



Certified Restoration DryCleaning Network, LLC
a Michigan Limited Liability Company
2060 Coolidge Highway, Berkley, Michigan 48072
800.963.CRDN
www.restorationdrycleaning.com
www.crdn.com

FRANCHISE DISCLOSURE DOCUMENT

The franchise owner will provide restoration drycleaning services for clothing and textiles damaged in an insured casualty.

The total investment necessary to begin operation of a Certified Restoration DryCleaning Network, LLC franchised business is between \$45,550 and \$235,500. This includes the Initial Franchise Fee, comprised of a Fixed Licensing Fee, a Territory Fee and an Initial Package Fee, a Fixed Annual Fee and a Royalty that must be paid to the franchisor and/or its affiliates. The Fixed Licensing Fee is \$4,000 for a Payment Plan B franchisee and \$8,000 for a Payment Plan A franchisee. The Territory Fee ranges from \$3,000 to approximately \$35,000 depending on the Payment Plan and the number of households in an awarded Territory. The Initial Package Fee is \$13,000 for all franchisees. You should consult Items 5 – 7 of this disclosure document for further information concerning the total investment required.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to us 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 Jessica McGrath at 2060 Coolidge Highway, Berkley, Michigan 48072, or by phone at 800.520.CRDN.

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

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

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

Issuance date: March 20, 2016

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THE DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit E for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, ARBITRATION AND LITIGATION ONLY IN MICHIGAN. OUT OF STATE DISPUTE RESOLUTION INCLUDING ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN MICHIGAN THAN IN YOUR HOME STATE. YOUR STATE LAW MAY SUPERSEDE THIS PROVISION, AND IT MAY NOT BE ENFORCEABLE IN YOUR STATE. SEE SPECIAL STATE DISCLOSURES IN THE STATE ADDENDA TO THE FRANCHISE AGREEMENT AND DISCLOSURE DOCUMENT.

THE FRANCHISE AGREEMENT REQUIRES THAT MICHIGAN LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. YOUR STATE LAW MAY SUPERCEDE THIS PROVISION, AND IT MAY NOT BE ENFORCEABLE IN YOUR STATE. SEE SPECIAL STATE DISCLOSURES IN THE STATE ADDENDA TO THE FRANCHISE AGREEMENT AND DISCLOSURE DOCUMENT.

THE FRANCHISOR HAS MINIMUM SALES PERFORMANCE STANDARDS THAT YOU MUST MAINTAIN REGARDLESS OF THE REVENUE YOU RECEIVE FROM THE FRANCHISE. A ROYALTY FEE WILL BE CHARGED IN THE EVENT YOU DO NOT MAINTAIN SUCH MINIMUM SALES STANDARDS FOR TWO OR MORE CONSECUTIVE MONTHS. FAILURE TO PAY ANY APPLICABLE ROYALTY FEE CONSTITUTES GROUNDS FOR TERMINATION UNDER THE FRANCHISE AGREEMENT. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California:	<u>Pending</u>
Hawaii:	<u>Pending</u>
Illinois:	<u>Pending</u>
Indiana:	<u>Pending</u>
Maryland:	<u>Pending</u>
Michigan:	<u>Pending</u>
Minnesota:	<u>Pending</u>
New York:	<u>Pending</u>
North Dakota:	<u>Pending</u>
Rhode Island:	<u>Pending</u>
South Dakota:	<u>Pending</u>
Virginia:	<u>Pending</u>
Washington:	<u>Pending</u>
Wisconsin:	<u>Pending</u>

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) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchise assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials, which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same areas subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISEES IN MICHIGAN.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership for a franchise except for a good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

(iv) The failure of the franchise or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE MICHIGAN ATTORNEY GENERAL'S OFFICE, CONSUMER PROTECTION DIVISION, ATTENTION: FRANCHISE SECTION, 525 W. OTTAWA STREET, WILLIAMS BUILDING, FIRST FLOOR, LANSING, MICHIGAN 48933; TELEPHONE NO. (517) 373-7117.

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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS FRANCHISE DISCLOSURE DOCUMENT AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN THE INDIVIDUAL STATE DISCLOSURE PAGE AND/OR EXHIBIT G.	

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ITEM 1. FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The franchisor is Certified Restoration Drycleaning Network, LLC, which will be referred to in this disclosure document as (“we,” “us,” “our,” “CRDN,” and “Franchisor”). The terms “you,” “your,” “Franchisee,” or “CRDN franchisee” will refer to the person, and the legal entity (corporation, limited liability company, or partnership), that buys the CRDN franchise (the “Franchise”).

We are a Michigan limited liability company. Our principal place of business is 2060 Coolidge Hwy, Berkley, MI 48072. We do business under the names “Certified Restoration Drycleaning Network®” and “CRDN.”

Parents and Affiliates

We do not do business under any other name than those, however, our owners have other businesses as described below. We do not have a parent company and we do not have any predecessors.

We have the following affiliates, all co-owned by our owners, Wayne M. Wudyka and Jeffrey C. Snyder (please see Item 2 below), and all with their principal address located at 2060 Coolidge Highway, Berkley, MI 48072: CRDN Investments, LLC, a Michigan limited liability company with its principal address located at 2060 Coolidge Highway, Berkley, MI 48072 (“CRDN Investments”); CRDN of Canada, Inc., a Michigan corporation with its principal address located at 2060 Coolidge Highway, Berkley, MI 48072 (“CRDN of Canada”); Clean Brands, LLC, a Michigan limited liability company with its principal address located at 2060 Coolidge Highway, Berkley, MI 48072 (“Clean Brands”); 800 DC, LLC, d/b/a Bizzie, and 1-800-Dryclean, a Michigan limited liability company with its principal address located at 2060 Coolidge Highway, Berkley, MI 48072 (“800DC”); P4T International, LLC, a Michigan limited liability company with its principal address located at 2060 Coolidge Highway, Berkley, MI 48072 (“P4T”); Martinizing International, LLC, d/b/a Martinizing, and Martinizing Dry Cleaning, a Michigan limited liability company with its principal address located at 2060 Coolidge Highway, Berkley, MI 48072 (“Martinizing”); and 26822 Coolidge, Inc. a Michigan corporation with its principal address located at 26822 Coolidge Highway, Huntington Woods, MI 48070, d/b/a Huntington Cleaners, Inc. and CRDN of Michigan and Northwest Ohio (collectively, “Huntington”).

CRDN Investments is in the business of providing financing and loans to franchisees of the CRDN Franchise System (as defined below) from time to time. CRDN Investments has not offered and does not now offer franchises in any line of business.

CRDN of Canada operates the CRDN Business in Canada and offers CRDN franchises to franchisees located in Canada and has done so since April 30, 2004. As of December 31, 2015, there were 14 CRDN franchises in Canada.

Huntington was purchased in 1992. Huntington is a commercial dry cleaning company, a CRDN franchise authorized to use the names and logos owned by CRDN, a Bizzie Franchise authorized to use the names and logos we own and other Marks (as defined below) to operate a Bizzie Business (as defined below), but does not pay any royalty fee, annual successor term fee or advertising fund fee to Bizzie. We utilize Huntington to test the Franchise System (as defined below) and any improvements or modifications to the Franchise System. Huntington has not offered and does not now offer franchises in any line of business.

800DC was formed on July 2, 2012 to be the purchasing entity and the successor franchisor for the 1-800-DryClean franchise system which sells franchises for the performance of pickup and delivery dry cleaning. As of December 31, 2015, there were 77 1-800-DryClean franchises. 800DC also established

a separate and additional franchise service for the servicing of laundry and dry cleanable goods and soft contents to and from a locker-based system ("Bizzie") and has offered Bizzie franchises since January, 2013. As of the date of this Disclosure Document there 14 Bizzie franchises. 800DC will be extending existing franchise agreements for 1-800-DryClean franchises as well as Bizzie franchises, but will not be offering new 1-800-DryClean franchises or new Bizzie franchises.

Clean Brands was formed in July of 2012 as well and currently sublicenses certain technology to 800DC for the operation of the Bizzie Franchise System. Clean Brands has not offered and does not now offer franchises in any line of business.

P4T was formed in May of 2014 to serve as the purchasing entity for the material assets of the Pressed 4 Time franchise system. P4T offers Pressed 4 Time franchises for the performance of pick-up and delivery of laundry and dry cleanable goods and soft contents. P4T will be extending existing franchise agreements for Pressed 4 Time franchises, but will not be offering new Pressed 4 Time franchises. As of December 31, 2015 there were 90 Pressed 4 Time franchises.

Martinizing was formed in October of 2014 to serve as the purchasing entity to acquire the material assets of both the Martinizing franchise system as well as the Dry Cleaning Station franchise system. Martinizing offers franchises for the operation of professional dry cleaning and laundry plants and pick-up and delivery services, including route services, and services to and from locker-based systems, and on-demand services, under the Martinizing brand. Martinizing will be extending existing franchise agreements for Dry Cleaning Station franchisees operating dry cleaning and delivery businesses under the Dry Cleaning Station brand, but will not be offering new Dry Cleaning Station franchises. As of December 31, 2015 there were 180 Martinizing franchises and 9 Dry Cleaning Station franchises.

Agent for Service of Process

Our agents authorized to receive service of process are Mr. K. Dino Kostopoulos with a principal business address of 1821 W. Maple Road, Birmingham, MI 48009 and those persons/entities listed in Exhibit E of this disclosure document.

Prior Experience

Since June 12, 2001, CRDN has been selling franchises for the performance of textile restoration dry cleaning services for textiles damaged in insured casualties (the "CRDN Business") in the United States, and in the United Kingdom through a Sub-Franchisor relationship. Please note the following about CRDN: a Sub-Franchisor relationship

The Franchisor does not operate a business of the type being purchased; however, Huntington does operate a business of the type being purchased.

Except as otherwise stated in this disclosure document, neither Franchisor nor its affiliates provide products or services to Franchisees of the Franchisor.

The Franchisor has not been, and is not currently, involved in the offering of franchises, or participating in business other than the kind described in this disclosure document.

The Business We Offer

CRDN has developed certain proprietary systems, methods, procedures know-how, computer software programs and other associated trade secrets with respect to the CRDN Business (collectively the "Franchise System").

We offer, to those who meet our qualifications the opportunity to be awarded a CRDN franchise through which they will offer textile restoration services for clothing and soft goods that have been damaged in an insured casualty (the “Franchised Business”). Each Franchise will be awarded a unique geographic territory (the “Franchise Territory”) which will not be awarded to any other franchise.

The Market for CRDN Services

Our services provide insurance companies an economical alternative to replacement of damaged goods. The most frequent type of restoration is providing for goods damaged by smoke or water from a fire. Because the alternative to restoration is replacement, which is much more costly, insurance companies are increasingly turning to textile restoration to reduce the amounts they must pay out on claims.

CRDN has established a CRDN general operations manual (the “Operations Manual”) which provides guidelines and details regarding the Franchise System and provides you with the information needed to establish and carryout the Franchised Business. All services by you must be rendered in accordance with the Operations Manual.

As part of the Franchise System and in accordance with the Operations Manual, you will market your Franchised Business’ services directly to insurance adjusters, general contractors of re-construction services, contents cleaning companies, and third-party administrators. Once authorized to provide the service on a particular claim, your employees will pick up damaged items directly from the home or business where the insured casualty occurred. These items will be taken to your dry cleaning plant for appropriate cleaning in accordance with the Operations Manual. You will store the items until delivery is requested, at which time your employees shall promptly return them to the owner. You will bill the insurance company, with the permission of the insured homeowner, for your services in compliance with the terms of the agreement you have with each insurance company.

The general market for the services is that of the insurance industry which, via multiple mechanisms and parties, services losses associated with fires, floods, odor and other damage to insured persons/entities homes/properties. The services offered through each Franchised Business are a component of the services rendered by insurance companies to such insured persons/entities.

Your competitors are independently owned and operated and/or franchised dry cleaning businesses or plants that offer textile restoration services.

As of December 31, 2015, we have 135 franchises in the United States and 9 franchises in the United Kingdom, through our Sub-Franchisor relationship.

Applicable Regulations

There are no laws or regulations specific to the industry in which CRDN operates, however, you must comply with state and local regulations regarding handling and use of cleaning solvents and chemicals, and the proper return of personal items in the event an insured is non-responsive or otherwise cannot be located to take delivery of the items. You should investigate the application of these laws further.

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ITEM 2. BUSINESS EXPERIENCE

Wayne Wudyka - Chief Executive Officer and President	Mr. Wudyka is a founding partner of CRDN and has been CRDN's Chief Executive Officer since its launch in mid-2001. Mr. Wudyka has also served as CEO for all other affiliates formed and/or acquired thereafter. Further, Mr. Wudyka is currently serving as President for us, CRDN of Canada and Huntington.
Jeffrey Snyder - Board Member	Mr. Snyder co-founded the CRDN concept with Mr. Wudyka and has been a board member of all affiliates since their respective formations and/or acquisitions. He also has served as Huntington's Vice President since 1992.
Bob Fearon - President	Mr. Fearon joined CRDN in April 2005 and served as Director of Program Management until October 2012 when he became Director of Operations. He was named Vice President of Operations in 2013 and named President in July of 2015.
Ross Kollenberg - Executive Vice President	Mr. Kollenberg joined CRDN in July 2010 as a National Sales and Operations Manager. He was promoted to Director of Sales in October 2012 and later promoted to Assistant VP of Operations in June, 2014. He was further promoted to his current role as Executive Vice President in July of 2015.
Skip Star – Chief Marketing Officer	Mr. Star joined us in of October, 2014 as our Chief Marketing Officer. He previously was the President of SC Brand Consultants, LLC in Detroit, Michigan from July, 2007 until October, 2014 when he joined us.
Jeff Schultz - Vice President of Communication	Mr. Schultz joined us as Vice President of Communication in January of 2005.
Paul Lynden - Controller	Mr. Lynden has been CRDN's Controller since December 2004.
Michael Ewles - Director of Information Technology	Michael Ewles joined CRDN and CRDN of Canada, Inc. as Director of IT in March, 2011 and has also served the same role for all other affiliates acquired and/or formed since that time. Prior to joining us, Mr. Ewles had previously served as managing director of IT at Cleantech Group, in Brighton, Michigan since August, 2004.
Jessica McGrath - In-House Counsel	Ms. McGrath joined CRDN as In-House Counsel in January 2010 and has served in the same role for all other affiliates acquired and/or formed since such time.
Shawn Fair - Director of Training	Mr. Fair joined us in November of 2012 as our Director of Training and serves in the same role for all other legal affiliates. Prior to that, Mr. Fair was the Director of National Sales and Training MobilePlay Partners, in Detroit, Michigan from July 2011 through November 2012. He previously served as the Director of National Training for Mobilelife Ventures in Detroit, Michigan from March, 2008 to February, 2011 and held that same tile and position for The Mobile Solution, in San Diego, California from February 2004 to March 2008.

Josh Titler- Director Franchise Development	Mr. Titler joined us in August, 2015 as Director of Franchise Development and he serves the same role for all other legal affiliates. Prior to joining us, Mr. Titler was a Franchise Development Manager for ProTect Painters in Ann Arbor, MI from January, 2015 to July, 2015. From September, 2013 to January, 2015, Mr. Titler was a Franchise Development Director for Seniors Helping Seniors in Reading, PA. Before that, he served in various roles including Regional/National Business Operations Manager and Franchise Development Manager for BELFOR Franchise Group and their affiliates DUCTZ Air Duct Cleaning and HOODZ Kitchen Exhaust Cleaning in Ann Arbor, MI from August, 2007 to August, 2013.
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ITEM 3. LITIGATION

Prior Actions

Porco v. Certified Restoration Drycleaning Network, LLC (AAA Case No. 54 114 01104 09, filed September 16, 2009). Plaintiff, a former franchisee, alleged he was not granted an exclusive territory from which to operate the franchise. We denied that Plaintiff was not granted an exclusive territory. Non-binding mediation occurred in April 2010 and arbitration followed thereafter in 2012. On or about November 8, 2012, Plaintiff settled its claim with us for \$40,246.00 on their initial claim for \$241,956.08. The parties agreed that the settlement agreement shall not be taken or construed as an admission that we breached any duty owed by us to Plaintiff.

Other than these actions, no litigation is required to be disclosed in this disclosure.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

We offer two (2) payment packages for payment of Initial Fees when purchasing a franchise. The Initial Fees are refundable until the Franchisee or its delegate commences Initial Training, as described in detail in Article 2 of in the Franchise Agreement. You must choose a payment package, as broken down below before executing the Franchise Agreement.

1. First Payment Package:

Initial fees under the first payment option range from \$37,000 to approximately \$56,000 depending on the Territory Fee (as defined and described below).

A. The “Initial Franchise Fee” consisting of:

- i. An eight thousand dollars (\$8,000) “Fixed Licensing Fee”:
- ii. A “Territory Fee” of \$16,000 for the first 250,000 households in Franchise Territory and \$0.02 per household for each additional household located in the Franchise Territory as described in Item 12. The range for the Territory Fee is from sixteen thousand dollars (\$16,000) to thirty five thousand dollars (\$35,000); and

- iii. An “Initial Package Fee” of thirteen thousand dollars (\$13,000). The “Initial Package” includes our then current proprietary franchise management software, an Xactimate interface development fee, and certain products and supplies as described in great detail in Exhibit B of the Franchise Agreement, including marketing materials, trademarked branding items, and one thousand dollars (\$1,000) convention or regional meeting allowance to offset expenses (primarily the convention or regional meeting fees) associated with attending the first CRDN convention or regional meeting (whichever is applicable for the given year the franchisee purchases the CRDN franchise) scheduled to commence within one to two years of your successful completion of the initial training provided by CRDN (the “Initial Training”) as described in Article 7 of the Franchise Agreement and in Item 8 herein.
- B. Under the First Payment Package, you may pay your total Initial Franchise Fee in one lump sum upon signing the Franchise Agreement. Alternatively, you can receive financing from our affiliate, CRDN Investments, for part of the Initial Franchise Fee. If you choose to receive financing, you must pay one-third (1/3) of the Initial Franchise Fee upon signing the Franchise Agreement and pay the remaining two-thirds (2/3) balance in 12 equal monthly installments, at an interest rate of 10% on an annual basis on the unpaid balance starting on the first of the month following completion of your Initial Training (defined below). If you choose to receive financing, you must sign a promissory note, substantially in the form attached as Exhibit F-1 to this disclosure document and 2A the Franchise Agreement (the “Note”) with CRDN Investments.

2. Second Payment Package:

Initial fees under the second payment option range from \$20,000 to approximately \$52,000 depending on the Territory Fee (as defined and described below).

- A. The “Initial Franchise Fee” consisting of:
 - i. A four thousand dollar (\$4,000) “Fixed Licensing Fee”;
 - ii. A “Territory Fee” of \$3,000 for the first 250,000 households in Franchise Territory and \$0.01 per household for each additional household located in the Franchise Territory as described in Item 12. The range for the Territory Fee is from three thousand dollars (\$3,000) to thirty five thousand dollars (\$35,000); and
 - iii. The “Initial Package Fee” of thirteen thousand dollars (\$13,000). This is the same as described above in connection with the First Payment Package.
- B. Under the Second Payment Package, you must pay one-half (1/2) of the Initial Franchise Fee upon signing the Franchise Agreement. The other one-half of the Initial Franchise Fee must be paid on the first day of your Initial Training, as described in detail in Article 7 of the Franchise Agreement. Financing is not available for any portion of the Initial Franchise Fee under the Second Payment Package.

Under either payment package, the Initial Franchise Fee offsets the expenses we incur in registering, marketing, awarding, training, and opening new franchises. Additionally, once you, or a delegate, begin Initial Training, the Initial Franchise Fee shall be fully earned by us and non-refundable. Please note that financing terms appear within Item 10 of this disclosure document.

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ITEM 6. OTHER FEES

OTHER FEES

Type of Fee (<u>Note 1</u>)	Amount	Due Date	Remarks
"Annual Fixed Fee"	<u>First Payment Package:</u> \$5,000 <u>Second Payment Package:</u> \$3,000	The Annual Fixed Fee is due via electronic funds transfer ("EFT") (<u>Note 2</u>) on or before January 15 each year, beginning the first January after Franchisee commences operations.	The fee for your first year would be prorated based on how many months you had been in business.
"Royalty" Fee	<u>First Payment Package:</u> 6% Royalty on Gross Sales received; <u>Second Payment Package:</u> 9% Royalty on Gross Sales received	The Royalty is due via EFT each Friday and assessable on Gross Sales you receive during the preceding week.	Royalty is payment for the use of the Marks, Franchise System, Franchise Territory, and Operations Manual. To help you manage your cash flows, the Royalty due date is when you actually receive the income. For Successor Terms (as defined in Article 4.2 of the Franchise Agreement), the Royalty remains the same as the Royalty for the Initial Term of the Franchise. "Gross Sales," (see Article 2.5 of the Franchise Agreement) means all services billed and/or invoiced from operating the Franchised Business, including but not limited to, commissions paid/kept by lead sources, (general contractors, contents cleaning companies, third-party administrators, etc.) whether in cash, in services in kind, from barter and/or exchange, or otherwise, less all sales taxes or similar tax receipts that are chargeable to customers and refunds for non-restorable items. We reserve the right to collect all outstanding Royalty due to us 120 days after the billing date of any restoration dry cleaning job.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Marketing and Advertising Fund (the "Fund")	One percent (1%) of Gross Sales	Due via EFT each Friday and assessable on Gross Sales you receive during the preceding week.	Payable each week with the Royalty. We reserve the right to collect all outstanding Fund monies due to us 120 days after the billing date of any restoration dry cleaning job.
Weekly Software Licensing Fee	\$30 per week +	Due via EFT each Friday	This is for the ongoing maintenance and use of our proprietary software. (please see Exhibit C of the Franchise Agreement).
Per-Job Fee	\$7.50 per job plus \$17.50 for any jobs received through the CRDN website	Due via EFT each Friday	The \$7.50 is assessable for each job entered into our proprietary system and the \$17.50 is assessable for any jobs received through CRDN's website. Such fees are payable toward CRDN's monitoring and inventorying of your textile restoration jobs (please see Exhibit C of the Franchise Agreement).
Software Module	Up to \$2,500	Due only upon notification to you of a new software module.	This covers the right to issue new modules, which may be separately licensed (please see Exhibit C of the Franchise Agreement).
Additional Training	\$200-700 per person or our then current fee	Before the start of the training session. Due only if you elect to send yourself or your employees to additional training sessions.	"Initial Training" (see Article 7.1 of the Franchise Agreement" and Item 11) for you and one other person is included with the franchise. This fee is payable only if you elect to send additional persons to Initial Training. This fee does not include travel, lodging, or additional personal expenses incurred while at training.
Additional Assistance	Varies	Due via EFT upon our notification to you.	We may provide you with additional assistance when we deem necessary. You will be responsible for the payment of our staff fee plus all of their expenses to provide you with

Type of Fee (<u>Note 1</u>)	Amount	Due Date	Remarks
			the additional assistance in the Franchise Territory, including travel, lodging, meals or additional personal expenses while traveling.
CRDN Convention	Varies	As incurred	We may organize, and you are required to attend the CRDN convention or CRDN Regional Meetings (held each or every other year). You will be responsible for all travel, lodging, meals or personal expenses while at the CRDN Convention for all of the attendees from your Franchised Business. You will only be required to attend one CRDN convention or regional meeting per year, see Item 11.
Regional Meeting	Varies	As incurred	We may organize and you are required to attend regional franchisee meetings. You will be responsible for all travel, lodging, meals or personal expenses while at the regional meeting for all of the attendees from your Franchised Business. You will only be required to attend one CRDN convention or regional meeting per year, see Item 11.
Full Time marketing person for your local territory	Varies	As incurred	You are required to employ a full time territory sales person to expand the business of the Franchised Business. The terms of this employment are subject to the terms you negotiate with your employee provided that you must ensure that your employee follows all applicable terms described in the Franchise Agreement and the Operations Manual including those related to marketing.

Type of Fee (<u>Note 1</u>)	Amount	Due Date	Remarks
Area, Regional, or State Sales Representative	Varies (\$20,000 was approximate per-franchise average spent by franchisees in 2012)	Due via EFT upon our notification to you.	Only in the event that you join with other franchisees geographically located near you to employ an area, regional or state sales representative who will be responsible for promoting the Franchise System in their defined area (the "Area Representative"). Each Area Representative will be an employee of ours and you will pay your pro-rata share of the Area Representative expenses including our administration fees.
Successor Term Fee	20% of the then current Fixed Licensing Fee and Territory Fee	At the time you sign a Successor Agreement	Neither the Royalty nor the Franchise Territory will change in any Successor Term
Transferee Identification Fee	10% of the purchase price	Due upon signing of the new Franchise Agreement by the transferee/buyer.	Due only if you request us to find a buyer for the Franchised Business and we do so
Third Party Pricing Platform Conversion from Proprietary Software and Upload Fees	Varies per Conversion, but current upload fees are: \$35 or \$6 for Xactimate program and non-program uploads, respectively; and \$25 for any Symbility uploads	Due via EFT upon our notification to you.	This is a fee that CRDN will charge for uploading an invoice conversion from our proprietary software to the applicable third party pricing platform. We currently work with Xactimate and Symbility, but there may be others in the future. Non-program uploads (\$6) are required to impact local pricing.
Transfer of Corporation Fee	Up to \$500	Due upon signing of transfer documents	Due if you change the name of the Corporation or LLC that your Franchise Agreement is executed under
Transfer Fee	\$10,000 (if transferred to a new prospect). \$4,000 (if transferred to an existing CRDN franchisee)	Due upon signing of the Franchise Agreement by the transferee/buyer.	You must pay CRDN any final/outstanding fees owed to us prior to the Transfer and comply with all transfer provisions as set out in Article 12.3 of the Franchise Agreement. This fee is due prior to any transfer of your Franchise.

