collected, you will also pay the then-current Late Fee for each separate violation plus Default Interest. This will be automatically assessed and debited or paid along with the amount due to us. We may increase this fee by any amount at any time after giving you no less than 60 days' prior written notice. We may also increase Default interest by any amount after giving you no less than 60 days' prior written notice, except that the rate will never violate the Applicable Laws of your state.

l. We (or others we nominate) have the right to audit your books and records at any time. If we discover that you have underreported your Gross Sales by 2% or less, you will have breached this Franchise Agreement and will (i) pay all underreported Royalties and other fees calculated based on Gross Sales, plus applicable Late Fees and Default Interest; (ii) pay the then-current Audit Fees; (iii) if we decide, have your record-keeping done by a third-party bookkeeper; and, (iv) take other remedial measures we decide. If it is determined that you have understated your Gross Sales by more than 2%, we have the right to (1) require all of the above; (2) take other remedial action, including requiring you to provide audited financial statements; or (3) terminate your franchise rights without any right to cure. If any underreporting has been intentional, then regardless of the percentage of your Gross Sales that the underreporting represents, we have the right to terminate your franchise rights without any right to cure or avail ourselves of any other remedy available, as all remedies are cumulative.

m. You acknowledge that this Section does not constitute our agreement to accept such payments after the Due Date or a commitment to extend credit to or otherwise finance the operation of the Business. In no event will you be required to pay interest at a rate greater than the maximum interest rate

permitted by Applicable Law. The collection of Late Fees, Report Late Fees, and Default Interest, and acceptance of late payment of any amount owed to us will not diminish our right to any other remedies available under this Franchise Agreement.

### 3.7 Application of Payments

a. Notwithstanding any designation by you as to the application of a payment, we will allocate any payments made by you first to Late Fees, Report Late Fees, and Default Interest, then to any Royalties or other fees that are past due, and then to the current Royalties and other fees owed. The above allocation will not postpone any payments due on any current or future due date.

b. In our sole discretion, we will also have the right to allocate in the same manner as stated above any payments or any credits from third-party vendors delivered to us on your behalf. To the extent necessary to carry out the intent of this Section, you appoint us as your attorney-in-fact coupled with an interest for the sole purpose of allocating any such funds received. This power of attorney will continue throughout the Term of this Franchise Agreement, any extension thereof, and, if applicable, after the termination of this Franchise Agreement, but in the latter case, only to the extent that you still owe us money.

## ARTICLE 4

### TERM and SUCCESSOR FRANCHISE RIGHTS

#### 4.1 Term

Unless earlier terminated, the Initial Term of this Franchise Agreement is ten years from the Effective Date. If Applicable Law requires us to give you notice before the expiration or earlier termination of this Franchise Agreement, and if we fail to do so, this Franchise Agreement will remain in effect until we have given the required notice.

#### 4.2 Successor Franchise Rights

At the end of the Initial Term, you have the option to renew your franchise rights for two additional five-year terms (each a “**Successor Franchise Term**”) by acquiring Successor Franchise Rights for each Successor Franchise Term under the following conditions,

a. if we do not exercise our right to refuse to offer Successor Franchise Rights as permitted under 4.3 below;

b. if you are in Compliance at the time you apply for each Successor Franchise Term;

c. **you will sign the then-current franchise agreement for each Successor Franchise Term, which franchise agreement may contain materially different terms and conditions from your original contract or the franchise agreement signed for the first Successor Franchise Term. Under the new franchise agreement, the Royalty, advertising fees, and other fees will be no more than are charged to new franchisees who sign the franchise agreement at that time.** Such an agreement must be signed and delivered to us no later than 45 days before the end of the then-current term. If it is not so delivered, then you will be deemed to have withdrawn your decision to purchase Successor Franchise Rights, and such rights will no longer be available to you;

d. you and any Guarantors sign the most current form of General Release, a copy of which current form is found at Exhibit 4. Notwithstanding the foregoing, claims arising from representations in the FDD are excluded from any release.

e. you pay the Successor Franchise Fee. The Successor Franchise Fee is earned when you pay it and is not refundable under any circumstances;

f. you exercise the option for Successor Franchise Rights by giving written notice of such exercise to us not earlier than one year or later than 180 days before the scheduled expiration of this Franchise Agreement; and

g. the Successor Franchise Rights under the new Franchise Agreement begin on the day following the end of the then-current term.

#### **4.3. Conditions of Refusal**

a. We will not be obligated to offer you Successor Franchise Rights if you,

i. have received a fourth written notice of breach of any combination of terms, covenants, or conditions of this Franchise Agreement during the Initial Term, or one written notice of breach during the first Successor Franchise Term even though each such breach may have been timely cured;

ii. fail to comply with any of the conditions necessary to obtain Successor Franchise Rights as described in Section 4.2 above;

iii. are in breach of this Franchise Agreement at the time that you attempt to exercise your right to purchase Successor Franchise Rights, even if such breach is timely cured; or

iv. we have determined in good faith, and after using our Reasonable Business Judgment, not to grant Successor Franchise Rights.

b. If we do not grant you Successor Franchise Rights, we will give notice of expiration at least 60 days before the expiration of the term, and such notice will set forth the reasons for such refusal to offer Successor Franchise Rights.

#### **4.4 Expiration at the End of a Term and Holdover**

a. Unless it is terminated earlier, if you fail to elect to purchase Successor Franchise Rights, or if Successor Franchise Rights are not granted to you, this Franchise Agreement will expire at midnight Mountain Time on the last day of the then-current Term.

b. If at the expiration of this Franchise Agreement you continue to accept benefits as a Franchisee, then in our sole option, we may treat this Franchise Agreement either as (i) having expired as of the date of natural expiration of the then-current Term, in which case you will be operating the Business without the right or permission and in violation of our rights; or (ii) continuing on a month-to-month basis (**Interim Period**) until one Party provides the other with written notice of such Party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice. During the Interim Period, all obligations under this Franchise Agreement will remain in full force as if this Franchise Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Franchise Agreement will take effect upon termination of the Interim Period. The rights under this

Section do not apply in the event of a termination of the Franchise Agreement earlier than the then-current Term's natural end.

## ARTICLE 5

### MANUALS and SERVICES PROVIDED TO YOU BY US

#### 5.1 Manuals

a. We will provide you with one or more Manuals, technical bulletins, or other written materials covering our standards, specifications, and operating and marketing procedures that you must utilize in operating the Business. You will comply with the Franchisee Manuals as an essential aspect of your obligations under this Franchise Agreement, and your failure to comply substantially with the Franchisee Manuals will be considered by us to be a breach of this Franchise Agreement.

b. The Manuals will be updated from time to time, and you must comply with the changes within the time required by such updates.

c. The Manuals are our sole property and will be used by you only during the Term of this Franchise Agreement and in strict accordance with the terms and conditions hereof.

d. We may modify any specification as to any goods, service, supplies, or the like, at any time, on a regional or national basis, by an amendment to the Manuals, or by written notice to you. Once you are notified, you must make the change that is specified. All such changes will be effective, as stated in such notice.

#### 5.2 Services Provided by Us Before Commencement of Operations

Before the Opening Date, we will,

- a. assign you an Exclusive Territory;
- b. deliver the Opening Package and the BOR Software Suite;
- c. provide you with Initial Training (Article 7);
- d. if we have one, provide you with a list of approved suppliers for equipment, goods, and services; and,
- e. supply reasonable support by telephone, text, and email.

#### 5.3 Services Offered by Us During the Operation

During the operation of your Business, we will,

a. offer Additional Training conferences, seminars, or programs at a frequency we determine. Some of these seminars or programs may be mandatory, and we may charge tuition;

b. if there are any, provide updates to the Franchisee Manuals, the System, the Marks, and in reference to the training provided to you, at a frequency that we determine;

- c. review all promotional materials and advertising you wish to use;
- d. if requested by you and approved by us, we will provide Additional Training at a location determined by us. You will pay the travel, room, board, and the then-current Additional Training Fee for such services;
- e. visit and inspect your Business, and use other methods to ensure that you and all other franchisees are delivering quality services and products that conform to the System;
- f. provide promotional materials and advertising programs from time to time as we deem appropriate;
- g. if appropriate, begin regional cooperative buying, and if we do, you may be required to participate; and
- h. offer reasonable phone, text, and email assistance as we deem necessary.
- i. Except as provided in Sections 5.2 and 5.3, we are not required to offer you any other services.

## ARTICLE 6

### MARKS, COPYRIGHTS, THE SYSTEM, and PROPRIETARY INFORMATION

#### 6.1. Proprietary Information

a. You acknowledge that you will gain knowledge of proprietary matters, techniques, and business procedures that are necessary and essential to the operation of the Business, without which information you could not effectively and efficiently operate. You further acknowledge that the methods of operation used in the operation of the Business are unique and novel to the System.

b. “**Proprietary Information**” includes (i) Persons that are, have been, or become franchisees; (ii) Persons that are, have been, or become Clients of the Business; (iii) the terms of and negotiations relating to past or current franchise agreements; (iv) each component of the System; (v) the economic and financial characteristics of the System including, pricing policies and schedules, profitability, earnings and losses, and capital and debt structures; (vi) the Services and products offered to Clients of the Business; (vii) the Client Lists; (viii) any common law or statutory copyrighted materials and the protection afforded thereby; (ix) the Franchisee Manuals; (x) the Marks; and (xi) all of the electronic information assigned to us under Exhibit 5. Our Proprietary Information may be added to and revised from time to time in our sole discretion.

c. In consideration of the time and effort that we have put into the System and its goodwill, and for other valuable consideration, you agree that we retain ownership and control of your Client List. You may use the Client List only in conjunction with the operation of the Franchised Business. Upon a Transfer or at the expiration or earlier termination of this Franchise Agreement, the Client List will be retained us without the obligation to pay you.

d. During the Term of this Franchise Agreement and following the Transfer, expiration, or termination of this Franchise Agreement, you agree not to divulge, directly or indirectly, any Proprietary Information (including the content of the Client Lists) to any Person without our prior written consent which consent will be granted or denied for any reason or no reason. Nothing contained herein will be construed to require us to divulge any portion of the Proprietary Information except as is necessary for you to operate the Business.

e. You will disclose Proprietary Information only to your employees, agents, and representatives, as must have access to it to operate the Business. You will obtain from each such employee, representative, or agent an agreement that such Person will not during employment, representation, or agency with you, or at any time after that, use, divulge, disclose, or communicate any of the Proprietary Information, directly or indirectly, in any form or manner, to any Person.

f. You acknowledge that any failure to comply with this Article’s requirements will cause us irreparable injury, and we will be entitled to obtain specific performance or an injunction against any violation of such requirements. You waive to the fullest extent permitted by Applicable Law any requirements for posting one or more bonds.

g. You have the right to use the Proprietary Information only as permitted by this Franchise Agreement and only for so long as you fully perform and comply with all of the conditions, terms, and covenants of this Franchise Agreement and our policies and procedures that we prescribe from time to time.

h. You acknowledge that we have the sole right to license and control your use of every component of the Proprietary Information. You also acknowledge that you have not acquired any right, title, or interest in or to any component of the Proprietary Information and will not acquire any such interest in the future. You are granted the limited, non-exclusive license to use the same in the operation of Business as disclosed in this Franchise Agreement.

i. You will not copy any component of the Proprietary Information unless we specifically authorize it in writing, which authorization may be granted or denied for any reason or no reason.

j. You will never, during the Term of this Franchise Agreement, or at any time after the expiration, earlier termination, or a Transfer, reveal any component of the Proprietary Information to any Person or use it for any other business.

k. We reserve the right to require you (and each officer, director, shareholder, member, manager, and employee that holds a manager or above position to sign a non-disclosure and non-competition agreement.

**6.2. Marks and Copyrights**

a. The following Mark is registered through one of our principals with the United States Patent and Trademark Office (USPTO):

Registration Number	Description of Mark	Register of the USPTO	Registration Date
5,354,635		Principal	December 12, 2017

b. Our BOR IP Affiliate filed the below word mark for registration with the USPTO. This has been published for opposition, which is the final step prior to registration.

Serial Number	Description of Mark	Register of the USPTO	Application Date
97887350	BEST OPTION RESTORATION	Principal	April 13, 2023

c. Our principal also claims common law rights to the following Marks:



d. We do not have registration for the above trademarks. Therefore, our trademarks do not have many legal benefits and rights as federally registered trademarks. If our right to use the trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

e. We have licenses with our principal and our BOR IP Affiliate that permit us to sublicense these Marks to you.

f. You have the right to use the Marks only as permitted under this Franchise Agreement and only for so long as you fully perform and comply with all of the conditions, terms, and covenants of this Franchise Agreement and our policies and procedures that we prescribe from time to time.

g. You will not use any of the Marks as part of an electronic mail address or on any sites on the internet, and you will not use or register any of the Marks as part of a domain name.

h. Any use of a Mark in advertising must be with our prior written approval as set forth in this Franchise Agreement and the Franchisee Manuals.

i. You further agree to execute any additional documents and assurances reasonably requested by us in connection with our right to use the Mark, with our Affiliate's ownership of the Marks and with your use of the Marks, and agree to fully cooperate with us or any of our other franchisees or licensees in securing all necessary and required consents of applicable Governmental Authorities.

### 6.3 Infringement

a. You will notify us in writing of any possible infringement on the Marks, any component of the System, and any part of the copyrighted materials or the illegal use by others of any Mark, any portion of the System, or any copyrighted materials that may be the same as, or confusingly similar to, that used by us.

b. You acknowledge that we have the right, in our sole discretion, to determine whether any action will be taken because of any possible infringement or illegal use of the Marks, the System, or the Proprietary Information. We may commence or prosecute such action in our name and may join you as a party to the action if we determine it to be reasonably necessary for the continued protection and quality control of the Marks and each component of the System. If you learn of a third party that you believe is not authorized to use the Marks or any variant of them, you must promptly notify us. We will determine

whether we wish to take any action against the third party. You will have no right to make any demand of us and have no right to prosecute any claim against the alleged infringer. You must cooperate with us in any way necessary in the event of such an infringement.

c. We have the right to control any administrative proceedings or litigation involving a Mark licensed by us to you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. We have no obligation to defend or indemnify you if the claim against you related to your use of the Marks violates this Franchise Agreement.

#### **6.4 Business Name**

a. You acknowledge that our principals, Affiliates, or we have a prior and superior claim to each portion of the Marks. You will not use the acronym “BOR,” or “B.O.R.,” the phrase “Best Option,” or any portion of the Mark in the legal name of its corporation, partnership, or any other business entity used in conducting the Business provided for in this Franchise Agreement. You also agree not to register or attempt to register a trade name using one of the acronyms or the above phrase in your name or that of any other Person without our prior written consent, which may be withheld for any reason or no reason. You may do business as “XYZ, LLC d/b/a BOR (or “B.O.R.”) of \_\_\_\_\_ (city/county/area)” so long as this is only a “doing business as” or fictitious name and not part of the business entity name.

b. You will not, without our express written permission, use our name, Marks, copyrighted information, or other Proprietary Information on any checks, employee records, employee applications, employee handbooks, or other items that are delivered to the employee.

#### **6.5 Modification, Discontinuation, and Goodwill**

a. If we, in our sole discretion, determine it necessary to modify or discontinue the use of any Marks or any portion of the Proprietary Information or the System or to develop additional or substitutes for any such component, you will, within a reasonable time after receipt of written notice of such modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution.

b. You have the right to use the Marks, the System, and the Proprietary Information only as permitted by this Franchise Agreement and only for so long as you fully perform and comply with all of the conditions, terms, and covenants of this Franchise Agreement, and our policies and procedures that we prescribe from time to time.

c. All other use of the Marks must be with our prior written approval (which may be granted or denied for any reason or no reason).

d. All goodwill associated with any component of the Proprietary Information (including the Marks and the System), including any goodwill that might be deemed to have arisen through your activities, will inure directly and exclusively to our benefit.

e. If you take any action that in any manner disparages, brings disrepute to, or harms the goodwill associated with the Marks, the System, or the Proprietary Information, we will have the right to terminate your franchise rights immediately without granting you any right to cure.

## **6.6 No Use of Other Marks**

No marks, logotypes, trade names, trademarks, or the like other than specifically approved by us will be used to identify, promote, or operate the Business.

## **6.7 Protection of All Information**

- a. You agree to,
  - i. fully and strictly adhere to all security procedures prescribed by us for maintaining the secrecy of the Marks, each component of the System, and all of the Proprietary Information;
  - ii. disclose such information to your employees only to the extent necessary to make and market our products;
  - iii. refrain from (1) directly or indirectly contesting or aiding another in contesting the validity of the ownership of the Marks; (2) in any manner interfere with or attempt to prohibit our use of the Marks, any component of the System or derivatives thereof, or any of the Proprietary Information or any other name that is or becomes a part of our System; or, (3) at any time interfere with the use of the Marks by our other franchisees or licensees.
  - iv. refrain from using any component of the Marks, the System, or the Proprietary Information in any other business or any manner not specifically authorized or approved by us in writing; and
  - v. exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the Term of the Franchise Agreement.
- b. You also agree to refrain from conducting any activity at the Franchised Business or take any action at the Business that is illegal, and will take no action or fail to take any action at the Business, outside the Business, or during personal time that could commercially unreasonably result in damage to, or disparagement of the Marks, System, or Proprietary Information.

**Any breach of this covenant will result in immediate termination, for which no cure is provided.**

## **6.8 Innovations by You.**

a. During the Initial Term or any Successor Franchise Term, you may create, design, or otherwise improve upon any portion of the System or the Proprietary Information, including improving upon any manner of doing business (Innovation). Any such Innovation will become our sole and exclusive property. Upon creating such Innovation, you will immediately notify us in writing and describe in detail the nature of the Innovation. We have the sole and exclusive right to approve or disapprove of any such Innovation for any reason or no reason. If we approve of it, we may permit you to use the Innovation and may, in our sole and exclusive option, permit any one or more franchisees or company-owned stores to use any portion of the Innovation.

b. You agree that as between us, we will own the right, title, and interest to the Innovation. You agree to take any action necessary to ensure that we obtain such right, title, and interest so long as such action costs you nothing. To the extent such ideas, concepts, techniques, or materials comprise items that

may be copyrightable or patentable, the Innovation will be a “work-made-for-hire.” To the extent the Innovation is not deemed a work-made-for-hire, you expressly assign us all exclusive right, title, and interest in and to any portions of the Innovation without further consideration, restrictions, liens, or encumbrances. To the extent any of the rights in and to any Innovation cannot be automatically assigned to us due to Applicable Laws, you grant us an exclusive, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense) to the non-assignable rights, including the right to use, reproduce, distribute, and modify the Innovation. No rights of any kind in or to an Innovation are reserved to or by you, and none will revert to or be reserved by or on your behalf.

c. We are not obligated to pay you for the Innovation, though we reserve the right to do so without incurring the obligation to pay you or any other franchisee for any future Innovation.

## ARTICLE 7

### TRAINING

#### 7.1 Initial Training and Training of Designated Manager

a. For the first franchise you buy, you (if you are a sole proprietor or are the sole equity owner of the business-entity franchisee), your Designated Manager, or your Principal Operator must attend and complete the Initial Training to our reasonable satisfaction. You may also have one additional trainee attend (for a total of two Persons). At least one of the two must complete Initial Training before you open. You will then have no more than 365 days after the Opening Date to send a second trainee to Initial Training. If each Person completes Initial Training as described here, there will be no tuition. If, however, you send a Person after the 365 days, Initial Training will be offered at our then-current Additional Training Fee.

b. If one of the two people who attend Initial Training before opening fails to pass Initial Training, the Person will be allowed to take it again at the next available class. You will not be charged tuition but will pay for travel, room, and board. If this Person fails to pass the second time, the Person will not be permitted to provide any Services that require completion of the Initial Training. If the two people who take Initial Training before opening fail to complete the training to our reasonable satisfaction, both will be permitted to take it the second time for no additional tuition. If they both fail to pass Initial Training the second time, we have the right to terminate the Franchise Agreement, except that all restrictive and other covenants of this Franchise Agreement that must survive termination to remain enforceable will survive.

c. If one Person passes training before opening and the second Person attends training within 365 days of the Opening Date, the Person must pass Initial Training to our satisfaction. If the Person does not pass, they will be allowed to take it again at the next available class. No tuition will be charged, but you will pay for travel, room, and board. If the Person does not pass the second time, the Person will not be permitted to provide any Services that require completion of the Initial Training. Though the Person may take the course for a third time, we will charge the then-current Additional Training Fee, and the Person will pay for travel, room, and board.

d. Training participants will not receive any compensation from us while attending the training. If you wish more than two people to attend training, you will pay our then-current fee for each additional trainee.

e. If you replace your Principal Operator or Designated Manager, the replacement must attend Initial Training. You will pay the then-current fees for such training and be responsible for the attendee's travel, room, board, and wages.

## **7.2 Conference, Additional Training, and Other Education Development Programs.**

a. We do have a Conference for which attendance is mandatory. You are required to pay the then-current Conference Fee, and you are responsible for paying all expenses for travel, accommodations, food, and other expenses incurred. We reserve the right to change the Conference Fee at any time and in any amount after giving you no less than 60 days prior written notice before the Conference.

b. If you request Additional Training (including extraordinary, advanced, or refresher courses or training) or if we require you to take the same, we may, at our option, charge our then-current Additional Training Fee. You will pay your costs for travel, lodging, and food if you travel to us, or you will pay for our travel, room, and board if we travel to you.

c. In addition to the conference, and though we do not now, we have the right in the future to require your Principal Operator, Designated Manager, and you to attend a local or regional meeting up to two times per year. Though none is now charged, we reserve the right to charge tuition in the future. You, however, are always responsible for all travel and living expenses that are associated with attendance at the same.

d. If you fail to attend mandatory training or the Conference, we may charge our then-current Mandatory Non-Attendance Fee.

## **7.3 Employees and Employee Training**

a. Your employees are not our employees. You are exclusively responsible for all matters concerning your employees, including hours worked, scheduling, the payment of taxes, purchasing workers' compensation insurance, and following all Applicable Laws.

b. You will be solely and exclusively responsible for properly training all employees in the operation of the Business. We make no determination and provide no advice on any matter governing the essential terms or conditions of any employee's employment. By way of example and not limitation, we provide no advice, direction, or control over wages or payment methods, benefits, hiring policies, supervision, promotion, discipline, termination procedures, scheduling, employee-Client relationships, or employee bookkeeping, or records, and the like.

c. You may not, under any circumstances, use our name, Marks, copyrighted information, or other Proprietary Information on any checks, employee records, employee applications, employee handbooks, or other items delivered to the employee.

# **ARTICLE 8**

## **QUALITY CONTROL**

In addition to all your obligations and representations under this Franchise Agreement, you agree as follows:

### **8.1 System Compliance, Client Service Fee and Contact Information**

- a. You agree to strictly follow the System, the Franchisee Manuals, and other procedures, forms, and obligations we deliver from time to time.
- b. You agree to comply with all covenants and duties placed upon you by this Franchise Agreement.
- c. You will give prompt, courteous, and efficient service to all Clients.
- d. If one of your Clients complains to us and we reasonably determine that it is necessary to service such Client directly, you must reimburse us for all of our costs in doing so and pay us our daily Client Service Fee. We have the right to increase the Client Service Fee by any amount without limitation. We will notify you 60 days before a new fee is to be collected.
- e. You understand and agree that the Business's telephone number(s), URLs, blogs, vlogs, social media presence, and email addresses constitute a part of the Proprietary Information, and each is subject to the restrictions of this Franchise Agreement. Accordingly, you will not change the telephone number(s) for the Business without prior notice and our written approval. You will advertise and publicize the telephone number(s) for the Business in the manner we prescribe. Upon expiration, earlier termination, or Transfer, all contact information (other than the address if you operate your Business out of your home) remains our property under Exhibit 5.

## **8.2 Compliance with Applicable Laws**

- a. You agree to comply with all Applicable Laws of every nature that regulate or affect the operation of your Business. You agree not to engage in any activity or practice that may reasonably be anticipated to result in any public criticism of the System or any part thereof.
- b. You must comply with the Payment Industry Data Security Standards (**PCI-DSS**) requirements. You and not, we are solely responsible for adhering to these requirements.
- c. We have not made, and you have not relied upon, any representation that no licenses, or only certain licenses, are necessary in connection with the operation of your Business.

## **8.3 Inspections and Records**

- a. You consent to reasonable inspections and audits of any aspect of the Business (including a review of your books and records and attendance at a job site) during normal business hours.
- b. Should we notify you at any time of defects, deficiencies, or unsatisfactory conditions concerning the Business, you agree to correct any such item or items immediately, and you will complete the corrections within the time granted for any cure under this Franchise Agreement. We may charge our then-current Audit Fee if we find deficiencies.
- c. You agree to use only those records and record-keeping practices that we may dictate, and you will timely deliver all reports, records, tax returns, and other documents.

## **8.4 Approved Products, Product Purchases, and Approval Method**

a. You agree to provide only the Services we specify in the Franchisee Manuals, which will be amended from time to time. You also agree that all goods or Services supplied by the Business will comply with our standards and specifications. You must purchase the same from designated or approved sources and suppliers.

b. You may wish to purchase a required good or service from a supplier that we have not previously approved. There is no charge for this service. We do not maintain written criteria for approving suppliers, and thus, these criteria are not available to you or your proposed supplier. You must submit such information as we may reasonably require to obtain our approval. We will evaluate the submitted information and provide written notice of our decision within 15 days. If no written notice is received, the approval is denied. We may grant or deny approval for any reason or no reason. We have no other process for approving suppliers other than as stated here.

c. We may revoke an alternative supplier's approval if we determine in good faith that the goods or services no longer meet our quality standards.

## **8.5 Management**

Your Principal Operator, Designated Manager, or you are required to devote their full time, attention, and best efforts to the management and operation of the Business and compliance with this Franchise Agreement.

## **8.6 Modification**

a. We may modify the System, the Operations Manuals, any component of the Proprietary Information, and the Marks as we deem appropriate, and you agree to accept, be bound by, use, implement, and display any such changes. You will make whatever expenditures are reasonably required to implement such changes or modifications. We have complete ownership and control of any changes, modifications, enhancements, or suggestions, whether made by you or us.

b. We may approve exceptions to or changes in the uniform standards for you or other franchisees that we believe are necessary or desirable under particular circumstances. You have no right to object to such variances or obtain the same variances for yourself.

## **8.7 Disclosure**

We can disclose any information concerning your Business in our disclosure materials, including your name, address, telephone number, financial, and other information.

# **ARTICLE 9**

## **TRANSFERS**

### **9.1 Sale or Assignment by Franchisor**

This Franchise Agreement and all rights and obligations under it are fully saleable, assignable, and transferable by us, and if sold, assigned, or transferred, is binding upon and inure to the benefit of our successors and assigns. By way of example and not limitation, we may sell to a competitor or any other entity any portion of the System, the Proprietary Information or assets to a competitor or other entity, and any or all of our rights to license or sublicense the Marks. Additionally, we may go public; engage in a

private or other placement of some or all of our securities; merge, or acquire other entities or assets that may be competitive with the System; be acquired by a competitor or other entity; and undertake any refinancing, leveraged buy-out or other transaction. You waive all claims, demands, and damages concerning such transactions and will fully cooperate with any proposal, merger, acquisition, conversion, sale, or financing.

## 9.2 Transfer by You

a. This Franchise Agreement is personal to you and has been signed by us in reliance on and in consideration of your qualifications and representations. Therefore, this Franchise Agreement, any of its rights or privileges, or any equitable, capital, voting, non-voting, or other interest in you may be assigned, sold, transferred, or divided in any manner by you or anyone else only with our express written permission.

b. To obtain such written approval, you will provide us with all documentation we require relating to the “**Proposed Transfer**” (including the exact terms of the deal). We will notify you of our decision within 30 days after receiving all the requested information. The proposed transfer is disapproved if we do not respond within these 30 days.

c. The term “**Transfer**” includes the voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition by you (or by any of your equity owners) of any interest in (i) this Franchise Agreement or your rights under it; or (ii) your equity ownership as stated in Exhibit 1 that results in a Change of Control; or (iii) any assets of the Business (other than in the normal course of business). A “**Transfer**” also includes (iv) a transfer as a gift to any Person; (v) a transfer resulting from a divorce, insolvency, or business-entity dissolution proceeding; (vi) by operation of law; (vii) in the event of the death, transfer or disposition by will or under the laws of intestate succession; (viii) by the declaration of or transfer in trust; (ix) the pledge of any of interests described in this paragraph as a security interest; (ix) as the result of any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of you; and, (xi) by any other direct or indirect means.

d. If a Proposed Transfer is only among existing natural-person franchisees, existing shareholders, equity holders, or members of a corporate or limited liability company franchisee, or among existing partners of a partnership franchisee, and if there is no Change of Control, then there will be no Transfer Fee, and we will not be entitled to exercise our “**Right of First Refusal**” which is described below. We may require the Transferee to sign a guaranty if they have not already done so. All other conditions to the approval of a Proposed Transfer will, however, apply. If the Proposed Transfer under this subsection could result in a Change in Control, then all of our rights apply, and such Transfer will be subject to our approval

e. Each certificate of a corporate or limited-liability-business-entity franchisee will have endorsed upon its face a legend stating that assignment or transfer thereof is subject to the restrictions of this Franchise Agreement. You agree to provide us with a copy of each such certificate to ensure compliance with this provision.

## 9.3 Conditions to Approval of any Transfer

a. In determining the acceptability of the Proposed Transferee, we will consider, among other things, our then-current standards for new franchisees, including the net worth, creditworthiness, background, training, personality, reputation, and business experience of the Proposed Transferee, the terms and conditions of the Proposed Transfer, and any circumstances that would make the transfer contrary to our Reasonable Business Judgment or the best interests of the System.

b. We may meet with the Proposed Transferee and candidly discuss all matters relating to the Franchise Agreement and the Franchised Business. In no case will you or a Proposed Transferee rely on us to review or evaluate any Proposed Transfer. We will not be liable to you, the Proposed Transferee, or any other Person or entity relating to the Transfer.

c. As a condition of any Transfer otherwise permitted under this Franchise Agreement, you agree as follows,

i. you will notify us of a Proposed Transfer by sending written notice to us and enclosing a copy of the written offer from the Proposed Transferee;

ii. you will also notify the Proposed Transferee of our rights to review and consent to the Proposed Transfer;

iii. you must be in Compliance with this Franchise Agreement and not be in default at the time you request the transfer;

iv. all accounts payable and other monetary obligations to any Affiliate or us must be paid in full;

v. you must have timely submitted all required reports, financial statements, and other documents;

vi. the terms and conditions of the Proposed Transfer must be provided in writing to us;

vi. if approved, the Proposed Transferee must sign the then-current form of the franchise agreement, **which may contain terms, covenants, and conditions that are significantly different from those found in this Franchise Agreement;**

vii. the Proposed Transferee must attend training and pay tuition (if any) that is then being charged to new franchisees. The Proposed Transferee will also pay for their travel, room, and board expenses for such training;

viii. the Proposed Transferee, or you must pay the Transfer Fee upon execution of the franchise agreement by the Proposed Transferee;

ix. you must execute the then-current form of General Release to us. A copy of the current form of General Release is attached as Exhibit 4;

x. all covenants found in this Franchise Agreement including any post-term covenant not-to-compete, any indemnification covenants, confidentiality obligations, and the provisions relating to dispute resolution that must survive any Transfer to remain enforceable will survive any Transfer and will continue to be your obligation.

#### **9.4 Invalidity of Transfers**

a. Any Involuntary Transfer by you is not binding on us and is grounds for termination without the right to cure.

b. You agree that using this Franchise Agreement as security for a loan or otherwise encumbering this Franchise Agreement is prohibited unless we specifically consent to any such action in writing before the proposed transaction, which may be granted or denied for any reason or no reason.

c. You agree not to grant a sub-franchise under this Franchise Agreement, nor to otherwise seek to license or permit others to use this Franchise, the Franchised Business, or any of the rights derived by you under this Franchise Agreement and any manner that violates the provisions herein.

d. Any attempt to complete a Transfer without our express permission will be considered a breach of this Franchise Agreement for which no cure is offered.

### **9.5 Death or Permanent Disability and Franchisee Life Insurance**

a. Subject to subparagraph 9.5(b), upon your death or Permanent Disability or the death or Permanent Disability of the Principal Operator or the owner of a controlling interest in you, the executor, administrator, conservator, guardian, or another personal representative of such Person will transfer the interest in this Franchise Agreement or such interest in the business-entity Franchisee to an approved third party who may be the heirs or successors of the deceased or disabled individual. Such disposition of this Franchise Agreement or such interest (including transfer by operation of law, intestacy, bequest, or inheritance) will be completed within a reasonable time, not to exceed 180 days from the date of death or Permanent Disability, and will be subject to all terms and conditions applicable to transfers contained in this Article as though the transferee was being introduced to us by the deceased or disabled Person; provided, however, that for purposes of this Section, there will be no Transfer Fee.

b. We purchase the Franchisee Life Insurance Policy using the then-current Franchisee Life Insurance Policy Fees you pay. Upon your death, we will use the proceeds from this policy to operate your Business until you sell it (with our approval) or allow your estate to assume this Franchise Agreement. Any proceeds from the policy that remain after the sale or assignment will be retained by us.

c. Failure to transfer the interest in this Franchise Agreement under this Section within this period will constitute a breach of this Franchise Agreement for which no additional cure may be granted.

### **9.6 Right of First Refusal**

In the event of a Proposed Transfer (whether you receive or offer or make an offer), you agree the same is subject to our 30-day right of first refusal (**Right of First Refusal**) to purchase such rights, interest, or assets on the same terms and conditions as are contained in the written offer for the Transfer, provided, however, the following additional terms and conditions shall apply,

a. you will notify us of such offer by sending a written notice to us enclosing a copy of the written offer from the Proposed Transferee;

b. the 30-day Right of First Refusal period will run concurrently with the period in which we have the right to accept or not accept the Proposed Transferee;

c. such Right of First Refusal is effective for each Proposed Transfer, and any material change in the terms or conditions of the proposed Transfer shall be a separate offer on which a new 30-day right of first refusal shall be given to us;

d. if the consideration or manner of payment offered in a Proposed Transfer is such that we may not reasonably be required to furnish the same, then we may purchase the interest proposed to be sold for the reasonable cash equivalent. If the Parties cannot agree within a reasonable time on the cash value of the consideration proposed to be paid by the Proposed Transferee, an independent appraiser shall be designated by us, whose determination will be binding upon the Parties. All expenses of the appraiser will be paid for equally between you and us; and,

e. if we choose not to exercise the Right of First Refusal, you will be free to complete the Transfer, subject, however, to your compliance with this Article. Our failure to reply to such Right of First Refusal within 30 days means we have waived our Right of First Refusal.

## ARTICLE 10

### DEFAULT AND TERMINATION

#### 10.1. Termination by Franchisor - Effective upon Notice

We have the right, at our option, to terminate this Franchise Agreement, your franchise rights, or all rights granted you in this Franchise Agreement or the franchise relationship without allowing you the right to cure (subject to any state laws to the contrary, where such state law may prevail), or to exercise any other rights that we may have including terminating your right to operate your Business without terminating the Franchise Agreement, which notice of termination will be effective five days after mailing by prepaid, certified mail, return receipt, or if by overnight or hand delivery, then effective on the date of such delivery or the date of refusal by you to accept delivery, upon the occurrence of any of the following events:

a. You cease to operate the Business or otherwise abandon the Business for 14 consecutive days, or any shorter period that indicates your intent to discontinue operation of the Business, unless and only to the extent that full operation of the Business is suspended or terminated due to Force Majeure or other similar causes beyond your control and not related to the availability of funds to you.

b. You become insolvent, as that term is commonly defined using generally accepted accounting principles, consistently applied; are adjudicated a bankrupt; if any action is taken by you or by others against you under any insolvency, bankruptcy, or reorganization act; or if you make an assignment for the benefit of creditors or a receiver is appointed by you. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 et seq. If, for any reason, this Franchise Agreement is not terminated under this Article 10, and the Franchise Agreement is assumed, or assignment of the same is made to any Person who has made a bona fide offer to accept an assignment of the Franchise Agreement under the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth, (i) the name and address of the proposed assignee; and (ii) all of the terms and conditions of the proposed assignment and assumption; will be given to us within 20 days after receipt of such proposed assignee's offer to accept assignment of the Agreement; and, in any event, within ten days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will thereupon have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of this Franchise Agreement to us upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by you out of the consideration to be paid by such assignee for the assignment of this Franchise Agreement.

c. A material judgment or award (or several judgments or awards which in the aggregate are material) is (are) obtained against you and remain(s) unsatisfied or of record for 30 days or longer (unless a supersedeas bond or other appeal bond has been filed); if execution is levied against the Business or any of the property used in the operation of the Business and is not discharged within five days; or if the real or personal property of the Business is levied upon.

d. Any criminal background check (as permitted by you under Exhibit 3 and which may be conducted at any time during any term of this Franchise Agreement) discloses, or if we learn through any other method, that you have been arrested for, convicted of, or plead no contest to, a crime (whether a petty offense, misdemeanor, or felony) involving moral turpitude; are arrested for, convicted of, or plead no contest to, a felony of any nature; or are arrested for, convicted of, or plead no contest to, any crime (whether a petty offense, misdemeanor, or felony), or civil offense that is reasonably likely, in our sole opinion, unfavorably reflects on the System, Marks, or the goodwill or reputation thereof.

e. Any credit background check determines that your status as a debtor has materially negatively changed from any prior report so that your ability to continue to operate the Business is commercially substantially in doubt.

f. You fail to pay any Royalties, advertising fees, or any other amounts due us, including any amounts that may be due as a result of any other agreements between you and us, within five days after receiving notice that such fees or amounts are overdue.

g. You misuse or fail to follow our direction and guidelines concerning use of the Marks or any component of the Proprietary Information and fail to correct the misuse or failure within five days after notification from us; except that if your violation of this subparagraph is intentional, there will be no 5-day right to cure and default and termination will be immediate.

h. You disclose to an unauthorized Person any component of the Proprietary Information or the System.

i. During the Initial Term of this Franchise Agreement, you have received three written notices of breach as to any term, covenant, or condition (or a combination thereof), each of which has been timely cured, and you are again in default of the same or any other portion, term, or covenant of this Franchise Agreement, even if all prior breaches were timely cured;

j. During any Successor Franchise Term, you receive one written notice of default as to any term, covenant, or condition (or a combination thereof) of this Franchise Agreement and are again in default of the same or any other term, covenant, or covenant of this Franchise Agreement, even if the breach was timely cured.

k. You violate any term, covenant, or condition of Article 9.

l. You violate any Applicable Law law that applies in any way to the Business or your operation under the Franchise Agreement, and you then fail to cure the same within any time to cure provided by the Governmental Authority.

m. You make any material misrepresentations relating to the acquisition of your rights under this Franchise Agreement.

n. You violate any covenant or condition of 1.6(d)(v).

- o. You violate any other covenant or condition that contains its own cure provision and then fail to cure within the period provided there.
- p. You fail to pay any employee their wages.
- q. You fail, refuse, or neglect to obtain any prior written approval or consent as required by this Franchise Agreement;
- r. if you engage in any unauthorized business or practice or sell any unauthorized product or service from the Business.
- s. You fail to pay any tax (including sales, income, or any other tax) due as a result of the operation of the Business.
- t. We receive one or more complaints concerning you, the operation of your Business, your demeanor, or for any other reason during any 12 months, and we in good faith decide to or must remediate the complaint, and then another complaint is received during the same 12 months.
- u. You fail to file or deliver any documents to us at the time required under this Franchise Agreement and fail to cure the same after receiving ten days written notice to do so.
- v. You take any action during normal business hours or outside business hours, which action or failure to act results in or may, using our Reasonable Business Judgement, result in the disparagement of the Marks, the System, or any portion of the Proprietary Information.
- w. There is a cross-default under Section 10.3 below.
- x. You fail to add new lines of goods, Services, equipment, changes to the System, the Manuals or Proprietary Information, or technology after we have notified you in writing and have given you reasonable time to comply, which will be no longer than 60 days.

## **10.2. Termination by Franchisor – Thirty-Days Notice**

We have the right to terminate your franchise rights (subject to any state laws to the contrary, in which case such state law will prevail) effective upon 30 days' written notice to you if you breach any other term, covenant, or condition of this Franchise Agreement that does not have its own cure period and is not identified in Section 10.1 and fail to cure within the 30 days.