Type of Fee (<u>Note 1</u>)	Amount	Due Date	Remarks
			There is no charge if the Transfer is to an entity controlled by you, your spouse or your child.
Fees for Optional Electronic Restoration Services Program (<u>Note 3</u>)	Will vary, but current participation fees are as follows: \$19,500 for first territory; \$9,500 for each additional territory		Due upon signing of the amendment to your Franchise Agreement authorizing your performance of electronic restoration services. You will receive an electronic restoration tool cart and a training credit for up to two persons as part of the participation fee. These fees and all terms and conditions related to electronic restoration services are subject to change.
Fees for Optional Services	Will vary/unknown currently	Due upon time of training	Due upon implementation of optional programs and accompanying training
Referral and/or Claim Handling Fees	\$15 weekly; plus variable per-job fees as follows: \$5 Per Contact Fee; \$50 CRDN-Contact Fee; and \$.035 Per Second Call Fee	Due via EFT upon our notification to you.	These are the fees that CRDN is charged by the call center and other third-party referral sources that assign jobs/claims to you and that we charge back to you. You will owe a weekly fee for maintenance of the call center, currently \$15 per week. You will owe a Per-Contact Fee of \$5 per call for up to three calls (totaling \$15) that the call center makes in an attempt to reach you to assign a job. In the event you are not reached after three calls, the call center will contact CRDN's on-call staff to assign the job and you will be assessed a CRDN-Contact Fee of \$50 (see Item 8). You will also be charged a Per Second Call Fee, currently \$.035 per second, for each call the call center makes to you or CRDN and the fee will vary by the length of the call(s). The amount all call center related fees, may change from time to

Type of Fee (<u>Note 1</u>)	Amount	Due Date	Remarks
			time, at the discretion of CRDN or the requirement of the call center and implemented through amendments or revisions to CRDN's Operations Manual.
Regional/National Account Direct Mail Campaign	\$0.35 - \$2.00 per piece per mailing	Due via EFT every six to eight weeks, or as the mailings are done	This is the fee for postcards and newsletters that are being mailed to insurance industry contacts in your state or region
Late Payment Fee	5% of Royalty amount due or \$50, per week, whichever is greater	Due via EFT on the Monday following the due date for each payment not made	Due for each Royalty payment or any other payment under the Franchise Agreement that is not paid when due, including but are not limited to any Annual Fixed Fee, Fund, Late Payment Fees, promissory notes and weekly Fees
Late Payment Interest	12% per annum or the maximum permitted by applicable law, whichever is greater	Due via EFT when payment is made	Charged from date any late payment was due until actually paid
Audit	Cost of inspection or audit estimated at \$2,500-\$10,000, plus 100% of the understated Royalty and interest, at the rate of 12% per annum or the maximum rate permitted by applicable law, whichever is greater, and all late fees, from the date originally due until the date of payment.	Due via EFT 15 days after billing	Due if you understate the Royalty obligation by 5% or more or do not promptly report in our proprietary software any revenue collected when payments are received
Costs and Attorneys Fees	Will vary under circumstances	As incurred	Due if you hire an attorney
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if you are held liable for claims from

Type of Fee (<u>Note 1</u>)	Amount	Due Date	Remarks
			your Franchised Business' operation
Local Marketing Requirement	Minimum of \$.05 a Household in the awarded Franchise Territory - will vary per Household count of the Franchise Territory	Monthly	Includes all advertising expenses on a local level (i.e. Yellow Page ad). Also, the cost of your full time marketing person may be counted toward the Local Marketing Requirement.
Minimum Royalty Fee ("Royalty Fee")	Will vary depending on Household size - Due monthly	Due via EFT upon our notification to you	Due only if you do not achieve the required "Minimum Monthly Gross Sales" requirement, as defined in the Franchise Agreement, for a period of two or more consecutive months
Administrative Fee	Up to \$500	As incurred	Only payable if you ask or we are required, due to your actions, to amend the Franchise Agreement or to process paperwork on your behalf.
Regional/National Account Program Administration Fee	Varies per claim	Due via EFT upon our notification to you	This is a fee that CRDN will charge for the administration of all Regional/National Account Program work
Regional/National Account Program Participation Fees	Varies based upon program	As incurred	You are required to participate in Regional/National Account Programs and certain programs may charge fees to participate and maintain participation

Explanatory Notes:

- Note 1 All fees, unless otherwise specified, are imposed and collected by and payable to CRDN. All fees, unless stated otherwise, are non-refundable.
- Note 2 As part of your "Pre-Activation Requirements", you must sign and deliver to us the Electronic Funds Transfer ("EFT") Authorization document, included as Exhibit D of this disclosure document, to authorize us to debit your checking account electronically for all fees due in connection with the Franchise Agreement.
- Note 3 You must: be in compliance with all obligations under your Franchise Agreement; be separately approved by Franchisor per Franchised Territory; enter into an amendment to your Franchise Agreement(s); attend and satisfactorily complete electronic restoration training (either personally or through your authorized representative and/or electronic restoration serviced technician); and be subject to separate terms and conditions, including, without limitation, minimum job performance quotas, in order to perform and

maintain the ability to perform electronic restoration services as part of the Franchised Business. If you either elect not to or are not authorized to perform electronic restoration services as part of the Franchised Business, you will not be authorized to perform electronic restoration services whatsoever and we may, ourselves or through another CRDN franchisee or third party, perform electronic restoration services within your Franchised Territory.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of Payment	When Due	To Whom Payment is To Be Made
Fixed Licensing Fee (<u>Note 1</u>)	\$4,000 - \$8,000 \$4,000 (First Payment Package) \$8,000 (Second Payment Package)	Lump Sum or one year installments under your Note if financing is obtained	<u>First Payment Package:</u> Upon signing your Franchise agreement or as scheduled in your Note if financing is obtained. <u>Second Payment Package:</u> Upon signing your Franchise agreement or upon commencement of Initial Training	CRDN
Territory Fee (<u>Note 1</u>)	\$3,000-\$35,000 \$3,000 -\$35,000 (First Payment Package) \$16,000-\$35,000 (Second Payment Package)	Lump Sum or one year installments under promissory note if financing is obtained	<u>First Payment Package:</u> Upon signing your Franchise agreement or as scheduled in your Note if financing is obtained <u>Second Payment Package:</u> Upon signing your Franchise agreement or upon commencement of Initial Training	CRDN
Initial Package Fee	\$13,000	Lump Sum	<u>First Payment Package:</u> Upon signing your Franchise agreement or as scheduled in your Note if financing is obtained	CRDN

			<u>Second Payment Package</u> : Upon signing your Franchise agreement or upon commencement of Initial Training.	
Food and lodging while training, not including the cost of your transportation (<u>Note 2</u>)	\$1,000 -\$2,500	Lump Sum	As Incurred	Third Parties
Storage Facility Rent for 3 months (<u>Note 3</u>)	\$1,500-\$9,000	Lump Sum	As Incurred	Third Parties
Deposit on Storage Facility	\$500-\$3,000	Lump Sum	As Incurred	Third Parties
Storage Racking System (<u>Note 4</u>)	\$2,000-\$20,000	Lump Sum	As Incurred	Third Parties
Ozone Machine (<u>Note 5</u>)	\$300-\$1,000	Lump Sum	As Incurred	Third Parties
Boxes for bulk laundry storage (<u>Note 6</u>)	\$250-\$1,000	Lump Sum	As Incurred	Third Parties
Vehicle (<u>Note 7</u>)	\$0-\$20,000	Lump Sum	As Incurred	Third Parties
Full time marketing employee payroll expenses for 3 months (<u>Note 8</u>)	\$10,000-\$20,000	Payroll	Per your standard payroll policy	Employee
Computer hardware (<u>Note 09</u>)	\$0-\$8,000	Lump Sum	As Incurred	Third Parties
Insurance (<u>Note 10</u>)	\$0-\$25,000	Depends on Insurance Agency	Depends on Insurance Agency	Third Parties
Point of Sale System (<u>Note 11</u>)	\$0-\$10,000	Lump Sum	As Incurred.	Third Parties

Additional Funds (Note 12)	\$10,000-\$60,000	Lump Sum	As Incurred.	Third Parties
Totals (Note 13)	\$45,550-\$235,500			

Explanatory Notes:

- Note 1 The price of the Fixed Licensing Fee and Territory Fee depend on which payment package you select. The price of the Franchise Territory is also variable as determined by the approximate number of households located in the Franchise Territory (see Item 5 of the disclosure document and Article 2 of the Franchise Agreement). See Item 10 for expenses we may finance.
- Note 2 Included in this amount are out-of-pocket expenses for lodging and meals for two attendees, but does not include transportation.
- Note 3 Depending upon the number of households in your Franchise Territory and the business plan you develop, you will need to have/lease storage space ranging from 1,000 to 10,000 square feet.
- Note 4 This amount varies depending upon the size of the storage space you have/lease, the number of households in your Franchise Territory, and your business plan. This is where you will store restoration dry cleaning items that have been cleaned until the claimant is ready to receive the items.
- Note 5 An ozone machine is needed to accelerate process for deodorizing items. The size you select, and resultant price range, is a function of the number of households in your Franchise Territory and your business plan.
- Note 6 The number of boxes you will need is a function of your business plan. These boxes are to be used in order to return bulk laundry, shoes and other items to the claimant.
- Note 7 If you already have a delivery vehicle with laundry racks, you may use it for the pickup and delivery of items. The low end of the range assumes you would not need to secure a vehicle and the high range we have quoted is for renting or buying a new van including a racking system and is meant to estimate the fees associated with such purchase or lease fees for your first three months in operation. All vans must be operated in conformance with the requirements and guidelines set forth in our Operations Manual, including the requirement to have the CRDN logo, graphics, and otherwise be marked per our standards and specifications.
- Note 8 You must dedicate a full-time employee to market the services of your Franchised Business. You cannot consider yourself this full-time marketing employee without our prior written consent. We reserve the right to hire a full-time sales employee on your behalf and bill you for all associated expenses.
- Note 9 Please see Items 8 and 11 of this disclosure document and Article 11.1 of the Franchise Agreement.
- Note 10 As part of your Pre-Commencement Requirements as described in Article 5.1 of the Franchise Agreement, before commencing operations of the Franchised Business you must obtain and maintain in full force and effect throughout the term of this Agreement and at your sole expense, certain insurance coverages as described in Article 11.4 of the Franchise Agreement. Such requirements are subject to modification by CRDN from time to time in accordance with the Operations Manual and a complete list of the current coverages is provided in Item 8 below.

The low estimate is based on an owner who has all of the coverages that we require currently in place. The high estimate is based on an owner who would have to add types of insurance and increase the limits currently in place.

Note 11 You are required to use a “Point of Sale Software System” that will interface with our proprietary software: Examples of software systems that have this capability are Spot 2000, CompassMax for Windows, DCCS for Windows, and Kwik Clean, created by Accord Systems.

Note 12 This item estimates the working capital needs for the first three months of operation, not including those expenses identified separately in the table. It includes payroll costs for operation and customer service employees, out-of-pocket direct mail costs, general auto maintenance and gasoline, and office overhead. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. The amount of working capital you need will depend on a number of factors including to what extent you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for restoration drycleaning; the prevailing wage rate; competition; the sales level reached by your Franchised Business during its initial period; and many more. Additionally, as CRDN franchisees are typically only awarded to preexisting dry cleaners, there is no cost included in this Item 7 for any security deposit or rental costs associated with a processing plant or the standard equipment owned by dry cleaners that is needed as part of the Franchise System. To the extent you will need to purchase or rent a processing plant and/or standard equipment owned by dry cleaners, such amounts should be identified and added to the Totals for your Estimated Initial Investment.

Note 13 All fees listed in Item 7 are non-refundable once paid. All fees are for expensed incurred the initial three (3) months in operation of the Franchised Business.

Please note that we have relied upon Huntington’s experience in compiling the estimates in Item 7. You should review them carefully with a financial advisor before making any decision to purchase the franchise.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases of Goods and Services

Initial Package Marketing Material

To assist you in efficiently launching your Franchised Business, you must purchase from us an Initial Package (see Exhibit B to the Franchise Agreement). We will place the order for your Initial Package.

The marketing materials and trademarked office supplies that are included in the Initial Package are provided by approved fulfillment companies that inventory and distribute CRDN trademarked items to franchisees. CRDN regularly reviews and negotiates pricing for all items included in the Initial Package for the benefit of the franchisees. As part of the Operations Manual and the CRDN franchisees website, you will have access to all contact information for all approved fulfillment companies and all available products. While most franchisees choose to order trademarked items from approved fulfillment companies, you have no obligation to purchase items through the approved fulfillment companies and only the Initial Package items are required to come through such approved fulfillment companies, which CRDN orders for you.

You may contract with alternative suppliers for all trade-marked items and/or items bearing the CRDN logo for the operation of the Franchised Business, other than those included in the Initial package. Provided, however, that franchisees must obtain our prior approval. Approval can be requested by contacting Mr. Schultz, or any subsequent person serving as the Vice President of Communication or fulfilling similar functions at CRDN's Home Office through the toll free phone number: 800-520-CRDN (2736). Suppliers must show their ability to accurately meet our standards and specifications for representation of the Marks in order to be approved. The specs and specifications for the reproduction of the Mark are available to franchisees through the Operations Manual and on the CRDN franchisee website and can be shared with suppliers prior to acceptance.

There is no fee to secure approval of an alternative supplier. Upon receipt of request for approval, you can expect to be notified of the approval/denial within seven (7) business days. Acceptance may be revoked upon receipt by us of information or proof that the supplier was never/is not/may be unable to meet our standards and specifications for representation of the logo and Marks. Notification of revocation of acceptance will be made via email or phone from a member of our corporate office ("Home Office") staff.

Suppliers of items not bearing the CRDN logo that are used in the daily operation of the Franchised Business need not be approved by CRDN. CRDN has no relationship with any such suppliers and does not negotiate price or other terms on behalf of franchisees with such suppliers.

System Standards

You must operate your Franchised Business according to our "System Standards," as described in Article 11 of the Franchise Agreement, including mandatory and suggested specifications, standards, operating procedures, and rules which may require you to purchase various goods, services or other supplies, by way of example only, fixtures, equipment, inventory, and computer hardware and software. We will formulate and modify the System Standards based on our franchisees' experiences in operating their respective Franchised Business. Our System Standards may impose requirements for performance (see Item 12), reputation, quality, and appearance. The System Standards do not include any personnel policies or procedures. We do not dictate or control labor or employment matters for franchisee and their employees. We also do not dictate the day to day operations of the franchisee and/or their employees. The Operations Manual, as described in Articles 1.2 and 5.5 of the Franchise Agreement, identifies the System Standards and we may modify the System Standards from time to time in writing and you must comply with any such modification within sixty (60) days from the date of the written notice. Below is a list of some, but by no means all, of the purchases required as part of the System Standards.

Point of Sale System

You must purchase a "Point of Sale Software System" or "POS" that we approve and that meets our requirements, as may be modified from time to time in the Operations Manual, from such vendor as we require. You will also need to purchase certain other software and hardware in connection with this interface, as we require from time to time. You may also need to pay to install the POS and related software and hardware. Your POS must interface with our current proprietary software system and you may need to purchase certain other software or hardware in connection with such interface, as we require from time to time. We will have independent access to all data recorded or stored in your POS.

Dedicated Phone Line and Call Center

As part of your local marketing, and as a Pre-Activation Requirements (described in Article 5.1 of the Franchise Agreement), you must purchase and maintain a telephone number that is dedicated to your Franchise Business and separate and apart from your existing dry cleaning telephone number.

You must also utilize a call center/answering service approved of by CRDN to receive jobs/loss assignment notices ("Call Center") (described in Article 2.7 of the Franchise Agreement) and pay a Per-Contact Fee and CRDN-Contact Fee. At this time, there is only one Call Center approved of by CRDN, as disclosed in the Operations Manual. However, CRDN reserves the right to change the approved Call Center and/or include more than one Call Center based upon the criteria established by CRDN in its sole discretion. Further, the Call Center is currently a third party vendor; however, CRDN reserves the right to: perform some or all functions of the Call Center; add services to be performed by the Call Center; charge fees to you for all additional services whether performed by a third party, CRDN or any combination of persons and/or entities; and to modify the current fees charged in connection with the Call Center, as set forth in Item 6 of this disclosure document. CRDN provides the criteria directly to each Call Center prospect/candidate and such criteria, includes without limitation, their ability to accurately and efficiently meet our high-volume, 24-hour request/referral needs; they must ensure full-time dedicated staff are working on the account; they must have the software and electronic capabilities of recording all contacts for each and every request/referral and they must be capable of servicing all CRDN franchisees in the USA and Canada so that uniformity in request/referral assignment is maintained.

Insurance

As part of your Pre-Commencement Requirements described in Article 5.1 of the Franchise Agreement, before commencing operations of the Franchised Business you must obtain and maintain in full force and effect throughout the term of this Agreement and at your sole expense, certain insurance coverages as described in Article 11.4 of the Franchise Agreement. Such requirements are subject to modification by CRDN from time to time in accordance with the Operations Manual and currently include the following:

- (a) Commercial General Liability Insurance including, without limitation: \$2,000,000 general aggregate; \$2,000,000 in Products & Completed products aggregate; \$1,000,000 personal and advertising injury; and \$1,000,000 per occurrence limit; with a waiver of subrogation in our favor;
- (b) Bailees Legal Liability and/or Bailees Property Coverage Insurance shall be maintained with limits of at least \$1,000,000 which must cover goods in your care, custody and control.;
- (c) Automobile Liability Insurance with policy limits of not less than \$1,000,000.00, combined single limit, for bodily injury and property damage for all owned or lease vehicles and for hired and non-owned motor vehicles;
- (d) Workers' Compensation/Employers' Liability Insurance with limits of at least \$500,000 or as otherwise statutory required by Franchisee;
- (e) Employee Dishonesty/Federated Bonding Insurance with minimum limits of \$50,000 per loss and such coverage shall also cover acts of stealing against third parties;
- (f) Property Insurance on buildings and business personal property including personal property of others on a replacement cost, no coinsurance basis. The property coverage shall include business income and extra expense coverage for the full twelve months.
- (g) Umbrella Liability Insurance with a limit of at least \$2,000,000 per occurrence and aggregate and such policy shall list the commercial general liability, automobile liability and workers' compensation/employers' liability policies as scheduled underlying policies to the extent available by law; and
- (h) All Other Insurance required by each Franchisee's state, county, local, or other municipality.

Benefits

There currently are no purchasing or distribution cooperatives and we own no interest in any supplier of any goods or services provided under the Franchise System. We may negotiate purchase arrangements with suppliers (including price terms) for the benefit of the Franchise System. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

Aside from certain intangible benefits associated with group buying, neither we nor any of our affiliates have a relationship with, or receive rebates, revenue or any other material consideration from any of the approved suppliers referenced in this Item 8 including without limitation suppliers of marketing supplies or the currently approved Call Center. Provided, however, we retain the right to do so in the future. None of our directors or officers has any ownership interests in any of the suppliers that we use.

For the year ending December 31, 2015, we had total revenue, as described in Exhibit A hereto, of \$7,965,366. Of that total revenue, \$747,895, which is approximately 9.4%, was derived from all required purchases and leases from CRDN franchisees. We estimate that the required purchases and leases account for 3% to 12% of the cost to establish a CRDN Franchise and approximately 10% of ongoing operating expenses.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Article 3.1, 3.3 and 3.4	Item 12
b. Pre-opening purchases/leases	Articles 2.1, 2.2 and 11	Items 6, 7 and 8
c. Site development and other pre-opening requirements	Articles 2.7, 2.8, 2.9, 3.4, 5.1 and 11	Items 7 and 11
d. Initial and ongoing training	Article 7	Items 6, 7 and 11
e. Opening	Articles 5.1 and 11	Item 11
f. Fees	Article 2 and Exhibits 2A and C	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	Articles 11 and 8	Items 8, 9, 13, and 14
h. Trademarks and proprietary information	Articles 1.3 and 8	Items 8, 13 and 14
i. Restrictions on products/services offered	Article 11	Items 8 and 16
j. Warranty and customer service requirements	Articles 1.5 and 11	Item 11
k. Territorial development and sales quotas	Articles 2.6 and 3	Item 12
l. Ongoing product/service purchases	Articles 2 and 11	Item 8
m. Maintenance, appearance and remodeling requirements	Article 11	Item 8
n. Insurance	Article 11.3	Items 6, 7 and 8
o. Advertising	Article 2	Items 6 and 11
p. Indemnification	Article 6.3	None
q. Owner's participation/management/ staffing	Articles 2 and 7	Items 11 and 15

Obligation	Section in Franchise Agreement	Item in Disclosure Document
r. Records and reports	Article 5.7	Item 6
s. Inspections and audits	Articles 5.8 and 5.9	Items 6
t. Transfer	Article 12	Items 6 and 17
u. Renewal	Article 4.2	Item 6 and 17
v. Post-termination obligations	Article 14	Item 17
w. Non-competition covenants	Articles 10 and 14.2	Item 17
x. Dispute resolution	Article 15	Item 17
y. Software License Agreement	Exhibit C	Items 8 and 11
z. National/Regional Account Participation Program Agreement	Article 1.5	Item 12

ITEM 10. FINANCING

ITEM 10: Summary of Financing Offered		
Item Financed	Initial Franchise Fees (Territory Fee, Initial Package & Fixed Licensing Fee)	Operational expenses
Source of Financing	CRDN Investments (Note 1)	CRDN Investments (Note 2)
Down Payment	1/3 of total of Initial Franchise Fee which includes the Territory Fee, Initial Package Fee, Fixed Licensing Fee	N/A
Amount Financed	Total Initial Franchise Fee less 1/3 Down Payment	Increments of \$25,000 up to 50% of outstanding CRDN accounts receivable
Term	12 months/1 year	6 months
Interest Rate	10% annual interest rate	12% annual interest rate
Monthly Payment	Varies	Varies
Prepay Penalty	None	None
Security Required	Security interest in: personal property, inventory, equipment, appliances, signage, furnishings, and fixtures used in carrying out of the Franchised Business; and all accounts, drafts, acceptances, and other forms of receivables, and all rights of Franchisee earned under contracts to render services. Personal Guaranty of Franchise owner and all owners of the Franchisee Entity	Security interest in: personal property, inventory, equipment, appliances, signage, furnishings, and fixtures used in carrying out of the Franchised Business; and all accounts, drafts, acceptances, and other forms of receivables, and all rights of Franchisee earned under contracts to render services. Personal Guaranty of Franchise owner and all owners of the Franchisee Entity
Liability Upon Default	Immediate payment due of balance and fulfillment of all other obligations under the Nnote, Franchise Agreement or	Immediate payment due of balance and fulfillment of all other obligations under the A/R Note, Franchise Agreement or

	any other agreement between you and CRDN; payment of collection costs; and termination of Franchise Agreement and/or any other agreement between you and CRDN	any other agreement between you and CRDN; payment of collection costs; and termination of Franchise Agreement and/or any other agreement between you and CRDN
Loss of Legal Right on Default	Waiver of: notice and acceptance; notice of demand for payment; protest and notice of default; guarantors' right to require action be first brought against franchisee; rights to payment and claims for reimbursement or subrogation; all other notices and equitable defenses	Waiver of: notice and acceptance; notice of demand for payment; protest and notice of default; guarantors' right to require action be first brought against franchisee; rights to payment and claims for reimbursement or subrogation; all other notices and equitable defenses

Notes

(1) Initial Franchise Fees (Territory Fee, Initial Package Fee, Fixed Licensing Fee)

As described in Items 5 and 7, if you would like to finance two-thirds (2/3) of the Initial Franchise Fees, including the Territory Fee, Initial Package and Fixed Licensing Fee and you meet our credit standards CRDN, through its affiliate CRDN Investments, will finance such fees over a one year period at an interest rate of 10% APR using the standard form Note. As security for performance of the terms of the Note, you must give: (1) your personal guarantee and that of all shareholders or other owners of the franchisee entity; (2) security interest in personal property, inventory, equipment, appliances, signage, furnishings, and fixtures used in carrying out of the Franchised Business; and (3) security interest in all accounts, drafts, acceptances, and other forms of receivables, and all rights of Franchisee earned under contracts to render services. You may prepay the Note without penalty at any time during its term. If you do not make a payment on time, we can: demand immediate payment of the full outstanding balance and fulfillment of all other obligations under the note, Franchise Agreement or any other agreement between you and CRDN (or CRDN Investments, as applicable); obtain payment of collection costs including reasonable attorney fees; deem you in default under and terminate the Note, the Franchise Agreement and any other agreement you may have entered into with CRDN (or CRDN Investments, as applicable); and pursue any and all rights and remedies available under the Note, Franchise Agreement or any other agreement between you and CRDN (or CRDN Investments, as applicable). Additionally, upon default, you shall be deemed to have surrendered any and all rights to the Franchised Business and the Franchised Territory (as both terms are defined in the Franchise Agreement) and we shall be authorized to assign and award the Franchised Territory to any other franchise of our choosing. You waive your rights to notice of a collection action and to assert any defenses to collection against CRDN. As stated in Item 5, a copy of the Note is located

(2) CRDN Accounts Receivable Financing Program

We offer, to those CRDN members in business more than six (6) months and who otherwise qualify, a "CRDN Accounts Receivable Financing Program." This is a program to provide short-term financial assistance to owners who experience significant growth in their Franchise Business, and who have yet to develop a local banking relationship which understands and will finance their Franchise Business growth. Eligibility criteria based on borrower's compliance with the Franchise System and CRDN sales levels. Under the CRDN Accounts Receivable Financing Program, CRDN, through its affiliate CRDN Investments, will finance, to those who qualify, increments of \$25,000 up to 50% of borrower's outstanding CRDN accounts receivable. CRDN will finance such amounts over a 6 month period at an

interest rate of 12% APR using the standard form promissory note (the "A/R Note") substantially in the form attached Exhibit F-2 to this disclosure document. As security for performance of the terms of the A/R Note, you must give: (1) your personal guarantee and that of all shareholders or other owners of the franchisee entity; (2) security interest in personal property, inventory, equipment, appliances, signage, furnishings, and fixtures used in carrying out of the Franchised Business; and (3) security interest in all accounts, drafts, acceptances, and other forms of receivables, and all rights of Franchisee earned under contracts to render services. You may prepay the A/R Note without penalty at any time during its term. If you do not make a payment on time, we can: demand immediate payment of the full outstanding balance and fulfillment of all other obligations under the A/R Note, Franchise Agreement or any other agreement between you and CRDN (or CRDN Investments, as applicable); obtain payment of collection costs including reasonable attorney fees; deem you in default under and terminate the A/R Note, the Franchise Agreement and any other agreement you may have entered into with CRDN (or CRDN Investments, as applicable); and pursue any and all rights and remedies available under the A/R Note, Franchise Agreement or any other agreement between you and CRDN (or CRDN Investments, as applicable). Additionally, upon default, you shall be deemed to have surrendered any and all rights to the Franchised Business and the Franchised Territory (as both terms are defined in the Franchise Agreement) and we shall be authorized to assign and award the Franchised Territory to any other franchise of our choosing. You waive your rights to notice of a collection action and to assert any defenses to collection against CRDN. We do not offer financing that requires you to confess judgment, or waive a defense. We will not guarantee any notes, leases, obligations or your receivables. We will not sell, assign or discount to a third-party any part of the financing that you receive from us.

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

Except as listed below, CRDN is not required to provide you with any assistance.

Pre-Opening Assistance.