## **10.3 Cross Default**

a. If you are a party to any other Franchise Agreements with us or are a party to any agreements with an Affiliate, and if such agreement is breached and not timely cured within the period permitted in such document with the result being that that agreement is terminated, then we have the right to terminate your franchise rights without affording you any additional right to cure.

b. If you violate the terms, covenants, or conditions of any other contract or agreement with a third party that is unrelated to us but which is material to the operation of the Business, including any real property or equipment lease (**Third Party Contract**) and fail to cure any such breach within the time permitted under such Third Party Contract, and as a result, you are unable, (i) to operate this Business in

the manner that you were able to before the breach of the other agreement; or, (ii) to operate any other Business under a separate franchise agreement (**cross-default**); or, (iii) operate the Business under the terms of this Franchise Agreement, then upon termination of said Third Party Contract, this and all other franchise agreements with us may, in our sole and exclusive discretion, also be terminated at the same time as the Third Party Contract terminates. You will provide us with immediate notice in the event of the termination of such a material agreement.

#### **10.4 Diligent Pursuit of Cure**

a. If the breach is one for which cure is provided above, and if you undertake the cure within three days of the date that you receive our notice, and if you continue to pursue such cure in good faith but are unable to complete the cure within the period provided in this Franchise Agreement, then you will be given up to an additional 30 days after the end of the first cure period within which to complete such cure. If you fail to pursue the cure during this additional period or are unable to complete such cure within this additional time, then we have the right to terminate the Franchise Agreement without further notice to you.

b. Notwithstanding anything to the contrary herein, we have the right, in our sole discretion, to grant you an extended period to cure. In such an event, however, we will not be deemed to have waived our rights to later strictly enforce any right to cure, to deny you the right to cure a future breach for which no cure is provided, or to take such action as is allowed to us by this Franchise Agreement.

c. If the Event of Default is one for which cure is provided, during the period of cure, we have the right to suspend our performance of any of our obligations under this Franchise Agreement, including the supply of any online services, online advertising, web-page hosting or the sale or delivery of any Services or products until you correct the breach. If, however, the delivery of such services is necessary to allow you to cure, then we will not suspend such services during the cure period.

#### **10.5 Temporary Management and Temporary Management Fee**

a. If you breach this Franchise Agreement, whether or not the breach be one for which cure is provided, we have the option but not the requirement to temporarily manager your Business until, (i) the breach is time cured (if cure is provided); (ii) until the termination process is complete and you are no longer a franchisee; (iii) we determine our temporary management should cease.

b. During this period, we have the right to operate your Business as though we were your Designated Manager, and we will perform all duties required to operate the Business, will service all Clients, will collect all Gross Sales revenue, will make all tax payments, will make all commercially reasonable payments to employees, to accounts payable, to vendors, and the like, and will take all other reasonable actions necessary to operate your Business.

c. During this period, we will be paid our then-current Temporary Management Fee.

d. You will indemnify us and hold us harmless from any claim, cause of action, damage, loss, fee, cost, wage, award, and the like that may be incurred by us unless the same is caused by our gross negligence.

e. To the extent we deem it necessary, you will amend any insurance policies to ensure that we are covered by such insurance.

#### **10.6 Our Rights to Damages**

Upon your failure to cure any Event of Default (if cure is provided), we may proceed to enforce any or all of the following non-exclusive remedies or any other remedy, claim, cause of action, award, or damages allowed by law or equity, with the understanding that the pursuit of any one remedy will not be deemed an election or waiver by us to pursue additional remedies as all remedies are cumulative and are not exclusive:

a. Bring one or more actions for lost profits as measured by the Royalties and other fees that would have been due and payable had breach and default not occurred; penalties and interest as provided for in this Franchise Agreement; and for all other damages sustained by us because of your breach of this Franchise Agreement.

b. Accelerate the balance of any outstanding installment obligation due hereunder and bring an action for the entire accelerated balance.

c. Bring an action for a temporary or permanent injunction or for specific performance to stop you from engaging in prohibited actions such as (i) improper use of the Marks or System; (ii) unauthorized assignment of the Franchise Agreement; (iii) violation of any of the restrictive covenants; and (iv) your failure to meet or perform your obligations at the expiration, earlier termination or Transfer of this Franchise Agreement.

d. Terminate this Franchise Agreement and proceed to enforce our rights under the appropriate provisions. Such termination is effective upon delivery of a notice of termination to you without further action by us.

e. We also have the right to refrain from terminating this Franchise Agreement and instead may terminate your franchise rights to operate the Business, enforce our rights to deny you use of the Proprietary Information; and to avail ourselves of any other legal or equitable rights, and to bring an action for any damages, costs (including reasonable attorneys' fees and arbitration costs) or losses suffered by us.

f. If you operate the Business after Transfer, repurchase, termination, or expiration; use any of the Marks, Proprietary Information, or any component of the System at such time; violate any covenants that survive such expiration, earlier termination, or Transfer, then in addition to any remedies provided above, and in addition to any other remedies in law or equity (all of which will be cumulative and will not be deemed to be an election of remedies to the exclusion of other remedies), our remedies will include recovery of the greater of, (i) all profits earned by you in the operation of the Business using our Marks or System after such Transfer, repurchase, termination, or expiration; and (ii) all Royalties, advertising contributions, and other amounts which would have been due if such Transfer, Assignment, repurchase, termination, or expiration had not occurred; and (iii) any other remedies available in law or equity.

g. Notwithstanding anything in this Franchise Agreement to the contrary, to the extent that state law requires us to purchase some or all of your assets at Fair Market Value upon the expiration or termination of this Franchise Agreement, we agree to repurchase your assets at their Fair Market Value.

## **10.7 Waiver of Jury Trial and Punitive, Exemplary, or Consequential Damages**

**a. YOU AND WE AGREE TO WAIVE THE RIGHT TO A JURY TRIAL AND, INSTEAD, ELECT TO USE THE ALTERNATIVE DISPUTE RESOLUTION PROCEDURE OF ARTICLE 16.**

c. Each Party agrees that it has the right to seek damages in addition to the actual monetary loss that can be proven, including consequential, indirect, special, exemplary, and punitive damages, even if a Party is made aware of the right to such damages or that such damages were foreseeable. Being advised of the same, we each waive such damages that may be in addition to any actual monetary damages suffered; except if you are required to indemnify us under Article 14 and if, as a result of the action underlying the indemnification, such damages are awarded to the injured party, then you agree that indemnification will cover such damages. If such damages are awarded through arbitration regardless of the terms of this Franchise Agreement, and if such award is not deemed to be outside the scope of what is permitted by this Article or this Franchise Agreement, then any constitutional or statutory limitations on punitive, exemplary, multiple, or similar damages will apply.

Initials as to this Section

\_\_\_\_\_  
Initials of Franchisee

\_\_\_\_\_  
Initials of Franchisee

\_\_\_\_\_  
Initials of Franchisor

#### **10.8 State or Federal Law Prevails**

If any mandatory provisions of governing state law prohibit termination of this Franchise Agreement, or if the same otherwise limits our rights to terminate by imposing different rights or obligations as are found here, such mandatory provisions of state law will be incorporated into this Franchise Agreement by reference and will prevail over any inconsistent terms in this Franchise Agreement. If no such law exists, or if such law exists but permits you to agree to abide by the termination provisions set forth here instead of that state law, you agree that the terms of this Franchise Agreement will prevail. If by electing the alternative dispute resolution provisions of Article 16, it is determined your and our choice of law, venue, jurisdiction, and other provisions preempt any state law to the contrary, then the choices made by you and us will prevail to permit the limitations identified in this Article. Except to the extent that the same are preempted, these waivers and limitations may not be enforceable under state or federal law.

#### **10.9 Payment of Fees is an Independent Covenant**

You agree that you will not withhold payments of Royalties, National Branding Fees, regional advertising contributions, or any other amounts of money owed to us for any reason, even including a claim by you of the alleged nonperformance by us of any obligation hereunder. All such claims by you will, if not otherwise resolved by us, be resolved as permitted in this Franchise Agreement. All covenants are independent of each other.

#### **10.10 Action Against the Franchisor**

a. Subject to the limitations of actions as found in Article 16 that requires you to take any action before the expiration of the time limit found there, before starting any dispute resolution procedure against us or any of our officers, agents, or employees, you agree first to give us or our officers, agents, or employees 60 days prior written notice and an opportunity to cure any alleged act or omission within that time. If such act or omission cannot be cured within such 60-day period, and we or our officers, agents, or employees are diligently continuing efforts to attempt to cure such alleged act or omission, you will give us or our officers, agents, or employees such additional time as is reasonably necessary to cure which time

will not exceed an additional 30 days. If we fail to complete such cure in a timely fashion, then you have such rights as are permitted under this Franchise Agreement.

b. Except as required by Applicable Law, you further agree that fulfillment of all of our obligations under this Franchise Agreement, or obligations deemed to bind us through any oral communications, will be the Franchisor's sole responsibility, and none of our equity owners, members, managers, officers, agents, representatives, or any individuals associated with us will be personally liable for any reason.

## ARTICLE 11

### OBLIGATIONS OF FRANCHISEE UPON EXPIRATION, TERMINATION OR TRANSFER

#### 11.1 Obligations

a. Upon the Transfer, expiration, or earlier termination of this Franchise Agreement, you will cease to be a licensed Franchisee and will immediately,

i. pay for all product purchases, advertising fees, and other charges owed or accrued to us;

ii. refrain from holding yourself out as a Franchisee and immediately cease to advertise or in any way use the System, the Marks, any materials, designs, logos, methods, procedures, processes, and other commercial property and symbols or promotional materials provided by or licensed to you by us or in any way connected with the Business;

iii. take all steps necessary to disassociate yourself from the System and the Business, including removing signs and destruction of letterhead;

iv. take such action as is necessary to amend or cancel any assumed name, fictitious name, or business name, or equivalent registration which contains any trade name or Mark of ours or in any way identifies you as being affiliated with the System;

v. notify all suppliers, utilities, creditors, and concerned others that you are no longer affiliated with us, the System, or the Franchise, and provide proof of such notification. You covenant not to use any part of the System or any part of our trade secret or confidential or proprietary information or materials following the termination of this Franchise Agreement and not to identify any present or future business owned or operated by you as having been in any way associated with us or the System;

vi. within seven calendar days, return to us by first-class mail, prepaid, certified, return receipt requested, all Manuals (including originals and any copies), all training, advertising, promotional aids, materials, and all other printed materials concerning the operation of the Business and the Client Lists; and,

vii. unless an earlier time is called for, in which case the earlier time prevails, furnish evidence satisfactory to us of compliance with this Article within 30 calendar days after the termination, expiration, or Transfer of this Franchise Agreement.

b. We will also exercise our rights under the Collateral Assignment (Exhibit 5). If the telephone company, website manager, hosting agent, and other listing agency fails to accept the Collateral

Assignment, this covenant serves as your election of us as your attorney-in-fact (coupled with an interest) as evidence of our exclusive rights in and to the same. If your state requires specific information be included in this Franchise Agreement or a particular document be executed to perfect our rights as your attorney-in-fact, you and we agree that this Franchise Agreement is amended to include such language or the document, and you and we will cooperate to ensure that such document is executed.

c. The terms of this Section survive a Transfer or the expiration or earlier termination of this Franchise Agreement.

## **11.2 Additional Matters**

Further, upon the Transfer, expiration, or earlier termination of this Franchise Agreement for any reason,

a. no payment will be due to you from any source on account of any goodwill or other equity claimed by you arising from your operation or ownership of the Business or this Franchise Agreement;

b. unless otherwise described herein, no fees, charges, royalties, advertising fees, or other payments of any kind from you to us will be refundable in whole or in part; and,

c. you will have no equity or other continuing interest in this Franchise Agreement.

## **ARTICLE 12**

### **RIGHT TO PURCHASE**

#### **12.1 Right to Purchase**

a. Except as otherwise provided in Article 9, which will prevail in the instance of a Transfer, upon expiration or the earlier termination of this Franchise Agreement, you grant to us the right to acquire, in our sole discretion, all or any part of your inventory, equipment, signs, and accessories, and other personal property relating to the Business or the Franchise Agreement at the then-existing Fair Market Value of such furniture, fixture, equipment, or item as of the date of the expiration or termination of this Franchise Agreement.

b. We must exercise this option within 30 days of such expiration or termination by giving written notice to you of our intent to exercise our option to purchase. Unless otherwise agreed by you, the purchase price as determined here will be paid in cash within the option period.

c. If we have not notified you of our election to exercise this option within the 30 days, it will be conclusively presumed that we have elected not to exercise our option, and you are then free to sell or transfer such assets to any Person or entity on such terms as you may so choose.

## **ARTICLE 13**

### **RELATIONSHIP BETWEEN THE PARTIES**

#### **13.1 Independent Contractor**

a. In all matters between us or between you and the public, you are an independent contractor. Nothing in this Franchise Agreement or the franchise relationship constitutes a partnership, agency, joint venture, or another arrangement between us.

b. Neither Party is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors, or omissions of the other.

c. You are responsible for the management and control of the Business and its operation under this Franchise Agreement, including its daily operations, management, employee direction, and the payment of all costs and expenses.

d. The Parties agree not to hold themselves out by action or inaction contrary to the preceding.

e. None of your employees are our employees, and each employee must be so notified.

f. You and we will not act or have the authority to act as agents for the other, and neither you nor we guarantee the other's obligations or in any way become obligated for the debts or expenses of the other.

### **13.2 No Fiduciary Relationship**

It is understood and agreed between us that this Franchise Agreement does not establish a fiduciary relationship.

### **13.3 Posting of Signs**

You agree to post promptly and maintain any signs or notices specified by us or by Applicable Law indicating the status of the Parties as described above.

## **ARTICLE 14**

### **INDEMNIFICATION**

#### **14.1 Indemnification**

a. You agree to and will indemnify, defend, and hold harmless us (the "**Indemnified Parties**") against and will reimburse us for all "**Claims**" (as defined below), directly or indirectly arising out of your operation of the Business, including claims by your employees or Clients; your breach of any agreement with a third party that results in our being named in the Claim; a Claim of premises liability; a Claim of vicarious liability, accidental agency, co-employment or the like arising by the operation of your Business; your use of the Marks, the System, and the Proprietary Information; as a result of your performance or failure to perform under this Franchise Agreement; or other errors or omissions committed or incurred in connection with the Franchised Business. "**Claims**" include any legal or equitable claim, obligation, liability, cause of action, damages (including consequential, exemplary, and punitive), award, judgment, cost (including reasonable attorney's fees, court costs, and expert witness fees), expenditures of funds by us, or loss suffered by us.

b. Included in indemnification is the reimbursement or direct payment by you of any award, damage, consequential damages, and costs reasonably incurred in defense of any Claim against the

Indemnified Parties, including reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

c. We have the absolute right to defend any such Claim and have the right to have counsel of our choosing, the reasonable cost of which will be borne by you.

d. This indemnity will continue in full force and effect after and notwithstanding the expiration or termination of this Franchise Agreement and will continue for any applicable limitation-of-actions statute.

e. **Further, should any Claim result in the granting of exemplary, punitive, or consequential damages, the same will be covered under this Article and will be reimbursed to us regardless of any language to the contrary in this Franchise Agreement.**

## ARTICLE 15

### RESTRICTIVE COVENANTS

#### 15.1 In-Term Covenant Not to Compete

a. You and we share a common interest in avoiding situations where persons or companies who are or have been franchisees within the System operate or otherwise become involved with a Competing Business either during the Term or after a Transfer, expiration, or earlier termination of this Franchise Agreement. Similarly, you and we want to protect our Proprietary Information, trade secrets, and similar information from misuse or in a Competitive Business.

b. Therefore, during the Initial Term, and for any Successor Franchise Term, you agree that you will refrain in any capacity or at any location from owning, operating, leasing, franchising, conducting, consulting with, engaging in, having any interest in, assisting any Person engaged in, or acting as an employee, consultant, partner, officer, director or shareholder for any other Person engaged in a wholesale, retail, or other business that is a Competitive Business, except with our prior written consent which consent may be granted or withheld for any reason or no reason.

#### 15.2 Post-Term Covenant Not to Compete

Upon the Transfer, expiration, or earlier termination of this Franchise Agreement for any reason and a period of 36 full months after that, you agree that you will refrain in any capacity or at any location from owning, operating, leasing, franchising, conducting, consulting with, engaging in, having any interest in; assisting any Person for its own account, or acting as an employee, consultant, partner, officer, director or shareholder for any other Person engaged in any wholesale, retail, or other business that is a Competitive Business within, (i) your Exclusive Territory or the territory of another franchisee, company-owned or Affiliate-owned Business; or (ii) that is within five miles of the perimeter of your Exclusive Territory or the perimeter of the territory of another franchisee, company-owned or Affiliate-owned Business.

#### 15.3 No Disclosure

You agree that during the Term of this Franchise Agreement, during any Successor Franchise Term, or at any other time after the Transfer, expiration, or earlier termination of this Franchise Agreement (or any franchise agreement signed under the Successor Franchise Rights obligations), each will refrain from

making any unauthorized disclosure or use the Marks, any component of the System, or any portion of the Proprietary Information.

#### **15.4 Other Protection**

During the Term of this Franchise Agreement, for 24 months following the Transfer, expiration, or termination of this Franchise Agreement (or any franchise agreement signed under the Successor Franchise Rights obligations), and in the area described in Section 15.2 above, you covenant that each will refrain from, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any Person.

- a. diverting or attempting to divert to any Competitive Business (by direct or indirect inducement or otherwise) any business or Clients of the Business; or,
- b. doing or performing, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

#### **15.5 Reasonable Restriction and Savings Clause**

a. The covenants found in this Article are intended to be reasonable restrictions on you. The Parties agree that the purpose of these restrictions is to protect the entire franchise system from unfair competition and to protect the goodwill, time, and effort spent in creating the Marks, the Proprietary Information, and the System. In fact, we would not have shared such information with you unless you agreed to be bound by this Article.

**b. You agree that you have skills of a general and specific nature and have other opportunities, or will have other opportunities, to use such skills and that the enforcement of these covenants will not unduly deprive you of the opportunity to earn a living.**

c. For purposes of interpretation of the covenants found in this Article, every location of a Business, every month, each mile of distance, or any other restriction may be amended in the most limited manner possible by the arbitrator to create a restriction that is enforceable and that upholds the restrictive nature of this Article.

d. You expressly agree that the existence of any claim you may have against us, whether or not arising from this Franchise Agreement, does not constitute a defense to the enforcement by us of any covenants of this Article specifically and this Franchise Agreement generally. You further agree that we are entitled to set off any loss or damage we suffer against any amounts owed to you.

#### **15.6 Tolling of Time, Injunctive Relief and Other Rights**

a. You acknowledge that any failure to comply with the requirements of this Article will cause us irreparable injury for which no adequate remedy at law may be available, and you, therefore, understand that we may apply for an injunction to a court of competent jurisdiction to protect our rights. If permitted by law, you agree to waive any requirement that we post a bond. Further, you and we understand that to obtain injunctive relief, you and we are not required first to begin the face-to-face meeting or the mediation requirements of Article 16. If the temporary injunction is granted, we must begin the alternative dispute resolution process under Article 16. We may further avail ourselves of any legal or equitable rights and remedies which it may have under this Franchise Agreement or otherwise.

b. If at any time during a period of non-competition, you fail to comply with your obligations under this Article, under Article 6, or under any other covenant that has survived Transfer, termination, or expiration, the period of noncompliance will not be credited toward your satisfaction of the period of non-competition. Instead, the counting of the period of non-competition will be tolled until you are again in compliance. To the extent necessary to ensure that the entire period of non-competition is met, and if necessary, additional days, weeks, or months will be added to the end of the non-competition period as necessary to ensure enforcement of the entire period of the restrictive covenants.

### **15.7 Application and Survival**

a. If you are a business entity of any nature other than a sole proprietorship, this Article applies to all equity and management participants in the Franchised Business, including the Principal Operator, any equity holder, any Guarantor, any Person that has a manager or higher position, and all others that take an active role in the operation of the Business that holds a manager or higher position.

b. The covenants of this Article survive the Transfer, expiration, or earlier termination of this Franchise Agreement and continue to apply to and bind the Persons subject to these terms.

c. You expressly agree that the existence of any claim you may have against us, whether or not arising from this Franchise Agreement, does not constitute a defense to the enforcement by us of any covenants of this Article specifically and this Franchise Agreement generally. You further agree that we are entitled to set off any loss or damage we suffer against any amounts owed by us to you.

## **ARTICLE 16**

### **DISPUTE RESOLUTION**

#### **16.1 Intent, Meeting, and Mediation**

You and we believe that resolving disputes amicably, quickly, cost-effectively, and professionally and returning to business as soon as possible is important. You and we agree that the provisions of this Article support these mutual and practical business objectives, and, therefore, agree as follows:

a. All provisions of this Franchise Agreement (including the language of this Article) will be fully enforced, including those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring claims.

**b. The terms of this Article are mandatory and not permissive.**

c. The Parties rely on the federal preemption of state laws under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) (**FAA**) with the understanding that the FAA and not state law will control any matters pertaining to mediation and arbitration and, as a result, the provisions of this Franchise Agreement will be enforced only according to its terms and through the alternative dispute mechanism found in this Article. The Parties further agree that each Party intends that any state law attempting to prohibit arbitration or void out-of-state forums for arbitration are preempted by the Federal Arbitration Act and that arbitration will be held as provided in this Article.

d. Except as expressly provided in this Franchise Agreement, **EACH PARTY KNOWINGLY WAIVES ALL RIGHTS TO A COURT OR JURY TRIAL AND, INSTEAD, SELECTS FACE-TO-FACE MEETINGS, MEDIATION AND FINALLY BINDING**

**ARBITRATION AS THE SOLE MEANS TO RESOLVE DISPUTES UNDERSTANDING THAT FACE-TO-FACE MEETINGS, MEDIATION AND ARBITRATION MAY BE LESS FORMAL THAN A COURT OR JURY TRIAL, MAY USE DIFFERENT RULES OF PROCEDURE AND EVIDENCE, THAT AN APPEAL PROCESS IS GENERALLY LESS AVAILABLE, AND THAT THE FEES AND COSTS ASSOCIATED WITH MEDIATION AND ARBITRATION MAY BE SUBSTANTIALLY GREATER THAN IN CIVIL LITIGATION.**

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e. The terms of this Franchise Agreement (including to this Article) will control concerning any matters of jurisdiction, venue, and choice of law, each of which is mandatory and not permissive.

f. Though a Party is or may become a party to a court action or special proceeding with a third party or otherwise, and whether or not such pending court action or special proceeding (i) may include issues of law, fact, or otherwise, that arise out of the same transaction (or series of related transactions) as any arbitrable matter between or involving the Parties; (ii) involves a possibility of conflicting rulings on issues of law, fact, or otherwise; and (iii) such pending court action or special proceeding may involve a third party who cannot be compelled to arbitrate the terms, covenants, and conditions of this Franchise Agreement, the Parties still agree any dispute between the Parties to this Franchise Agreement will be enforced according to the terms found herein, including the obligation to perform under this Article.

g. Before arbitration, each Party agrees to adhere to the following procedure:

i. First, in the event of a disagreement between them, the Parties agree to meet face-to-face within 30 days after any Party gives written notice to the other.

ii. Second, if the issues between the Parties cannot be resolved, the disagreement must be submitted to non-binding mediation before the Judicial Arbitration and Mediation Service (**JAMS**) or its successor (or an organization designated by JAMS or its successor. If JAMS is unable or unwilling to conduct such proceeding(s), and the Parties to the dispute cannot agree on an appropriate organization or Person to conduct such proceedings(s), then the mediation will be heard by the American Arbitration Association (**AAA**).

A. The Parties will agree upon a single mediator experienced in franchising. If the Parties cannot agree upon the mediator, then the senior-most officer, director, or manager of the association under which the mediation occurs will choose a neutral and disinterested mediator, and such choice will be final and binding upon the Parties.

B. Mediation must begin 30 days after the face-to-face meeting. Any Party may be represented by counsel and may bring persons appropriate to the proceeding with permission of the mediator.

iii. Each Party will bear the Party's costs and equally split the mediator's cost.

iv. If the mediation does not resolve the matter, the Parties agree that the disagreement will be submitted to and finally resolved by binding arbitration.

## 16.2 Resolution under Arbitration

a. Subject to the terms of this Article, Arbitration must begin at the earlier of 90 days after mediation fails to resolve the issue, or the last day of the period identified in Section 16.8 will be held before and under the arbitration rules of JAMS or its successor (or an organization designated by JAMS or its successor). If JAMS is unable or unwilling to conduct such proceeding(s), and the Parties cannot agree on an appropriate organization or Person to conduct such proceedings(s), then the arbitration will be heard by a single arbitrator from the AAA. The arbitrator must be experienced in franchising. If the Parties cannot agree upon the arbitrator, then the senior-most officer, director, or manager of the association under which the arbitration is to take place will choose a neutral and disinterested arbitrator, and such choice will be final and binding upon the Parties.

b. Any Party may be represented by counsel and may, with permission of the arbitrator, bring persons appropriate to the proceeding.

c. The arbitrator's judgment on any preliminary matter or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

d. The arbitrator's award will be in writing. On request by any Party to the arbitration, the arbitrator will provide to all disputants a reasoned opinion with findings of fact and conclusions of law, and the Party so requesting will pay the arbitrator's fees and costs connected therewith.

e. There will be no right to appeal any preliminary matter or the final award

f. The final and binding decision or award of the arbitrator in one matter will not have precedential or "*offensive collateral estoppel*" effect in an arbitration between the Franchisor and another franchisee, such that the matters decided in the original arbitration will not be used in future arbitration between another franchisee or Person and us as proof of a fact or matter contested in the later arbitration.

g. The Parties agree that they will equally split the fees paid to start arbitration and the fees paid to the arbitrator until the arbitrator awards fees and other costs to the Prevailing Party.

## 16.3 Confidentiality

The mediator or arbitrator may require the Parties to sign a confidentiality agreement. Further, confidentiality covenants may be included in any settlement or resolution of the dispute. We have no such form now and cannot provide it as an exhibit.

## 16.4 Choice of Law, Venue and Jurisdiction

a. Any meeting, mediation, or arbitration will be conducted exclusively at a neutral location within 15 miles of our then-current headquarters without regard to conflict of law provisions or *forum non-conveniens* demand to the contrary and to the exclusion of any other jurisdiction or venue.

b. The arbitrator in any proceeding under this Article will apply all Applicable Laws and equity permitted under the laws of the state in which our headquarters is then located without regard to conflicts of law provisions and to the exclusion of the laws of another state.

c. You have had the opportunity to review this Section (including the jurisdiction, venue, forum, and choice of law) and agree **that all such terms are mandatory and not permissive.**

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Initials of Franchisor

### **16.5 Scope, Discovery, other Procedural Matters, Fees, and Costs**

a. The arbitrator will decide all factual, procedural, or legal questions relating in any way to the dispute between the Parties, including any decision as to whether there is a franchise contract between the Parties; whether this Article is applicable and enforceable; arbitrability, fraud (including fraud in the inducement), unconscionability, and all other matters including issues relating subject matter, timeliness, scope, and remedies.

b. The Parties to the dispute have the same discovery rights as are available under the rules of the arbitration association hosting the arbitration.

c. Each participant must submit or file any claim that would constitute a “compulsory counter-claim” (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any compulsory counter-claim not submitted or filed in such proceeding will be forever barred.

d. The arbitrator may issue summary orders disposing of all or part of a claim and provide temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable, interim, or final relief.

e. Each Party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

f. The arbitrator will have subpoena powers limited only by the laws of the state in which our headquarters is then located

g. In addition to any other remedy, the arbitrator has the right to award the “**Prevailing Party**” their costs, fees, reasonable attorney’s fees, expert witness fees, and the like, which that Party expended in preparation for and the prosecution of the case at arbitration. The “**Prevailing Party**” is the Party that has obtained the greatest “**Net Judgment**” in terms of money or money equivalent. The “**Net Judgment**” is determined by subtracting the smallest award of money or money equivalent from the largest award. If money or money equivalent has not been awarded, then the Prevailing Party will be that Party that has prevailed on a majority of the material issues decided. If there is a mixed decision involving an award of money or money equivalent and equitable relief, or if the arbitrator determines that justice requires it (regardless of the language of this subsection,) the arbitrator will award the above fees to the Party that it deems has prevailed over the other Party using reasonable business and arbitrator’s judgment.

### **16.6 Disputes Not Subject to the Mediation or Arbitration Process**

a. Claims or disputes relating primarily to the Marks, to any intellectual property licensed to you, and any matter governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*) are subject to court proceedings in a court of competent jurisdiction. Only the portion of any claim or dispute identified in this Section shall be subject to court action and only to the extent that such action is necessary to protect us.

b. Matters relating solely to the collection of money by one Party against the other are not subject to a face-to-face meeting, mediation, or arbitration. Such matters include collection efforts against you or us solely for the failure to make timely payment of any amount due to the other. In such an event, such matter may be brought in a court of competent jurisdiction and venue. If, however, one Party to such action pleads another claim, cross-claim, counter-claim, or affirmative defense based on anything other than the mere collection of money, or if the other Party alleges facts concerning fraud or any other equitable defense, then the entire matter, including the collection-of-money effort will be subject to the alternative dispute resolution procedures of this Article.

c. If either of us seeks injunctive relief before initiating the face-to-face meeting or mediation, the same may be sought from a court of competent jurisdiction. Only the application for injunctive relief will be heard by the court, and the mere fact that the court exercised jurisdiction in considering the injunction will not serve to eliminate the alternative dispute resolution requirements of this Article 16. If the temporary injunction is granted, the Party that made the application must begin the alternative dispute resolution process under this Article.

## 16.7 Other Matters

We each understand and specifically agree that any matters concerning the relationship between us and any dispute arising as a result will be determined on an individual basis and will not be brought as a class action or with multiple unrelated franchisees (whether as a result of attempted consolidation, joinder, or otherwise). This is prudent from a business standpoint because (i) the mediation and arbitration procedures function most effectively on an individual case basis; (ii) there are significant factors present in each franchisee's situation that should be respected; and (iii) class-wide or multiple plaintiff disputes do not foster quick, amicable, and economic dispute resolutions.

## 16.8 One Year Limitation of Action

a. Except for matters identified in Section 16.6 above (including an alleged violation of the Marks or any intellectual property licensed to you (which may be brought at any time), **YOU AND WE ARE LIMITED TO BRINGING ANY ARBITRATION AGAINST THE OTHER WITHIN ONE YEAR OF THE DATE THAT THE FACTS WHICH GIVE RISE TO THE CLAIM OCCURRED.** The one-year period begins to run and will not be tolled merely because the claiming Party was unaware of legal theories, statutes, regulations, or case law upon which the claim might be based. If the Parties have begun mediation on the day that the one-year expires, then the one-year will be extended by 90 days from the unsuccessful end of mediation, within which a Party must bring arbitration. If arbitration is not brought by 5:00 p.m. Mountain Time on the 90<sup>th</sup> day after mediation ends, then the right to bring arbitration expires, and the Parties will have no other opportunity to try, arbitrate, or receive any other relief because of the action, matter, dispute, or disagreement underlying the claim.

b. Notwithstanding the preceding, if an Applicable Law provides for a shorter limitation period than is described in this Section, then the shorter period will govern.

c. This Section will not apply to issues of indemnification described in Article 14, and such actions under the indemnification covenant may be brought within the period provided by any limitation-of-action statute under the laws of the state in which our headquarters is then located.

Initials as to this entire Section

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### **16.9 Survival of Obligations**

a. Each provision of this Article 16 is self-executing and will continue in full force and effect subsequent to and notwithstanding the Transfer, expiration, termination, rescission, or finding of unenforceability of this Franchise Agreement (or any part of it).

b. This Article 16 is for the benefit of and is enforceable by all Parties' successors and assigns.

## **ARTICLE 17**

### **INSURANCE**

#### **17.1 Insurance and Minimum Coverage**

a. Before you open, you will purchase and will then maintain in full force and effect during each Term of this Franchise Agreement an insurance policy or policies protecting you, us, and the officers, directors, partners, members, and employees of both you and us against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the operation of the Business. We and our officers, directors, members, partners, and employees will be named as additional insureds on all such policies using the latest version of ISO endorsement CG 2010 or the combination of the latest version of ISO endorsements CG 20 29 04 13, CG 2033 and CG 2037 (or their combined equivalent that affords us the broadest additional-insured coverage) or such other endorsements that provide the additional insureds the most inclusive protection and coverage. The coverage afforded to the additional insureds must be written on a primary basis and will not require or contemplate contribution by any other policy or policies obtained by or available to an additional insured and must expressly provide that any interest of the additional insureds will not be affected by your breach of any policy provisions for which such certificates evidence coverage.

b. At the time you first obtain insurance, and then within 30 days of each renewal, you will deliver to us the actual policy or policies of insurance or endorsements issued by the insurer (and not the broker), showing the proper coverage with limits not less than those required hereunder.

c. All policies will expressly provide that no less than 30 days prior written notice will be given to us in the event of a material alteration to, termination of, non-renewal of, or cancellation of the coverage evidenced by such policies.

d. You will obtain the following insurance with the following minimum coverages. You can elect to purchase insurance with greater coverage or limits:

i. General liability insurance having a combined annual single limit for any form of injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

ii. Automobile liability insurance in reference to the Business Vehicle(s) used in the operation of the Business, and automobile liability coverage for owned, non-owned, scheduled, and hired vehicles having limits for bodily injuries of \$500,000 per Person and \$1,000,000 per accident, and property damage limits of \$50,000 per occurrence.

iii. Employer's liability and worker's compensation insurance as required by state law in the state where the Business is found. If your state does not require you to carry such insurance (such as Mississippi or Texas), you must still obtain it, in which case the minimum amount will be \$1,000,000/\$1,000,000/\$1,000,000. You or your equity owners who operate the Business must be covered; no exclusions are allowed. A "Stop Gap" endorsement or similar coverage is required in North Dakota, Ohio, Washington, and Wyoming. This policy must provide primary coverage.

iv. Business interruption insurance of not less than \$30,000.00 per month for loss of income and other expenses with a limit of not less than nine months of coverage.

v. Professional liability insurance with coverage of at least \$1,000,000 per occurrence and \$1,000,000 annual aggregate.

vi. Excess liability umbrella coverage for general and automobile liability coverage in an amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

e. Such policy or policies will be written by an insurance company rated by Best Insurance Ratings Services as having an A-minus or better rating in Class 10 or higher and is satisfactory to us under the Franchisee Manuals or otherwise in writing, from time to time.

## **17.2 No Limitations on Coverage and Primacy**

a. Your obligation to obtain and maintain the policy or policies will not be limited because of insurance maintained by us, and your performance of these obligations does not relieve you of liability under the indemnity provisions of this Franchise Agreement.

b. Although we require certain insurance coverage and may recommend other coverages, we do not guarantee that the required or recommended insurance will be adequate to protect your assets fully. You should consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Business.

c. All liability, property damage, and motor vehicle liability policies must contain a provision that your insurance coverage is primary to any coverage maintained by us, and we will be entitled to recover under your policies for any loss sustained by us for whatever reason.

## **17.3 Franchisor May Procure Insurance Coverage**

Should you, for any reason, fail to procure or maintain the insurance required by this Franchise Agreement, as described from time to time by the Franchisee Manuals or otherwise in writing, we have the right and authority (but no obligation) to procure such insurance and to charge the same to you; said charges, together with a reasonable administrative fee will be immediately payable to us by you.

## ARTICLE 18

### ADDITIONAL PROVISIONS

#### 18.1 Entire Agreement - Merger

a. This Franchise Agreement, including all exhibits and addenda, contains the entire agreement between us, and it supersedes all prior oral, written, express, or implied agreements, statements, commitments, inducements, or understandings concerning the subject matter hereof, except that nothing in this or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we gave you.

b. Nothing in this Franchise Agreement or any related agreement you sign with us is intended to disclaim any representations in the FDD.

#### 18.2 Modification and Power of Attorney

a. This Agreement may only be modified in a written agreement signed by all Parties to this Franchise Agreement.

b. You acknowledge, however, that we may unilaterally modify our standards, specifications, and operating and marketing procedures, including those outlined in the Franchisee Manuals; any component of the System, the Marks, and any copyrighted or Proprietary Information, under any conditions and to the extent that we, in our sole discretion, find it necessary to protect, promote or improve the Marks, the Proprietary Information, and the quality of the System in general.

c. If you grant us a power of attorney under this Franchise Agreement and to the extent that a specific form is required in your state to ensure enforceability, you agree to execute a separate power of attorney in the form required to meet all legal requirements.

#### 18.3 Delegation and Franchisor Liability

a. From time to time, we have the right to and will delegate the performance of any portion or all of our obligations and duties hereunder to a third party who we approve to deliver such services and perform such duties, whether the same are agents of ours or independent contractors which we have contracted with to provide such services. You agree in advance to any such delegation by us of any portion or all of its obligations and duties hereunder.

b. Subject to state law, you further agree that fulfillment of all of our obligations under this Franchise Agreement will be our (the Franchisor's) sole responsibility, and none of our equity owners, members, managers, officers, agents, representatives, or any individuals associated with us will be personally liable.

#### 18.4 Review of Agreement

You acknowledge that you had a copy of this Franchise Agreement in your possession for no less than 14 calendar days, during which time you had the opportunity to submit it for professional review and advice by one or more professionals of your choosing before freely executing this Franchise Agreement.

### **18.5 No Waiver and Required Permission**

a. A waiver by a Party of any term, covenant, or condition contained in this Franchise Agreement is not a waiver in the future of the enforcement of such term, covenant, or condition, and the failure of a Party to exercise a right or remedy granted to it under this Franchise Agreement will not constitute or imply a further waiver by a Party of enforcement of the same or any other condition, covenant, right, or remedy. Further, no custom, usage, concession, or practice on the part of a Party that varies from the literal terms of this Franchise Agreement will preclude at any time the strict enforcement of this Agreement (upon due notice) under its terms.

b. Subject to state law to the contrary, whenever a matter requires our approval, you must make a timely written request for approval, and our decision must be in writing in order to bind us. Except as otherwise expressly provided in this Franchise Agreement, if we fail to approve any request for approval within the required time, we shall be deemed to have denied your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval.

### **18.6 No Right to Set Off or Third-Party Beneficiaries**

a. You will not set off amounts owed to us against any money owed to you, and in any event, you will not withhold such amounts due to any alleged nonperformance by us.

b. All of our obligations under this Franchise Agreement are solely and exclusively for your benefit, and no other Person is entitled to rely on, enforce, benefit from, be deemed to be a third-party beneficiary of, or otherwise obtain relief either directly or by subrogation.

### **18.7 Invalidity**

If any provision of this Franchise Agreement is held invalid by the arbitrator, such provision will be modified by the arbitrator to eliminate the invalid element, and, as so modified, such provision will be deemed a part of this Franchise Agreement as though originally included. The remaining provisions of this Franchise Agreement will not be affected by such modification. If any provision cannot be modified, it will be stricken, and the rest of this Franchise Agreement will remain in full force and effect.

### **18.8 Notices**

a. All notices relating to any breach of this Franchise Agreement and all notices concerning the implementation of the alternative dispute resolution procedures must be given in writing and must be delivered by certified mail, return receipt requested, hand delivery, or by an overnight delivery service providing documentation of receipt (or refusal,) at the address, either of us may designate from time to time and will be effective five days after being placed in the United States mail, with the proper address and postage or as to overnight or hand delivery when receipted for or refused. A copy of all notices shall also be sent to:

Corporon & Katz, LLC  
Attention: Michael J. Katz  
5602 S. Florence Street  
Greenwood Village, Colorado 80111

b. Communication other than relating to any breach of this Franchise Agreement or relating to the implementation of alternative dispute resolution may be given by email (which is effective when posted to the correct address of the other Party) or by the means stated in subparagraph (a) of this Section.

### **18.9 Time is of the Essence and Construction**

- a. In all matters pertaining to this Franchise Agreement, time is of the essence.
- b. The headings are for the reader's convenience only and are not intended to be inclusive or exclusive of any term, covenant, or condition.
- c. In reading this Franchise Agreement, the singular shall include the plural, and the reference to one gender shall include the reference to any other gender or a neutral gender.
- d. The word “**including**” means “**including, but not limited to...**”. The words “**and**” and “**or**” have the inclusive meaning represented by the phrase “**and/or.**”
- e. Unless otherwise stated, a reference to “**days**” means calendar days. The counting of days includes weekends and all state and national holidays. If a notice is delivered which notice requires the counting of days, such counting will begin on the first calendar day following the day that the notice was received, refused, or deemed to have been delivered under the terms of this Franchise Agreement. Unless otherwise stated, the last day of any counted period or the last day of the expiration or termination will be 5:00 p.m. local time of our then-current headquarters.
- f. This Franchise Agreement has been reviewed by the Parties and, to fairly accomplish the purposes and intentions of the Parties, will be construed and interpreted according to the ordinary meaning of the words used. The Parties intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision will be given the meaning that renders it enforceable.