Before your Franchised Business is activated, we will:

1. Designate the Franchise Territory for the Franchise (Exhibit A of the Franchise Agreement);
2. Provide to you the Initial Package (Item 5.1 above and Article 2.2 and Exhibit B of the Franchise Agreement); and
3. As described in Article 8 of the Franchise Agreement, CRDN will loan you, during the term of the Franchise Agreement, one copy of the Operations Manual, and/or otherwise provide an electronic copy of the Operations Manual to you through the website for CRDN franchisees. The Operations Manual contains the System Standards (as fully described in Article 11 of the Franchise Agreement) that CRDN prescribes from time to time for the operation of a Franchised Business, and information on your other obligations under this Agreement and related agreements. The provisions of the Operations Agreement include guidelines and sub-sections/chapters/manuals for subjects related to the Franchised Business, including without limitation, brand, training, sales and marketing, software, etc., and may come in multiple formats including electronic, web-based, and hard copy. The Operations Manual does not include any employment related information for employees of yours. Franchisee is obligated to comply with the terms of the Operations Manual. See below in this Item 11 for the Table of Contents for the Operations Manual. CRDN may modify the System Standards via modifications to the Operations Manual from time to time. Franchisee is required to implement and comply with any modification within sixty (60) days from written notice from CRDN of such modification (Article 8 of the Franchise Agreement).

Continuing Assistance.

During the operation of your Franchised Business, we will:

1. Conduct CRDN Conventions or Regional Meetings (Article 7.4 of the Franchise Agreement);
2. Develop and implement national and/or regional advertising and marketing campaigns through management of the Fund (defined below)(Article 2.7 of the Franchise Agreement);
3. Periodically update the Operations Manual)(Article 8 of the Franchise Agreement); and
4. Support for our proprietary management software as defined in its Software License Agreement (Exhibit C of the Franchise Agreement).

Optional Assistance.

The following assistance is not required under the Franchise Agreement, but CRDN currently offers it to franchisees:

CRDN has established a program to assist new franchisees in compliance with the Pre-Activation Requirements (described in Article 5.1 of the Franchise Agreement). It has been labeled the “Right Start” program. The program involves assistance from members of the operations, legal and administrative staff of CRDN in tasks including, by way of example only, completion of all necessary paperwork to become active in the Franchise System, securing appropriate insurance coverage, registering to do business with the CRDN franchise designated name, preparing your operations to perform textile restoration services, completion of applications for National/Regional Account Programs, and much more.

A member of the CRDN operations team may be assigned to assist you in resolving operational problems you encounter and to offer consultation. Such person may visit your facilities from time to time. He/she may visit around/near the time you become active in the Franchise System. CRDN may charge you a fee for these visits based on time and expenses incurred by CRDN’s representative, as agreed in advance. See Article 7.7 of the Franchise Agreement.

In connection with the National/Regional Account Programs (see Article 1.5 of the Franchise Agreement), CRDN may provide job/loss monitoring assistance.

Advertising Assistance.

Generally.

We perform, and you are required to participate in, Franchise System-wide mailings that typically occur every 6-8 weeks. The cost will vary depending on the number of local customers you have in your database (see Article 1.5 of the Franchise Agreement). You must also conduct, at your expense, marketing, advertising, and promotional programs at the local level. You promise to spend on these programs at least \$0.05 for each household located in your Franchise Territory each calendar year. Provided, however, that we will allow you the compensation paid to your local sales person to count toward such required spending (see Article 2.7 of the Franchise Agreement).

You may develop advertising materials for your own use, at your own cost; however, you must receive our written approval of all advertising and marketing materials prior to their use. All advertising and marketing materials must meet our then current specifications as published in our confidential Operations Manual. We may offer and sell advertising, marketing, and promotional materials at any time. You have no obligation to purchase any such materials or forms from us (see Article 2.7).

We do not require you to join any advertising cooperatives.

There is no advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement does not give us the power to form, change or dissolve any advertising council.

There is no obligation for us to maintain any advertising program or spend any amount on advertising in your Franchise Territory. We currently reserve the right to advertise using print, radio and television, with local, regional and national coverage. We currently employ both an in-house advertising staff and local, regional and national advertising agencies.

Marketing and Promotion Fund.

We have established a marketing and promotion fund (the "Fund") for marketing, advertising, promotion, cross-promotion, and public relations programs and materials. At this time, the Fund is active, and you will need to make payments into it (Item 6 of this disclosure document and Article 2.7 of the Franchise Agreement).

The Fund was activated January 1, 2005. In the fiscal year concluding December 31, 2015, monies contributed to the Fund totaled \$848,019.48 and were allocated as follows: Promotion/sales support: 71.19%; Branding: 1.70%; Marketing: 23.91%; and Advertising: 3.20%. All Fund contributions were spent for the fiscal year 2015.

You must contribute to the Fund the amount we designate at our sole discretion, provided that it does not exceed 1% of your Gross Sales. At this time, the current Fund contribution is 1% of your Gross Sales. Monies not expended during the year they are collected will remain in the Fund for future expenditure.

Monies collected for the Fund may be used to pay the costs for preparing and producing video, audio, and written materials, administering and placing national, regional, and multi-regional marketing and advertising programs, administering and placing cross-promotion programs with third parties, employing outside advertising and public relations agencies to provide assistance and support for public relations, market research, piloting, consultations for work performed to test initiatives, sales/management efforts and other advertising, promotion, and marketing activities.

We will administer these programs for a fee not to exceed 10% of the Fund revenues. Our expenditures of the fund will be at our sole discretion, and we are not obligated to spend any in your local market or do it in a way that equally benefits any individual franchisee, or is in proportion to their payments. Any materials developed by the Fund will be made available to you through our fulfillment supplier for the published fees.

The Fund will not be our asset, but will be accounted for separately from our other funds, and will be held for the benefit of the Franchise System. Moneys from the Fund will not be expended on advertising that is principally a solicitation for the sale of new franchises. We may furnish to you upon request, an annual statement of moneys collected and costs incurred by the Fund, but we do not guarantee such statement will be in any particular format or contain any specific data. We reserve the right to have the Fund incorporated or operated through a separate entity anytime we deem appropriate, and the successor entity will have all of the rights and duties specified in this Item.

The Fund is audited as a component of our annual audit but not denoted separately on the material attached hereto as Exhibit A.

Computer Software and Systems.

You must use our current proprietary franchise management software system in the operation of the Franchised Business, execute and maintain a renewable, Software License Agreement and pay a \$1,000 Xactimate interface development fee (Article 2.9 of the Franchise Agreement). You also must use a point of sale software system that will interface with our current proprietary franchise management software system (see Item 8 of this disclosure document for details on the Point of Sale System). This point of sale software system will be used to maintain your customer records and to track work performance data and details related to each individual claim. Per the terms of the Software License Agreement (Exhibit C of the Franchise Agreement), we will provide you with support and upgrades as they are made available

and you must pay us a weekly software licensing fee (Item 6 of the disclosure document) to help offset expenses we incur in supporting the software and developing upgrades.

As described in detail in Article 11 of the Franchise Agreement, you must also purchase or lease certain computer hardware and software, and equipment that meet our specifications. The list of such items will be included in the Operations Manual. Such items currently include, without limitation, a constant, high-speed Internet connection (e.g. cable modem or DSL), an email account for all employees of the Franchised Business to receive and send email and transfer computer files between you and us (see Item 7, Note 8), 4GB RAM, 30GB free hard disk space, a printer and a scanning machine, and the ability to operate the Windows® operating system, Microsoft Word®, Microsoft® Excel® Microsoft PowerPoint® and required computer hardware. As technology advances, you may be required to upgrade your hardware to meet changing software requirements. You must have at least one computer located at your office site, and you must issue one laptop computer for each marketing person, each meeting certain minimum hardware, network and software requirements, all as described in the Operations Manual.

As stated in Item 7 above, we estimate the cost of the computer system, including all necessary hardware, to range from \$0.00 to \$4,000. The low range of \$0.00 is applicable to a Franchisee who has all of the required hardware at the time of signing the Franchise Agreement, and the high end of the range is applicable to a Franchisee who needs to purchase all such required items. You must also use a computerized accounting system that conforms to the requirements and formats that we prescribe (Article 5.7 of the Franchise Agreement). It is our best estimate that this will cost you up to \$400 and it is included in the range estimated for the computer system referenced above and in Item 7 of this Disclosure Document.

There is no contractual limit on our ability to require you to upgrade the computer system, add components to the computer system and replace components of the computer system. We cannot estimate the cost of maintaining, updating or upgrading your computer system or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time. There is no contractual limitation on the frequency or cost of this obligation. We have no obligation to provide any ongoing maintenance, repair, upgrades or updates except as stated above in connection with the Software License Agreement. We will be able to independently access the Franchised Business's information without limitation.

Manuals.

As stated above, CRDN will loan you, during the term of the Franchise Agreement, one copy of the Operations Manual, and/or otherwise provide an electronic copy of the Operations Manual to you through the website for CRDN franchisees. The Table of Contents for our Operations Manual is located below and as Exhibit H hereto. In addition, please note that the below table of contents lists the page numbers allocated to each subject and there are a total of 74 pages in the Operations Manual.

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Location Selection.

Your dry cleaning plant, warehouse, office and/or any other facility related to the Franchised Business must be located inside your Franchise Territory unless you have received our prior written consent to do otherwise (Item 12 of this disclosure document and Article 3.3 of the Franchise Agreement). We do not provide any physical site selection assistance.

Length of Time to Open the Franchised Business.

As stated in Article 7 of the Franchise Agreement, and as part of the Pre-Activation Requirements (as set forth in Article 5.1 of the Franchise Agreement) you are required to attend the next Initial Training session offered following the date you sign the Franchise Agreement and such sessions are typically offered every other month. From there, you are required to complete all other Pre-Activation Requirements within six weeks from the date you complete Initial Training. As such, the typical length of time between the signing of the Franchise Agreement or payment of any consideration for the Franchise, whichever comes first, and the commencement of operations of the Franchised Business, is 120 days. Factors affecting this length of time include normal business startup considerations and delays in completion of all Pre-Activation Requirements including, by way of example only, scheduling and completion of Initial Training.

Training.

As specifically set forth in Articles 5.1 and 7.1 of the Franchise Agreement, before you may operate the Franchise Business, CRDN shall furnish initial training Initial Training to you on the operation of the Franchise Business. You are allowed, at no additional fee, to designate two trainees, one of which must be one of the individuals defined as Principal Owner under the Franchise Agreement or his/her Designated Representative and the other may be your full-time salesperson or other designee as approved by CRDN to attend the Initial Training. You promise to complete the Initial Training to CRDN's satisfaction, and failure to do so may result in the termination of this Agreement.

Please note that Franchisee and only Franchisee is responsible to make and carry out all employment related obligations, including by way of example only, hiring, firing, discipline, wages, hours, benefits, etc. Any training, material, processes and/or procedures related to the activity of any employee of Franchisee provided to Franchisee or any employee of Franchisee by Franchisor shall be deemed optional and not mandatory and it is the obligation of Franchisee to determine to what extent, if any, such training, material, processes and/or procedures apply to Franchisee's Franchised Business. Franchisor is not the employer of any Franchisee or any Franchisee employees.

You may designate, with CRDN's approval and on a "space available" basis, additional persons to attend other sessions of the Initial Training for which Franchisee will be charged CRDN's then current Initial Training fee. In addition, each additional trainee will be required to execute CRDN's then current confidentiality and non-compete agreement prior to the start of the Initial Training. The Initial Training fee will be due and payable prior to the start of the program and franchisee will be responsible for the payment of all travel and living expenses incurred by your designees while training (Item 6 of the disclosure document).

Initial Training encompasses a five (5) day classroom and field training session conducted at our home office in Berkley, as well as at Huntington's facilities in Huntington Woods and Oak Park, Michigan, and at such other sites of any customers of Huntington in Huntington's' Franchised Territory that have agreed to participate.

Shawn Fair, CRDN's Director of Training, directs and manages our training program. Mr. Fair has been with us since November of 2012. You may also receive information technology and system support training from Mike Ewles, our Director of IT, who has been with us since March 2011 and has over 20 years of experience in IT. Jeff Schultz, our VP of Communication, may provide training on marketing and communication; he has been with us since 2005 and has over ten years of experience in communications and marketing. You may receive sales and operations related training from or EVP of Sales, Mr. Ross Kollenberg, who has been in the sales and insurance industries for over twenty years and has been with us since July 2010. You will also receive operations training from Bob Fearon, our President, who has over ten years of experience program management and operations and has been with us since 2005.

We schedule approximately one training session every other month. You will be required to attend the next scheduled training session following the date you sign your Franchise Agreement. Listed below is the typical Initial Training schedule.

We schedule approximately one training session every other month. You will be required to attend the next scheduled training session following the date you sign your Franchise Agreement. Listed below is the typical Initial Training schedule.

TRAINING PROGRAM

INITIAL TRAINING SCHEDULE

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Understanding the Insurance Industry	2		Berkley, MI
Branding	2		Berkley, MI
Systems and Processes	1	2	Berkley, MI
Proprietary Software Demonstration and Training	3.5	3.5	Berkley, MI
Operations Management Reports	2		Berkley, MI
Work Flow Integration including plant production, warehousing and shoe restoration	1	2	Huntington Woods and Oak Park, MI
Participate in a CSR Meeting	1	1	Oak Park, MI
Invoicing	1		Oak Park, MI
Receivables and Cash Flow Management	1		Oak Park, MI
Building Relationships	1.5		Berkley, MI
CRDN Sales and Marketing Overview	4		Berkley, MI
Observe Sales Meeting	3	3	Berkley, MI
The State of the CRDN Network	1.5		Berkley, MI
Direct Repair Programs	1.5		Berkley, MI
Hire, Train and Retain Good People	2		Berkley, MI
Next Step: CRDN Launch	1		Berkley, MI
Wrap Up –Conclusion and Discussion	1		Berkley, MI
Totals	30	11.5	

In addition to Initial Training, you have ongoing training and meeting obligations, as set forth in Article 7.4 of the Franchise Agreement. Namely, you must attend: (a) as many web-based or other remote location attendance follow-up sessions subsequent to Initial Training as Franchisor deems necessary and using

the format and content as Franchisor, in its sole discretion, requires and for a time period, not to exceed twenty four (24) months from the date of completion of Initial Training ("Follow-up Training"); (b) a refresher training course every two years ("Refresher Training"); and (c) either the CRDN convention ("CRDN Convention") or the geographically applicable CRDN regional meeting ("CRDN Regional Meeting"), whichever is applicable, each year. In the event that you do not attend the Follow-up Training, Refresher Training, the CRDN Convention or CRDN Regional Meeting (as applicable) without our prior written approval, CRDN will debit your account for any applicable registration fee and any applicable room rental fee and your failure to attend is grounds for termination under Article 13.2 of the Franchise Agreement.

We reserve the right to require your attendance at any other industry related training courses or conferences, at the times and locations we determine, and for which we may charge fees. We will determine the duration, curriculum, and location of any such sessions. You will be responsible for all travel and living expenses that you incur while attending all. In no event will you be required to attend more than one retraining and one convention or regional meeting, whichever is applicable, in one calendar year. You may send a representative from your Franchise Business in your place except for all required training and only in the event that you have obtained our prior written approval. In the event that you do not attend the required sessions each year, we may debit your account for the registration fee and any applicable room rental fees. Such failure will also be a default under the franchise agreement.

ITEM 12. TERRITORY

Franchise Territory

The Franchise Territory is described in Article 3 of the Franchise Agreement and specifically identified in Exhibit A of the Franchise Agreement using political boundaries, such as geocodes, counties and cities, zip code boundaries or a combination thereof. CRDN may not modify the Franchise Territory without the written consent of Franchisee.

In the event these political or zip code boundaries are modified by applicable authority, CRDN shall re-describe the Franchise Territory using such modified boundaries and maintaining as closely as possible the original geographic size and shape of the Franchise Territory by giving due consideration to any adjoining franchise territories. Additionally, in such event, to the extent such modifications result in a modification to the number of your awarded Targeted Households, your Targeted Households shall automatically, and without further consideration or documentation, be deemed to be amended to equal the modified total Targeted Households.

The number of households in a Franchise Territory will typically range from 150,000 to 1,000,000 households (Article 2 of the Franchise Agreement). CRDN reserves the right to update your household count in accordance with modifications to information received and relied upon by authoritative sources, including, but not limited to, the United States Census Bureau.

Solicitation and Servicing in the Franchise Territory

You will receive an exclusive territory provided, however, that you and all CRDN franchisees are subject to the marketing and servicing restrictions described below.

You may market, including all forms of solicitation, your Franchise Business and insurance textile restoration services and perform insurance textile restoration services, including on-site and in-plant activities, for insurance adjusters, general contractors or re-construction services, contents cleaning companies, third-party administrators and other customers geographically located inside your Franchise Territory.

You may not market outside of your Franchise Territory even if such marketing is done in an area which has not been awarded to another CRDN franchisee. Such prohibition includes marketing to customers outside of your Franchise Territory that service any or all portions inside your Franchise Territory without

the prior written consent of the CRDN franchisee who owns the implicated area or CRDN, if such area has not been awarded to another CRDN franchisee. Such prohibition also includes any marketing/solicitation done via the internet, catalog sales, telemarketing or other direct marketing. Claims that result from any unauthorized marketing efforts outside your Franchise Territory must be serviced by the CRDN franchisee who owns the Franchise Territory where the claim occurred. You may not market or build any regional or national account relationship without CRDN's prior written consent.

You may service customers located inside and outside of your Franchise Territory. If you receive any referrals for jobs outside of your Franchise Territory and such Customers are located in a territory has not been awarded to another CRDN franchisee, then you may service those customers as part of the Franchised Business; provided, however, that in the event the implicated territory is later awarded to another CRDN franchisee, you must immediately cease servicing, and turn over, those customers to the subsequent CRDN franchisee. Your Franchise Territory may contain customers that are currently being serviced by other CRDN franchisees.

We have no duty or liability whatsoever with respect to monitoring and/or regulating the activities related to the marketing to and/or servicing of customers in your Franchise Territory that is allegedly performed by any other CRDN franchisee and/or any third party. We may, at our sole discretion and only upon receipt of written notification from you of any allegations of improper or unauthorized activities related to marketing and/or servicing of customers in your Franchise Territory, investigate such allegations and take all action, if any, that we deem appropriate and necessary, in our sole and absolute discretion, to ensure all CRDN franchisees adhere to the applicable terms and conditions relating to marketing and servicing of Customers as part of the Franchise System. Any monitoring and/or regulating of such actions provided by Franchisor shall be at Franchisor's sole and absolute discretion and shall be provided solely on a voluntary basis.

We have implemented Regional/National Account Programs (see Article 1.5 of the Franchise Agreement). You will receive exclusive referrals by us for claims within your Franchise Territory arising out of the national/regional account programs but only if you: are accepted in the program by the program partner; are in compliance with the terms of your Franchise Agreement; have complied with all national/regional account program requirements; are otherwise in good standing with both CRDN and all national/regional account program partners; and service all national/regional accounts in accordance with the terms and conditions of the applicable national/regional account agreements; otherwise, claims will be assigned by us or the applicable national/regional account partner to another CRDN franchisee who is accepted in the applicable national/regional account program and in compliance as required. We reserve the right to market and build national and regional account relationships with persons/entities, whose offices may be located in your Franchise Territory.

You must locate any office, processing plant, warehouse/storage facility, and any other facility, to be used as part of or in connection with Franchised Business, within the Franchise Territory. Without Franchisor's prior written approval, Franchisee shall not locate any facility outside the Franchise Territory. Nonetheless, any such approval shall not, under any circumstances, entitle Franchisee to any franchise rights outside of the Franchise Territory.

We reserve the right to award a franchise to any other party who has a dry cleaning plant, warehouse, or any other type of facility through which their Franchise Business is operated, inside your Franchise Territory. This other franchise, however, will have their own unique Franchise Territory, which shall not include territory that has been awarded to you, in which they will be subject to the same or similar marketing and solicitation restrictions and obligations as those you are subject to as described above. We are not required to pay you if we exercise any of the rights specified above inside your Franchise Territory.

Relocation of your Franchise Territory and purchase of additional franchises or territory

We will not allow you to relocate your Franchise Territory. However, we may award you an additional franchise or additional territory, but any decision to do so will be in our sole discretion and judgment as to the best interests of the Franchise System. In the event of an additional franchise purchase you would have to meet all then-current requirements of any new franchisee, be in compliance under the terms of your existing Franchise Agreement(s), sign a cross-default amendment for all franchise agreements, and execute the then-current version of our Franchise Agreement (measured at the time of the additional purchase) for all CRDN Franchise Businesses.

Additional Rights we Reserve

During the term of your Franchise Agreement, neither CRDN nor any affiliate of CRDN may franchise or directly operate a textile restoration business within the Franchise Territory. Provided however, that if franchisee is not in compliance with all the terms of its franchise agreement or any other agreement with CRDN, CRDN or any affiliate of CRDN and any other CRDN franchisee designated by CRDN may provide textile restoration services within the Franchise Territory. CRDN or any affiliate of CRDN may provide services to the insurance industry or to general contractors in the Franchise Territory provided that such services may not include textile restoration.

We reserve the right to sell CRDN identified products through alternative channels of distribution. We also retain the right to offer and sell services and products within the Franchise Territory that do not comprise a part of the Franchise System and, in connection with this right, to exploit our trademarks, name, reputation and know-how and the Franchise System. This specifically includes selling, either ourselves or through our affiliates, any other franchised business of any other franchise network owned or operated by or on behalf of any of our affiliates (our affiliates are described in Item 1 of this Disclosure Document). Such actions may be taken using alternative channels of distribution, including the television, internet, etc.

Minimum Sales Requirements

In accordance with Article 2.6 of the Franchise Agreement, following your first full year of operation, you must maintain the following minimum levels of monthly gross sales:

Minimum Monthly Gross Sales (Number of Households in Territory × Gross Sales \$ Factor = Minimum Monthly Gross Sales) (Example: 500,000 HH × \$0.03 = \$15,000 Minimum Monthly Gross Sales requirement)	
Years in Operation	Gross Sales \$ Factor
Less than 1	Not Applicable
Greater than 1 but less than 2	\$0.03
Greater than 2 but less than 3	\$0.04
Greater than 3 but less than 4	\$0.05
Greater than 4 but less than 5	\$0.06
Greater than 5 but less than 6	\$0.07
Greater than 6 but less than 7	\$0.08

Greater than 7 but less than 8	\$0.09
Greater than 8 but less than 9	\$0.10
Greater than 9	\$0.11

Upon the renewal or transfer of the franchise agreement, for the purpose of determining your minimum monthly gross sales, the years in operation are measured from the date the initial franchise agreement was signed or as otherwise agreed to by CRDN at such time. Further, unless modified in our Operations Manual, we will look at your sales by month billed, as reported in our proprietary software, each month to determine whether you have met your Minimum Monthly Gross Sales requirement.

In the event that you do not achieve the required minimum monthly gross sales for any two (2) or more consecutive month period, upon notice, you will owe a royalty fee through EFT equal to what you would have been assessed for royalties had you achieved the required minimum monthly gross sales.

ITEM 13. TRADEMARKS

As stated in Item 1, we have the exclusive right to use and license others to use the names and logos owned by CRDN as well as existing trademarks, service marks, and related names and marks as well as any future trademarks developed by us (the "Marks"). We will grant you the non-exclusive license to use the Marks.

The following Marks are registered or are in the process of being registered with the United States Patent and Trademark Office ("PTO") and the registrations are on the principal register unless otherwise noted:

<u>Marks</u>	<u>Registration Information</u>
CERTIFIED RESTORATION DRYCLEANING NETWORK Class 35	SERIAL NO: 78883812
	FILING DATE: 5/15/06
	REGISTRATION DATE: 5/29/07
	REGISTRATION NO: 3246989
CERTIFIED RESTORATION DRYCLEANING NETWORK Class 37	SERIAL NO: 78883830
	FILING DATE: 5/15/06
	REGISTRATION DATE: 5/29/07
	REGISTRATION NO: 3246992
CRDN Class 35	SERIAL NO: 78884399
	FILING DATE: 5/16/2006
	REGISTRATION DATE: 5/29/07
	REGISTRATION NO: 3246998
CRDN Class 37	SERIAL NO: 78884405
	FILING DATE: 5/16/2006
	REGISTRATION DATE: 5/29/07
	REGISTRATION NO: 3,246,999
RESTORNET Class 42	SERIAL NO: 76539595
	FILING DATE: 8/11/2003
	REGISTRATION DATE: 6/21/05
	REGISTRATION NO: 2962831
CRDN and logo	SERIAL NO: 85639303

Class 35	FILING DATE: 5/31/12
	REGISTRATION DATE: 5/28/13
	REGISTRATION NO: 4341246
CRDN and logo Class 37	SERIAL NO: 85639339
	FILING DATE: 5/31/12
	REGISTRATION DATE: 1/8/13
CRDN LES EXPERTS EN TEXTILES and logo Class 37	REGISTRATION NO: 4272328
	SERIAL NO: 85630448
	FILING DATE: 5/21/12
CRDN LES EXPERTS EN TEXTILES and logo Class 35	REGISTRATION DATE: 1/8/13
	REGISTRATION NO: 4271916
	SERIAL NO: 85630396
CRDN THE TEXTILE EXPERTS and logo Class 37	FILING DATE: 5/21/12
	REGISTRATION DATE: 1/8/13
	REGISTRATION NO: 4271912
CRDN THE TEXTILE EXPERTS and logo Class 35	SERIAL NO: 85618531
	FILING DATE: 5/7/12
	REGISTRATION DATE: 1/1/13
CRDN THE TEXTILE EXPERTS and logo Class 35	REGISTRATION NO: 4267929
	SERIAL NO: 85618109
	FILING DATE: 5/7/12
RESPOND. RESTORE. RESUME and logo Class 37	REGISTRATION DATE: 12/25/12
	REGISTRATION NO: 4264117
	SERIAL NO: 85641933
RESPOND. RESTORE. RESUME and logo Class 35	FILING DATE: 6/4/12
	REGISTRATION DATE: 12/25/12
	REGISTRATION NO: 4264662
RESPOND. RESTORE. RESUME Class 35	SERIAL NO: 85641929
	FILING DATE: 6/4/12
	REGISTRATION DATE: 12/25/12
	REGISTRATION NO: 4264661
	SERIAL NO: 85641924
	FILING DATE: 6/4/12
	REGISTRATION DATE: 12/25/12
	REGISTRATION NO: 4264660

No state trademark registrations have been filed. We intend, however, to commence an on-going practice of registering new trademarks for promotional or related advertising activities. No registration renewals have been necessary at this time, but we intend to renew all registrations as necessary.

Except for the registrations of the above Marks, there are no other effective determinations of the PTO or of the trademark administrator of any state or court in the United States. Neither are there any pending proceedings or material litigation involving the Marks that may limit your right to use of the Marks. We do not know of either superior rights before ours or infringing uses that could materially affect your use of the Marks in any state. All appropriate affidavits regarding use and ownership have been filed. Additionally, no agreements limit our right within the United States to use or license the use of the above mentioned Marks.