### **18.10 Survival of Provisions and Independent Covenants**

- a. Any term, covenant, or condition of this Franchise Agreement that by its terms must extend beyond the expiration of, earlier termination of, or Transfer to remain enforceable will continue in full force and effect after and notwithstanding the expiration, earlier termination, or Transfer.
- b. The Parties further agree that each covenant herein shall be construed as independent of any other covenant or provision of this Franchise Agreement.

### **18.11 Force Majeure**

Except for monetary obligations hereunder, which are due regardless of the language of this Section and unless otherwise specifically provided in this Franchise Agreement, Force Majeure shall apply.

### **18.12 Guaranty**

If you take ownership of the franchise other than as a natural person at any time during the Initial Term or any renewal or extension thereof, you and all equity owners must sign the Guaranty, which is attached as Exhibit 8. The Guarantors will be bound by all restrictive covenants found herein, including all covenants in Articles 6 and 15.

**18.13 Acknowledgement**

**BEFORE SIGNING THIS FRANCHISE AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL. YOU ACKNOWLEDGE THAT:**

**a. THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED HEREIN INVOLVES SUBSTANTIAL RISKS AND DEPENDS IN LARGE PART UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON AND YOUR ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS.**

**b. YOU UNDERSTAND THAT IF YOU ARE NEVER ABLE TO OPERATE THE BUSINESS PROFITABLY, YOU COULD LOSE PART OR ALL OF YOUR INVESTMENT, PLUS ANY ADDITIONAL FUNDS THAT YOU CONTRIBUTE TO THE BUSINESS.**

**18.14 Recitals, State Specific Amendment, Closing Acknowledgement, Statement of Understanding, and Signatures**

a. The Recitals are made part of this Franchise Agreement.

b. Further, you will review and sign the “Closing Acknowledgment” attached at Exhibit 9.

c. In some cases, the state where you are located requires this Franchise Agreement to be amended. Please see Exhibit 7 to learn if there is an amendment that affects your state.

d. This Franchise Agreement may be signed in any number of counterparts, all of which, taken together, will be one original document. Signatures may be done electronically or manually. Facsimile or electronically signed and delivered documents shall be as effective as an original. By signing electronically, the Parties acknowledge that each can rely on a digital signature of the other as being the respective Party’s signature.

e. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IF THIS FRANCHISE AGREEMENT IS SIGNED BY MORE THAN ONE PERSON, EACH FRANCHISEE WAIVES AND RELEASES FRANCHISOR FROM THE ENFORCEMENT OF ANY PROVISIONS OF APPLICABLE LAW (INCLUDING FOR EXAMPLE COLORADO REVISED STATUTE § 13-50-103) WHICH PROVIDES, IN PART, THAT IF ONE OR MORE JOINT DEBTORS ARE RELEASED OF LIABILITY, NO ONE OF THE REMAINING DEBTORS WILL BE LIABLE FOR MORE THAN ITS PROPORTIONATE SHARE OF THE INDEBTEDNESS. AS A RESULT, EACH FRANCHISEE COVENANTS AND AGREES THAT EACH WILL BE LIABLE JOINTLY AND SEVERALLY FOR THE PERFORMANCE OF ALL OF THE TERMS, COVENANTS AND CONDITIONS OF THIS FRANCHISE AGREEMENT REGARDLESS OF THE PERFORMANCE, FAILURE TO PERFORM OR RELEASE BY US OF ONE, SOME, BUT NOT ALL FRANCHISEES.

DONE AS OF THE EFFECTIVE DATE.

**FRANCHISOR**

**FRANCHISEE**

**BOR FRANCHISING, LLC**

\_\_\_\_\_

by: \_\_\_\_\_  
Member  
date: \_\_\_\_\_

by: \_\_\_\_\_  
its: \_\_\_\_\_  
date: \_\_\_\_\_  
address: \_\_\_\_\_

telephone: \_\_\_\_\_  
email: \_\_\_\_\_  
date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUAL(S)**

Signature \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State: \_\_\_\_\_  
Zip: \_\_\_\_\_  
Telephone No: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State: \_\_\_\_\_  
Zip: \_\_\_\_\_  
Tele. \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 1**  
**INITIAL FRANCHISE FEE AND STATEMENT OF OWNERSHIP**

**INITIAL FRANCHISE FEE AND STATEMENT OF OWNERSHIP**

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

**Trade Name** (if different from above): \_\_\_\_\_

**The Initial Franchise Fee (IFF) is:** \_\_\_\_\_

**Form of Ownership (Check One)**

\_\_\_\_\_ Individual      \_\_\_\_\_ Partnership      \_\_\_\_\_ Corporation      \_\_\_\_\_ limited liability business entity

If you are a partnership, provide each partner's name and address showing the percentage owned, whether active in management, and indicate the state where the partnership was formed.

If you are a limited liability business entity, provide the name and address of each equity-interest holder, Member, and Manager, showing the percentage owned, and indicate the state where the limited liability business entity was formed.

If you are a corporation, give the state and date of incorporation, each officer's and director's names and addresses, and a list of every shareholder's name and address, showing what percentage of stock each owns. (Use additional paper if necessary.)

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Franchisee acknowledges that this Statement of Ownership applies to the Business authorized under this Agreement.

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

**FRANCHISOR**

**FRANCHISEE**

**BOR FRANCHISING, LLC**

\_\_\_\_\_

by: \_\_\_\_\_

by: \_\_\_\_\_

Member

its: \_\_\_\_\_

date: \_\_\_\_\_

date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUAL(S)**

Signature \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

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

**EXHIBIT 2**  
**EXCLUSIVE TERRITORY AND FRANCHISED LOCATION**

**EXCLUSIVE TERRITORY AND FRANCHISED LOCATION**

1. The business address (Franchised Location) for any notices mailed under the Franchise Agreement shall be:

\_\_\_\_\_.

2. **Exclusive Territory.** The Franchisee’s Exclusive Territory is described as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Fully executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

**FRANCHISOR**

**FRANCHISEE**

**BOR FRANCHISING, LLC**

\_\_\_\_\_

by: \_\_\_\_\_  
Member

by: \_\_\_\_\_  
its: \_\_\_\_\_

date: \_\_\_\_\_

date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUAL(S)**

Signature \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 3**  
**RELEASE FOR CRIMINAL AND CREDIT CHECK**

**CREDIT AND CRIMINAL BACKGROUND CHECK RELEASE FORM**

I understand that an initial and ongoing credit and criminal background check is a condition of being considered as a franchise candidate (and franchisee) of BOR Franchising, LLC (BFL)

I consent to BFL obtaining my criminal conviction history from any law enforcement agency, criminal background service provider, municipality, state, or the FBI. I understand that BFL will obtain this information when I apply to become a franchisee and during the Term of my franchise agreement. The criminal history record, as received from the reporting entity, may include, but not be limited to, arrest and conviction data, plea bargains, deferred adjudication, as well as social security verification. It may also include information regarding driving history. I understand that I will have a limited opportunity to review the criminal history, and a process is available for clarification if I dispute the record as received.

I further consent to BFL obtaining my credit history from all three credit-reporting agencies. I understand that BFL will obtain this information when I apply to become a franchisee and during the Term of my franchise agreement.

I release and agree to indemnify BFL and its officers, directors, employees, and agents harmless from and against all liability, expense (including court cost and attorneys’ fees), and claims for damage of any nature whatsoever resulting from the investigation of my background in connection with my application to become, and ongoing performance as a franchisee.

I certify that the information provided in this form is true and complete. I understand that false or misleading information given in my application to purchase a franchise, any subsequent written documents, any interview(s), any other documents given to BFL, or on this form will render my application void and will result in my not being able to purchase a franchise or may result in the termination of my franchise. I authorize you to make a criminal background investigation and other such investigations as necessary to determine whether I may purchase a franchise or retain my rights as a franchisee. There is no guarantee that such rights will be granted.

I further understand and agree if any criminal or credit background checks are done during the Term of the franchise agreement, and if the check discloses any material change in my status, the same may result in the termination of my franchise.

\_\_\_\_\_  
Initials

Notwithstanding the preceding, any misuse by Franchisor of any information obtained during such background check that results in damage or injury to the below-signed shall permit the below-signed such rights as may be available.

BFL will keep this form on file for the Term of my franchise agreement and for 24 months following its termination for any reason.

**DATE:** \_\_\_\_\_

**PRINTED NAME:** \_\_\_\_\_  
**FIRST MIDDLE LAST**

**SIGNATURE:** \_\_\_\_\_

**DATE OF BIRTH:** \_\_\_\_\_

**SOCIAL SECURITY  
NO.:** \_\_\_\_\_

**ADDRESS:** \_\_\_\_\_  
\_\_\_\_\_

**DRIVER'S LICENSE  
STATE AND NO.:** \_\_\_\_\_

**GENDER:** \_\_\_\_\_

**EXHIBIT 4**  
**GENERAL RELEASE**

**GENERAL RELEASE**

This General Release (Release) is made on the date that all Parties sign it (Effective Date) between BOR Franchising, LLC, a Colorado limited liability company authorized to do business in Colorado (Franchisor), \_\_\_\_\_ (Franchisee), and \_\_\_\_\_ (Guarantor). Franchisor, Franchisee, and Guarantor may sometimes be referred to as a “Party” or jointly as the “Parties.” All capitalized terms not defined in this Release will have the meaning stated in the Franchise Agreement.

**RECITALS**

Franchisor and Franchisee entered into that certain franchise agreement dated \_\_\_\_\_ (Franchise Agreement), and Guarantor guaranteed the performance of the Franchisee under the Franchise Agreement. Franchisee desires to take some action (or make some amendment) to the Franchise Agreement or desires for the Franchisor to take any action for which a General Release is called for in the Franchise Agreement or is required by Franchisor as part of such action, and as a material inducement to the Franchisor approving the same, Franchisee and Guarantor have each agreed to provide this Release.

NOW, THEREFORE, for and in consideration of the mutual covenants found herein, for that consideration stated below, and for other good and valuable consideration, the adequacy of which is admitted by all Parties hereto, each of the Guarantors personally and unconditionally agrees as follows:

**COVENANTS**

1. Franchisee, for and on behalf of itself, its officers, directors, shareholders, and employees, and on behalf of any parent corporation or subsidiary, business entity, successor, assignee, and their officers, directors, shareholders, and employees, (Franchisee Parties) and Guarantor for himself or herself and for and on behalf of its family members and for and in consideration of: the Franchisor granting to the Franchisee the right to do the following; \_\_\_\_\_; and for other good and valuable consideration, all of which is deemed adequate by all Parties hereto, do each (personally, jointly and severally) from the beginning of time to the Effective Date of this Release, release, indemnify, and forever forgive and discharge Franchisor and the Franchisor Parties from all known or unknown, liquidated or unliquidated, fixed, direct or indirect, foreseeable or unforeseeable, matured or unmatured, absolute or contingent, determined or determinable, equitable or legal claims; claims sounding in Applicable Law; causes of action; complaints; direct, indirect, punitive or consequential damages; judgments; business losses; awards; injury, or any other right or action (separately and together a “Claim” or the “Claims”) which relate in any way to: (i) the manner and method by which Franchisor delivered the FDD to Franchisee, and Guarantor (ii) the content, or lack of content of the FDD (as such content may have been required by any Applicable Law); (iii) the performance or failure of performance of Franchisor or Franchisor Parties in reference to any federal-required or state-required disclosure obligations and requirements; (iv) any oral, written, express or implied promises, statements, disclosures and the like relating in any way to the Franchise Agreement or the franchise relationship between the Franchisor and Franchisor Parties, Franchisee, Guarantor and the Franchisee Parties; (v) the performance or the failure to perform of Franchisor or any Franchisor Party under the Franchise Agreement; (vi) the performance or failure to perform of Franchisor or any Franchisor Party under any other oral or written, express or implied agreement, covenant, or document whether or not found in the Franchise Agreement; and, (vii) any other Claim sounding in equity or law. Notwithstanding the preceding, nothing in this Release is intended to disclaim any representations made in the Franchise Disclosure Document.

2. Franchisee for itself and on behalf of the Franchisee Parties and Guarantor each agree and expressly state that this Release was made in contemplation of not only known Claims and the consequences

thereof but also in contemplation of the possibility that each such Party identified in this paragraph may or will sustain future damages presently unknown to them and which accrued on or before the Effective Date of this Release but which were not asserted until after that date. By executing this Release Franchisee for itself and on behalf of the Franchisee Parties intend to release Franchisor and the Franchisor Parties, jointly and severally from liability for all known, unknown, and unforeseen Claims, losses, expenses, damages, costs, liabilities, business losses, and the consequences thereof.

3. Franchisee for itself and on behalf of the Franchisee Parties assume any risk that the facts and law may be, or may become, different from the facts and law as known to them or believed to be known by them as of the date of this Release, and each agrees that if the execution of this Release was made based on mistake (mutual or unilateral) that each will forever waive any right to claim that entering into this Release resulted from a mistake of any kind, thereby waiving all claims based upon the doctrine of mistake.

4. Franchisee for itself and on behalf of the Franchisee Parties and Guarantor deliver this Release with the intent that Franchisor relies upon the same. Should any condition, covenant, or clause herein be considered to be unenforceable, any tribunal of competent jurisdiction shall be permitted to amend the Release to the least extent possible to form an enforceable covenant, or if such amendment cannot be fashioned then to excise the offending clause, covenant, or condition to form an enforceable Release, which shall be binding upon the Parties to the fullest extent permissible.

5. Notwithstanding the terms of this Release, nothing herein relieves any Party of the obligation to maintain the confidentiality of any confidential, trade secret, proprietary, or similar information of any other Party. The terms of this Release are and will remain confidential and will not be disclosed by any Party to any Person except as required by legal process and required to be disclosed in Franchisor's Franchise Disclosure Document.

6. In the event of a dispute concerning this Release, the Parties agree that the alternative dispute resolution provisions of the Franchise Agreement found at Article 16 are incorporated herein by this reference as if fully set forth here.

7. If any mandatory provisions of the governing state law limit or prohibit the use of this Release, or which in any manner impose different rights or obligations as are found herein, then such mandatory provisions of state law shall be deemed incorporated in the Franchise Agreement and this Release by reference and shall prevail over any inconsistent terms in this Release. If no such law exists, or if such law exists but permits the Franchisee to agree to abide by the terms of this Release, or if by accepting the alternative dispute resolution covenants of the Franchise Agreement found at Article 16, the state law is preempted by the federal law applicable to such dispute resolution, then the Franchisee for itself and on behalf of the Franchisee Parties and Guarantor each agree to abide by the terms of this Release. Notwithstanding the foregoing, claims arising from representations in the FDD are excluded from this release.

8. Notwithstanding anything herein to the contrary:

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

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

Franchisee, Franchisee Parties, and each Guarantor waives and relinquishes every right or benefit which they have, or may have, under Section 1542 of the Civil Code of the State of California and any similar provisions of any other law (as may apply to this Release), to the fullest extent that the Franchisee, Franchisee Parties, and Guarantors, may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and relinquishment concerning the Released Claims, the Franchisee, Franchisee Parties, and Guarantors each acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that they now know or believe to be true concerning the subject matter of this Release, but that it is the Franchisee’s, Franchisee Party’s, and Guarantor’s intention to settle and release fully, finally and forever, all claims, disputes, and differences, known or unknown, suspected or unsuspected, which now exist, may exist or previously existed, and in furtherance of such intention, the release given herein shall be and remain in effect as a complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. Franchisee and each Franchise Party and Guarantor agree to defend and indemnify Franchisor from all claims arising out of, directly or indirectly, the assertion by you, each Franchisee Party, and each Guarantor (or any Person by, through, or on their behalf) of any Released Claims, positions, defenses, or arguments contrary to this Section 6(a) above.

b. Release of Unknown Claims and Waiver of South Dakota Law. The Franchisee and each Franchisee Party and Guarantor acknowledge that each is aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release concerning claims not known or suspected by them at the time of execution of the release, such as South Dakota Codified Laws§ 20-7-11, which provides as follows:

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

Franchisee and each Franchisee Party and Guarantor waive and relinquish every right or benefit which they have, or may have, under § 20-7-11 of the South Dakota Codified Laws and any similar provisions of any other law (as may apply to this Release) to the fullest extent that they may lawfully waive such right or benefit concerning the subject matter of this Release. In connection with such waiver and relinquishment, with respect to the Released Claims, Franchisee and each Franchisee Party and Guarantor acknowledge that they are aware and informed that they may later discover facts in addition to or different from those that each Party now knows or believes to be true concerning the subject matter of this Release. Knowing that they intend to settle and release fully, and finally and forever, all Released Claims, disputes, and differences, known or unknown, suspected or unsuspected, which now exist, may exist or previously existed, and in furtherance of such intention, the release given herein shall be and remain in effect as a complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. Franchisee and each Franchisee Party and Guarantor agree to defend and indemnify the Franchisor and the Franchisor Affiliates from all Released Claims arising out of, directly or indirectly, the assertion by the Franchisee and the Franchisee Affiliates (or any Person by, through, or on behalf of Releasor) of any Released Claims, positions, defenses, or arguments contrary to this Section 1(b) of this Release.

**c. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GUARANTORS FURTHER WAIVE AND RELEASE FRANCHISOR FROM THE**

**ENFORCEMENT OF ANY PROVISIONS OF APPLICABLE LAW (INCLUDING, FOR EXAMPLE, COLORADO REVISED STATUTE § 13-50-103), WHICH PROVIDES, IN PART, THAT IF ONE OR MORE JOINT DEBTORS ARE RELEASED OF LIABILITY, NONE OF THE REMAINING DEBTORS WILL BE LIABLE FOR MORE THAN THEIR PROPORTIONATE SHARE OF THE INDEBTEDNESS. AS A RESULT, EACH GUARANTOR COVENANTS AND AGREES THAT EACH WILL BE LIABLE JOINTLY AND SEVERALLY FOR THE ENTIRE AMOUNT DUE REGARDLESS OF THE CONTRIBUTION OR FAILURE TO CONTRIBUTE BY ANOTHER GUARANTOR.**

9. Additional Provisions

a. Each such Party represents that the execution and delivery of this Release is the duly authorized and binding act of such Party.

b. The Recitals are incorporated herein by this reference.

c. This Release shall be interpreted under the laws of the state of Colorado without regard to any conflict of laws provision to the contrary. Enforcement of this Release is to be under the alternative dispute resolution provisions of the Franchise Agreement found at Article 16 as though such Article was incorporated in its entirety herein.

d. Each Party shall fully cooperate with all other Parties with respect to the performance of this Release. Each Party will execute, acknowledge, and deliver such further documents that may reasonably be required to perform this Release effectively and to evidence the release of all obligations and liabilities of the Parties as more fully stated herein.

e. This Release may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute the same instrument, without the necessity of production of the others. An executed signature page delivered via facsimile transmission or electronic signature shall be deemed as effective as an original executed signature page.

**DONE AS OF THE EFFECTIVE DATE**

**FRANCHISOR**

**FRANCHISEE**

**BOR FRANCHISING, LLC**

\_\_\_\_\_

by: \_\_\_\_\_  
Member

by: \_\_\_\_\_  
its: \_\_\_\_\_

date: \_\_\_\_\_

date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUAL(S)**

Signature \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**GUARANTORS**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

**EXHIBIT 5**  
**COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION**

## COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION

This Collateral Assignment of Contact and Electronic Information (Agreement) is made as of the date that it is signed by all Parties (Effective Date) between BOR Franchising, LLC (Franchisor) and \_\_\_\_\_ (Franchisee). Any capitalized term not defined herein has the meaning set forth in the Franchise Agreement.

### RECITALS

On \_\_\_\_\_, 20\_\_\_\_, Franchisor and Franchisee executed a “Franchise Agreement.” As part of the Franchise Agreement, the Franchisee agreed that upon the expiration, Transfer, or termination of the Franchise Agreement, the Franchisor would have the right, title, and interest in and to all contact and electronic information relating to the Franchisee’s Business and to ensure that the Franchisor that it will have such rights, the Parties have agreed to enter into this Agreement.

NOW THEREFORE, for and in consideration of the covenants found in the Franchise Agreement and for other good and valuable consideration, the adequacy of which is admitted by all Parties hereto, it is agreed as follows:

### COVENANTS

1. Franchisee acknowledges that, as between Franchisor, Franchisee, the public, and any other Person, the Franchisor has the sole rights to and interest in all telephone, telecopy or facsimile machine numbers, directory listings, URL’s web page identifiers, blog, vlogs, email addresses, and social network addresses (including Twitter and Facebook), that are associated with any Mark and assigns all of the same to Franchisor under this Agreement.

2. To the extent necessary to enforce this Agreement, Franchisee appoints Franchisor and any of its officers, as Franchisee’s attorney-in-fact (coupled with an interest,) to direct the telephone company, all telephone directory publishers, any electronic transfer agency, any URL or webpage host, and any other electronic business, company, transfer agent, host, webmaster, and the like to transfer to the Franchisor all telephone, facsimile machine numbers, and directory listings, and all electronic listings, web pages, social network pages or identities (including Twitter and FaceBook), URL’s, blogs, vlogs, “handles”, email addresses and the like that are owned by Franchisee or that relate to the Franchisee’s Franchised Business, and any party named herein may accept such direction under this Agreement as conclusive of Franchisor’s exclusive rights in and to such information, site, URL, electronic media, telephone numbers, directory listings and the like and Franchisor’s authority to direct their transfer. To the extent that any Person identified above or the law of the state in which such Person is located requires special language to enforce the Franchisor’s rights as the attorney-in-fact or requires a special form, Franchisee will execute such additional form or will add such language to this Agreement.

3. This Agreement is only effective at such time as the Franchise Agreement expires, is transferred, or is terminated and then only if the Franchisee fails or refuses to make the necessary assignments as contemplated by this Agreement.

4. The Recitals are incorporated into this Agreement by this reference.

Done as of the Effective Date.

**FRANCHISOR**

**FRANCHISEE**

**BOR FRANCHISING, LLC**

\_\_\_\_\_

by: \_\_\_\_\_

Member

by: \_\_\_\_\_

its: \_\_\_\_\_

date: \_\_\_\_\_

date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUAL(S)**

Signature \_\_\_\_\_

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

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

Signature: \_\_\_\_\_

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

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

**EXHIBIT 6**  
**CONFIDENTIALITY AGREEMENT**

## **CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

This Confidentiality and Non-Competition Agreement (Confidentiality Agreement) is entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between \_\_\_\_\_ (Franchisee) and \_\_\_\_\_ (Employee). Franchisee Employee may sometimes be referred to in the singular as a “Party” or jointly as the “Parties.”

### **RECITALS**

Whereas, Franchisee has been granted the right to operate the business as a franchisor of BOR Franchising, LLC and, as such, is the beneficiary of certain confidential and proprietary information of Franchisor (identified as “Confidential Information” as more fully described below);

Whereas, Employee, in the course of their employment with the Franchisee, will have access to such Confidential Information;

NOW, THEREFORE, in consideration of the employment of the Employee, and for other good and valuable consideration, the adequacy of which is admitted by all Parties, it is agreed as follows:

### **COVENANTS**

1. For purposes of this Confidentiality Agreement, Employee acknowledges that, during employment, Employee has obtained or may obtain knowledge of confidential matters, procedures, methods of operation, copyrighted materials, equipment containing the Franchisor’s trademarks, service marks, trade names, logos, and the like, systems, techniques, pricing, accounting systems and procedures, specifications, products manuals, Manuals, business plans, Client lists, technical designs, or drawings that relate to Franchisee’s business, suppliers, marketing plans, and the like developed and owned by the Franchisor (Confidential Information) and made available to the Franchisee, all of which are necessary and essential to the operation of Franchisee’s business and without which Franchisee could not efficiently, effectively, and profitably operate its franchise. Employee further acknowledges that such Confidential Information was unknown to them before employment.

2. Except as may be required in the performance of duties for Franchisee, Employee will not, during their employment and at any time after that, directly or indirectly, use or disclose to any third party, or authorize any third party to use, any component of the Confidential Information relating to the Business or interest of Franchisee or Franchisor, which he knows or reasonably should know, is regarded as confidential and valuable to Franchisee or Franchisor.

3. If Employee is in a management position with the Franchisee, Employee will not, during their employment and for one year after that, directly or indirectly in any capacity, without Franchisee’s prior written consent, engage in a business or have any financial interest in a business that is a “Competitive Business” by becoming an owner, officer, director, shareholder, partner, associate, employee, agent, representative, or consultant, or serve in any other capacity in any such business that is located within five miles of any franchised, Affiliate-owned or company-owned Business. For purposes of this Confidentiality Agreement, a “Competitive Business” is any business that offers water, fire, or mold remediation services to residential, commercial, and governmental properties.

4. Employee, regardless of their position with the Franchisee, will not, during their employment and for 12 months after that, directly or indirectly employ or attempt to employ, or solicit for any employment, any of Franchisee's employees.

5. Employee, regardless of their position with the Franchisee, will not, during their employment and for 12 months after that, directly or indirectly contact any Client of Franchisee to solicit any business this is for a Competitive Business.

6. At the termination of employment, Employee agrees to deliver to Franchisee (and will not keep in their possession or deliver to anyone else) all Manuals and other Confidential Information, records, data, designs, photographs, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any such items belonging to Franchisee, its successors or assigns, which relate in any way to the operation of the Franchisee's business.

7. Employee hereby acknowledges and agrees that any breach by him of this Confidentiality Agreement will cause damage to Franchisee and Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisee may be entitled, either Franchisee or Franchisor will be entitled to temporary, preliminary, or permanent injunctive relief for any breach or threatened breach by Employee without proof of actual damages that have been or may be caused.

8. If any portion of this Confidentiality Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement shall be considered valid and operative, and effect shall be given to the intent manifested by the portion held invalid or inoperative. Further, if any restrictive covenant violates the law of the state where the Employee is employed, then a court of competent jurisdiction shall amend the offending limitation to the least extent possible to create an enforceable covenant.

9. Whenever the context requires, the masculine shall include the feminine and neuter, and the singular shall include the plural.

10. This Agreement shall bind the successors and assigns of Franchisee and the heirs, personal representative, successors, and assigns of Employee.

11. All covenants made in this Agreement by Employee that must survive its termination to remain enforceable will survive the termination of this Confidentiality Agreement.

12. This Confidentiality Agreement may be amended in whole or in part only by an agreement in writing signed by the Parties.

13. This Confidentiality Agreement contains the entire understanding of the Parties in reference to the subject matter found herein. Any prior understanding or agreement, whether oral or written, is merged herein.

14. Any notice, request, demand, or other communication given under the terms of this Confidentiality Agreement shall be deemed given upon delivery, if hand-delivered, or three (3) days after deposit in the United States mail, postage prepaid and sent certified or registered mail, return receipt requested, addressed to the addresses of the Parties indicated below or at such other address as such party shall have advised the other Party in writing.

15. Notwithstanding anything herein to the contrary, Franchisee's Franchisor may enforce this Agreement to the extent necessary to protect any commercially reasonable interest that it may have, including the right to protect the Confidential Information.

16. The Recitals are incorporated here by this reference.

**EMPLOYEE ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.**

Done as of the date first found above

FRANCHISEE:

EMPLOYEE:

\_\_\_\_\_  
by: \_\_\_\_\_  
its; \_\_\_\_\_  
date signed \_\_\_\_\_

\_\_\_\_\_  
date signed: \_\_\_\_\_

**EXHIBIT 7  
STATE ADDENDA**

**STATE OF ILLINOIS**

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20 \_\_\_, between BOR Franchising, LLC (Franchisor) and \_\_\_\_\_ (Franchisee):

- 1. Illinois law governs the agreements between the Parties to this franchise.
- 2. 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.
- 3. 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.
- 4. 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.
- 5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 6. Each provision of this Addendum will be effective only to the extent that the jurisdictional requirements of the Illinois Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum will be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

**FRANCHISOR**

**BOR FRANCHISING, LLC**

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**

\_\_\_\_\_  
**Individual Franchisee**

## STATE OF INDIANA

This Addendum to the Franchise Agreement is agreed to this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between BOR Franchising, LLC (Franchisor) and \_\_\_\_\_ (Franchisee).

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2.2.7, and the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement is amended as follows:

a. Nothing in the Franchise Agreement will be deemed to release the Franchisor from claims based on the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.

b. The Franchise Agreement is amended to prohibit unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

c. Article 15 of the Franchise Agreement is amended subject to Indiana Code 23-2-2.7-1(9) to provide that post-term non-competitor covenants will have a geographical limitation of the territory granted to Franchisee.

d. The Franchise Agreement is amended to provide that the Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

e. The Franchise Agreement is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law will prevail.

f. Further,

i. Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

ii. Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

iii. Arbitration between a franchisee and franchisor will be conducted in Indiana or a site mutually agreed upon.

iv. is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

v. The Franchise Agreement is amended to provide that Franchisee may commence litigation in Indiana for any cause of action under Indiana law.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii)

disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Act are met independently of this Addendum. To the extent that the Franchise Agreement or any of its exhibits or attachments is/are deemed to be inconsistent with any term, covenant, or condition of this Addendum, the terms of this Addendum will govern. If, however, Franchisee’s choice of Arbitration under the Federal Arbitration Act supersedes the application of state law, then the terms of the Franchise Agreement will prevail

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

**FRANCHISOR**

**BOR FRANCHISING, LLC**

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**

\_\_\_\_\_  
**Individual Franchisee**

**STATE OF MARYLAND**

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between BOR Franchising, LLC and \_\_\_\_\_, amends and revises said Franchise Agreement as follows:

a. The Franchise Agreement requires Franchisee to sign a general release as a condition of renewal, sale, termination, and franchise transfer. These covenants shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

b. A franchisee may bring a lawsuit in Maryland for claims under the Maryland Franchise Registration and Disclosure Law.

c. Any claim under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

d. All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

e. Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

f. To the extent this Addendum will be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

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

h. Section 18.4 of the Franchise Agreement is not applicable in Maryland.

i. The Acknowledgements found in Article 18 of the Franchise Agreement and the Closing Acknowledgement are deleted in Maryland.

j. Exhibit 9 of the Franchise Agreement - Closing Acknowledgement should not be completed or signed by and will not apply to any franchisees and franchises that are subject to the Maryland franchise registration/disclosure laws.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

**IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date stated below.**

**FRANCHISOR**

**FRANCHISEE**

**BOR FRANCHISING, LLC**

by: \_\_\_\_\_  
its: \_\_\_\_\_  
date: \_\_\_\_\_

by: \_\_\_\_\_  
its: \_\_\_\_\_  
date: \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**  
date: \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**  
date: \_\_\_\_\_

**STATE OF MINNESOTA**

This Addendum to the Franchise Agreement is agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between BOR Franchising, LLC (Franchisor) and \_\_\_\_\_ (Franchisee).

1. In recognition of the requirements of the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., (the “Act”), the Franchise Agreement is amended as follows:

a. With respect to franchises governed by Minnesota Law, Franchisor will comply with the Minnesota Franchise Law, which requires, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

b. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, which may require the Franchisee to waive any claims under Minnesota Statutes 1973, Supplement, sections 80C.01 to 80C.22.

c. As required by Minnesota Franchise Act, Franchisor will reimburse you for any costs incurred by Franchisee in the defense of Franchisee’s right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

d. The Franchise Agreement is amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within three (3) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

e. Franchisor will comply with all requirements of the Act that require termination for good cause as defined by the Act.

f. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibits Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Offering Circular or Franchise Agreement can abrogate or reduce any of the Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

3. Each provision of this Addendum will be effective only to the extent that the jurisdictional requirements of the Acts are met independently of this Addendum. To the extent this Addendum will be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

**FRANCHISOR**

**BOR FRANCHISING, LLC**

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_  
**date:** \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_  
**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**

**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**

**date:** \_\_\_\_\_

**STATE OF VIRGINIA**

This Addendum to the Franchise Agreement is agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between BOR Franchising, LLC (Franchisor) and \_\_\_\_\_ (Franchisee).

a. Any section of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

b. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

d. Each provision of this Addendum will be effective only to the extent that the jurisdictional requirements of the Acts are met independent of this Addendum. To the extent this Addendum will be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

**FRANCHISOR**

**BOR FRANCHISING, LLC**

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_  
**date:** \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_

**by:** \_\_\_\_\_  
**its:** \_\_\_\_\_  
**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**  
**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**  
**date:** \_\_\_\_\_

\_\_\_\_\_  
**Individual Franchisee**

**STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes, supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Supplemental Agreements are amended accordingly.

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

**EXHIBIT 8  
GUARANTY**

## GUARANTY OF FRANCHISEE'S OBLIGATIONS

This Guaranty of Franchisee's Obligations (Guaranty) is entered into as of the date that it is signed by all Parties (Effective Date) of this Guaranty, between BOR Franchising, LLC (Franchisor), \_\_\_\_\_ (Franchisee) and \_\_\_\_\_, and \_\_\_\_\_ (jointly and severally known as "Guarantor(s)"). Franchisor, Franchisee, and Guarantors may be referred to as a "Party" or as the "Parties." Any capitalized term not defined here will have the meaning given to it in the Franchise Agreement.

### RECITALS

Franchisee signed a franchise agreement with Franchisor on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (Franchise Agreement). As an inducement to the Franchisor for granting the franchise rights, the Guarantor(s) agreed to fully guaranty the payment and performance of Franchisee under the Franchise Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants found herein and for other good and valuable consideration, which consideration is deemed to be adequate by all Parties, each of the undersigned personally and unconditionally agrees to the following:

### COVENANTS

1. Guarantor(s) guarantee to Franchisor and its successors and assigns, for the Term of the Franchise Agreement, that Franchisee will timely pay any amount required by the Franchise Agreement and will perform every undertaking, agreement, and covenant under the Franchise Agreement and any addenda or Exhibits attached to it as each may be amended or renewed.

2. Guarantor(s) also agrees to be personally bound by every term of the Franchise Agreement, as amended or renewed, and agrees to be personally liable for the breach of and cure of every breach of any term, covenant, or condition of the Franchise Agreement. Guarantor(s) agree that this Guaranty is one of payment and performance and not one of just collection.

3. By signing this Guaranty, each Guarantor further agrees that each shall also be subject to all restrictive covenants in the Franchise Agreement, including all covenants of Articles 6, 14, 15, and 16.

4. As part of the inducement given to Franchisor by Guarantor(s), the Guarantor(s) further agree to waive the following,

- a. acceptance or notice of acceptance;
- b. notice of demand for payment of any indebtedness or notice of any nonperformance of any obligations;
- c. protest and notice of default concerning the indebtedness or nonperformance of any obligations guaranteed;
- d. any right Guarantor may have to require that any action be first brought against Franchisee or any other Person as a condition of liability; and

e. all other notices and legal or equitable defenses to which Guarantor may be entitled.

5. Guarantor(s) further consent and agrees that:

a. Guarantor(s) is directly and immediately liable under this Guaranty, and if signed by more than one Person, such liability is joint and several;

b. Guarantor(s) shall render any payment or performance required under the Franchise Agreement upon demand of Franchisor if Franchisee fails or refuses punctually to do so;

c. Guarantor(s) performance shall not be contingent or conditioned upon the pursuit of any remedies against Franchisee or any other Person;

d. Guarantor(s) liability shall not be diminished, relieved, or otherwise affected by an extension of time, credit, or another indulgence, including the acceptance of any partial payment or performance, or the compromise or release of any claims which Franchisor may from time to time grant to Franchisee or any other Person, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the Term of the Franchise Agreement, including renewals thereof;

e. this Guaranty will be continuing and irrevocable during the Term of the Franchise Agreement, including renewals thereof; and,

f. Franchisor's rights under this Guaranty will not be exhausted by any action of Franchisor until all of the terms, covenants, and conditions of the Franchise Agreement have been met.

6. Guarantor waives all of the following, whether created or imposed by or under statute, common law or otherwise:

a. any right to require Franchisor to proceed against Franchisee or any other Person or any security now or hereafter held by Franchisor or to pursue any other remedy whatsoever;

b. any defense based upon any legal disability of Franchisee or any Guarantor, or any discharge or limitation of the liability of Franchisee or any Guarantor to Franchisor, or any restraint or stay applicable to actions against Franchisee or any other Guarantor, whether such disability, discharge, limitation, restraint or stay is consensual, or by order of a court or other governmental authority, or arising by operation of law or any liquidation, reorganization, receivership, bankruptcy, insolvency or debtor-relief proceeding, or from any other cause;

c. all setoffs, counterclaims, presentment, demand, protest, or notice of any kind, except for any notice which may be expressly required by the provisions of this Guaranty.

d. any defense based upon the modification, renewal, extension, or other alteration of the obligations under the Franchise Agreement or of the documents executed in connection therewith;

e. any defense based upon the negligence of Franchisor, including the failure to file a claim in any bankruptcy of the Franchisee or any guarantor;

f. all rights of subrogation, reimbursement, and indemnity;

g. any defense based upon or related to Guarantor's lack of knowledge as to Franchisee's financial condition;

h. all rights to revoke this Guaranty in whole or in part;

i. any defense based upon any action taken or omitted by Franchisor in any bankruptcy or other insolvency proceeding involving Franchisee; and,

j. all rights and defenses arising out of an election of remedies by Franchisor, even though that election of remedies impairs or destroys Guarantor's right of subrogation or reimbursement against Franchisee.

7. Guarantor agrees to pay upon Franchisor's demand, Franchisor's reasonable out-of-pocket costs and expenses, including to attorneys' fees, costs, and disbursements, incurred to collect or enforce any of the terms, covenants, or conditions of the Franchise Agreement, or this Guaranty, regardless whether any lawsuit is filed.

8. Guarantor, and each Person executing this Guaranty as Guarantor jointly and individually, makes the following representations and warranties, which are deemed to be continuing representations and warranties until payment and performance in full of terms, covenants, and conditions of the Franchise Agreement:

a. Guarantor has all the requisite power and authority to execute, deliver, and be legally bound by this Guaranty on the terms and conditions herein stated;

b. this Guaranty constitutes the legal, valid, and binding obligations of Guarantor enforceable against Guarantor under its terms;

c. the execution and delivery of this Guaranty and the consummation of the transaction contemplated herein will not, with or without notice or lapse of time, (i) constitute a breach of any of the terms and provisions of any note, contract, document, agreement or undertaking, whether written or oral, to which Guarantor is a party or to which Guarantor's property is subject; (ii) accelerate or constitute any event entitling the holder of any indebtedness of Guarantor to accelerate the maturity of any such indebtedness; (iii) conflict with or result in a breach of any writ, order, injunction or decree against Guarantor of any court or governmental agency or instrumentality; or (iv) conflict with or be prohibited by any federal, state, local or other governmental law, statute, rule or regulation;

d. No consent of any other Person is required in connection with the valid execution, delivery, or performance by Guarantor of this Guaranty; and,

e. this Guaranty and any other statement furnished by Guarantor contain no untrue statements of a material fact or omits to state a material fact necessary to make the statements contained herein or therein true and not misleading.

9. Each Guarantor understands and agrees that each is bound by the Dispute Resolution covenants of the Franchise Agreement found at Article 16, which are incorporated herein by this reference as if fully set forth here.

**10. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GUARANTORS FURTHER WAIVE AND RELEASE FRANCHISOR FROM THE**

**ENFORCEMENT OF ANY PROVISIONS OF APPLICABLE LAW (INCLUDING, FOR EXAMPLE, COLORADO REVISED STATUTE § 13-50-103), WHICH PROVIDES, IN PART, THAT IF ONE OR MORE JOINT DEBTORS ARE RELEASED OF LIABILITY, NONE OF THE REMAINING DEBTORS WILL BE LIABLE FOR MORE THAN THEIR PROPORTIONATE SHARE OF THE INDEBTEDNESS. AS A RESULT, EACH GUARANTOR COVENANTS AND AGREES THAT EACH WILL BE LIABLE JOINTLY AND SEVERALLY FOR THE ENTIRE AMOUNT DUE REGARDLESS OF THE CONTRIBUTION OR FAILURE TO CONTRIBUTE BY ANOTHER GUARANTOR.**

11. The Recitals are incorporated by this reference.

DONE AS OF THE EFFECTIVE DATE.