Your right to use the Marks is derived only from the Franchise Agreement and is limited to your operation of the Franchised Business in compliance with the Franchise Agreement and all System Standards (as

defined in Article 11 of the Franchise Agreement). You must only use the Marks that CRDN designates for the Franchised Business and you must use them in the manner CRDN authorizes and in strict compliance with the rules CRDN has established, as described in greater detail in Article 1 of the Franchise Agreement.

You are prohibited from registering or attempting to register the Marks in your name or the name of any person, entity or other third party, and you shall not take any action which might invalidate the Marks, impair any rights of CRDN in and to such Marks or create any rights adverse to those of CRDN. Moreover, you must use the Marks correctly spelled and/or depicted and not as a verb or in the plural or in any other manner which might endanger the validity of the Marks and/or, if registered, their registration. Franchisee shall use the Marks only in the style as may be registered, or if not registered, as prescribed by Franchisor

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark. If an infringement, challenge, or claim, occurs you must not communicate with any person other than our attorneys, your attorneys, and us. We may take the action we deem appropriate and control exclusively any litigation, PTO proceeding, or any other administrative proceeding from the infringement, challenge, or claim or otherwise concerning any Mark. CRDN will indemnify and hold you harmless against any loss, damage or expense incurred in connection with any such infringement, challenge or claim so long as you have notified us in a timely manner of the claim or proceeding and otherwise complied with the terms of the Franchise Agreement. You will be required to sign any documents and take any action that, in the opinion of our attorneys, protects and maintains our interests in any litigation or PTO or other proceeding.

We retain the right, at our sole discretion, to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks and you must comply with our directions within a reasonable time not to exceed sixty (60) days after receiving notice. You must pay for these changes. We will not reimburse you for any loss of revenue due to any modified or discontinued Mark or for any expenditure you make to promote a modified or substitute trademark or service mark.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

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

We assert trade secret and copyright protection for our Operations Manual, any other manuals we distribute, business forms, videos, proprietary software, CD/DVD-Rom and other printed and advertising material contained in the Franchise System. We have copyright registrations with the United States Registrar of Copyrights as follows: (a) TX5853704 was registered November 10, 2009 for the CRDN Marketing and Sales Manual (initially registered January 22, 2002; (b) TX0007196471 was registered November 10, 2009 for the CRDN General Operations Manual (initially registered in 2003 as TX005853709, General Operations Manual); January 22, 2002; and (c) TX0007196460 was registered November 10, 2009 for the CRDN Right Start Manual (initially registered in 2002 as TX0005853704., Right Start Manual). You must use these items only in the way we specify and only while operating your Franchised Business and your use does not give you any right or interest in such items.

Currently there are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements currently in effect that significantly limit our right to use or allow others to use the copyrighted materials. We do not know of any infringing uses that could materially affect your use of the copyrighted materials in any state. WE are not obligated to protect or defend copyrights, although we intend to do so when this action is in the best interest of the Franchise System.

You must notify us immediately of any apparent infringement or challenge to your use of any copyright or proprietary material/information, or any claim by any person of any rights in any such material/information. We will take the action we think is appropriate. You must also agree not to contest our interest in any material or information covered by a copyright or otherwise proprietary. CRDN will indemnify and hold you harmless against any loss, damage or expense incurred in connection with any such infringement, challenge or claim so long as you have notified us in a timely manner of the claim or proceeding and complied with the Franchise Agreement. You will be required to sign any documents and take any action that, in the opinion of our attorneys, protects and maintains our interests in any litigation or PTO or other proceeding.

We retain the right, at our sole discretion, to modify or discontinue using of any item covered by a copyright and you must comply with our directions relating to such actions within a reasonable time not to exceed sixty (60) days after receiving notice. You must pay for these changes. We will not reimburse you for any loss of revenue due to any modified or discontinued copyright or for any expenditure you make to promote a modified or substitute trademark or service mark.

Confidential Information

We claim proprietary rights in our Operations Manual (including any and all other manuals distributed in connection with the operation of the Franchised Business), our Franchise Management System, any other manuals or other materials containing information deemed confidential ("Confidential Information") including all information, documentation, knowledge, data, techniques, or know-how, through any medium of expression, in any form or. Without limitation, "Confidential Information" includes lists of customers, business, marketing and sales information, instruction, methods, and techniques used in the operation of the Franchised Business, marketing and promotion, daily operations, personnel, and financial management. See Article 9.1 of the Franchise Agreement for a complete definition of Confidential Information.

We own all Confidential Information, including customer lists and you are prohibited from using the Confidential Information for any purpose other than to operate the Franchise Business and as described in the Franchise Agreement. You may never, during the term of the Franchise Agreement or after the Franchise Agreement is terminated or expires, reveal any of our Confidential Information to another person or use it for any other person, third party or business. You may not copy any of our confidential information or give it to a third party except as we authorize. All persons affiliated with you must sign our confidentiality and non-disclosure agreement. See Article 9.2 for additional terms and conditions related to the Confidential Information.

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

The "Franchisee" under the Franchise Agreement is a combination of one or more individuals, referred to as the "Principal Owner," and a business entity, referred to as the "Franchisee Entity." Franchisee, including at least one of the individuals defined as Principal Owner under the Franchise Agreement or his/her Designated Representative must: carry on, conduct and operate the Franchised Business on a full-time basis, in accordance with good business practice and in accordance with the System Standards, and policies of CRDN set forth in the Operations Manual; maintain such records and furnish such reports to CRDN as are set forth in the Operations Manual; acquire, retain and own, during the terms of this

Agreement, all assets determined by CRDN to be reasonably necessary for the operation of such business, including but in no way limited to a processing plant and a storage facility both of adequate size and nature to facilitate operation of the Franchised Business; and, unless otherwise agreed in writing, conduct no business other than the Franchised Business from the location of Franchisee's operation with the exception of your standard retail drycleaning and/or laundry business. See Article 5.5 of the Franchise Agreement.

Regarding the Franchisee Entity, all owners of the entity must sign a guaranty of the Franchisee Entity's performance under the Franchise Agreement. See Exhibit G of the Franchise Agreement. No Principal Owner is required to have a certain percentage of interest/equity in the Franchisee Entity.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those goods and services that we have approved. You must offer all goods and services that we designate as required for all CRDN franchisees. The current required services that you must provide are textile restoration dry cleaning services and any ancillary services, including dry cleaning, needed to perform and/or complete such textile restoration dry cleaning services, along with all other services that we periodically require as outlined in the Operations Manual, which may be updated from time to time, in accordance with our System Standards. There are no limits on our right to periodically modify, increase, or decrease the required and/or authorized services and service categories, and we may do so at our discretion. See Articles 5.4, 11.1 and 11.2.

We also designate some services as optional for qualified franchisees. The current optional services include electronic restoration services. In order to perform electronic restoration services as part of the Franchised Business, you must: be in compliance with all obligations under your Franchise Agreement(s); be separately approved by Franchisor per Franchised Territory; enter into an amendment to your Franchise Agreement(s); attend and satisfactorily complete electronic restoration training (either personally or through your authorized representative and/or electronic restoration serviced technician); and be subject to separate terms and conditions, including, without limitation, minimum job performance quotas. If you either elect not to or are not authorized to perform electronic restoration services as part of the Franchised Business, you will not be authorized to perform electronic restoration services whatsoever and we may, ourselves or through another CRDN franchisee or third party, perform electronic restoration services within your Franchised Territory. Fees to participate in the electronic restoration services program will vary, but current participation fees are as follows: \$19,500 for your initial/primary territory; and \$9,500 for each additional territory and such fees are payable upon the execution of each applicable amendment to your Franchise Agreement(s). You will receive an electronic restoration tool cart and a training credit for up to two persons as part of the participation fee. These fees and all terms and conditions related to electronic restoration services are subject to change. We reserve the right to limit your participation in the electronic restoration services program to fewer than all of your CRDN franchised territories and the initial/primary territory awarded to you must be one in which you have a processing plant. Further, we reserve the right to separately license and/or franchise the electronic restoration services program outside of the CRDN Franchise System and, in such event, to require your participation in such separately licensed and/or franchised model and to execute any documentation reasonably requested by us to properly effectuate such change in structure including, by way of example only, execution of a new franchise agreement or license agreement per Franchised Territory and a termination and release agreement related to any amendment previously entered into for the performance of electronic restoration services as part of the Franchised Business.

You must not perform any services that we have not authorized without our express, prior written approval. These excluded services include general contracting, reconstruction services, and/or other

content cleaning or other similar services (such as electronic, furniture, carpeting, wall or structural cleaning) or services for any business in which our confidential information could be used to the disadvantage of CRDN or any CRDN franchisee. See Article 10.1 of the Franchise Agreement.

We do not impose any restrictions or conditions that limit your access to Customers, except for those described in this disclosure document. See Item 12.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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.

ITEM 17: THE FRANCHISE RELATIONSHIP			
	Provision	Article in Franchise Agreement	Summary
a.	Length of the franchise term	Article 4.1	Term is 10 years from effective date of the Franchise Agreement
b.	Renewal or extension of the term	Article 4.2	If you are in compliance with the Franchise Agreement, you may renew the Franchise Agreement a successive 10 year renewal term by signing our then-current franchise agreement. This means that you may be asked to sign an agreement with terms and conditions that are materially different from those in your original/initial agreement. However, the boundaries of the Franchise Territory will remain the same, and the royalty fees and annual fee rates will remain the same.
c.	Requirements for franchisee to renew or extend	Article 4.2	Must have been/be in compliance with the terms of the Franchise Agreement for initial term; provide timely written notice of election to renew; sign then current franchise agreement; pay the then current successor term fee; purchase/secure all then current equipment to be compliant with then current System Standards; sign then current release and waiver and remit payment for any amounts you owe us under the Franchise or any other agreement you have with us at that time.
d.	Termination by franchisee	Article 13.1	Once any promissory note you have has been paid in full, you may terminate the Franchise Agreement upon delivery of timely written notice and upon execution of a general release, in a form satisfactory to CRDN. The termination is effective upon the last day of the initial term or successive term, as applicable.
e.	Termination by franchisor without cause	None	We may not terminate you without cause.
f.	Termination by franchisor with cause	Article 13.2	We can terminate you only if you default

ITEM 17: THE FRANCHISE RELATIONSHIP			
	Provision	Article in Franchise Agreement	Summary
g.	"Cause" defined – curable defaults	Article 13.2	Under multiple for cause termination provisions, you are given the right to cure the default, as provided in Article 13.2
h.	"Cause" defined – non-curable defaults	Article 13.2	Under multiple for cause termination provisions our right to terminate is immediate, as provided in Article 13.2
i.	Franchisee's obligations on termination/non-renewal	Article 14.1	Obligations include: complete de-identification; transfer of phone numbers to us or cancellation of phone number; payment of amounts due under the Franchise Agreement and any other agreement you have with us; payment for any actual and consequential damages, costs, and expenses (including reasonable attorney and expert fees) incurred by us as a result of your default; return of all materials; cease of use of all materials and confidential information; and delivery of all customer information (also see r below).
j.	Assignment of contract by franchisor	Article 12.1	No restriction on our right to assign.
k.	"Transfer" – defined	Article 12.1	Any sale, assignment, transfer or encumbrance, in whole or part, of the Franchise Agreement; Franchisee's rights and interests under this Agreement including those of the Principal Owner or Franchisee Entity; and the capital stock or other ownership interest of the Franchisee.
l.	Franchisor approval of transfer by franchisee	Article 12.2	All transfers must be approved by us.

ITEM 17: THE FRANCHISE RELATIONSHIP			
	Provision	Article in Franchise Agreement	Summary
m.	Conditions for franchisor approval of transfer	Article 12.3 & 12.4	Transferor is not in default under Franchise Agreement and all sums owed to us are paid, transferee qualifies, transferee and its owners are not or do not remain engaged in a competitive business outside our Franchised Business, you provide us with written authorization to release to the transferee any and all information about the operation of the Franchised Business, the transferee has signed our then current form of Franchise Agreement, transfer fee is paid, material terms of the purchase agreement approved, transferee successfully completes Initial Training, and release signed by you (also see r below). If transferee is existing franchisee, transferee signs cross-default amendment and the newest version of our Franchise Agreement for all owned CRDN Franchised Businesses. There are also separate provisions for a "Minority Transfer" which is any sale, assignment, transfer, or encumbrance of less than fifty percent (50%) of total capital stock or other equivalent ownership interest of Franchisee, measured both individually and in aggregate of all Minority Transfers. Transferor is not in default under Franchise Agreement and all sums owed to us are paid, CRDN gives written consent, copy of executed minority transfer agreement is given to CRDN, minority transfer fee is paid.
n.	Franchisor's right of first refusal to acquire franchisee's business	Article 12.7	Before transferring your interest in the Franchise Agreement, you must first offer us the right to purchase the interest on the same terms and conditions contained in any bona fide offer.
o.	Franchisor's option to purchase franchisee's business	None	We do not have an option to purchase your Franchise Business.
p.	Death or disability of franchisee	Article 12.8	Interest must be transferred to a third party approved by Franchisor within 90 days of such death, permanent incapacity, or dissolution and all transfer provisions (see m above) must be met or Franchisor may terminate with 30 days' notice.
q.	Non-Solicitation and Non-Competition covenants during the term	Article 10	You and all relevant employees must enter into agreements that prohibit your solicitation and competition against us or the Franchise System.

ITEM 17: THE FRANCHISE RELATIONSHIP			
	Provision	Article in Franchise Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	Article 14.2	Any owner of a CRDN franchise may not engage or be involved in any manner in a competing business for 24 months in your former Franchise Territory, within a radius of 20 miles from the perimeter of your former Franchise Territory, or in any territories of any CRDN franchises in operation at the time of termination.
s.	Modification of the Agreement	Article 19.1	No modifications may be made unless in writing signed by both parties, but the Operations Manual (and System Standards) are subject to change.
t.	Integration/merger clause	Article 19.1	Only the terms of the Franchise Agreement are binding. Any representations or promises outside of the disclosure document and/or the Franchise Agreement should not be relied upon and may not be enforceable.
u.	Dispute resolution by mediation and Arbitration	Article 15	Except for certain claims, all disputes must first be mediated and then arbitrated before the American Arbitration Association office closest to our then principal business address.
v.	Choice of forum	Article 21.3	Any action must be brought in the appropriate state or federal court located in or serving the state and county (or parish) in which Franchisor maintains its principal place of business.
w.	Choice of law	Article 21.3	Michigan law applies

ITEM 18. PUBLIC FIGURES

We do not use any public figures to promote CRDN.

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 Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We have included below certain historical actual and averaged sales and job information for CRDN franchises.

Actual results vary from franchise to franchise, and we cannot estimate the results of a particular franchise. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors prior to executing the Franchise Agreement. Additionally, you should conduct an independent investigation of the costs

and expenses you will incur in operating your Franchise Business. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

Written substantiation of the financial performance representations made in this Item will be made available upon reasonable request. You acknowledge that if you purchase a franchise, we will include your sales information in this Item.

A. Huntington's Historical Performance

Due to its affiliation with CRDN and ease of data collection, in the table below, we have included historical Gross Sales information, (as defined in Article 2.5 of the Franchise Agreement), for Huntington.

Year	Huntington Sales	Number of Job Invoices
1998	\$1,925,939	669
1999	\$2,449,421	800
2000	\$3,424,202	1008
2001	\$4,179,873	1136
2002	\$5,268,521	1258
2003	\$5,537,079	1377
2004	\$5,643,755	1401
2005	\$5,565,562	1379
2006	\$6,110,143	1329
2007	\$6,111,308	1320
2008	\$6,819,302	1459
2009	\$7,013,569	1449
2010	\$6,033,955	986
2011	\$6,335,003	1149
2012	\$4,871,359	986
2013	\$4,451,435	887
2014	\$5,704,466	1166
2015	\$5,448,695.12	1058

These figures are derived from the actual historical performance of Huntington since 1998. The financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. As of December 31, 2015, Huntington's territory had 4,382,862 households. Your Franchise Territory may contain more or less households. Accordingly, the results of Huntington may not be typical in your area.

B. Average Monthly Sales of CRDN Franchises

The following tables provide average annual textile restoration sales information for all USA CRDN franchises based on the number of years they were in operation as of the applicable fiscal year end (December 31) for 2013, 2014, and 2015. As of the fiscal year end of 2013 through 2015, we had the following number of franchises, respectively: 134, 136, and 135.

The data is represented to two sets of tables separating the franchises into two categories: (1) franchise territories with less than 500,000 households; (2) and franchise territories with 500,001 or more households. The figures are categorized by the number of years each franchisee has been in operation as of each such fiscal year. The number of years in operation that are represented for each category and each fiscal year vary. For example, in 2012 there may not have been any franchisees in the less than 500,000 category that were in operation for six years.

Only those franchisees who completed a full year of sales in the applicable fiscal year represented below are included in the figures. For example, a franchisee who commenced operations on May 1, 2013 had a full year of sales/operations as of May 1, 2014, and since such date is prior to our 2014 fiscal year end of December 31, 2014, that franchisee's sales will be included in the 2014 figures below. However, that same franchisee will not be represented in the 2013 figures below since they did not have a full year of sales completed as of our 2013 fiscal year end of December 31, 2013.

Franchisees who own multiple franchises reported sales separately for each franchise. As of December 31, 2015, all owners who signed a Franchise Agreement had also commenced operation.

Average Annual Textile Restoration Sales CRDN Franchise Territories with Less than 500,000 Households				
2013				
Year in Business	Number of Territories	Average Annual Sales	Number of Territories Attaining or Surpassing Average	Percentage of Territories Attaining or Surpassing Average
1	1	\$256,459.57	N/A	N/A
2	1	\$270,543.15	N/A	N/A
3	1	\$356,062.40	N/A	N/A
4	2	\$153,396.13	1	50%
5	3	\$526,422.70	1	33%
6	2	\$403,455.92	1	50%
7	N/A	N/A	N/A	N/A
8	5	\$544,229.94	2	40%
9	4	\$542,229.94	2	50%
10	3	\$564,522.46	2	67%
11	2	\$747,454.26	1	50%

2014				
Year in Business	Number of Territories	Average Annual Sales	Number of Territories Attaining or Surpassing Average	Percentage of Territories Attaining or Surpassing Average
1	4	\$259,898.36	3	75%
2	1	\$148,233.27	N/A	N/A
3	1	\$277,397.55	N/A	N/A
4	1	\$600,308.59	N/A	N/A
5	2	\$144,582.96	1	50%
6	3	\$577,711.70	1	33%
7	2	\$341,566.80	1	50%
8	N/A	N/A	N/A	N/A
9	5	\$527,127.51	1	20%
10	4	\$506,044.53	2	50%
11	3	\$496,672.82	1	33%
12	2	\$722,801.00	1	50%
2015				
Year in Business	Number of Territories	Average Annual Sales	Number of Territories Attaining or Surpassing Average	Percentage of Territories Attaining or Surpassing Average
1	2	\$289,919.96	1	50%
2	4	\$364,080.64	1	25%
3	1	\$248,379.02	N/A	N/A
4	1	\$221,249.79	N/A	N/A
5	1	\$340,395.20	N/A	N/A
6	2	\$160,028.07	1	50%
7	3	\$458,760.76	1	33%
8	2	\$426,577.40	1	50%
9	N/A	N/A	N/A	N/A
10	5	\$421,808.81	2	40%
11	4	\$427,559.02	1	25%
12	3	\$491,768.97	2	67%
13	2	\$481,380.96	1	50%

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**Average Annual Textile Restoration Sales
CRDN Franchise Territories with 500,001 or More Households**

2013

Year in Business	Number of Territories	Average Annual Sales	Number of Territories Attaining or Surpassing Average	Percentage of Territories Attaining or Surpassing Average
1	7	\$351,172.43	3	43%
2	8	\$604,157.81	5	62.5%
3	4	\$619,084.52	2	50%
4	4	\$769,925.57	1	25%
5	5	\$870,549.49	2	40%
6	5	\$522,845.89	2	40%
7	4	\$744,446.21	1	25%
8	8	\$972,288.93	3	37.5%
9	6	\$738,468.45	2	33%
10	24	\$953,136.33	9	37.5%
11	15	\$1,094,196.16	7	47%
12	1	\$658,759.87	N/A	N/A
13	1	\$4,857,922/55	N/A	N/A

2014

Year in Business	Number of Territories	Average Annual Sales	Number of Territories Attaining or Surpassing Average	Percentage of Territories Attaining or Surpassing Average
1	8	\$301,613.39	4	50%
2	7	\$406,797.73	4	57.14%
3	8	\$737,334.00	3	37.5%
4	4	\$644,352.03	3	75%
5	4	\$701,032.22	2	50%
6	5	\$910,342.37	4	80%
7	5	\$672,617.83	3	60%
8	4	\$875,487.60	1	25%
9	8	\$920,671.78	3	37.5%
10	6	\$666,280.45	3	50%
11	24	\$989,66.37	8	33%
12	15	\$1,040,985.37	5	33%
13	1	\$554,721.90	N/A	N/A
14	1	\$4,455,980.72	N/A	N/A

2015				
Year in Business	Number of Territories	Average Annual Sales	Number of Territories Attaining or Surpassing Average	Percentage of Territories Attaining or Surpassing Average
1	2	\$228,530.02	1	50%
2	8	\$426,048.69	4	50%
3	7	\$511,312.61	4	57.14%
4	8	\$754,649.84	3	37.5%
5	4	\$855,497.30	2	50%
6	4	\$624,961.68	2	50%
7	5	\$883,041.01	4	80%
8	5	\$567,172.11	2	40%
9	4	\$938,351.98	1	25%
10	8	\$1,075,510.24	3	37.5%
11	6	\$653,030.52	3	50%
12	24	\$954,620.93	9	37.5%
13	15	\$1,093,657.31	7	47%
14	1	\$906,929.67	N/A	N/A
15	1	\$5,701,748.90	N/A	N/A

These sales figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. Variations among CRDN Franchises may be caused by a variety of factors, such as location, demographics, general economic conditions, weather conditions, individual pricing, competition and other seasonal factors, as well as the efforts of the individual Franchisee and his or her team.

C. Services Billed, Job Average, and Job Amount Billed by CRDN Franchises

The following table provides average annual textile restoration services billed by all CRDN franchisees in the United States, the number of jobs reported, and the average amount of services billed per job for the fiscal years of 2012 through 2015 (our fiscal year end is December 31). As of the fiscal year end of such years, we had the following number of franchises, respectively: 132, 134, 136, and 135. These numbers are also referenced in the

These numbers include all jobs performed by franchisees during any portion of each applicable fiscal year.

For franchisees who commenced operations prior to any year represented below, their job data for all jobs received throughout that full fiscal year and any subsequent fiscal year represented below, will be included. For example, a franchisee who commenced operations and took its first job in October, 2011, will have job data for all fiscal years represented included in the chart.

However, franchisees who commenced operations and serviced their first job part way through a given fiscal year, will only have their jobs for the portion of the year following their commencement of operations included in the chart below. For example, a franchisee who commenced operations and took its first job

on June 1, 2012, will have jobs serviced from June 1, 2012 through December 31, 2012 and all jobs for the full fiscal years of 2013 through 2015 included in the chart below, but there will be no data included (as no data exists) for this franchisee for the fiscal year of 2011 or for January 1 through May 31 of 2012.

Similarly, for any franchisees who left the system (through termination, expiration or transfer), only job data for the portions of the applicable fiscal years in which they were active will be included in the chart below. For example, if a franchisee commenced operations prior to 2012 but was terminated on June 1, 2012, only the data for January 1 through June 1 of 2012 will be included in the chart below for such franchisee.

As of December 31, 2015, all owners who signed a Franchise Agreement had also commenced operation, so to the extent applicable, data for all franchisees is included in the table.

Fiscal Year	Number of Franchisees at Fiscal Year End (Dec. 31st)	Number of Jobs Reported	Sum of All Services Billed	Average Services Billed Per Job
2012	132	21421	\$97,495,840.14	\$4,551.41
2013	134	20345	\$94,325,130.98	\$4,636.28
2014	136	22316	\$103,373,883.99	\$4,632.28
2015	135	20994	\$101,263,608.20	\$4,825.06
Grand Average	134.25	21269	\$99,114,615.83	\$4,661.26

These sales figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. These figures include data from franchisees of varying sizes and you may not have the same or similar household counts as franchisees whose data is included in this table. Variations among CRDN Franchises may be caused by a variety of factors, such as location, demographics, general economic conditions, weather conditions, individual pricing, competition and other seasonal factors, as well as the efforts of the individual Owner and his or her team.

Other than the preceding financial performance representations, CRDN does not make any financial performance representations. 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 Jessica McGrath, In-House Counsel, 2060 Coolidge Hwy., Berkley, MI 48072, the Federal Trade Commission, and the appropriate state regulatory agencies.

The results which appear in this Item should not be considered as the actual or probable sales, income, gross or net profits that will be realized by any franchisee. We do not represent that you can expect to attain such sales, income, gross or net profits. There is no assurance that you will do as well.

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ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

System-wide Outlet Summary For Years 2013 to 2015				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2013	132	134	+2
	2014	134	136	+2
	2015	136	135	-1
Company- Owned	2013	0	0	0
	2014	0	0	0
	2015	0	0	0
Total Outlets	2013	132	134	+2
	2014	134	136	+2
	2015	136	135	-1

TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners (other than Franchisor or Affiliate) for Years 2013 to 2015		
State	Year	Number of Transfers
Alabama	2013	1
	2014	0
	2015	0
Arkansas	2013	2
	2014	2
	2015	0
Colorado	2013	0
	2014	0
	2015	0
Kentucky	2013	1
	2014	0
	2015	0
Texas	2013	0
	2014	0
	2015	1
Totals	2013	5
	2014	2
	2015	1

TABLE NO. 3

Status of Franchised Outlets For Years 2013 to 2015								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Alabama	2013	1	2	0	0	0	0	3
	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
Arizona	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
Arkansas	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
California*	2013	10	1	0	0	0	0	11
	2014	11	1	0	0	0	0	12
	2015	12	0	0	0	0	0	12
Colorado	2013	4	0	0	0	0	0	4
	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
Connecticut*	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Delaware	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Florida*	2013	8	0	0	0	0	0	8
	2014	8	0	0	0	0	0	8
	2015	8	0	0	0	0	0	8
Georgia*	2013	5	0	0	0	0	0	5
	2014	5	0	0	0	0	0	5
	2015	5	0	0	0	0	0	5
Idaho*	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Illinois*	2013	5	0	0	0	0	0	5

Status of Franchised Outlets For Years 2013 to 2015								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
	2014	5	0	0	0	0	0	5
	2015	5	0	0	0	0	0	5
Indiana*	2013	4	0	0	0	0	0	4
	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
Iowa*	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Kansas*	2013	1	1	1	0	0	0	1
	2014	1	1	0	0	0	0	2
	2015	2	0	0	0	0	0	2
Kentucky*	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
Louisiana*	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
Maine	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Maryland*	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
Massachusetts*	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
Michigan*	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
Minnesota*	2013	2	0	0	0	0	0	2
	2014	2	1	0	0	0	0	3
	2015	3	0	0	0	0	0	3

Status of Franchised Outlets For Years 2013 to 2015								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Missouri*	2013	2	1	1	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
Mississippi*	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Montana	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Nebraska*	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Nevada	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
New Hampshire	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
New Jersey	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
New Mexico*	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
New York*	2013	5	2	0	0	0	0	7
	2014	7	0	0	0	0	0	7
	2015	7	0	0	0	0	0	7
North Carolina*	2013	4	0	0	0	0	0	4
	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
North Dakota	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0

Status of Franchised Outlets For Years 2013 to 2015								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
	2015	0	0	0	0	0	0	0
Ohio*	2013	6	0	0	0	0	0	6
	2014	6	0	0	0	0	0	6
	2015	6	0	0	0	0	0	6
Oklahoma	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
Oregon*	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Pennsylvania*	2013	8	0	0	0	0	0	8
	2014	8	1	1	0	0	0	8
	2015	8	0	0	0	0	0	8
Rhode Island*	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
South Carolina*	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
South Dakota	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Tennessee*	2013	2	1	0	0	0	0	3
	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
Texas*	2013	10	1	1	0	0	0	10
	2014	10	0	0	0	0	0	10
	2015	10	0	0	0	0	1	9
Utah	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Virginia*	2013	5	0	0	0	0	0	5

Status of Franchised Outlets For Years 2013 to 2015								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
	2014	5	0	0	0	0	0	5
	2015	5	0	0	0	0	0	5
Washington*	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
West Virginia*	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Wisconsin	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
Totals	2013	132	9	7	0	0	0	134
	2014	134	4	2	0	0	0	136
	2015	136	0	0	0	0	1	135

* For purposes of Item 20, when a Franchise Territory spans more than one state, we have listed the franchise in the state which contains the largest land mass.

TABLE NO. 4

Status of Company-Owned Outlets For Years 2013-2015							
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0

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TABLE NO. 5

Projected Openings As of December 31, 2015			
State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlet(s) in Next Fiscal Year	Projected New Company-Owned Outlet(s) in the Next Fiscal Year
Florida	0	1	0
Totals	0	1	0

Contact Information for Franchisees

1. Contact Information for Current Franchisees.

Exhibit C-1 of this disclosure document lists the names, business addresses and business phone numbers of our operating franchisees as of December 31, 2015.

2. Contact Information for Former Franchisees.

Exhibit C-2 lists the name, city and state, and business telephone number (or, if unknown, the last known telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

Franchisee Associations

CRDN is unaware of any trademark specific franchisee associations.

ITEM 21. FINANCIAL STATEMENTS

Exhibit A to this disclosure document contains our audited balance sheets, statements of operations, stockholders' equity and cash flows for the fiscal years of 2013, 2014 and 2015. Our fiscal year end is December 31.

ITEM 22. CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document in the pages immediately following:

1. Franchise Agreement (Exhibit B of the disclosure document)
 - a. Franchise Territory (Exhibit A of the Franchise Agreement)
 - b. Promissory Note (Exhibit 2A to the Franchise Agreement and F-1 to the disclosure document)
 - c. Initial Package (Exhibit B of the Franchise Agreement)
 - d. Software License Agreement (Exhibit C of the Franchise Agreement)
 - e. Telephone Listing Agreement (Exhibit D of the Franchise Agreement)
 - f. Disclosure Acknowledgment Statement (Exhibit E of the Franchise Agreement)
 - g. Business Organization (Exhibit F of the Franchise Agreement)
 - h. Guaranty (Exhibit G of the Franchise Agreement)
 - i. State Addendum (Exhibit H of the Franchise Agreement)
2. Electronic Funds Transfer Authorization (Exhibit D of the disclosure document)

ITEM 23. RECEIPTS.

The final page of this disclosure document (Item 23) is a detachable document acknowledging your receipt of the disclosure document. If that page, or any other pages or exhibits are missing from your copy, please notify us immediately.

EXHIBIT A. FINANCIAL STATEMENTS.

**Certified Restoration Drycleaning
Network, L.L.C.**

Financial Statements

December 31, 2015, 2014 and 2013

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Independent Auditors' Report

To the Members of Certified Restoration
Drycleaning Network, L.L.C.

Report on the Financial Statements

We have audited the accompanying financial statements of Certified Restoration Drycleaning Network, L.L.C. which comprise the balance sheet as of December 31, 2015, 2014 and 2013, and the related statements of earnings and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Certified Restoration Drycleaning Network, L.L.C. as of December 31, 2015, 2014 and 2013, 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.



Ann Arbor, MI
March 1, 2016

Certified Restoration Drycleaning Network, L.L.C.

Balance Sheet

December 31, 2015, 2014 and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets			
Current assets			
Cash	\$ 94,726	\$ 58,686	\$ 23,915
Accounts and royalty fees receivable (net)	840,798	804,685	797,121
Current portion of related party receivable	221,978	531,689	198,736
Current portion of notes receivable	-	48,180	98,265
Prepaid expenses and other current assets	<u>158,323</u>	<u>236,451</u>	<u>109,911</u>
Total current assets	<u>1,315,825</u>	<u>1,679,691</u>	<u>1,227,948</u>
Leasehold improvements and equipment (net)	<u>427,552</u>	<u>552,027</u>	<u>681,820</u>
Other assets			
Deposits	38,733	38,733	38,733
Partnership interest	30,959	31,368	29,441
Related party receivable, net of current portion	<u>623,264</u>	<u>99,195</u>	<u>103,610</u>
Total other assets	<u>692,956</u>	<u>169,296</u>	<u>171,784</u>
Total assets	<u><u>\$ 2,436,333</u></u>	<u><u>\$ 2,401,014</u></u>	<u><u>\$ 2,081,552</u></u>

See Accompanying Notes to the Financial Statements

Certified Restoration Drycleaning Network, L.L.C.

Balance Sheet

December 31, 2015, 2014 and 2013

	2015	2014	2013
Liabilities and Members' Equity			
Current liabilities			
Accounts payable			
Trade	\$ 202,837	\$ 252,095	\$ 239,370
Other	81,303	56,608	84,004
Line of credit	250,035	890,000	890,000
Franchisee insurance company collections	79,636	37,549	14,673
Deferred revenue	20,575	10,000	22,500
Accrued expenses	80,985	102,733	143,346
Current portion of capital lease payable	48,623	39,986	-
Current portion of notes payable	207,991	68,906	106,347
Total current liabilities	971,985	1,457,877	1,500,240
Long-term liabilities			
Non-current portion of capital lease payable	22,089	53,462	-
Non-current portion of notes payable	741,667	59,658	9,255
Non-current portion of member payable	110,000	110,000	-
Total long-term liabilities	873,756	223,120	9,255
Total liabilities	1,845,741	1,680,997	1,509,495
Members' equity	590,592	720,017	572,057
Total liabilities and members' equity	\$ 2,436,333	\$ 2,401,014	\$ 2,081,552

See Accompanying Notes to the Financial Statements

Certified Restoration Drycleaning Network, L.L.C.
Statement of Earnings and Members' Equity
For the Years Ended December 31, 2015, 2014 and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues	\$ 7,965,366	\$ 8,025,750	\$ 7,524,390
Costs and expenses	<u>6,342,869</u>	<u>6,611,532</u>	<u>6,046,722</u>
Net income	1,622,497	1,414,218	1,477,668
Members' equity - beginning	720,017	572,057	576,365
Distributions to members	<u>(1,751,922)</u>	<u>(1,266,258)</u>	<u>(1,481,976)</u>
Members' equity - ending	<u>\$ 590,592</u>	<u>\$ 720,017</u>	<u>\$ 572,057</u>

See Accompanying Notes to the Financial Statements

Certified Restoration Drycleaning Network, L.L.C.
Statement of Cash Flows
For the Years Ended December 31, 2015, 2014 and 2013

	2015	2014	2013
Cash flows from operating activities			
Cash received from customers	\$ 8,054,297	\$ 7,929,700	\$ 7,600,243
Cash paid to suppliers and employees	(6,058,104)	(6,334,617)	(5,861,504)
Interest received	1,673	4,773	6,194
Interest paid	(50,358)	(52,080)	(43,401)
Net cash provided by operating activities	<u>1,947,508</u>	<u>1,547,776</u>	<u>1,701,532</u>
Cash flows from investing activities			
Deposit on construction in progress	-	-	(35,192)
Proceeds from sale of equipment	2,000	500	-
Acquisition of equipment	(83,439)	(14,420)	(16,771)
Net cash used by investing activities	<u>(81,439)</u>	<u>(13,920)</u>	<u>(51,963)</u>
Cash flows from financing activities			
Net repayment on line of credit	(639,965)	-	(110,000)
Repayments on capital lease payable	(44,878)	(27,251)	-
Proceeds from notes payable	890,000	189,696	-
Repayments on notes payable	(68,906)	(176,734)	(151,520)
Proceeds from member payable	-	110,000	-
Increase in related party receivable	(214,358)	(328,538)	(28,940)
Distributions to members	(1,751,922)	(1,266,258)	(1,481,976)
Net cash used by financing activities	<u>(1,830,029)</u>	<u>(1,499,085)</u>	<u>(1,772,436)</u>
Change in cash	36,040	34,771	(122,867)
Cash - beginning	<u>58,686</u>	<u>23,915</u>	<u>146,782</u>
Cash - ending	<u><u>\$ 94,726</u></u>	<u><u>\$ 58,686</u></u>	<u><u>\$ 23,915</u></u>

Certified Restoration Drycleaning Network, L.L.C.
Statement of Cash Flows
For the Years Ended December 31, 2015, 2014 and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities			
Net income	<u>\$ 1,622,497</u>	<u>\$ 1,414,218</u>	<u>\$ 1,477,668</u>
Items not requiring cash			
Depreciation and amortization	228,221	263,335	147,931
Increase in allowance for doubtful accounts	853	30,296	-
Bad debt expense	-	5,331	-
(Gain) loss on disposal of fixed assets	(165)	1,077	-
Changes in operating assets and liabilities			
Accounts and royalty fees receivable	(36,966)	(43,191)	(26,286)
Notes receivable	48,180	50,085	(19,902)
Prepaid expenses and other current assets	78,128	(126,540)	(20,619)
Partnership interest	409	(1,927)	2,190
Accounts payable			
Trade	(49,258)	12,725	109,294
Other	24,695	(27,396)	(41,283)
Franchisee insurance company collections	42,087	22,876	510
Deferred revenue	10,575	(12,500)	22,500
Accrued expenses	(21,748)	(40,613)	49,529
	<u>325,011</u>	<u>133,558</u>	<u>223,864</u>
	<u>\$ 1,947,508</u>	<u>\$ 1,547,776</u>	<u>\$ 1,701,532</u>
 Schedule on Noncash Financing Activities			
Equipment acquired through direct financing or capital lease	<u>\$ 22,142</u>	<u>\$ 120,219</u>	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

Certified Restoration Drycleaning Network, L.L.C.
Notes to the Financial Statements
December 31, 2015, 2014 and 2013

Note 1 – Nature of Business and Significant Accounting Policies

Nature of Business

Certified Restoration Drycleaning Network, L.L.C. ("The Company") is a limited liability company organized under the laws of the State of Michigan. The Company is principally engaged in the sale and support of franchises that restore clothing and soft goods damaged in insured casualties throughout the United States.

Franchises in operation in the United States were as follows at December 31:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Beginning of year franchises	136	134	132
Franchises sold	-	4	9
Franchises purchased or terminated	<u>(1)</u>	<u>(2)</u>	<u>(7)</u>
End of year franchises	<u>135</u>	<u>136</u>	<u>134</u>

Basis of Accounting

The Company's financial statements are prepared on the accrual basis of accounting.

Revenue Recognition

Fees from the sales of franchises are accounted for in the period when the franchisee has completed training. Royalty fee income is recognized in the period when earned.

Estimates

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

Cash

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalent. All balances were fully insured by the Federal Deposit Insurance Corporation (FDIC) at December 31, 2015.

Accounts and Royalty Fees Receivable

Accounts receivable are carried at customer invoice amounts. Royalty fees receivable are recognized when franchisees enter the payments they have received for their services in the software provided by the Company. Accounts and royalty fees receivable are reviewed monthly and based upon collection information and existing economic conditions, delinquent receivables are written-off in the period that determination is made. An allowance of \$31,149, \$30,296 and \$0 was recorded at December 31, 2015, 2014 and 2013, respectively.

Leasehold Improvements and Equipment

It is the Company's policy to capitalize leasehold improvements and equipment over \$2,000 with the exception of computer equipment. Depreciation is provided on the straight-line and accelerated methods over the estimated useful lives of the assets ranging from three to thirty-nine years.

Advertising Costs

Advertising and sales promotion costs are expensed as incurred.

Income Taxes

The Company is treated as a partnership for Federal income tax purposes. Consequently, Federal income taxes are not payable by, or provided for the Company. Members are taxed individually on their respective shares of the Company's net earnings. The Company's net revenue is allocated based upon the members' ownership percentages after allowing for members guaranteed payments.

Certified Restoration Drycleaning Network, L.L.C.
Notes to the Financial Statements
December 31, 2015, 2014 and 2013

Long-Lived Assets

The Company evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America. There was no impairment at December 31, 2015.

Subsequent Events

The Company has evaluated subsequent events through March 1, 2016, the date which the financial statements were available to be issued.

Note 2 – Franchising

In general, the Company's franchise agreements provide for the payment of an initial franchise fee (a fixed licensing fee, variable territory fee and initial package fee); royalty and annual fee; and other fees. Subject to approval and payment of renewal fee, a franchisee may generally renew its agreement upon expiration.

Services provided by the Company include training franchisees; ordering start-up supplies and materials for new franchisees; assisting franchisees with their sales efforts and overall operation; supporting the company-developed software (xRM and CRM); assisting franchisees with data processing for program jobs; and promoting the brand.

Revenue consists of the following for the years ending December 31:

	2015	2014	2013
Initial franchising fees	\$ 18,000	\$ 97,924	\$ 277,435
Continuing fees	7,942,630	7,917,329	7,164,354
Other	4,736	10,497	82,601
	<u>\$ 7,965,366</u>	<u>\$ 8,025,750</u>	<u>\$ 7,524,390</u>

Note 3 – Leasehold Improvements and Equipment

The principal categories of leasehold improvements and equipment may be summarized as follows at December 31:

	2015	2014	2013
Computer equipment	\$ 814,580	\$ 925,399	\$ 474,483
Furniture and fixtures	609,684	576,921	576,921
Leasehold improvements	312,311	312,311	312,311
Vehicles	58,597	58,936	64,936
CRM software	143,675	143,675	143,675
Construction in progress	55,196	35,196	350,992
	<u>1,994,043</u>	<u>2,052,438</u>	<u>1,923,318</u>
Total cost			
Less accumulated depreciation and amortization	(1,566,491)	(1,500,411)	(1,241,498)
	<u>\$ 427,552</u>	<u>\$ 552,027</u>	<u>\$ 681,820</u>
Leasehold improvements and equipment (net)			
Depreciation expense	<u>\$ 228,221</u>	<u>\$ 263,335</u>	<u>\$ 147,931</u>

Certified Restoration Drycleaning Network, L.L.C.
Notes to the Financial Statements
December 31, 2015, 2014 and 2013

Note 4 – Notes Receivable

	<u>2015</u>	<u>December 31, 2014</u>	<u>2013</u>
Notes receivable from franchisees, varying interest rates with varying payment terms, unsecured, maturing through December 2015	\$ -	\$ 48,180	\$ 98,265
Less current portion of long-term	-	(48,180)	(98,265)
Total notes receivable reflected as long-term	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5 – Capital Lease

The Company leases computer equipment, software and a vehicle under agreements that are classified as capital leases. Future minimum lease payments under the capital leases at December 31, 2015 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 51,244
2017	18,036
2018	4,645
Total future payments	73,925
Less: amount representing interest	(3,213)
Present value of future payments	70,712
Less: current portion	(48,623)
Long-term portion	<u>\$ 22,089</u>

The assets acquired through the capital leases are as follows:

Computer equipment	\$ 75,782
Software	44,437
Vehicles	22,142
	142,361
Less: accumulated depreciation	(89,937)
Total	<u>\$ 52,424</u>

Note 6 – Notes and Member Payable

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total Debt</u>
Note payable to a bank, dated November 3, 2015, for the original amount of \$890,000. Payable in monthly installments of \$12,361, plus interest at 0.5% above the index rate. Interest rate at December 31, 2015 was 4%. Secured by Members personal guarantee, and all assets of the Company. Matures November 5, 2021.	\$ 148,333	\$ 741,667	\$ 890,000
Note payable to a vendor Dated January 20, 2014, payable in quarterly installments of \$14,913, including interest at 0%, secured by software licenses. Matures December 20, 2016.	59,658	-	59,658
	<u>\$ 207,991</u>	<u>\$ 741,667</u>	<u>\$ 949,658</u>
Note payable to a Member, no specified repayment terms, interest at 0%, unsecured.	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 110,000</u>

Certified Restoration Drycleaning Network, L.L.C.
Notes to the Financial Statements
December 31, 2015, 2014 and 2013

The notes payable are expected to be repaid as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 207,991
2017	148,333
2018	148,333
2019	148,333
2020	148,333
Thereafter	148,335
	<u>\$ 949,658</u>

The bank note payable is subject to debt service coverage and leverage financial ratio covenants. As of December 31, 2015, the Company is in compliance with the covenants.

Note 7 – Line of Credit

	<u>2015</u>	<u>December 31, 2014</u>	<u>2013</u>
Line of credit with bank, interest at LIBOR plus 2.75% (maximum borrowing limit \$950,000 at December 31, 2013), secured by all Company assets and members' personal guarantee. Matures July 14, 2014.	\$ -	\$ -	\$ 890,000
Line of credit with bank, interest at LIBOR plus 2.75% (maximum borrowing limit \$1,000,000 at December 31, 2014), secured by all Company assets and members' personal guarantee. Matures July 14, 2015.	-	890,000	-
Line of credit with bank, interest at index rate plus 0.5% (maximum borrowing limit \$750,000 at December 31, 2015), secured by all Company assets and members' personal guarantee. Matures November 5, 2016.	250,035	-	-
Total line of credit	<u>\$ 250,035</u>	<u>\$ 890,000</u>	<u>\$ 890,000</u>

The line of credit is subject to debt service coverage and leverage financial ratio covenants. As of December 31, 2015, the Company is in compliance with the covenants.

Note 8 – Operating Leases and Related Party Transactions

The Company occupies office facilities in Berkley, Michigan on a month-to-month basis from a related entity. The Company incurred rental expense for the years ended December 31, 2015, 2014 and 2013 in the amount of \$120,955, \$120,955, and \$120,955, respectively.

Beginning in 2015, the Company leases additional office facilities in Berkley, Michigan on a month-to-month basis from a related entity. The Company incurred rental expense for the year ended December 31, 2015 in the amount of \$18,600.

The Company leases facilities in Boyne City, Michigan on a month-to-month basis from a related party. The Company incurred rental expense for the years ended December 31, 2015, 2014 and 2013 in the amount of \$48,000, \$48,000, and \$48,000, respectively.

Certified Restoration Drycleaning Network, L.L.C.

Notes to the Financial Statements

December 31, 2015, 2014 and 2013

The Company leases facilities in Oak Park, Michigan on a month-to-month basis from a related party. The Company incurred rental expense for the years ended December 31, 2015, 2014 and 2013 in the amount of \$7,500, \$11,250, and \$3,750, respectively.

The Company leases two duplex units in Berkley, Michigan on a month-to-month basis from a related party. The Company incurred rental expense for the years ended December 31, 2015, 2014 and 2013 in the amount of \$16,150, \$10,200, and \$10,200, respectively.

The Company leases vehicles for use in their operations. At December 31, 2015, there was one outstanding lease with a 36 month term. The Company incurred rental expense for the years ended December 31, 2015, 2014 and 2013 in the amount of \$15,545, \$20,075 and \$20,075, respectively.

The Company leases copier equipment for use in their operations. At December 31, 2015, there was one outstanding lease with a 60 month term. The Company incurred rental expense for the year ended December 31, 2015 in the amount of \$20,070.

The following is a schedule of the future minimum rental payments required under the above operating leases as of December 31, 2015:

<u>Year Ending December 31,</u>	<u>Amount</u>
2016	\$ 30,715
2017	39,429
2018	39,429
2019	27,230
	<u>\$ 136,803</u>

The Company has advanced funds to affiliated entities and received funds from affiliated entities. The Company has also charged affiliated entities for services that it provided for them. Balances due from these entities as of December 31, 2015, 2014 and 2013 amounted to \$845,242, \$630,884 and \$302,346, respectively. Balances due to these entities as of December 31, 2015, 2014 and 2013 amounted to \$0. The balances have been split between current and long-term on the balance sheet.

Note 9 – Advertising

The Company maintains a fund for marketing, promotion, cross-promotion and public relations on behalf of the franchisees. Amounts expended through the fund for the years ended December 31, 2015, 2014 and 2013 amounted to \$848,020, \$894,311 and \$812,116, respectively.

Note 10 – Retirement Plan

The Company maintains a contributory profit-sharing plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering substantially all employees. The Company contributes to this plan at a rate of 25% of the employees' contributions up to a maximum of 1% of employee compensation. In addition, an employee becomes 100% vested with respect to the employer contributions after completing six years of service. Employer contributions during the years ended December 31, 2015, 2014 and 2013 amounted to \$12,626, \$11,515 and \$12,141, respectively.

Certified Restoration Drycleaning Network, L.L.C.
Notes to the Financial Statements
December 31, 2015, 2014 and 2013

Note 11 – Debt Guarantee

During 2012, the Company guaranteed \$3,520,118 of its members' debt, arising from their 2007 acquisition of the remaining ownership interests in the Company and related entities. During 2015, the members' refinanced said debt. Payments on the members' debt are due monthly with a maturity date of November 5, 2021. The Company is subject to financial ratio covenants in which failure to meet would be considered an event of default on the debt. The Company would also be obligated to perform under the guarantee if its members failed to pay principal and interest payments to the lender when due. At December 31, 2015, 2014 and 2013, including accrued interest, the maximum potential amount of future (undiscounted) payments under the guarantee would be approximately \$2,143,400, \$2,637,700, and \$3,238,300, respectively. As of December 31, 2015, 2014 and 2013, the members were current with their debt payments, and the Company was in compliance with its financial covenant ratios.

Note 12 – Contingency

In the normal course of operations, there may be outstanding contingent liabilities such as lawsuits, etc., which are not reflected in the accompanying financial statements. The Company's management is of the opinion that insurance coverage is adequate to cover any potential losses. No such liabilities have been asserted, therefore, no estimation of loss has been made.

EXHIBIT B. FRANCHISE AGREEMENT

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CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC
2060 Coolidge Highway
Berkley, Michigan 48072

THIS FRANCHISE AGREEMENT (the "Agreement") is effective as of _____, 201_, by and among CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC, a Michigan limited liability company, with its principal place of business at 2060 Coolidge Highway, Berkley, Michigan 48072 (referred to in this Agreement as "we," "us," "ourselves," "CRDN" and/or "Franchisor"); and the following individual(s), «Principal_Owner_1» and «Principal_Owner_2» (singly, or collectively if more than one, the "Principal_Owner"); and «LLC_or_Corp» a «State» «limited liability company/corporation» with its principal address at «Address» ("Franchisee Entity") (referred to in this Agreement as "you," "your" and/or "Franchisee"). Because the obligations of Franchisee Entity and Principal Owner are joint and several under this Agreement, the term "you" "your" and/or "Franchisee" throughout this Agreement shall refer to both Franchisee Entity and Principal Owner, except in those circumstances where the term Principal Owner or Franchisee Entity is specifically used.

RECITALS

WHEREAS, in this Agreement, CRDN refers to and includes any and all affiliates, subsidiaries, companies, fiduciaries, heirs, successors, assigns, members, managers, shareholders, directors, officers, employees, attorneys and agents of CRDN;

WHEREAS, with respect to the performance of restoration dry cleaning and related services for cleaning smoke, water, and/or odor damaged clothing and other soft goods, from insured casualties ("Textile Restoration Services"), as a result of the expenditure of time, effort and money in research and development, CRDN has acquired experience and knowledge regarding franchising the performance of Textile Restoration Services (the "CRDN Business");

WHEREAS, CRDN has developed certain proprietary systems, methods, procedures, know-how, computer software programs and other associated trade secrets with respect to CRDN's Business (collectively the "Franchise System"), all as more particularly described in the CRDN Operations Manual, including all amendments, restatements, supplements or modifications thereto from time to time (individually and collectively, the "Operations Manual");

WHEREAS, in connection therewith, CRDN has established a reputation, demand and goodwill for offering franchising services to support CRDN's Business and the Franchise System;

WHEREAS, CRDN further identifies the Franchise System by means of certain trademarks, logos, emblems, and indicia of origin including but not limited to the service mark "Certified Restoration Drycleaning Network®" and our distinctive logo and such other trade names, service marks and trademarks as may be designated now or hereafter by Franchisor, in the Operations Manual, or otherwise in writing, for use in connection with the Franchise System; and

WHEREAS, all of the foregoing have a unique, novel and valuable significance to the public, and Franchisee, being cognizant thereof, desires to obtain the commercial benefits of the use of the Franchise System, the name of CRDN and the benefits of the knowledge, experience and reputation of CRDN.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and commitments contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties hereto mutually agree as follows:

ARTICLE 1: FRANCHISE SYSTEM

1.1 Grant of Franchise. Subject to the terms of this Agreement, CRDN hereby grants Franchisee a license to use the Franchise System to operate a CRDN franchise (the "Franchised Business") to provide Textile Restoration Services as part of the Franchise System (the "CRDN Services" or the "Franchise Services") in the Franchise Territory (as defined in Article 3 herein).

1.2 Operations Manual. During the term of this Agreement, CRDN grants to Franchisee a non-exclusive license to use the Operations Manual in accordance with the provisions of this Agreement, specifically including Article 8 herein.

1.3 Tradenname and Logos. CRDN grants to Franchisee, for the term of this Agreement, a non-exclusive license to use the CRDN® name and logo in the operation of the Franchise System in accordance with this Agreement and the Operations Manual. Franchisee shall operate exclusively under the CRDN® name and logo and shall not use or display any other tradenname or service mark without the prior written consent of CRDN. All names and logos owned by CRDN and/or its affiliates and licensed to Franchisee are hereafter referred to as the "Marks."