**FRANCHISOR**

**FRANCHISEE**

**BOR FRANCHISING, LLC**

by: \_\_\_\_\_  
Member  
date: \_\_\_\_\_

by: \_\_\_\_\_  
its: \_\_\_\_\_  
date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUAL(S)**

Signature \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**GUARANTOR(S)**

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

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

**EXHIBIT 9**  
**CLOSING ACKNOWLEDGEMENTS**

**CLOSING ACKNOWLEDGEMENT**

Franchisee Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Today's Date: \_\_\_\_\_

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

**A. GENERAL QUESTIONS**

- 1. The date I received the Franchise Disclosure Document (FDD) from Franchisor was: \_\_\_\_\_
- 2. The earliest date I signed the Franchise Agreement or any other binding document (not including the Receipt) was: \_\_\_\_\_
- 3. The earliest date I delivered cash, check, or consideration to the franchise marketing representative or any other Person was: \_\_\_\_\_
- 4. Did you initiate negotiations about the Franchise Agreement with the Franchisor? Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, what was that date? \_\_\_\_\_

**B. REPRESENTATIONS**

**PLEASE RESPOND TO EACH PARAGRAPH. IN RESPONDING, PLEASE STATE WHETHER THE STATEMENT IS TRUE OR FALSE AND PROVIDE ANY OTHER INFORMATION THAT IS IMPORTANT TO YOU.**

1. I had an opportunity to review the FDD and other agreements attached to the disclosure document.

Yes       No

\_\_\_\_\_  
\_\_\_\_\_  
Initials

2. I had an opportunity to seek professional advice regarding the FDD, the Franchise Agreement, and all matters concerning my franchise purchase.

Yes       No

\_\_\_\_\_  
\_\_\_\_\_  
Initials  
Initials

3. I have adequate working capital to develop, open, and operate my Franchised Business.

Agree  Disagree

\_\_\_\_\_  
\_\_\_\_\_  
Initials

4. I understand that my investment in this business contains substantial business risks, and there is no guarantee that it will be profitable.

Agree  Disagree

\_\_\_\_\_  
\_\_\_\_\_  
Initials

5. I acknowledge that the success of my business depends in large part upon my ability as an independent businessperson and my active participation in the day-to-day operation of the Business.

Agree  Disagree

\_\_\_\_\_  
\_\_\_\_\_  
Initials

**C. STATEMENTS OF THE FRANCHISOR**

**THE PARAGRAPHS BELOW ARE THE POLICIES OF THE FRANCHISOR. IF ANY IS UNTRUE OR IS CONTRADICTED BY YOUR EXPERIENCE, PLEASE PROVIDE AN EXPLANATION.**

**1. The Franchisor does not permit any employee, salesperson, officer, director, or another individual to make or endorse any representations, warranties, projections, or disclosures of any type relating to the financial success of the franchise business. *If any such representations have been made to you by any Person in the Franchisor’s employ, please state so below and immediately inform the President or Chief Officer of the Franchisor.***

\_\_\_\_\_  
\_\_\_\_\_  
Initials

**2. The Franchisor does not permit any employee, salesperson, officer, director, franchisee, or another individual to project any results that a Franchisee can expect in the operation of the Business. *If any such representations have been made to you by any Person, please state so below and immediately inform the President or Chief Officer of the Franchisor.***

\_\_\_\_\_  
\_\_\_\_\_  
Initials

**3. The Franchisor does not permit any promises, agreements, contracts, commitments, representations, understandings, “side deals,” or variations or changes in or supplements to the Franchise Agreement except by means of a written addendum signed by you and**

**the Franchisor. If any such deals or changes have been made or promised, please state so below and immediately inform the President or Chief Officer of the Franchisor.**

\_\_\_\_\_  
**Initials**

**I have completed this Closing Acknowledgement and have disclosed any information that is contrary to any printed statement or have provided any other information that I deem to be important. I understand that my answers are part of the Franchisor's material determination in granting franchise rights and that their reliance on the same is fair, reasonable, and expected of me.**

**DONE AS OF THE DATE FOUND BELOW**

**FRANCHISOR**

**FRANCHISEE**

**BOR FRANCHISING, LLC**

by: \_\_\_\_\_  
Member  
date: \_\_\_\_\_

by: \_\_\_\_\_  
its: \_\_\_\_\_  
date: \_\_\_\_\_

**IF FRANCHISEE IS/ARE INDIVIDUAL(S)**

Signature \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT C  
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FOR THE OPERATIONS MANUAL**

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**EXHIBIT D  
CURRENT FRANCHISEES AND  
FRANCHISEES THAT HAVE LEFT THE SYSTEM**

**CURRENT FRANCHISEES  
AS OF DECEMBER 31, 2023**

<b>Franchisee</b>	<b>Business Phone</b>	<b>Address</b>	<b>City</b>	<b>State</b>
Bob Flecken	480-331-3596	9831 E Theia Dr.	Mesa	Arizona 85212
Daron Jamison	602.679.1683	500 N. Estrella STE. 82 #171	Goodyear	Arizona 85338
Scott Mager	479.458.8840	589-3 N. Shiloh Dr. #115	Fayetteville	Arkansas 72703
Cheryl & Gregg Chiasson	720.571.1010	9457 S. University Blvd., Suite 516	Highlands Ranch	Colorado 80126
Kyle Chiasson	720.893.9352	9457 S. University Blvd., Suite 166	Highlands Ranch	Colorado 80126
Kyle Chiasson	720.893.9352	9457 S. University Blvd., Suite 166	Highlands Ranch	Colorado 80126
Adam Larsen	720.799.6408	13009 S. Parker Rd. #361	Parker	Colorado 80134
Paul Kang	303.500.3187	7830 W Alameda Ave Ste 103#140	Lakewood	Colorado 80226
Frank Fortini	720.637.4692	6541 Washington St. Unit R	Denver	Colorado 80229
Michael Martinez	720.620.3272	10343 Federal Blvd Unit J #435	Westminster	Colorado 80260
Michael Martinez	720.620.3272	10343 Federal Blvd Unit J #435	Westminster	Colorado 80260
Cindy & Karim Sabbagh	719.619.8616	445C E Cheyenne Mtn. Blvd. #322	Colorado Springs	Colorado 80906
Jon Costello	850-888-8404	400 Capital Cir. SE, Ste 18 Box 252	Tallahassee	Florida 32301
Jim Fruscio & Dave Fogarty	813.402.4044	610 E Zack St. Suite 110-4326	Tampa	Florida 33602
Steve Neary	813-252-4241	16057 Tampa Palms Blvd West #500	Tampa	Florida 33647
Kenneth Carter Eddings	770.313.2344	3162 Johnson Ferry Rd, Ste 260 PMB 141	Marietta	Georgia 30062
DJ Diaz	986.210.7417	10400 W Overland Road #125	Boise	Idaho 83709
Frank Bakovich	(708) 306-0481	10850 Claridge St	Westchester	Illinois 60154
Dane Jay Leecy	913.735.9276	9218 Metcalf Ave Unit #169	Overland Park	Kansas 66212
Brad Etherton	502.203.6483	9219 US Hwy 42 #D262	Prospect	Kentucky 40059
Rex Gillim & Logan Neal	859-346-7020	3460 Derby Landing Circle	Lexington	Kentucky 40513
Jason Cooper	859.620.6331	2335 Buttermilk Crossing #153	Crescent Springs	Kentucky 41017
Mario & Lauren Merrills	410.725.3390	11001 Resort Rd #262	Ellicott City	Maryland 21042
Aaron David Fischer	313-634-0382	269 Walker St.	Detroit	Michigan 48207
Ethan Anderson	612.477-0804	4707 Hwy 61 North, STE 188	White Bear Lake	Minnesota 55110
James Herold	702.819.7950	10040 Cheyenne Ave #170-77	Las Vegas	Nevada 89129
Juan and Nicole Morales	973.222.8205	5744 Berkshire Valley Rd., Ste #184	Oak Ridge	New Jersey 07438
Ploy Simon and Pierre H. Simon	321-837-9696	6418 Woodmont Rd	Jamestown	North Carolina 27282
Jason and Rachael Buckingham	(919) 839-3255	5112 Salem Ridge Rd	Holly Springs	North Carolina 27540
Jesse Moore	919.800.1420	1030 N. Rogers Ln. Ste 121-2020	Raleigh	North Carolina 27610

Franchisee	Business Phone	Address	City	State
Rodrick Gary	704.352.6619	4009 Corning Pl. STE E2-113	Charlotte	North Carolina 28216
James Jacobs & Seth Dickey	704.561.6681	16011-A Lancaster Hwy. #363	Charlotte	North Carolina 28277
Wes Holler	614-221-3551	4694 Cemetary Rd. #353	Hilliard	Ohio 43026
Brian & Sandie Thompson	513.494.4357	3189 Princeton Road #106	Hamilton	Ohio 45011
Jay Ponder	513.348.9488	11711 Princeton Pike Ste 341-232	Cincinnati	Ohio 45246
Stacy Garland and Jeff Garland	918-269-0166	1006 W. Taft Ave #110	Sapulpa	Oklahoma 74066
Guy Bogar and Regina Bogar	918-519-1958	7901 N. Florence Ave.	Sperry	Oklahoma 74073
Kris Elliott	803.373.1679	1670 Springdale Dr Unit 9 PMB 137	Camden	South Carolina 29020
Robert Chris Harrison	615.648.4795	3266 Memorial Blvd E306	Murfreesboro	Tennessee 37129
Steve Laudie	423.647.3379	1101 Volunteer Pkway STE 5 #128	Bristol	Tennessee 37620
Ryan Wiese, Max Luchs	972-439-8986	503 Burke Dr.	Allen	Texas 75002
Brett and Kristin Papillon	972.987.5342	5818 Country View Lane	Frisco	Texas 75036
Jeff Johnston	214.308.9215	5605 FM 423, Suite 500 #424	Frisco	Texas 75036
Tarun Jakkaraju	832-659-2982	1302 Waugh Dr #419	Houston	Texas 77019
Darren Wallace & Jessica Carline	832.699.4267	502 W. Montgomery PO Box #708	Willis	Texas 77378
Dominick Fresina	(346)575-3600	4827 Harris Woods Trace	Fulshear	Texas 77441
Sean & Bonnie Gagnon	210.912.9050	301 Main Plaza #356	New Braunfels	Texas 78130
Ron McLeod	210.422.4239	20770 US Hwy 281 N. Ste# 108-466	San Antonio	Texas 78258
Carlos Acevedo	737.217.6626	5114 Balcones Woods Dr. #307-209	Austin	Texas 78759
Joe Dussol	801.388.7210	185 W. 12th Street Ste. #D 221	Ogden	Utah 84404

**FRANCHISEES THAT HAVE LEFT THE SYSTEM AS OF DECEMBER 31, 2023**

FRANCHISEE	PHONE	ADDRESS	CITY	STATE
Eric Murphy	336.590.1988	265 Eastchester Drive Ste 133 #174	High Point	North Carolina 27262
Chris DeWolfe	678.582.8440	2146 Roswell Road #108,	Marietta	Georgia 30062

**TRANSFEREES AS OF DECEMBER 31, 2023**

FRANCHISEE	PHONE	ADDRESS	CITY	STATE
Brian Brinegar	303.500.3187	7830 W Alameda Ave Ste 103#140	Lakewood	CO
Brian Brinegar	303.500.3187	7830 W Alameda Ave Ste 103#140	Lakewood	CO

**FRANCHISEE THAT HAS NOT COMMUNICATED WITHIN 10 WEEKS OF THE ISSUANCE DATE**

**None**

**FRANCHISEES WHO SIGNED FRANCHISE AGREEMENTS BUT HAD NOT OPENED  
AS OF DECEMBER 31, 2023**

<b>FRANCHISEE</b>	<b>PHONE</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>STATE</b>
John Schnieders	816 705-7039	5905 N. Jackson Drive	Kansas City	MO 64119
Diego Moyano	210 473 6061	3729 Big Meadows St	San Antonio	TX 78230

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

**EXHIBIT E**  
**TRADEMARK-SPECIFIC FRANCHISEE ASSOCIATIONS AND**  
**INDEPENDENT FRANCHISEE ASSOCIATIONS**

**NONE**

**EXHIBIT F  
STATE ADDENDA TO  
FRANCHISE DISCLOSURE DOCUMENT**

## **STATE OF ILLINOIS**

The Franchise Disclosure Document is amended as follows:

1. For choice of law purposes and for the interpretation and construction of the Franchise Agreement, the Illinois Franchise Disclosure Act, 815 ILCS 705 governs.
2. No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the Act or transaction constituting the violation upon which it is based, the expiration of 1 year after the Franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.
3. Illinois law governs the Franchise Agreement (without regard to conflict of laws), and jurisdiction and venue for court litigation shall be in Illinois.
4. Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois.
5. The conditions under which a franchise can be terminated and your rights upon non-renewal may be affected by the Illinois Franchise Disclosure Act of 1987.
6. The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.
7. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other laws of this State is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration any claims pursuant to the provisions of Title 9 of the United States Code.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **STATE OF INDIANA**

1. ITEM 8 of the Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business on account of, or in relation to the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor unless the benefit is promptly accounted for and transmitted by the franchisee.

2. ITEMS 6 and 9 of the Disclosure Document are amended to add the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of the franchisee's reliance upon or use of procedures or products which were required by the franchisor if the franchisee utilized such procedures or products in the manner required by franchisor.

3. ITEM 17 of the Disclosure Document is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and the termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to franchisee.

ITEM 17(u) is amended to provide that arbitration between a franchisee and franchisor will be conducted in Indiana or a site mutually agreed upon.

ITEM 17(v) is amended to provide that franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

ITEM 17(w) is amended to provide that in case of a conflict of law, Indiana Law governs any cause of action under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

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

## **STATE OF MARYLAND**

The Franchise Disclosure Document is amended to add the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

In Item 17 and the Franchise Agreement requires you to sign a general release. The general release required as a condition of renewal, termination, or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

In Item 17 and the Franchise Agreement, we require you to arbitrate in Colorado using Colorado law. This is amended to provide that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

In Item 17 and the Franchise Agreement, we require Colorado law to prevail. This is amended to provide that in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

Item 17 and the Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

Item 17 is amended to state: "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

In Item 17, all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Closing Acknowledgment that is attached to the Franchise Agreement is amended to state: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

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

Section 18.4 of the Franchise Agreement is not enforceable in Maryland.

Exhibit 9 of the Franchise Agreement - Closing Acknowledgement should not be completed or signed by and will not apply to any franchisees and franchises that are subject to the Maryland franchise registration/disclosure laws.

The Acknowledgements found in Article 18 of the Franchise Agreement, and the Closing Acknowledgement are deleted in Maryland

## **STATE OF MINNESOTA**

The following Minnesota-specific language must be included in an exhibit attached to the Franchise Disclosure Document and also to the franchise agreements:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
- Minnesota considers it unfair not to protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5. 3.

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

## STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Amazing Athletes Franchise Systems, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure.

The State Cover Page is amended to include the following **RISK FACTORS**.

3. THE FRANCHISOR AND FRANCHISEE EACH AGREE THAT HE, SHE, OR IT WILL BE LIMITED TO BRINGING ANY ACTION AGAINST THE OTHER WITHIN 1 YEAR OF THE DATE THAT THE FACTS WHICH GIVE RISE TO THE CLAIM WERE DISCOVERED OR 1 YEAR FROM THE DATE THAT SUCH FACTS REASONABLY SHOULD HAVE BEEN DISCOVERED.

4. IF FRANCHISEE OBTAINS FINANCING FROM THE FRANCHISOR, THE FRANCHISEE'S SPOUSE MAY BE REQUIRED TO SIGN A PERSONAL GUARANTY MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS WHICH ALSO PLACES THE SPOUSES PERSONAL ASSETS AT RISK. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

5. WE BOTH AGREE TO WAIVE THE RIGHT TO A JURY TRIAL AND TO BE AWARDED EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES.

6. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Item 3 is amended to say:

No person previously identified in Item 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code.

The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

## **STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement, and the Supplemental Agreements are amended accordingly.

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

**EXHIBIT G**  
**FINANCIAL STATEMENTS**

**BOR FRANCHISING, LLC**

Financial Statements As Of December 31, 2023, 2022  
And 2021

Together With Independent Auditors' Report

**JDS** professional  
group  
certified public accountants, consultants and advisors

## **INDEPENDENT AUDITORS' REPORT**

To Management and the Owner of BOR Franchising, LLC:

### **Opinion**

We have audited the accompanying financial statements of BOR Franchising, LLC (the "Company"), which comprise the balance sheets as of December 31, 2023, 2022 and 2021, and the related statements of operations, owner's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BOR Franchising, LLC as of December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

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

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

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

Independent Auditors' Report (Continued)

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

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

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

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

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

*JDS Professional Group*

March 26, 2024

# BOR FRANCHISING, LLC

## Balance Sheets

As Of December 31, 2023, 2022, and 2021

Page -3-

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 3,134,133	\$ 513,933	\$ 204,415
Accounts receivable	245,645	105,281	71,657
Prepaid expenses	3,029	2,688	119,713
Total Current Assets	<u>3,382,807</u>	<u>621,902</u>	<u>395,785</u>
Non-current Assets:			
Right-of-use asset, net of accumulated amortization of \$99,445 and \$46,569, respectively	26,827	79,703	
Other assets	<u>55,422</u>	<u>32,246</u>	<u>18,218</u>
Total Non-current Assets	<u>82,249</u>	<u>111,949</u>	<u>18,218</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,465,056</u></u>	<u><u>\$ 733,851</u></u>	<u><u>\$ 414,003</u></u>
<b>LIABILITIES AND OWNER'S EQUITY</b>			
Current Liabilities:			
Accounts payable	\$ 1,696	\$ 485	\$ 19
Accrued expenses	6,247	12,128	14,993
Deferred revenue	138,552		94,350
Lease liability	<u>31,861</u>	<u>50,580</u>	
Total Current Liabilities	178,356	63,193	109,362
Non-current Liabilities:			
Lease liability		<u>31,861</u>	
Total Liabilities	<u>178,356</u>	<u>95,054</u>	<u>109,362</u>
Owner's Equity:			
Paid in capital	1,000	1,000	1,000
Retained earnings	<u>3,285,700</u>	<u>637,797</u>	<u>303,641</u>
Total Owner's Equity	<u>3,286,700</u>	<u>638,797</u>	<u>304,641</u>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<u><u>\$ 3,465,056</u></u>	<u><u>\$ 733,851</u></u>	<u><u>\$ 414,003</u></u>

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

**BOR FRANCHISING, LLC**

## Statements of Operations

For the Years Ended December 31, 2023, 2022, and 2021

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	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue:			
Franchise fees	\$ 1,381,000	\$ 181,000	\$ 156,000
Opening franchise equipment package	2,714,298	314,674	237,597
Royalties	1,024,192	421,930	308,543
Technology and support fees	824,486	303,118	238,591
Total Revenue	<u>5,943,976</u>	<u>1,220,722</u>	<u>940,731</u>
Operating Expenses:			
Franchise support expenses and commissions	1,677,091	218,104	257,399
General and administrative expenses	988,952	592,756	263,246
Marketing expenses	98,374	23,702	4
Total Operating Expenses	<u>2,764,417</u>	<u>834,562</u>	<u>520,649</u>
<b>NET INCOME</b>	<u><u>\$ 3,179,559</u></u>	<u><u>\$ 386,160</u></u>	<u><u>\$ 420,082</u></u>

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

## BOR FRANCHISING, LLC

Statements Of Owners' Equity  
For The Years Ended December 31, 2023, 2022 and 2021

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	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning owners' equity	\$ 638,797	\$ 304,641	\$ 220,953
Net contributions (distributions)	(531,656)	(52,004)	(336,394)
Net income	3,179,559	386,160	420,082
<b>ENDING OWNERS' EQUITY</b>	<b><u><u>\$ 3,286,700</u></u></b>	<b><u><u>\$ 638,797</u></u></b>	<b><u><u>\$ 304,641</u></u></b>

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

**BOR FRANCHISING, LLC**

## Statements Of Cash Flows

For The Years Ended December 31, 2023, 2022 and 2021

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	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:			
Net income	\$ 3,179,559	\$ 386,160	\$ 420,082
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of right of use asset	52,875	46,569	
Changes in operating assets and liabilities:			
Accounts receivable	(140,364)	(33,624)	(25,761)
Prepaid expenses	(341)	117,025	(119,713)
Other assets	(23,175)	(14,028)	(10,205)
Accounts payable	1,210	466	(5,476)
Accrued expenses	(5,880)	(2,865)	1,638
Deferred revenue	138,552	(94,350)	94,350
Lease liability	(50,580)	(43,831)	
Net cash provided by operating activities	<u>3,151,856</u>	<u>361,522</u>	<u>354,915</u>
Cash flows from financing activities:			
Owner contributions			250,000
Owner distributions	(531,656)	(52,004)	(586,394)
Net cash (used in) financing activities	<u>(531,656)</u>	<u>(52,004)</u>	<u>(336,394)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	2,620,200	309,518	18,521
Cash - Beginning of year	<u>513,933</u>	<u>204,415</u>	<u>185,894</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 3,134,133</u></u>	<u><u>\$ 513,933</u></u>	<u><u>\$ 204,415</u></u>

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

# BOR FRANCHISING, LLC

Notes To Financial Statements  
For The Years Ended December 31, 2023, 2022 and 2021

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## (1) Description Of The Business

BOR Franchising, LLC (the “Company”) was incorporated under the laws of the State of Colorado on January 10, 2018. The Company is engaged in the business of franchising BOR franchises that provide fire, water, and mold remediation services together with content cleaning restoration services to customers across the United States.