1.3.1 Use of Marks. Franchisee shall not use either the Marks or any variation thereof as part of its Franchisee Entity name, the name of any entity formed or created subsequent to the Effective Date of this Agreement, or for any other purposes save and except in accordance the terms and conditions of this Agreement or as may otherwise be specifically authorized by CRDN in writing, nor shall Franchisee hold out or otherwise employ the Marks to perform any activity, or to incur an obligation or indebtedness in such manner as might make CRDN liable therefor. Use of the Marks in the domain/URL context are deemed part and parcel of the license of the Marks and Franchisee is authorized to use the Marks only when Franchisee is in compliance with the terms of this Agreement and when specifically authorized in writing by CRDN.

1.3.2 Registration of Marks. Franchisee shall not register or attempt to register the Marks in its name or the name of any person, entity or other third party, and shall not take any action which might invalidate the Marks, impair any rights of CRDN in and to such Marks or create any rights adverse to those of CRDN. Moreover, Franchisee shall use the Marks correctly spelled and/or depicted and not as a verb or in the plural or in any other manner which might endanger the validity of the Marks and/or, if registered, their registration. Franchisee shall use the Marks only in the style as may be registered, or if not registered, as prescribed by Franchisor.

1.3.3 Inspection. In order to preserve the validity and integrity of the Marks licensed herein and to assure that Franchisee is properly employing same in the operation of the Franchisee's Franchised Business, CRDN and its agents shall at all reasonable times have the

right to inspect Franchisee's premises and other sites of Franchisee's operation within the Franchise Territory and make periodic evaluation of the services provided and the goods sold and used therein. Franchisee shall cooperate with CRDN and its agents in such inspections and render such assistance to CRDN and its agents as they may reasonably request.

1.3.4 Changes to the Marks. CRDN reserves the right, in its sole discretion, to modify, replace, substitute or terminate any of the Marks (collectively, the "Modified Marks"), and Franchisee must implement any Modified Marks as required in this Agreement. All provisions of this Agreement applicable to the Marks shall also apply to any Modified Marks.

1.3.5 Representation to Franchisee. CRDN represents to Franchisee that CRDN is the owner of the Marks, and CRDN is not aware of any claims by third parties that restrict Franchisee's ability to use the Marks under the authorization(s) contemplated by this Agreement.

1.3.6 Goodwill. Franchisee acknowledges and agrees that use of the Marks, and any goodwill established by this use, will be exclusively for CRDN's benefit and that this Agreement does not confer any goodwill or other interest in the Marks upon Franchisee other than the right to operate a Franchised Business under this Agreement.

1.3.7 Additional Marks. All provisions of this Agreement applicable to the Marks shall also apply to any additional proprietary trade and service marks and commercial symbols that CRDN authorizes Franchisee to use at any time during the Initial Term and any Successor Term of this Agreement.

1.3.8 Non-Exclusive. The right and license of the Marks awarded to you under this Agreement is non-exclusive, and CRDN may: (a) award other licenses and franchises for the Marks, in addition to those licenses already awarded; or (b) use the Marks in connection with marketing and selling any products and services as CRDN sees fit in its sole and absolute discretion.

1.3.9 Notification of Infringement and Claims. Franchisee shall immediately notify CRDN of any apparent infringement or challenge to its use of any of the Marks or of any claim by any person, entity or third party of any rights in any of the Marks. Franchisee shall not communicate with any person, entity or third party other than CRDN and CRDN's attorneys, and your attorneys, in any such infringement, challenge, or claim. CRDN shall have sole discretion to take any action it deems necessary or appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding ("USPTO Proceeding") or any other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any of the Marks. CRDN shall indemnify and hold the Franchisee harmless against any loss, damage or expense incurred in connection with any such infringement, challenge or claim; provided however, CRDN's indemnification obligation shall only extend to claims related to Franchisee's use of the Marks in accordance with the terms and conditions of this Agreement. Franchisee shall sign any and all instruments and documents, render the assistance and do the acts and things that, in the opinion of CRDN's attorneys, are necessary or advisable to protect and maintain CRDN's interests in any litigation, USPTO Proceeding or other proceeding, and to otherwise protect and maintain CRDN's interest in and to the Marks.

1.3.10 Rights to, and Limitations on, Use of the Marks. Franchisee's right to use the Marks is derived only from this Agreement and is limited to Franchisee's operation of the Franchised Business in accord and in compliance with this Agreement and all System

Standards (as defined in Article 11 herein) CRDN prescribes from time to time during the Initial Term and any Successor Term. Franchisee shall utilize only the Marks that CRDN designates for the Franchised Business and Franchisee shall use them only in the manner CRDN authorizes, including the following:

- (a) Franchisee shall use the Marks to identify the Franchised Business.
- (b) Franchisee agrees to identify itself as the owner of an independent entity in the manner that CRDN prescribes.
- (c) Franchisee promises to affix the Marks upon such vehicles, uniforms, equipment, containers, fixtures, signs, stationery, advertising, sales/promotional materials, and such other objects, in such size, color, lettering style and fashion, and at such places as CRDN may designate in the Operations Manual.
- (d) Franchisee shall not use the Marks, or any words or symbols confusingly similar to the Marks, as part of any corporate or other legal name or with any prefix, suffix, or other modifying words, terms, designs, or symbols without CRDN's prior written authorization. Franchisee may not use the Marks in connection with the sale of any unauthorized product or service, on an Internet web site of Franchisee's own design, or in any other manner not explicitly authorized in writing by CRDN. Franchisee may use the Marks in conjunction with Franchisee's existing drycleaning business marks in the manner authorized in writing by CRDN. Except as expressly provided in the Operations Manual, Franchisee may not display any other trademarks, logotypes, symbols, or service marks, nor may Franchisee use any other marks in connection with the Marks, or with the Franchised Business, without CRDN's prior written approval. However, Franchisee may continue your current use of your existing drycleaning business marks.
- (e) Franchisee agrees that all advertising and promotional materials that Franchisee uses shall bear the appropriate "TM", "SM", "®", or "©" registration symbol and/or such other appropriate notice of ownership, registration, or copyright as CRDN may require.
- (f) Franchisee promises to secure a doing business as ("DBA") designation as set forth in Article 5.3. All filings or affidavits, following the receipt of an approved DBA, must state that the filing or affidavit is made as "a franchise of CRDN."

1.3.11 Discontinuance of Use of Marks. If it becomes advisable at any time in CRDN's sole discretion to modify or discontinue the use of any Marks and/or use one or more additional or substitute names or marks, you promise to comply with CRDN's direction within a reasonable time, not to exceed sixty (60) days, after you have received notice. You will be responsible to pay all expenses related to the modification of any of the Marks used in conjunction with your Franchised Business within sixty (60) days of notice from us to modify the Marks, including without limitation, new signage, uniforms, packaging, stationery, business cards, and other logoed or branded items. We will not be liable to you for any expenses, losses, or damages you sustain as the result of any such addition, modification, substitution, or discontinuance of a

Mark, and you promise to not commence or join in any litigation or other proceeding against us for any such expenses, losses, or damages.

1.3.12 CRDN Domain. We are the lawful and sole owner of the domain name: www.crdn.com. You cannot register any of the Marks that are now or in the future owned by us or any abbreviation, acronym or variation of the Marks or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the Franchise System on the Internet and to create, operate, maintain and modify or discontinue use of any website using the Marks. You may access our website. Except upon receipt of our prior written approval, you cannot: link or frame our website; conduct any business or offer to sell or advertise any products or services on the Internet; nor create or register any Internet domain names in connection with your Franchised Business. The only exception to the foregoing is your requirement to list CRDN on online directories.

1.4 Optional Programs. CRDN and/or its affiliates may from time to time establish and offer to Franchisee additional programs ("Optional Programs") related to the Franchise System.

1.5 Regional/National Account Programs. In an effort to expand the scope and sufficiency of geographic coverage for the Franchise System, CRDN strives to activate regional and/or national account programs (individually, a "Regional/National Account Program", and collectively, "Regional/National Account Programs") with large insurance companies, third-party administrators, and other similar organizations, in areas encompassing more than one Franchise Territory and/or Franchised Business, including any portion(s) thereof (each, a "Regional/National Contact," and, upon the establishment of a Regional/National Account Program, a "Program Partner", and collectively, "Program Partners").

1.5.1 Regional/National Account Marketing and Mailings. Franchisor reserves the sole right to solicit, market, and advertise to, and build regional and national account relationships with, any Regional/National Contact or Program Partner ("Regional/National Account Marketing"). Any such Regional/National Account Marketing may be done through such channels of distribution as the Internet, catalog sales, telemarketing or other direct marketing sales (individually and collectively, "Alternative Distribution Channels").

Franchisee acknowledges and agrees that: CRDN may perform Regional/National Account Marketing within the Franchise Territory; the office of any Regional/National Contact or Program Partner may be located in the Franchise Territory; and CRDN may include any CRDN franchisee or CRDN franchisee representative that CRDN, in its sole and absolute discretion, elects in its Regional/National Account Marketing efforts in the Franchise Territory.

Additionally, Franchisee is required to participate in system-wide solicitations, including without limitation mailings, advertisements, promotions, events, and any other method of communication Franchisor, in its sole discretion, deems appropriate, to target Regional/National Account Programs, that typically occur every 6-8 weeks. Fees for such solicitations will be payable via EFT (as defined in Article 2.4 herein) and assessed on the next closest weekly EFT date to the applicable solicitation.

1.5.2 Regional/National Account Program Agreements. Certain Program Partners may require that you enter into agreements with them directly ("Program Agreements"). Upon executing this Agreement or immediately thereafter, and without further consideration, Franchisee hereby agrees to execute any such Program Agreements as may be requested and

Franchisee shall complete and/or execute and deliver such further documentation as may be reasonably requested by any Program Partner or CRDN in order to effectuate the terms and conditions and intent of any Regional/National Account Program and/or this Agreement.

1.5.3 Regional/National Account Program Application and Compliance. Franchisee must take all necessary actions required by CRDN or any Program Partner to apply and/or register to participate in all Regional/National Account Programs. Upon Program Partner Acceptance (as defined in Article 1.5.4 below), Franchisee must participate in and act in compliance with all policies and procedures, and strictly adhere to the terms, including but not limited to the terms regarding servicing of requests and referrals for jobs/losses, and dispute resolution procedures (including legal proceedings such as litigation), of all Regional/National Account Programs, all to the extent permissible by law, as set forth in the Operations Manual and described further in Article 8 herein. In order to maintain eligibility for participation in Regional/National Account Programs, Franchisee must act in compliance with the terms of this Agreement, and any other agreement entered into between Franchisee and CRDN and/or any Program Partner, or CRDN and any Program Partner, as applicable.

CRDN will refer to Franchisee all Regional/National Account Program jobs/claim assignments in the Franchise Territory that arise through any Regional/National Account Program, provided that Franchisee: has taken all steps to properly apply/register to participate in such Regional/National Account Program; has been granted Program Partner Acceptance into the Regional/National Account Program; is in compliance with the terms of such Regional/National Account Program; is in compliance with all of the terms of this Agreement and any other agreement entered into between Franchisee and CRDN or any Program Partner, as applicable; and is not suspended or terminated from such Regional/National Account Program by either CRDN or the Program Partner.

Franchisee further acknowledges and agrees that, as it relates to Regional/National Account Programs, we have the right to establish, to the maximum extent permitted by law, the price charged by you for services provided to Regional/National Account Programs and Franchisee further agrees to adhere to such established pricing as part of the Regional/National Account Programs. Such right extends to the utilization of any third party pricing platform required and/or suggested by any Regional/National Account Programs. You may need to take action to obtain and/or maintain software or other related licenses to properly utilize such third party pricing platforms. At this time, there are two such platforms utilized as part of the Regional/National Account Programs: Xactimate and Symbility. You will be charged a fee to upload and convert invoices from our proprietary software to the given third party pricing platform. The fee will vary per conversion but is currently \$35 for Xactimate and \$25 for Symbility. Additionally, through Xactimate, we are given the ability to attempt to influence local pricing by uploading non-program jobs at the reduced fee of \$6 per job. We reserve the right to require you to upload all non-program jobs.

Franchisee also acknowledges and agrees that if any Regional National Account Programs are run through a central account entity, which may or may not be owned by CRDN, then Franchisee will adhere to the procedures and payment arrangements of such central accounting entity. Notice of any such central account entity will be provided in the Operations Manual.

1.5.4 No Guarantee of Regional/National Account Program Acceptance or Participation, Program Partner Eligibility. Franchisee acknowledges and agrees that all Program Partners are

independent contractors and Franchisor has no interest in or authority over any Program Partner. As such, Franchisee acknowledges and agrees that the acceptance of Franchisee in any Regional/National Account Program is contingent upon the acceptance of Franchisee by the applicable Program Partner into the applicable Regional/National Account Program ("Program Partner Acceptance"), and that Franchisor has no authority to obligate or require any Program Partner Acceptance of Franchisee into any Regional/National Account Program. Franchisee also acknowledges and agrees that Franchisor cannot guarantee that Franchisee will be granted Program Partner Acceptance into any Regional/National Account Program. Franchisee further acknowledges and agrees that even upon Program Partner Acceptance, there is no guarantee, by Franchisor or any Program Partner, that Franchisee will be awarded assignments for the performance of CRDN Services in any Regional/National Account Program, or that Franchisee will attain any minimum level of sales or revenue through any Regional/National Account Program.

In the event that Franchisee is not granted Program Partner Acceptance in all or part of any Regional/National Account Program, CRDN, without further notice to Franchisee, reserves the right to refer any jobs/claim referrals associated with such Regional/National Account Program, or part thereof, that would otherwise have been referred to Franchisee, to another CRDN franchisee of CRDN's choosing that is granted applicable Program Partner Acceptance.

Franchisee also acknowledges and agrees that CRDN and/or any Program Partner may establish initial and ongoing credentialing and eligibility requirements for participation in any Regional/National Account Program, which such requirements may change from time. Franchisee acknowledges and agrees that either or both CRDN and the applicable Program Partner may suspend or terminate you from a part of or an entire Regional/National Program in event you fail to meet and/or maintain compliance with such requirements.

1.5.5 Failure to Comply as Grounds for Termination. Failure to comply with the terms and requirements set forth in this Article 1.5 shall be a default under this Agreement and any applicable Regional/National Account Programs. Additionally, and with the exception of Regional/National Programs for which Franchisee is not granted Program Partner Acceptance, in the event CRDN and/or any Program Partner suspends, either temporarily or permanently, or otherwise restricts Franchisee's participation in any Regional/National Account Program, CRDN reserves the right to automatically and without further notice to Franchisee, deem Franchisee in default of all Regional/National Account Programs, this Agreement, and any other agreement between Franchisee and Franchisor.

In the event of any default under this Article 1.5, CRDN, automatically and without further notice to Franchisee, reserves the right to: refer any and all Regional/National Account Programs business opportunities in your Franchise Territory to another franchisee; and suspend and/or terminate Franchisee from any or all Regional/National Account Programs. The foregoing rights are exclusive of and in addition to Franchisor's termination rights set forth in Article 13 of this Agreement.

The foregoing notwithstanding, in the event of a partial and/or temporary suspension, CRDN will make reasonable efforts to work with Franchisee and the applicable Program Partner(s) to re-establish Franchisee's eligibility into the applicable Regional/National Account(s). Provided, however, that such efforts provided by Franchisor shall be at Franchisor's sole and absolute discretion, shall be provided solely on a voluntary basis and shall

not restrict, delay, or otherwise modify CRDN's rights set forth in this Article 1.5.4 or otherwise in this Agreement.

1.6 Rights Reserved by CRDN. CRDN reserves the right to:

- (a) At our sole discretion, establish and allow other CRDN franchisees to establish CRDN Business-related facilities within the Franchise Territory, but subject to the same or similar restrictions for marketing to and servicing customers that Franchisee is subject to under the terms of this Agreement;
- (b) Perform and allow others to perform, and/or establish and allow others to establish CRDN franchises, or franchises offered by the Affiliate Franchise Network (as defined below), for the provision of, any service offered in connection with any franchises or franchised businesses owned or operated by CRDN or by or on behalf of any affiliate of CRDN (each an "Affiliate Franchised Network"), that does not include the Franchise Services;
- (c) Sell CRDN identified products through Alternative Distribution Channels;
- (d) Advertise, offer and sell services and products within the Franchise Territory which do not comprise a part of the Franchise System and, in connection with this right, to exploit CRDN's Marks, name, reputation, and know-how;
- (e) In accordance with Article 1.5, perform Regional/National Account Marketing in the Franchise Territory, include any CRDN franchisee or representative that CRDN, in its sole and absolute discretion, elects in such Regional/National Account Marketing;
- (f) Acquire businesses inside and outside of the Franchise Territory providing services similar to those provided for under the Franchise System and to be acquired by such business; and
- (g) Offer additional services to CRDN franchisees to perform under the Marks; provided, however, you may be required to pay certain up-front and ongoing fees, meet and maintain certain qualifications, and enter into an amendment to this Agreement and/or execute a separate contract, prior to being approved and authorized to provide any such additional services.

ARTICLE 2: FEES AND OTHER MONETARY REQUIREMENTS

2.1 Initial Franchise Fee

[First Alternative Payment Package]

You promise to pay us a total initial fee (the "Initial Franchise Fee") in the amount of \$«FranFee» in accordance with the terms of this Article 2.1. The Initial Franchise Fee has three components: a Fixed Licensing Fee; a Territory Fee; and an Initial Package Fee, as such terms are defined and described below.

2.1.1 Fixed Licensing Fee. Your "Fixed Licensing Fee" is \$8,000 and accounts for your general right to operate the Franchised Business.

2.1.2 Territory Fee. Your "Territory Fee" is \$«TerrFee» and is based upon the total number of targeted households (individually, a "Household", and collectively, "Households") in your Franchise Territory. Your Territory Fee is calculated as follows: (a) \$16,000 for the first 250,000 Households in your Franchise Territory; and (b) \$0.02 for each additional Household in the Franchise Territory.

2.1.3 Initial Package Fee. You promise to pay us a fee for an initial package in the amount of \$13,000 (the "Initial Package Fee"), which consists of: a license to use our then current proprietary franchise management web based software; an Xactimate interface development fee; a convention allowance to be allocated toward attendance of your first CRDN Convention and/or CRDN Regional Meeting, as such are defined and described in Article 7.4 herein ("Convention Allowance"); and certain products and supplies, all as described and listed in Exhibit B, which is attached to this Agreement and incorporated herein by this reference (collectively, the "Initial Package").

2.1.4 Initial Franchise Fee Payment. Your total Initial Franchise Fee may be paid in one lump sum upon execution of this Agreement or you may elect to receive financing therefor. In the event you elect to receive financing, one-third (1/3) of your total Initial Franchise Fee, \$«Due_Now», is due upon your execution of this Agreement, and the remaining two-thirds (2/3), \$«Note», shall be payable in accordance with the terms of the promissory note ("Promissory Note") attached hereto as Exhibit 2A and incorporated herein by reference, that you must execute concurrently with the execution of this Agreement.

[Second Alternative Payment Package]

You promise to pay us a total initial fee (the "Initial Franchise Fee") in the amount of \$«FranFee» in accordance with the terms of this Article 2.1. The Initial Franchise Fee has three components: a Fixed Licensing Fee; a Territory Fee; and an Initial Package Fee, as such terms are defined and described below.

2.1.1 Fixed Licensing Fee. Your "Fixed Licensing Fee" is \$4,000 and accounts for your general right to operate the Franchised Business.

2.1.2 Territory Fee. Your "Territory Fee" is \$«TerrFee» and is based upon the total number of targeted households (individually, a "Household", and collectively, "Households") in your Franchise Territory. Your Territory Fee is calculated as follows: (a) \$3,000 for the first 250,000 Households in your Franchise Territory; and (b) \$0.01 for each additional Household in the Franchise Territory.

2.1.3 Initial Package Fee. You promise to pay us a fee for an initial package in the amount of \$13,000 (the "Initial Package Fee"), which consists of: a license to use our then current proprietary franchise management web based software; an Xactimate interface development fee; a convention allowance to be allocated toward attendance of your first CRDN Convention and/or CRDN Regional Meeting, as such are defined and described in Article 7.4 herein ("Convention Allowance"); and certain products and supplies, all as described and listed

in Exhibit B, which is attached to this Agreement and incorporated herein by this reference (collectively, the “Initial Package”).

2.1.4 Initial Franchise Fee Payment. Your total Initial Franchise Fee may be paid in one lump sum upon execution of this Agreement. Alternatively, you may elect to pay one-half (1/2) of your total Initial Franchise Fee, \$«Due_Now», upon your execution of this Agreement, and the remaining one-half (1/2), \$«Note», shall be payable upon your commencement of Initial Training (as defined in Article 7 below).

2.2 Initial Franchise Fees Non-Refundable. All Initial Franchise Fees, including the Initial Package Fee, shall be fully earned by us and non-refundable when you, or your delegate, commence Initial Training.

2.3 Annual Fixed Fee and Royalty

[First Payment Package]

You promise to pay us an annual fixed fee (“Annual Fixed Fee”) (for the previous 12 months of operation) of \$5,000. The Annual Fixed Fee is due via electronic funds transfer (“EFT”) and payable on or before January 15 of each year for the preceding calendar year of operation of the Franchised Business. The Annual Fixed Fee for your first year in operation will be prorated based on how many months you had been in business, subsequent to the Commencement of Operations, as of the calendar year end for the year in Commencement of Operations occurred.

You also promise to pay us a weekly royalty (the “Royalty” or “Royalties”) equal to 6% of Gross Sales (as defined below in Article 2.5). Commissions paid/ kept by lead sources (general contractors, contents cleaning companies, third-party administrators, etc.) are subject to Royalty. Every Monday, we will scan our proprietary software database and find all jobs which have had changes in the amounts paid by customers since the previous week, and compute Royalties on the amount of the change. When amounts are paid on jobs, Royalties will be charged on those amounts. When amounts are refunded to customers for non-restorable items (*non-restorable: Textile item that has not successfully responded to the restoration process; restoration attempted but pre-loss condition cannot be achieved*), a Royalty credit will be given on those amounts. You will receive an email itemizing the jobs on which Royalties will be assessed (or credited), and the total of the Royalties. On Friday of that week, we will initiate an EFT between our bank accounts for the amount indicated in the email. If funds are not available, you will be notified, a processing fee will be applied and another EFT will be initiated. We reserve the right to collect all outstanding Royalty(ies) due to us one hundred twenty (120) days after the billing date of the performance of any CRDN Services job/assignment even if amounts are not paid for such job. You acknowledge that this statement does not preclude us from accepting or collecting any payments after such time.

If you fail to report your Gross Sales for the week as required, or to record receipt of payments received within five (5) calendar days of being received, cashed or deposited, you will be subject to a Late Payment Fee (as defined in Article 2.4 herein), we may debit your account on the applicable Friday for the same Royalty amount that we debited during the previous week, and we may do so for each such week that you so fail to report Gross Sales as required. If the Royalty we debit from your account is greater than the Royalty you actually owe us (once we have determined your true and correct Gross Sales for the applicable period), we will credit the excess against the amount we otherwise would debit from your account on first Friday following

our determination of your true and correct Gross Sales for the applicable period. If the Royalty we debit from your account is less than the Royalty you actually owe us, we will debit your account for the balance of the Royalty due on first Friday following our determination of your true and correct Gross Sales for the applicable period.

We can require you to pay the Royalty by means other than automatic debit (e.g., by check) whenever we deem appropriate, and you promise to comply with our payment instructions.

[Second Payment Package]

You promise to pay us an annual fixed fee ("Annual Fixed Fee") (for the previous 12 months of operation) of \$3,000. The Annual Fixed Fee is due via electronic funds transfer ("EFT") and payable on or before January 15 of each year for the preceding calendar year of operation of the Franchised Business. The Annual Fixed Fee for your first year in operation will be prorated based on how many months you had been in business, subsequent to the Commencement of Operations, as of the calendar year end for the year in Commencement of Operations occurred.

You also promise to pay us a weekly royalty (the "Royalty" or "Royalties") equal to 9% of Gross Sales, as defined below in Article 2.5. Commissions paid/ kept by lead sources (general contractors, contents cleaning companies, third party administrators, etc.) are subject to Royalty. Every Monday, we will scan our proprietary software database and find all jobs which have had changes in the amounts paid by customers since the previous week, and compute Royalties on the amount of the change. When amounts are paid on jobs, Royalties will be charged on those amounts. When amounts are refunded to customers for non-restorable items (*non-restorable: Textile item that has not successfully responded to the restoration process; restoration attempted but pre-loss condition cannot be achieved*), a royalty credit will be given on those amounts. You will receive an email itemizing the jobs on which Royalties will be assessed (or credited), and the total of the Royalties. On Friday of that week, we will initiate an EFT between our bank accounts for the amount indicated in the email. If funds are not available, you will be notified, a processing fee will be applied and another EFT will be initiated. We reserve the right to collect all outstanding Royalty(ies) due to us one hundred twenty (120) days after the billing date of any CRDN Services job/assignment, even if amounts are not paid on said job. You acknowledge that this statement does not preclude us from accepting or collecting any payments after such time.

If you fail to report your Gross Sales for the week as required, or to record receipt of payments received within five (5) calendar days of being received, cashed or deposited, you will be subject to a Late Payment Fee (as defined in Article 2.4 herein), we can debit your account on the applicable Friday for the same Royalty amount that we debited during the previous week, and we may do so for each such week that you so fail to report Gross Sales as required. If the Royalty we debit from your account is greater than the Royalty you actually owe us (once we have determined your true and correct Gross Sales for the applicable period), we will credit the excess against the amount we otherwise would debit from your account on the first Friday following our determination of your true and correct Gross Sales for the applicable period. If the Royalty we debit from your account is less than the Royalty you actually owe us, we will debit your account for the balance of the Royalty due on the first Friday following our determination of your true and correct Gross Sales for the applicable period.

We can require you to pay the Royalty by means other than automatic debit (e.g., by check) whenever we deem appropriate, and you promise to comply with our payment instructions.

2.4 Late Payment Fee and Interest. As part of the Pre-Commencement Requirements (as defined in Article 5.1 herein), you must agree to sign and deliver to us the documentation we require to authorize us to perform an EFT from your business checking account for all applicable fees due and owing hereunder, including without limitation the Annual Fixed Fee, Royalties, and for all other purposes provided for in this Agreement.

In the event that any fee or payment owed to us under this Agreement, including but not limited to Royalties, the Annual Fixed Fee, software fees (as incurred in association with the Software License Agreement attached hereto as Exhibit C and incorporated herein by reference (the "Software License Agreement")) or fees in connection with any Promissory Note you may have signed with CRDN, are not timely paid and/or are not available in your account for debiting via EFT when due, a late payment fee ("Late Payment Fee") will be imposed of either: five percent (5%) of the Royalty amount that would have been payable (if Royalty would have been assessable upon such late fee or payment); or \$50, whichever sum is greater, for each week past due.

The foregoing notwithstanding, specifically with reference to failure to report Gross Sales within the timeframe required in Article 2.3, a Late Payment Fee would be assessable as a result of actions including, but in no way limited to, hiding, wrongfully discounting, underreporting or understating Gross Sales, failing to record Gross Sales in the appropriate location or manner, or manipulating Gross Sales in an effort to avoid assessment of any Royalty or other fees under this Agreement.

Additionally, interest on any Royalty or other amount due will be imposed at the rate of 12% per annum or the maximum rate permitted by applicable law ("Late Payment Interest"), whichever is greater, from the date such amounts were originally due until the date such amounts were paid/received.

We can debit your account, via EFT, for both the Late Payment Fee and Late Payment Interest. In the event that a given payment has not been recorded at all, upon discovery/notice of the unreported payment, we will use the date of discovery/notice as the date of payment entry and assess any Late Payment Fee and/or Late Payment Interest. We are authorized, but not required, to apply any moneys we hold or otherwise come to our possession, that would otherwise be distributed to you, toward any outstanding fee, payment or other obligation arising out of this Agreement or any other agreement Franchisee has with CRDN.

2.5 Definition of Gross Sales. "Gross Sales", as used in this Agreement, includes all services billed and/or invoiced for as part of the operation of the Franchised Business, including the commissions paid/kept by lead sources (general contractors, contents cleaning companies, third party administrators, etc.), whether in cash, in services in kind, from barter and/or exchange, or otherwise. All revenue you receive from your non-restoration drycleaning operations shall not be included in Gross Sales. All barter and/or exchange transactions for which you furnish CRDN services and/or products in exchange for goods or services will be, for the purpose of determining Gross Sales, valued at the full retail value of the goods and/or services you provide. You may deduct from Gross Sales the amount of all sales tax receipts or similar tax receipts that, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged. In accordance with our policies as published from time to time, you may

also deduct from Gross Sales the amount of any documented refunds on non-restorable items. All payments received that would constitute Gross Sales must be recorded in our proprietary software within five (5) calendar days of being received, cashed or deposited, whichever occurs first.

2.6 Requirement to Achieve a Minimum Level of Gross Sales. You acknowledge and agree that we have awarded you this Franchised Business and Franchise Territory with the expectation that you will be able to develop a Franchised Business that will achieve a minimum level of monthly Gross Sales (the “Minimum Monthly Gross Sales”) as follows:

Minimum Monthly Gross Sales (Number of Households in Territory × Gross Sales \$ Factor = Minimum Monthly Gross Sales) (Example: 500,000 HH × \$0.03 = \$15,000 Minimum Monthly Gross Sales requirement)	
Years in Operation	Gross Sales \$ Factor
Less than 1	Not Applicable
Greater than 1 but less than 2	\$0.03
Greater than 2 but less than 3	\$0.04
Greater than 3 but less than 4	\$0.05
Greater than 4 but less than 5	\$0.06
Greater than 5 but less than 6	\$0.07
Greater than 6 but less than 7	\$0.08
Greater than 7 but less than 8	\$0.09
Greater than 8 but less than 9	\$0.10
Greater than 9	\$0.11

Upon the renewal or transfer of this Agreement, for the purpose of determining your Minimum Monthly Gross Sales, the years in operation are measured from the date this initial Agreement was signed or as otherwise agreed to by CRDN at such time. Further, unless modified in our Operations Manual, we will look at your sales by month billed, as reported in our proprietary software, each month to determine whether you have met your Minimum Monthly Gross Sales requirement.

In the event that you do not achieve the required Minimum Monthly Gross Sales for any two (2) or more consecutive month period, upon notice, you shall pay a Royalty fee (a “Minimum Royalty Fee”) via EFT equal to what you would have been assessed for Royalties had you achieved the Minimum Monthly Gross Sales for the applicable month(s).

2.7 Marketing, Advertising, and Promotion. You acknowledge and agree that to secure new Customers (as defined in Article 3.2 herein) for your Franchised Business you must hire at least one (1) experienced full-time marketing person in your Franchise Territory. You cannot consider yourself to be this full-time marketing person without our prior written consent. If you refuse to hire a full-time marketing person, we reserve the right, but have no obligation whatsoever hereunder, to hire a full-time marketing person for you and assess all costs to you, which will include without limitation, salary, benefit costs, training and travel expenses of the marketing person and all costs incurred by CRDN, including advertisement, and solicitation costs whether payable to third parties or CRDN, and time, travel, food and lodging, as applicable, of any CRDN representative in the hiring process. You must require, and provide copies to us of, criminal background checks for any CRDN owner, employee or associated persons who will have access to a Customer's residence, business facility, office, or any Customer's personal/confidential information. Any employee who has access to CRDN proprietary information must sign a written agreement to maintain confidentiality of our trade secrets and to abide by a covenant not to compete. We do not have a standard form, as laws vary between states; however, we do require that such agreements will prohibit disclosure, by the employee to any other person, legal entity or other third party, of any trade secrets, Customer lists, or other information, knowledge, or know-how regarding the Franchise System or the operation of the Franchised Business, which is deemed confidential or proprietary by us. Such employee confidentiality, non-disclosure and non-competition agreements shall, to the fullest extent permitted by applicable law, prevent employees from servicing or marketing to any of the Customers of your Franchised Business, except in their capacities as employees of your Franchised Business. A fully executed copy of the agreement for each employee must be sent to us prior to his/her commencement of work for or on behalf of the Franchised Business.

We reserve the right to require your participation in the employment of any area, regional or state sales and/or marketing representative ("Regional Marketing Representative") in conjunction with other participating franchisees in your general geographic area (the "Area"). In the event such Regional Marketing Representative is employed, payment of all expenses associated with such employment must be shared by the participating franchisees in the Area determined by either the percentage of ownership of the Area based upon the number of targeted households in each participating franchisee's awarded territory/ies or by allocating one share of the payment requirements for each franchise territory owned by each participating franchisee. In such event, all hiring, firing and management of such Regional Marketing Representatives may only be provided by CRDN.

As set forth in Article 1.5 above, you are required to participate in system-wide mailings that typically occur every 6-8 weeks. The cost will vary depending on the number of local customers you have in your individual database within our proprietary software.

You must also conduct, at your expense, marketing, advertising, and promotional programs at the local level. You promise to spend on these programs at least \$0.05 for each Targeted Household located in your Franchise Territory each calendar year (the "Local Marketing Requirement"). Provided, however, that the cost of your full time marketing person may be counted toward the Local Marketing Requirement. Additionally, you must abide by the marketing guidelines as set forth in the Operations Manual, and/or any marketing-specific manual created as part of the Operations Manual, including but not limited to requirements for

reminder notices, Customer contact frequency and manner, management of accounts and all other matters related to Customer solicitation and maintenance.

As part of your Local Marketing Requirement, and part of the Pre-Activation Requirements (as defined in Article 5.1 of this Agreement), you promise to acquire and maintain a telephone number that is dedicated to your CRDN business and separate and apart from your existing drycleaning telephone number ("CRDN Telephone Number"), which cannot be a home phone or personal cell phone number. You must also utilize the call center/answering service approved of by CRDN to receive jobs/loss assignment notices (the "Call Center"). You promise to provide the Call Center with at least one (1) fax number, three (3) phone numbers, and such other information as requested by the Call Center to reach Franchised Business representatives (the "Call Center Contact List") and the Call Center Contact List must include the CRDN Telephone Number. In the event of a job/loss assignment, the Call Center will attempt to call/fax each number in the Call Center Contact List, in the order of priority you designate, until a live person is reached or adequate communication is received that the assignment has been received. In the event that the Call Center contacts each number on the Call Center Contact List and adequate receipt of the assignment is not received, the Call Center will contact CRDN with the assignment and CRDN will then distribute the assignment accordingly. You agree to pay the following fees on account of the services rendered by the Call Center and/or CRDN: (1) a weekly maintenance fee (currently, \$15); (2) a per-contract fee (the "Per-Contact Fee") for each call/fax to each Franchised Business representative on the Call Center Contact List (currently, \$5); and (3) a CRDN-contact fee (the "CRDN-Contact Fee") per assignment in the event CRDN must be contacted to distribute an assignment (currently, \$50). The amount of the Per-Contact Fee and the CRDN-Contact Fee may change from time to time at CRDN's sole and absolute discretion, and be implemented through amendments or revisions to CRDN's Operations Manual. Both the Per-Contact Fee and the CRDN-Contact Fee will be paid via EFT on a weekly basis in the same manner as the Royalty and other fees described herein, as applicable.

The Call Center is currently a third party vendor. Provided, however, that CRDN reserves the right to: perform some or all functions of the Call Center; add services to be performed by the Call Center; charge fees to you for all additional services whether performed by a third party, CRDN or any combination of persons and/or entities; and to modify the current fees charged in connection with the Call Center, as set forth above.

You promise to continually list the Franchised Business in the primary telephone and all equivalent electronic directories distributed in your Franchise Territory or directory servicing your Franchise Territory and, at a minimum, to maintain a trademark listing advertising your Franchised Business in the "Yellow Pages" of the primary directory servicing your Franchise Territory. If two or more CRDN businesses are served by the same telephone directory, we will require you to list all businesses under one CRDN heading. In such an instance, you promise to pay your pro-rata share of the total expense of the joint listing which is determined by dividing the total expense by the number of Franchised Businesses that are listed.

You must receive our written approval of all advertising and marketing materials prior to their use. All advertising and marketing materials must meet our then current specifications as published in our Operations Manuals. We may offer and sell advertising, marketing, and promotional materials at any time. You have no obligation to purchase any such materials or forms from us.

2.8 Regional/National Marketing, Advertising and Promotion Fund. Recognizing the value of marketing, advertising, and promotion to the goodwill and public image of the Franchise System, you acknowledge and agree that we have the right to establish a marketing and promotion fund (the “Fund”) for marketing, advertising, promotion, cross-promotion, and public relations programs and materials. At this time, the Fund is active, and you are required to make payments into it. You promise to contribute to the Fund a designated amount that will not exceed 1% of your Gross Sales. At this time, the current Fund contribution is 1% of your Gross Sales. All contributions will be by EFT on a weekly basis and will be made in the same manner as your Royalties. We reserve the right to collect all outstanding Fund monies due to us one hundred twenty (120) days after the billing date of any CRDN Services job/referral. You acknowledge that this statement does not preclude us from accepting or collecting any payments after that time. Monies not expended during the year they are collected will remain in the Fund for future expenditure.

Monies collected for the Fund may be used to pay the costs associated with preparing and producing video, audio, and written materials, administering and placing national, regional, and multi-regional marketing and advertising programs, administering and placing cross-promotion programs with third parties, and employing outside advertising and public relations agencies to provide assistance and support for public relations, market research, piloting, consultations for work performed to test initiatives, sales/management efforts and other advertising, promotion, and marketing activities. We will administer these programs for a fee not to exceed 10% of the Fund revenues. Our expenditures of the Fund will be at our sole discretion, and we are not obligated to do it in a way that benefits each franchisee equally or in proportion to their payments. Any materials developed by the Fund will be made available to you through our fulfillment supplier for the published fees. The Fund will not be our asset, but may be commingled with our other funds, will be accounted for separately from our other funds, and will be held for the benefit of the Franchise System. We will furnish to you upon request an annual statement of monies collected and costs incurred by the Fund. We can have the Fund incorporated or operated through a separate entity anytime we deem appropriate, and the successor entity will have all of the rights and duties specified in this Article 2.8.

2.9 Franchise Management Software Licensing Agreement and Fees. You will be required to:

- (a) Utilize our then current franchise management software system in the operation of the Franchised Business;
- (b) Execute and maintain a renewable Software License Agreement, and otherwise adhere to all obligations and requires set forth in the Software License Agreement; and
- (c) Remit a \$1,000 Xactimate development fee (Included in the Initial Package Fee, and more fully described in Exhibit B of this Agreement).

2.10 Outstanding Royalties and Fees of Predecessor. In the event you were awarded your franchise as the result of your purchase of all or substantially all of the assets of the Franchised Business owned by a previous franchisee in the applicable territory, you promise to pay us the following fees if they are not timely paid by your predecessor:

(a) Our current transfer fee to defray expenses we incur in the Transfer (as defined in Article 12.1 herein), and

(b) All Royalties, Fund contributions, fees, late payments, interest and amounts owed for purchases from us.

2.11 Fees Non-Refundable. Unless otherwise set forth herein, Franchisee agrees that any and all fees required under this Agreement are non-refundable after payment thereof.

2.12 Fees for Optional Programs. Franchisee acknowledges that any Optional Programs may require additional training and additional training fees.

2.13 Fee Adjustments for Underpayment. Franchisee agrees to pay to CRDN, within ten (10) days after receipt of written notice, any amount due to CRDN as determined by either (a) the financial statements or reports prepared by Franchisee's certified public accountant as required by the terms of this Agreement, or (b) the audit inspection performed by CRDN's authorized agent in accordance with Article 5.9 herein. If any examination discloses any underpayment of the amounts required to be paid to CRDN, then Franchisee shall pay, in addition to the amount owed, Late Payment Fees and Late Payment Interest as provided in Article 2.4 above.

2.14 Failure to Pay as Ground for Termination. Franchisee acknowledges that this Article 2 does not constitute an agreement to accept any payments after they are due or a commitment to extend credit to, or otherwise finance, the operation of, the Franchisee or the Franchised Business. Notwithstanding the provisions of this Article 2, your failure to pay any and all amounts when due constitutes grounds for termination of this Agreement as provided in Article 13.2.

2.15 Additional Penalty for Failure to Timely Pay Fees. Franchisee hereby acknowledges that fees and Royalties set forth herein are used, in part, to fund programs established under this Agreement and the Operations Manual. In addition to any other rights of CRDN hereunder, CRDN has the right to withhold all services, including the use of our proprietary software, and work from any and all Customers within the Franchised Business, in the event Franchisee fails to promptly pay all sums due to CRDN hereunder.

ARTICLE 3: TERRITORY

3.1 Franchise Territory Defined. The territory for which your Franchised Business is granted shall be the "Franchise Territory" as described in Exhibit A attached hereto and incorporated herein by reference.

3.1.1 Description of the Franchise Territory. The Franchise Territory is described in Exhibit A using geographical and/or political boundaries, such as counties, cities, zip codes, census tracts, travel related boundaries (i.e., roads, waterways, etc.) and/or a combination thereof. In the event these geographical and/or political boundaries are modified by applicable authority, CRDN shall re-describe the Franchise Territory using such modified boundaries and maintaining as closely as possible the original geographic size and shape of the Franchise

Territory by giving due consideration to any adjoining franchise territories. Additionally, in such event, to the extent such modifications result in a modification to the number of your awarded Targeted Households, your Targeted Households shall automatically, and without further consideration or documentation, be deemed to be amended to equal the modified total Targeted Households. CRDN may not modify the Franchise Territory without the written consent of Franchisee.

3.1.2 Number of Targeted Households in Franchise Territory. Depending on the number of Targeted Households Franchisor has agreed to award you, Franchisor, in its sole and absolute discretion, may elect to either: (a) award all such Targeted Households as part of the Franchise Territory under this Agreement; or (b) require Franchisee to enter into one or more separate franchise agreements for the operation of additional CRDN franchises to include all Targeted Households. In the event Franchisor elects option (b) in this Article 3.1.2, Franchisor shall have the ultimate authority to define the franchise territories to be awarded under each franchise agreement and to divide and designate all Targeted Households as it deems appropriate.

3.1.3 No Obligation to Award More than One Franchise Territory. Franchisor is not obligated to, and nothing in this Agreement, including without limitation Article 3.1.2, shall be construed to obligate Franchisor to award more than one CRDN franchise to any one franchisee.

3.1.4 Targeted Households Updates. CRDN reserves the right to automatically update your Targeted Households count/total in accordance with modifications to information received and relied upon by appropriate federal government sources, including, but not limited to, the United States Census Bureau; provided, however, that the Initial Franchise Fee calculations shall not be modified by any such update(s).

3.2 Location of Customers. You are subject to and shall comply with various marketing and servicing terms and conditions as described below.

3.2.1 Marketing. Except as otherwise set forth in this Agreement in Articles 1.5 and 1.6, or otherwise, you may market, including all forms of solicitation, your Franchised Business and the Franchise Services, including on-site and in-plant activities, to all persons and entities including, without limitation, insurance adjusters, general contractors or re-construction services, contents cleaning companies, third-party administrators and other customers (collectively, "Customers") geographically located inside your Franchise Territory. You may not market outside of your Franchise Territory even if such marketing is done in an area which has not been awarded to another CRDN franchisee. Such prohibition includes marketing to Customers outside of your Franchise Territory that service any or all portions inside your Franchise Territory without the prior written consent of the CRDN franchisee who owns the implicated area or CRDN, if such area has not been awarded to another CRDN franchisee.

3.2.2 Servicing. You may perform Franchise Services for Customers geographically located inside and outside of your Franchise Territory. The foregoing notwithstanding, in the event you receive any referrals for the provision of Franchise Services for Customers outside of your Franchise Territory and such Customers are located in a territory has not been awarded to another CRDN franchisee, then you may service such Customers as part of the Franchised Business; provided, however, that in the event the implicated territory is later awarded to

another CRDN franchisee (“Subsequent CRDN Franchise Owner”), then you must immediately cease servicing, and turn over, such Customers to the Subsequent CRDN Franchise Owner. Your Franchise Territory may contain Customers that are currently being serviced by other CRDN franchisees.

3.2.3 Regional and National Account Marketing. You may not market or build any regional or national account relationship without CRDN’s prior consent. Further, you acknowledge and agree that any such regional or national account relationship shall be managed by CRDN, in accordance with Article 1.5 hereof, for the benefit of the Franchise System.

3.2.4 No Duty of Franchisor to Police or Monitor. You acknowledge and agree that Franchisor has no duty or liability to any party whatsoever with respect to monitoring and/or regulating the activities related to marketing and/or servicing of Customers allegedly performed by any other CRDN franchisee and/or any third party in your Franchise Territory. Provided, however, that upon receipt of written notification from you of any allegations of improper or unauthorized activities related to marketing and/or servicing of Customers in your Franchise Territory, CRDN will use its best efforts to investigate such allegations and take all action, if any, that CRDN deems appropriate and necessary, in its sole and absolute discretion, to ensure all CRDN franchisees adhere to all applicable terms and conditions relating to marketing and servicing of Customers as part of the Franchise System. Any monitoring and/or regulating of such actions provided by Franchisor shall be at Franchisor’s sole and absolute discretion and shall be provided solely on a voluntary basis.

3.3 Location of Franchised Business Facilities. Franchisee agrees to locate any office, processing plant, warehouse/storage facility, and any other facility, through which any aspect of the Franchised Business is operated, within the Franchise Territory. Without Franchisor’s prior written approval, Franchisee shall not locate any such facility, outside the Franchise Territory. Nonetheless, any such approval shall not, under any circumstances, entitle Franchisee to any franchise rights outside of the Franchise Territory.

3.4 Other Facilities within Franchise Territory. Other CRDN franchisees have the right, upon CRDN’s approval, to establish facilities for operating their CRDN franchise within the Franchise Territory. This right is limited to the location of the facilities and any such CRDN franchisee will have its own unique territory in which it will have the sole right to market Customers and it too will be subject to the same and/or similar marketing and servicing requirements and restrictions as Franchisee.

3.5 Leased Facilities. If you plan to or currently lease a plant, warehouse or any other type of facility through which any aspect of the Franchised Business is operated, (“Facility Lease”), prior to the execution of any initial or subsequent renewals or extension(s) of a Facility Lease, CRDN reserves the right to review and consent to such Facility Lease.

3.5.1 Lease Specifications. Unless you obtain fee simple title to the plant, warehouse or any other type of facility through which a Franchised Business is operated, the Facility Lease shall include the following covenants:

- (a) The landlord of the Facility Lease ("Landlord") shall deliver to CRDN, simultaneously with delivery to Franchisee, any notice alleging your default under the Facility Lease which threatens or purports to threaten your occupancy rights or termination of the Facility Lease, or result in foreclosure thereof;
- (b) CRDN may enter the Franchised Business plant, warehouse or any other type of facility through which a Franchised Business is operated to protect the Marks or the CRDN Franchise System or to cure any alleged default under the Facility Lease or to cure any default under this Agreement;
- (c) Franchisee may assign the Facility Lease to CRDN without any fee or modification of the Facility Lease and CRDN may assign the Facility Lease or license or sublease the Franchised Business plant, warehouse or any other type of facility through which a Franchised Business is operated for any part of the remaining term of the Facility Lease, 'each by providing Landlord at least ten (10) days' prior notice. Landlord must agree that CRDN may become the tenant under the Facility Lease in the event of a default under this Agreement, a default under the terms of the Facility Lease or any other reason and must accept notice from CRDN as evidence of such assignment; and
- (d) Landlord and Franchisee shall not amend the Facility Lease in any way that is inconsistent with this Agreement.

3.5.2 Notice Obligations. Following execution of the Facility Lease and Franchisee's compliance with Article 3.4.1, Franchisee further agrees to:

- (a) Deliver to CRDN, immediately after delivery to or by Franchisee, any notice of default under the Facility Lease which threatens or purports to terminate the Facility Lease or Franchisee's rights of possession under the Facility Lease or which could result in a foreclosure thereof;
- (b) Permit CRDN to enter the Franchised Business plant, warehouse or any other type of facility through which a Franchised Business is operated to protect the Marks or the Franchise System or to cure any default under this Agreement or the Facility Lease, all at Franchisee's expense; and
- (c) Not amend, restate, supplement or otherwise modify the Facility Lease in any way inconsistent with the terms of this Agreement.

3.5.3 Execution. You represent that the Facility Lease as consented to by us shall be executed by all necessary parties within ten (10) days following receipt of CRDN's consent. If requested by CRDN, you shall furnish a complete copy of the fully executed Facility Lease to CRDN within ten (10) days of its execution.

3.6 Limitation on Franchise Territory. Except as otherwise set forth in Articles 1.5 and 1.6 of this Agreement, during the Initial Term or any Successor Term of this Agreement, neither CRDN nor any affiliate of CRDN shall operate a CRDN franchise or perform any CRDN

Services within the Franchise Territory. Provided, however, that during the Initial Term or any Successor Term of this Agreement, (a) CRDN or any affiliate of CRDN may provide services to the insurance industry or to general contractors in the Franchise Territory provided that such services may not include Textile Restoration Services, and (b) if Franchisee is not compliant with any and all terms of this Agreement, CRDN, any affiliate of CRDN, or any such third party as CRDN has authorized, may provide CRDN Services within the Franchise Territory.

ARTICLE 4: TERM AND RENEWAL OF FRANCHISE

4.1 Term. This Agreement and the rights granted to Franchisee hereunder shall be for an initial term of ten (10) years ("Initial Term").

4.2 Renewal. Upon expiration of the Initial Term, Franchisee may renew this Agreement for successive ten (10) year renewal terms (each, a "Successor Term"), provided that the following conditions are met:

- (a) Franchisee gives written notice to renew at least ninety (90) days, but not more than one hundred eighty (180) days, prior to the expiration date of the Initial Term or any Successor Term (the "Notice Period"), as applicable;
- (b) Franchisee has paid all amounts due and payable under this Agreement, including, without limitation, any fee due under Article 2 herein;
- (c) Franchisee has remained throughout the Initial Term and any Successor Term, as applicable, substantially in compliance with the terms of this Agreement and is in compliance as of the date of renewal;
- (d) Franchisee replaces, at its sole expense, any equipment (including any computer equipment) used in operating the Franchised Business so as to comply with the then-current requirements for new franchisees and then-existing Systems Standards (as defined in Article 11.1 herein);
- (e) Franchisee executes a general release, in a form prescribed by CRDN, of any and all claims against CRDN and its subsidiaries and affiliates, and their respective members, managers, shareholders, officers, directors, employees, agents, and attorneys; and
- (f) Franchisee executes a new franchise agreement and any other ancillary documents (collectively, the "Successor Agreements") then currently and customarily used by CRDN in granting new franchises. The terms and conditions of the Successor Agreements may differ materially from the terms of this Agreement; provided, however, that the Royalty shall remain the same as in this Agreement and the Initial Franchise Fee shall be waived.

4.3 CRDN's Refusal to Award Successor Term. Notwithstanding the Franchisee's renewal right as set forth in Article 4.2 above, Franchisee shall not have the right to a Successor Term if:

- (a) Franchisee is not, during the Notice Period, in substantial compliance with the terms of this Agreement, or any other ancillary agreement then in effect between you and Franchisor;
- (b) Franchisee has received written notice by us three (3) or more times during the last five (5) years of the Initial Term or any Successor Term for failure to comply with the terms of this Agreement and was in violation of its obligation(s), whether or not such failure was subsequently cured; or
- (c) Franchisee has repeatedly failed to make timely payment to us of all sums when due to us.

4.4 Successor Term Fee. For each Successor Term, you promise to pay us twenty percent (20%) of the then current Fixed Licensing Fee and the Territory Fee upon execution of the Successor Agreements (the "Successor Term Fee"). The Territory Fee will be based on the then current household demographic count. Minimum Monthly Gross Sales requirements will be determined in accordance with Article 2.6 above. The annual fixed fee will be the then current Annual Fixed Fee.

ARTICLE 5: OPERATIONAL OBLIGATIONS

5.1 Commencement of Operations. Franchisee acknowledges and agrees that Commencement of Operations, as defined below, must occur within six (6) calendar weeks from the date of completion of Initial Training (the "Commencement of Operations Deadline"). In the event you fail to meet the Commencement of Operations Deadline, Franchisor, in its sole and absolute discretion, may elect to terminate this Agreement in accordance with Article 13.2(a) below. In the event you fail to meet the Commencement of Operations Deadline, and Franchisor does not elect to terminate this Agreement, the calendar date of the Commencement of Operations Deadline shall nonetheless be treated as the commencement/accrual date for any fees, monetary obligations, and/or other terms of this Agreement that would have commenced on such date. As a condition precedent to Franchisor's approval for such Commencement of Operations, Franchisee must have completed all "Pre-Activation Requirements" as set forth in the Operations Manual, including but not limited to: satisfactorily passing such background investigation as CRDN may perform; successful completion of Initial Training (as defined in Article 7.1 below) securing your CRDN Phone Number; obtaining all requisite insurance coverage described in Article 11.3 herein; acquiring an approved DBA from CRDN which is registered with your applicable state/local authority; submitting an EFT authorization form; and submitting all other necessary documentation and providing such necessary assistance and information to us to enable you to service Customers. For purposes of this Agreement, "Commencement of Operations" shall mean the date when Franchisor has received satisfactory proof that Franchisee has completed all Pre-Activation Requirements and Franchisee is activated by Franchisor to operate the Franchised Business and perform CRDN Services within the Franchise System.