The following table summarizes the franchise activity for the Company’s overall system for the years ended December 31 as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Franchises at the beginning of the year	21	19	13
Franchises sold and operational	27	4	7
Franchises closed	<u>(2)</u>	<u>(2)</u>	<u>(1)</u>
Franchises at the end of year	<u>46</u>	<u>21</u>	<u>19</u>

## (2) Summary Of Significant Accounting Policies

### Basis of Presentation

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America.

### Recently Adopted Accounting Standards

On January 1, 2023, the Company adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses* (Topic 326) (ASC 326) and all related subsequent amendments thereto using the modified retrospective approach. Results for the reporting periods beginning after January 1, 2023 are presented under CECL while prior period amounts continue to be reported in accordance with previously applicable accounting standards. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including accounts and notes receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The adoption did not have an impact to the financial statements for the year ended December 31, 2023.

## **BOR FRANCHISING, LLC**

Notes To Financial Statements  
For The Years Ended December 31, 2023, 2022 and 2021

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In 2022, the Company adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which required lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The Company elected not to restate the comparative periods (2021 and 2020). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Company recognized a right-of-use asset and a lease liability of \$126,272, in its balance sheet as of January 1, 2022. The adoption did not result in a significant effect on amounts reported on the statement of operations for the year ended December 31, 2022.

### Estimates

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

### Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include demand deposits, and other highly liquid investments with original maturities of three months or less. The Company does not have any cash equivalents.

### Accounts Receivable

Accounts receivable consist of amounts invoiced to franchises and are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Company separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the balance sheet dates, the Company develops a loss rate for each risk pool. The loss rate is based on management’s historical collection experience, adjusted for management’s expectations about current and future economic conditions and based on a specific assessment of the creditworthiness of the franchise. As of December 31, 2023, the loss rate applied to the pools is 1% of related sales. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. As of December 31, 2023, there was no allowance for credit losses on accounts receivable balances as it is not significant to the financial statements. There was no allowance for doubtful accounts on accounts receivable balances for the years ended December 31, 2022 and 2021.

### Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchisees in the United States. The Company periodically performs credit analysis and monitors the financial condition of its franchisees to reduce credit risk. The Company performs ongoing credit evaluations of its franchisees but generally does not require collateral to support accounts receivable.

The Company's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of December 31, 2023, the Company's cash demand deposits exceeded the FDIC's insurance limit by \$2,884,133. As of December 31, 2022, the Company's cash demand deposits exceeded the FDIC's insurance limit by \$261,879 and 2021, the Company's cash demand deposits did not exceed the FDIC's insurance limit.

### Advertising Expenses

The Company expenses advertising costs as incurred. Such advertising is used to recruit qualified potential franchise candidates. Advertising expense for the years ended December 31, 2023, 2022 and 2021 was \$98,374, \$23,702 and \$4, respectively.

### Revenue And Revenue Recognition

#### *Franchise Fees and Opening Package*

Domestic franchise agreements entered after 2011 are standardized contracts with nearly identical terms for each franchise. Initial setup fees, training costs, and opening packages are required to be purchased prior to commencing operations and are due within 60 days of signing the franchise agreement. These revenues are considered fully earned once the franchise commences operations.

#### *Franchise Royalties*

Pursuant to the current franchise agreements, franchises are required to pay royalty fees which are charged at the franchise level and determined based on a percentage of monthly gross sales. If the minimum levels of revenues are not achieved, a fixed fee is charged. These fees are billed and recognized when earned on a monthly basis.

#### *Technology and Franchise Support Fees*

Franchises are required to purchase on-going training, software and support fees. These fees are billed and considered fully earned on a monthly basis.

Leases

The Company determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities on the balance sheets. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Company does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Subsequent Events

The Company has performed an evaluation of subsequent events through March 26, 2024, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Income Taxes

The Company is a single member limited liability company and has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owner on the respective income tax returns. Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has not taken other tax positions which must be considered for disclosure.

The Company is no longer subject to U.S. federal tax audits on its Form 1040 by taxing authorities for years ending prior to December 31, 2020. The Company is no longer subject to state tax audits on its Form 104 state tax return by taxing authorities for years ending prior to December 31, 2019. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Company believes no issues would arise.

(4) **Deferred Revenue**

Deferred revenue consisted of the following as of December 31, 2023, 2022 and 2021:

The following table provides information about significant changes in deferred revenue on franchise fees for the year ended December 31,:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of year	\$	\$ 94,350	\$
Revenue recognized that was included in deferred at the beginning of the year		(94,350)	
Revenue recognized during the year	(4,095,298)		(393,597)
Increase in deferred revenue due to cash received during the year	4,233,850		487,974
	<u>\$ 138,552</u>	<u>\$</u>	<u>\$ 94,377</u>

During the years ended December 31, 2023, 2022 and 2021, the amount of services that were recognized over time amounted to \$4,095,298, \$0 and \$393,597, respectively; and no services were recognized at a point in time.

(5) **Leases**

The Company evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents the Company's right to use the underlying asset for the lease term, and the lease liability represents the Company's obligation to make lease payments arising from the lease. The ROU asset and lease liability, all of which arise from an operating lease, were calculated based on the present value of the future minimum lease payments over the lease term. The Company made an accounting policy election to use a risk-free rate in lieu of its current incremental borrowing rate to discount future lease payments. The weighted average discount rate applied to calculate lease liabilities as of December 31, 2023, was 6%.

The Company's operating lease is a noncancellable lease for office space commencing August 1, 2021 through July 31, 2024. For the years ended December 31, 2023, 2022 and 2021, total operating lease cost was \$50,296, \$50,738, and \$0, respectively. As of December 31, 2023 and 2022, the weighted-average remaining lease term for the Company's operating lease was 1.56 and .58 years, respectively.

Cash paid for the operating lease for the year ended December 31, 2023 and 2022, was \$48,000. Rent expense for the years ended December 31, 2021 (pre-adoption of the new standards) was \$20,000. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2.

**BOR FRANCHISING, LLC**

Notes To Financial Statements  
For The Years Ended December 31, 2023, 2022 and 2021

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Future maturities of the lease liability are as follows:

2024	\$ 32,340
Total lease payments	<u>32,340</u>
Less present value discount	<u>(479)</u>
Total lease obligation	<u><u>\$ 31,861</u></u>

**BOR FRANCHISING, LLC**

Financial Statements As Of December 31, 2022, 2021  
And 2020

Together With Independent Auditors' Report

**JDS** professional  
group  
certified public accountants, consultants and advisors

## **INDEPENDENT AUDITORS' REPORT**

To Management and the Owner of BOR Franchising, LLC:

### **Opinion**

We have audited the accompanying financial statements of BOR Franchising, LLC (the "Company"), which comprise the balance sheets as of December 31, 2022, 2021 and 2020, and the related statements of operations, owner's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BOR Franchising, LLC as of December 31, 2022, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

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

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

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

Independent Auditors' Report (Continued)**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

*JDS Professional Group*

March 21, 2023

# BOR FRANCHISING, LLC

## Balance Sheets

As Of December 31, 2022, 2021, and 2020

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	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 513,933	\$ 204,415	\$ 185,894
Accounts receivable	105,281	71,657	45,896
Prepaid expenses	2,688	119,713	
Total Current Assets	<u>621,902</u>	<u>395,785</u>	<u>231,790</u>
Non-current Assets:			
Right-of-use asset, net of accumulated amortization of \$46,569	79,703		
Other assets	32,246	18,218	8,013
Total Non-current Assets	<u>111,949</u>	<u>18,218</u>	<u>8,013</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 733,851</u></u>	<u><u>\$ 414,003</u></u>	<u><u>\$ 239,803</u></u>
<b>LIABILITIES AND OWNER'S EQUITY</b>			
Current Liabilities:			
Accounts payable	\$ 485	\$ 19	\$ 5,495
Accrued expenses	12,128	14,993	13,355
Deferred revenue		94,350	
Lease liability	50,580		
Total Current Liabilities	<u>63,193</u>	<u>109,362</u>	<u>18,850</u>
Non-current Liabilities:			
Lease liability	31,861		
Total Liabilities	<u>95,054</u>	<u>109,362</u>	<u>18,850</u>
Owner's Equity:			
Paid in capital	1,000	1,000	1,000
Retained earnings	637,797	303,641	219,953
Total Owner's Equity	<u>638,797</u>	<u>304,641</u>	<u>220,953</u>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<u><u>\$ 733,851</u></u>	<u><u>\$ 414,003</u></u>	<u><u>\$ 239,803</u></u>

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

# BOR FRANCHISING, LLC

## Statements of Operations

For the Years Ended December 31, 2022, 2021, and 2020

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	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue:			
Franchise fees	\$ 181,000	\$ 156,000	\$ 78,000
Opening franchise equipment package	314,674	237,597	104,000
Royalties	421,930	308,543	180,536
Technology and support fees	<u>303,118</u>	<u>238,591</u>	<u>180,501</u>
Total Revenue	<u>1,220,722</u>	<u>940,731</u>	<u>543,037</u>
Operating Expenses:			
Franchise support expenses	218,104	257,399	139,242
General and administrative expenses	592,756	263,246	108,423
Marketing expenses	<u>23,702</u>	<u>4</u>	<u>4,155</u>
Total Operating Expenses	<u>834,562</u>	<u>520,649</u>	<u>251,820</u>
<b>NET INCOME</b>	<u><u>\$ 386,160</u></u>	<u><u>\$ 420,082</u></u>	<u><u>\$ 291,217</u></u>

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

## **BOR FRANCHISING, LLC**

Statements Of Owners' Equity  
For The Years Ended December 31, 2022, 2021 and 2020

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	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning owners' equity	\$ 304,641	\$ 220,953	\$ 244,736
Net contributions (distributions)	(52,004)	(336,394)	(315,000)
Net income	386,160	420,082	291,217
<b>ENDING OWNERS' EQUITY</b>	<u><u>\$ 638,797</u></u>	<u><u>\$ 304,641</u></u>	<u><u>\$ 220,953</u></u>

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

**BOR FRANCHISING, LLC**

## Statements Of Cash Flows

For The Years Ended December 31, 2022, 2021 and 2020

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	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:			
Net income	\$ 386,160	\$ 420,082	\$ 291,217
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	2,738		
Changes in operating assets and liabilities:			
Accounts receivable	(33,624)	(25,761)	(10,293)
Prepaid expenses	117,025	(119,713)	
Other assets	(14,028)	(10,205)	(8,013)
Accounts payable	466	(5,476)	16
Accrued expenses	(2,865)	1,638	10,702
Deferred revenue	(94,350)	94,350	
Net cash provided by operating activities	<u>361,522</u>	<u>354,915</u>	<u>283,629</u>
Cash flows from financing activities:			
Owner contributions		250,000	
Owner distributions	(52,004)	(586,394)	(315,000)
Net cash (used in) financing activities	<u>(52,004)</u>	<u>(336,394)</u>	<u>(315,000)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>309,518</b>	<b>18,521</b>	<b>(31,371)</b>
Cash - Beginning of year	<u>204,415</u>	<u>185,894</u>	<u>217,265</u>
<b>CASH - END OF YEAR</b>	<b><u>\$ 513,933</u></b>	<b><u>\$ 204,415</u></b>	<b><u>\$ 185,894</u></b>

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

## BOR FRANCHISING, LLC

Notes To Financial Statements  
For The Years Ended December 31, 2022, 2021 and 2020

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### (1) Description Of The Business

BOR Franchising, LLC (the “Company”) was incorporated under the laws of the State of Colorado on January 10, 2018. The Company is engaged in the business of franchising BOR franchises that provide fire, water, and mold remediation services together with content cleaning restoration services to customers across the United States.

The following table summarizes the franchise activity for the Company’s overall system for the years ended December 31 as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Franchises at the beginning of the year	19	13	12
Franchises sold and operational	4	7	3
Franchises closed	<u>(2)</u>	<u>(1)</u>	<u>(2)</u>
Franchises at the end of year	<u>21</u>	<u>19</u>	<u>13</u>

### (2) Summary Of Significant Accounting Policies

#### Basis of Presentation

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America.

#### Recently Adopted Accounting Standards

In 2022, the Company adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which required lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The Company elected not to restate the comparative periods (2021 and 2020). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Company recognized a right-of-use asset and a lease liability of \$126,272, in its balance sheet as of January 1, 2022. The adoption did not result in a significant effect on amounts reported on the statement of operations for the year ended December 31, 2022.

#### Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include demand deposits, and other highly liquid investments with original maturities of three months or less. The Company does not have any cash equivalents.

Accounts Receivable

Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of the creditworthiness of the franchise. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. There was no allowance for doubtful accounts on accounts receivable balances for the years ended December 31, 2022, 2021 and 2020.

Concentrations of Credit Risk

The Company grants credit in the normal course of business to franchisees in the United States. The Company periodically performs credit analysis and monitors the financial condition of its franchisees to reduce credit risk. The Company performs ongoing credit evaluations of its franchisees but generally does not require collateral to support accounts receivable.

The Company's cash demand deposits are held at financial institutions at which deposits are insured up to \$250,000 by the FDIC. As of December 31, 2022, the Company's cash demand deposits exceeded the FDIC's insurance limit by \$261,879. As of December 31, 2021, and 2020, the Company's cash demand deposits did not exceed the FDIC's insurance limit.

Advertising Expenses

The Company expenses advertising costs as incurred. Such advertising is used to recruit qualified potential franchise candidates. Advertising expense for the years ended December 31, 2022, 2021 and 2020 was \$23,702, \$4 and \$4,155, respectively.

Revenue And Revenue Recognition

*Franchise Fees and Opening Package*

Domestic franchise agreements entered after 2011 are standardized contracts with nearly identical terms for each franchise. Initial setup fees, training costs, and opening packages are required to be purchased prior to commencing operations and are due within 60 days of signing the franchise agreement. These revenues are considered fully earned once the franchise commences operations.

*Franchise Royalties*

Pursuant to the current franchise agreements, franchises are required to pay royalty fees which are charged at the franchise level and determined based on a percentage of monthly gross sales. If the minimum levels of revenues are not achieved, a fixed fee is charged. These fees are billed and recognized when earned on a monthly basis.

*Technology and Franchise Support Fees*

Franchises are required to purchase on-going training, software and support fees. These fees are billed and considered fully earned on a monthly basis.

Leases

The Company determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities on the balance sheets. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Company does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Subsequent Events

The Company has performed an evaluation of subsequent events through March 21, 2023, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Income Taxes

The Company is a single member limited liability company and has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owner on the respective income tax returns. Accordingly, the Company is not required to take any tax positions in order to qualify as a pass-through entity. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has not taken other tax positions which must be considered for disclosure.

## BOR FRANCHISING, LLC

Notes To Financial Statements  
For The Years Ended December 31, 2022, 2021 and 2020

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The Company is no longer subject to U.S. federal tax audits on its Form 1040 by taxing authorities for years ending prior to December 31, 2019. The Company is no longer subject to state tax audits on its Form 104 state tax return by taxing authorities for years ending prior to December 31, 2018. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Company believes no issues would arise.

### (4) Deferred Revenue

Deferred revenue consisted of the following as of December 31, 2022, 2021 and 2020:

The following table provides information about significant changes in deferred revenue on franchise fees for the year ended December 31,:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Deferred revenue, beginning of year	\$ 94,350	\$	\$
Revenue recognized that was included in deferred at the beginning of the year	(94,350)		
Revenue recognized during the year		(393,597)	(182,000)
Increase in deferred revenue due to cash received during the year		487,947	182,000
	<u>\$</u>	<u>\$ 94,350</u>	<u>\$</u>

During the years ended December 31, 2022, 2021 and 2020, the amount of services that were recognized over time amounted to \$0, \$393,597 and \$182,000, respectively; and no services were recognized at a point in time.

### (5) Leases

The Company evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents the Company's right to use the underlying asset for the lease term, and the lease liability represents the Company's obligation to make lease payments arising from the lease. The ROU asset and lease liability, all of which arise from an operating lease, were calculated based on the present value of the future minimum lease payments over the lease term. The Company made an accounting policy election to use a risk-free rate in lieu of its current incremental borrowing rate to discount future lease payments. The weighted average discount rate applied to calculate lease liabilities as of December 31, 2022, was 6%.

## BOR FRANCHISING, LLC

### Notes To Financial Statements

For The Years Ended December 31, 2022, 2021 and 2020

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The Company's operating lease is a noncancellable lease for office space commencing August 1, 2021 through July 31, 2024. For the year ended December 31, 2022, total operating lease cost was \$50,738. As of December 31, 2022, the weighted-average remaining lease term for the Company's operating lease was 1.56 years.

Cash paid for the operating lease for the year ended December 31, 2022, was \$48,000. Rent expense for the years ended December 31, 2021 and 2020 (pre-adoption of the new standards) was \$20,000 and \$0, respectively. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2.

Future maturities of the lease liability are as follows:

2023	\$	53,900
2024		<u>32,340</u>
Total lease payments		86,240
Less present value discount		<u>(3,799)</u>
Total lease obligation	\$	<u><u>82,441</u></u>

**EXHIBIT H  
APPLICATION**

## **State Effective Dates**

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

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

<b>STATE</b>	<b>EFFECTIVE DATE</b>
Illinois	March 29, 2024
Indiana	April 30, 2024
Maryland	April 19, 2024
Michigan	April 8, 2024
Minnesota	April 25, 2024
Virginia	April 10, 2024
Wisconsin	March 31, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT I  
RECEIPTS**

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If BOR Franchising, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment to us or an Affiliate in connection with the proposed franchise sale.

New York and Rhode Island law requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If BOR Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the New York State Department of Law, 120 Broadway, 23rd floor, New York, N.Y. 10271, and the appropriate state agency identified on Exhibit A.

Date of Issuance: March 26, 2024; Amended May 31, 2024

The Franchisor is BOR Franchising, LLC, 8200 Southpark Circle, Suite 300, Littleton, CO 80120, 720-204-2095.

The franchise seller for this offering is Nick-Anthony Zamucen, 8200 Southpark Circle, Suite 300, Littleton, CO 80120, 720-204-2095.

BOR Franchising, LLC authorizes the respective state agencies identified in Exhibit A to receive services of process for it in the particular state.

I have received a disclosure document dated March 26, 2024; Amended May 31, 2024, that included the following Exhibits:

- Exhibit A. List of State Agencies/Agents for Service of Process
- Exhibit B. Franchise Agreement
- Exhibit C. Table of Contents
- Exhibit D. Current Franchisees and Franchisees that Have Left the System
- Exhibit E. Trademark Specific Franchisee Associations and Independent Franchisee Associations
- Exhibit F. State Specific Addenda
- Exhibit G. Financial Statements
- Exhibit H. Application
- Exhibit I. Receipts

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Date Signed

You should return one copy of the signed receipt by signing by electronic-signature software or by signing, dating, and mailing it to BOR Franchising, LLC, BOR Franchising, LLC, 8200 Southpark Circle, Suite 300, Littleton, CO 80120, 720-204-2095

Save For Your Files

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**Return to Franchisor**