5.2 Operational Corporate Structure. The Principal Owner hereby represents and warrants that the Franchisee Entity is a corporation (the term "corporation" shall be deemed to include a limited liability company, partnership or any other type of entity, as applicable) formed in

accordance with applicable law and duly authorized to do business in the state(s) in which the Franchise Territory is located.

5.2.1 Deadline for Formation of Franchisee Entity. In the case where Franchisee Entity is not a presently existing corporation, Principal Owner shall form such corporation within thirty (30) days of effective date of this Agreement and shall cause such corporation to ratify this Agreement and otherwise assume the obligations of Franchisee under this Agreement.

5.2.2 Restrictions on Franchisee Entity Name and Ownership. In no event shall the corporate name of the Franchisee Entity include "CRDN," "Certified Restoration Drycleaning Network," or any of the Marks of CRDN.

5.2.3 Operation under DBA. The Franchised Business, including any Optional Programs, shall be operated under the Franchisee Entity and under its DBA. In addition, all System Standards and any other requirements of this Agreement must be fulfilled by the Franchisee Entity and so fulfilled under its DBA.

5.2.4 Ownership Requirements. All shares of stock (or other ownership interests, as applicable) of Franchisee Entity shall be held solely by Principal Owner and any Transfer of such shares shall be subject to the provisions of Article 12 of this Agreement and all stock (or other ownership interests) certificates shall include the following legend: "The transfer of this stock is subject to the terms, conditions, and restrictions of a Franchise Agreement with Certified Restoration Drycleaning Network, LLC." Additionally, unless otherwise agreed by Franchisor, each Principal Owner hereunder and all other owners of the Franchisee Entity must execute a personal guaranty of the performance of the Franchisee Entity as set forth in Exhibit G attached hereto and incorporated herein by reference. Franchisee must complete all information relating to the Franchisee Entity structure as required in Exhibit F attached hereto and incorporated herein by reference. Franchisee must notify CRDN of any proposed modifications in the structure, ownership interests, operations or any other changes to Franchisee Entity and CRDN must approve of any such changes in writing. Any such modification to Franchisee Entity made without CRDN's approval shall be deemed an event of default under this Agreement.

5.3 DBA. The Franchisee Entity agrees to assume the trade name/assumed name/doing business as designation ("DBA") beginning with either "CRDN of [insert description of Franchise Territory]" or "CRDN - [insert description of Franchise Territory]". In the event of a new CRDN franchise, the DBA request for approval and registration processes set forth in the Pre-Activation Requirements must be strictly adhered to prior to the Commencement of Operations. In the event of any modifications or additions to an existing DBA, Franchisee shall submit to us in the format that we require, the DBA Franchisee intends to use in the operation of the Franchised Business for our approval, prior to filing for registration thereof as required by local laws. We may approve or not approve such DBA at our sole and absolute discretion. Once your DBA has been approved by the applicable local authority, you must submit proof of same to us, and subsequent thereto, all official documentation, legal filings or affidavits must be made, and any new marketing materials for the Franchised Business must be ordered and displayed, using the newly approved DBA. In the event of modifications and/or additions, you will have one hundred twenty (120) days to have all business items ordered with the modified/new DBA, including but not limited to business cards, letterhead, envelopes, note pads, pens, printed forms, uniforms, vehicle logos, building signage, pickup bags and rush bags, etc. Additionally,

voicemail and on-hold messages, web sites, PowerPoint, or other printed presentations, email signatures and DVD/CD-Roms, must also reflect the modified/new DBA name within one hundred twenty (120) days of the execution of this Agreement. Telephone directory listing (yellow pages, claims pages, etc.) or other annual advertisements, must be changed upon renewal of same. For new CRDN franchisees, the DBA approved as part of the Pre-Activation Requirements must be used immediately upon Commencement of Operations and throughout the Initial Term or any Successor Term of this Agreement, unless modified in accordance with the provisions of this Article 5.3.

5.4 Services Offered. During the Initial Term or any Successor Term of this Agreement, Franchisee agrees to offer CRDN Services to Customers within the Franchise Territory as outlined in the Operations Manual and in accordance with all System Standards. Franchisee may also engage in Optional Programs in accordance with any qualification and/or requirements separately proscribed for such Optional Programs in Franchisor's sole and absolute discretion. Franchisee shall not engage in any other business activity which is not directly related to this Agreement unless specifically acknowledged and agreed to in writing by Franchisor, with the exception of standard retail drycleaning and/or laundry services.

5.5 Operation of Franchised Business and Compliance with Operations Manual. Franchisee, including at least one Principal Owner (if there is more than one individual serving as Principal Owner) or his/her Designated Representative (as defined in Article 7.11 below) who has been approved by CRDN, agrees to: carry on, conduct and operate the Franchised Business on a full-time basis, in accordance with good business practices and the System Standards and policies of CRDN set forth in the Operations Manual; to maintain such records and furnish such reports to CRDN as are set forth in this Agreement and in the Operations Manual; to acquire, retain and own, during the term of this Agreement, all assets determined by CRDN to be reasonably necessary for the operation of such business, including but in no way limited to a processing plant and a storage facility both of adequate size and nature to facilitate operation of the Franchised Business; and, to conduct no business other than the Franchised Business from the location of Franchisee's operation with the exception of your standard retail drycleaning and/or laundry business. Franchisee agrees to at all times comply with any and all modifications made to any System Standard, as set forth in greater detail in Article 11 herein, or the Operations Manual, within sixty (60) days' notice thereof from CRDN.

All employment related decisions and obligations, including, without limitation, hiring, firing, training of all non-management employees, supporting, advising, disciplining, determining and administering wages, hours, and benefits, and providing employment related material and documentation, are the sole responsibility of Franchisee alone. Further, Franchisee must inform all employees that Franchisor is not their employer or joint employer, and that only Franchisee is their employer.

5.6 Name Change upon Termination. Upon termination of this Agreement, Franchisee shall immediately cease to use, and shall take such steps as are necessary to notify the public and to withdraw from any public records, any and all use of the Marks, tradenames, logos, or corporate name (or portions thereof) of CRDN, including without limitation the DBA.

5.7 Reports; Financial Statements; Records. At all times, Franchisee must use CRDN's then current franchise management software system for maintenance of Customer records for the Franchised Business (the "Current Franchise Management System"), which, as of the effective date of this Agreement, is RNxRM, but is subject to change. In addition, you promise to establish and maintain, at your expense, an electronic accounting system that conforms to the requirements and formats that, from time to time, we prescribe in the Operations Manual. You promise to furnish us, in the manner and format that we require:

- (a) A Royalty report for each week;
- (b) Immediately upon our request, a complete list of all Customers;
- (c) Within ten (10) days of our request, during the first two (2) years from the Commencement of Operations of the Franchised Business, 'an un-audited income statement for the preceding calendar quarter, in a form satisfactory to us, and such additional reports as we may require;
- (d) Within ninety (90) days after the close of your fiscal year, a complete income statement as well as an Internal Revenue Service Form 1099 from each Customer, where applicable;
- (e) Within ten (10) days of our request, exact copies of any state, federal, or other income tax returns covering the operation of the Franchised Business, as well as the state, federal and other income tax returns from your existing drycleaning business(es), which we may need to review to assure all Gross Sales have been accurately reported. We shall treat this tax information as your confidential information;
- (f) You promise to verify and sign each report and financial statement in the manner that we prescribe. We can disclose data derived from these reports without specifically identifying you or the Franchised Business (unless we have your written consent to do so). We can require you to have audited financial statements prepared on an annual basis if you fail to comply with any provision of this Agreement;
- (g) You will allow us, as we deem appropriate, timely access to your copy of the Current Franchise Management Software and other computer systems that you maintain, to retrieve all information relating to the operation of the Franchised Business; and
- (h) You promise to maintain all records, reports, and financial statements during the term of this Agreement and for a period of five (5) years thereafter, or such other time period as required by law.

5.8 Right to Inspect. CRDN shall have the right at any time during business hours to do an on-site inspection of Franchisee's business at its principal office as well as any other locations through which the Franchised Business operates. During such inspection, CRDN may participate in quality checks of field services, interview employees, review any and all components of the Franchised Business including without limitation, any and all books and records, promotional materials and media advertising, personnel files and practices, the

restoration job files, Customer files, your copy of the Current Franchise Management Software, your electronic accounting system and other computer systems that you maintain in connection with the operation of the Franchised Business. Franchisee shall cooperate fully with CRDN in any inspection of the Franchised Business and CRDN shall to use best efforts to not interfere with its operation.

5.9 Right to Audit. With respect to the Franchised Business and any other business operated in connection with or in support of the Franchised Business, CRDN has the right at any time during business hours, to inspect and audit, or cause to be inspected and audited, any and all financial statements, reports, ledgers, income tax records, sales tax records, payroll records, software databases, Internal Revenue Service Form 1099s from all Customers and other records. You promise to cooperate fully with CRDN's representatives and any independent auditors and/or accountants hired by CRDN to conduct any such inspection or audit.

5.9.1 Understatement Revealed by Audit. If any inspection or audit discloses an understatement resulting out of actions including, but in no way limited to, hiding, omitting, wrongfully discounting, underreporting or understating Gross Sales, failing to record Gross Sales in the appropriate location or manner or manipulating Gross Sales in an effort to avoid assessment of any Royalty or other fees under this Agreement, then CRDN is authorized to debit your account for the Royalty and Fund payments due on the amount of the understatement, plus Late Payment Fees and Late Payment Interest, as described in Article 2.4 above, assessable upon 100% of such payments, from the date originally due until the date of payment. If an understatement of Royalty is greater than five percent (5%) of the total Royalty due on the actual Gross Sales for the audit period, you also must pay us an additional fee equal to ten percent (10%) of the total amount of the understated Gross Sales. In the case that a payment has not been recorded at all, CRDN will use the date that the inspection or audit is performed as the date of payment and assess all Late Payment Fees and Late Payment Interest from such date.

5.9.2 Inspection or Audit Cost Reimbursement. If an inspection or audit is made necessary by Franchisee's failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or to provide the necessary assistance and access to materials and information in connection with any inspection or audit, or if an understatement of Royalty for any period reviewed is greater than five percent (5%) of the total Royalty due on the actual Gross Sales during such period, then Franchisee shall reimburse CRDN for any and all costs of the inspection or audit, including without limitation, the fees and expenses of attorneys and independent accountants, compensation of CRDN's employees involved in the inspection or audit and the travel expenses and room and board for all persons involved in the actual/physical inspection or audit.

5.10 Copies of Books and Records. Franchisee agrees to allow CRDN or its designated representative to copy records of any kind related to the operation of the Franchised Business and any other business operated in connection with or in support of the Franchised Business, and to remove such copies from Franchisee's premises. Franchisee shall cooperate in CRDN's inspection and copying, including directing CRDN's designated representative to the records, responding fully to all inquiries with respect to them, and allowing reasonable use of

photocopiers and any equipment necessary to read or copy information on magnetic or similar media.

5.11 Compliance with Law. Franchisee shall obtain and maintain in effect all required licenses, permits and certificates related to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable federal, state and local laws, ordinances and regulations, including without limitation all government regulations related to: (1) licensing and certification; (2) occupational hazards and health; (3) handling, storage, and disposal of chemicals and other materials of a similar nature; (4) (5) environmental matters; (6) workers' compensation; (7) insurance; (8) unemployment insurance and withholding; and (9) payment of federal and state income taxes, Social Security taxes, and sales taxes. Additionally, Franchisee must comply with all state and federal labor and employment laws, including, but not limited to, the Fair Labor Standards Act, Family and Medical Leave Act, Occupational Safety and Health Act, Employee Retirement Income Security Act, Title VII, Age Discrimination in Employment Act, and the Affordable Care Act.

5.12 Quality Surveys. Franchisee shall submit to CRDN, or its designee, Customer job information in a format specified by CRDN for the purposes of conducting Customer satisfaction surveys. CRDN may reveal the results of such surveys to insurance company representatives and in its advertising.

5.13 Brand Identity Program. Franchisee shall comply with any brand identity programs instituted by CRDN and acknowledges that such programs may include mandatory standard employee apparel or uniforms, vehicle appearance and signage, office appearance and signage, and use of a CRDN approved Call Center service.

5.14 System Standards. At all times during the Initial Term and any Successor Term of this Agreement, you promise to operate and maintain your Franchised Business according to each and every System Standard, as amended, modified and supplemented from time to time by CRDN, in accordance with the terms of this Franchise Agreement including, without limitation, the terms of Article 11 hereof.

ARTICLE 6: RELATIONSHIP OF PARTIES/INDEMNIFICATION

6.1 Independent Contractor Status. You acknowledge and agree that under this Agreement you are and will be an independent contractor. Nothing in this Agreement will be construed so as to create a partnership, joint venture, or principal-agent relationship. Neither Franchisor nor Franchisee have any power to obligate or bind one another for any expenses, liabilities including contractual or otherwise, or other obligations, other than as is specifically provided for in this Agreement. Except as specifically provided in this Agreement, we may not control or have access to your funds or expenditures, or in any other way exercise dominion or control over the Franchised Business. The Franchisor is not, for any purpose or under any circumstance, an employer of Franchisee or an employer or joint-employer of any of Franchisee's employees. Franchisor does not have direct or indirect control over any employment decisions of Franchisee or Franchisee's employees and Franchisor is not responsible for, and does not have any authority over, the Franchisee's employment decisions. Franchisee has the sole authority and obligation to dictate and conduct the terms of employment for franchisee employees, including, without limitation, employee hiring, working

hours, benefits, wages, and employment policies, and the day-to-day operations of its business. CRDN's human resources department ("CRDN HR") does not hire employees for franchisees, nor does CRDN HR provide legal advice or services. CRDN HR does provide Franchisees with support by sharing various templates for forms, job descriptions, sample confidentiality forms, and sample evaluation tools when available, but such materials are to be treated as samples only, suggestions, non-binding, and must be reviewed by Franchisee's legal and financial counsel prior to use and CRDN disclaims any and all liability related to such materials. You promise to identify yourself conspicuously in all dealings with Customers, suppliers, public officials, the Franchised Business' employees, and others, and in the manner we prescribe, as the owner of the Franchised Business under a franchise that we have awarded and to place notices of independent ownership on the forms, business vehicles, stationery, and advertising, and other materials we require you to use from time to time.

6.2 No Liability for Acts of Other Party. Neither you nor we will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between you and us is other than that of franchisor and franchisee. We do not assume any liability, and will not be deemed liable for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business authorized by this Agreement.

6.3 Indemnification. You promise to protect, defend, and indemnify us and all of our past, present and future subsidiaries and affiliates, and all of their respective past, present, and future members, shareholders, direct and indirect parent companies, managers, officers, directors, employees, attorneys, representatives and designees (collectively, the "Indemnified Parties"), and hold the Indemnified Parties harmless from, against and with respect to any claim, liability, obligation, loss, damage, assessment, judgment, cost and expense (including, without limitation, reasonable attorneys' fees, costs and expenses reasonably incurred in investigating, preparing, defending against or prosecuting any litigation or claim, action, suit, proceeding or demand) (collectively, "Damages"), of any kind or character, arising out of or in any manner incident, relating or attributable to any alleged or actual act or omission of you or your employees or representatives involving the operation of the Franchised Business including by way of example only any labor or employment law violations. We agree to provide you with reasonable notice of and cooperate with you in connection with any claims for Damages, for which we will seek indemnification. Notwithstanding the above-stated indemnification, we agree to waive and release the Principal Owner(s) from personal responsibility for these indemnifications as they relate to third party claims, provided at the time of any event giving rise to an indemnification the insurance coverages required in Article 11.3 herein are maintained, and we are included as an additional named insured, and covered by the insurance. We promise to protect, defend and indemnify you and all of your past, present and future subsidiaries and affiliates, and all of their respective past, present and future members, shareholders, managers, officers, directors, employees, attorneys, representatives and designees and hold them harmless from, against and with respect to any Damages of any kind or character, arising out of or in any manner incident, relating or attributable to your right to use the Marks and any proprietary and Confidential Information (as defined in Article 9.1 herein) provided to you by us pursuant to and in compliance with the terms of this Agreement.

ARTICLE 7: TRAINING PROGRAM

7.1 Training Obligation. Before Commencement of Operations and as part of the Pre-Activation Requirements, Franchisee must complete the CRDN initial training regarding operation of the Franchise System (the “Initial Training”). You must attend the next scheduled Initial Training session (typically held bi-monthly) following the effective date of this Agreement or such other Initial Training session as agreed to by CRDN.

You are allowed, at no additional fee, to designate two (2) trainees for the Initial Training (“Initial Trainees”). One of the Initial Trainees must be one of the individuals defined as Principal Owner under this Agreement or his/her Designated Representative, and the other may be your full-time marketing person or other designee as approved by CRDN. You promise to complete the Initial Training to CRDN’s satisfaction, and failure to do so will result in the termination of this Agreement. The Initial Training will be as many as five (5) days in duration at a location designated by CRDN. CRDN will also send a representative to Franchisee’s site to review plant layout, equipment and production capabilities.

Please note that Franchisee and only Franchisee is responsible to make and carry out all employment related obligations, including by way of example only, hiring, firing, discipline, wages, hours, benefits, etc. Any training, material, processes and/or procedures related to the activity of any employee of Franchisee provided to Franchisee or any employee of Franchisee by Franchisor shall be deemed optional and not mandatory and it is the obligation of Franchisee to determine to what extent, if any, such training, material, processes and/or procedures apply to Franchisee’s Franchised Business. Franchisor is not the employer of any Franchisee or any Franchisee employees.

7.2 Additional Trainees. Franchisee may designate, with CRDN’s approval and on a “space available” basis, additional persons to attend other sessions of the Initial Training (“Additional Trainees”) for which Franchisee will be charged CRDN’s then current Initial Training fee. In addition, each Additional Trainee will be required to execute CRDN’s then current confidentiality and non-compete agreement prior to the start of the Initial Training. The Initial Training fee will be due and payable prior to the start of the program and Franchisee will be responsible for the payment of all travel and living expenses incurred by your designees while attending training.

7.3 Rescission. At its sole discretion, CRDN reserves the right, at any time prior to the end of the Initial Training described in Article 7.1 above and prior to the completion of the Pre-Commencement Requirements, to rescind this Agreement if, as determined in CRDN’s sole and absolute discretion, Franchisee fails to meet CRDN’s performance standards as evidenced through evaluations determined by classroom training, and personal interviews and/or interactions. Franchisee agrees that if CRDN rescinds this Agreement pursuant to this Article 7.3, Franchisee shall nevertheless continue to be bound by all: confidentiality and proprietary information provisions set forth in Article 9 of this Agreement; non-solicitation and non-competition provisions set forth in Article 10 of this Agreement; post termination obligations set forth in Article 14.1 of this Agreement; and dispute resolution provisions of Article 15 of this Agreement. Additionally, if CRDN rescinds this Agreement in accordance with this Article 7.3, Franchisee acknowledges and agrees that Franchisee shall not be refunded any costs incurred by Franchisee in pursuing the potential purchase of the Franchised Business.

7.4 Ongoing Training Obligation. The Franchisee has ongoing training and meeting obligations, namely the Franchisee must attend: (a) as many web-based or otherwise remote location attendance follow-up sessions subsequent to Initial Training as Franchisor deems necessary, using the format and content as Franchisor, in its sole discretion, requires, and for a time period not to exceed twenty four (24) months from the date of completion of Initial Training ("Follow-up Training"); (b) a refresher training course every two (2) years ("Refresher Training"); and (c) either the CRDN convention ("CRDN Convention") or the geographically applicable CRDN regional meeting ("CRDN Regional Meeting"), whichever is applicable, each year. In the event that the Principal Owner does not attend the Follow-up Training, Refresher Training, the CRDN Convention or CRDN Regional Meeting, as applicable, CRDN may debit Franchisee's account for any applicable registration fee and any applicable room rental fee and such failure to attend shall be deemed grounds for termination under Article 13.2 of this Agreement.

7.5 Additional Training. CRDN reserves the right to require the Franchisee to attend other industry related training courses or conferences, at such times and locations as determined by CRDN in its sole discretion, and for which CRDN may charge fees. CRDN will determine the duration, curriculum and location of any such other industry related training courses or conferences. Franchisee shall be responsible for all travel and living expenses that you incur while attending industry related training courses or conferences. In no event shall Franchisee be required to attend more than one (1) industry related training and the CRDN Convention or CRDN Regional Meeting, as applicable, in one calendar year. In the event that the Principal Owner does not attend the required industry training, CRDN may debit Franchisee's account for the registration fee and any applicable room rental fee and such failure shall be deemed grounds for termination under Article 13.2 of this Agreement.

7.6 Recertification Training. Although CRDN does not currently require recertification training, CRDN reserves the right to implement such a program upon sixty (60) days' prior written notice to you. If CRDN implements such a program, Franchisee agrees to attend a three (3) to five (5) day recertification training program at CRDN's place of business at least once every three (3) years. Franchisee agrees to pay CRDN's recertification training fee as well as Franchisee's travel and living expenses. CRDN shall provide no less than sixty (60) days' prior written notice to Franchisee of the date of each recertification training program.

7.7 Post Training On-Site Consultation. In its sole discretion, CRDN may provide personal consultation, advisory and supervisory services at Franchisee's principal place of business at a fee based on time and expenses incurred by CRDN's representative, as agreed in advance, at such time as it is mutually agreed by the parties.

7.8 Optional Program Training. From time to time CRDN may offer Optional Programs, which require additional training and the payment of additional fees. If Franchisee elects to participate in one of more of these Optional Programs, Franchisee agrees to abide by all training requirements prior to beginning operation of any Optional Program, all in accordance with CRDN's published policies and procedures for such Optional Program. Additionally, Franchisor, at its sole discretion, may require Franchisee to execute an additional franchise agreement, or otherwise execute documentation necessary to amend this Agreement, to effectuate Franchisee's participation in any Optional Program, without additional consideration.

7.9 General Guidance. CRDN shall provide access to information helpful to the operation of the Franchised Business based on reports the Franchisee submits to CRDN and/or

inspections made by CRDN. CRDN will also furnish guidance to the Franchisee on items (a)-(e) below of this Article 7.9. This guidance will, at CRDN's discretion, be furnished in the Operations Manual, bulletins, other written materials, conferences, conventions, training sessions, toll-free telephone consultations, electronic communications, and/or in consultations at CRDN's office or the offices of the Franchised Business, and shall address the following items:

- (a) New products, services, and methods which CRDN may have discovered or have developed for the Franchise System;
- (b) The purchase and use of supplies, uniforms, equipment, and products;
- (c) The formulation and implementation of advertising and promotional programs using such merchandising, marketing, and advertising research data and advice as CRDN may, from time to time, develop for use in your local market;
- (d) The financial and daily operation of the Franchised Business including its accounting and record keeping functions; and
- (e) Other business and marketing advice.

7.10 Delegation of Performance. You acknowledge and agree that we have the right, at our sole and absolute discretion, to delegate the performance of any portion or all of our obligations and duties under this Agreement to designees, whether such designees are our agents or independent contractors with whom we have contracted to perform the obligations and/or duties.

7.11 Designated Representative. Upon prior written approval of CRDN, your Designated Representative may perform the training obligation set forth in Article 7 hereof on behalf Principal Owner. In this Agreement, the term "Designated Representative" shall mean any person as Principal Owner designates to perform certain tasks, functions, responsibilities or other obligations that would otherwise be required by Principal Owner. Any Designated Representative must be approved of in writing by CRDN. This Agreement specifically provides for which obligations of Principal Owner may be satisfied by a Designated Representative; and, unless so specified or otherwise agreed upon by Franchisor, the Principal Owner may not delegate performance of any requirements or obligations set forth in this Agreement.

ARTICLE 8: OPERATIONS MANUAL

8.1 Operations Manual. CRDN will loan the Franchisee, during the term of this Agreement, one copy of the Operations Manual, the provisions of which are hereby incorporated by reference into this Agreement. The Operations Manual contains CRDN's proprietary information and trade secrets. The Operations Manual consists of all the System Standards that CRDN prescribes from time to time for the operation of a Franchised Business, and information relating to your obligations under this Agreement and related agreements. The Operations Manual does not include any employment related information for employees of Franchisee. Franchisee acknowledges and agrees that the provisions of any and all guidelines and manuals of all subjects, including without limitation, brand, personnel, training, sales and marketing, software,

etc., and in all formats, including electronic, web-based, and hard copy, provided to Franchisee throughout the Initial Term and any Successor Term of this Agreement, shall be deemed part of and are hereby incorporated into the Operations Manual and any rights, obligations, and/or requirements set forth in this Agreement in connection with the Operations Manual shall apply to all such other guidelines and manuals.

8.1.1 Form of Operations Manual. Additionally, Franchisee acknowledges and agrees that receipt of any copy of the Operations Manual may only be available and/or provided in electronic and/or web-based format, at the sole discretion of Franchisor.

8.1.2 Ownership of the Operations Manual. Franchisee acknowledges that the Operations Manual remains the property of CRDN and Franchisee shall be bound by the terms of the Operations Manual and shall immediately return the Operations Manual and any copies thereof to CRDN upon termination of this Agreement.

8.1.3 Modification to the Operations Manual. CRDN may modify the Operations Manual from time to time to reflect changes in the System Standards. Upon modification of the System Standards by CRDN, Franchisee is required to implement and comply with such modification within sixty (60) days from written notice thereof. Franchisee acknowledges and agrees that such modifications may be made known solely through electronic communication and provided on a web-based format and Franchisor is not obligated to provide a hard/paper copy of any updates or modifications to the Operations Manual.

8.1.4 Conflict. In the event of any conflict between the terms of this Agreement and the terms of the Operations Manual, the terms of this Agreement shall govern.

8.2 Security of the Operations Manuals. Franchisee shall maintain a copy of the Operations Manual in a secure location in the Franchisee's principal office. In the event of a dispute over the contents of the Operations Manual, the terms of the most recent electronic version posted and made available on CRDN's Franchise System website, solely for CRDN franchisees and their employees, shall govern'. Franchisee may not copy, duplicate, record, or otherwise reproduce any part of the Operations Manual.

ARTICLE 9: CONFIDENTIAL AND PROPRIETARY INFORMATION

9.1 Confidential Information. We possess, and will continue to develop and acquire, certain confidential information (the "Confidential Information") relating to the development and operation of CRDN's Business and the Franchise System. As used in this Agreement, "Confidential Information" means all information, documentation, knowledge, data, techniques, or know-how, through any medium of expression, in any form or format including but not limited to electronic, web-based, video, DVD/CD-Rom, audiotape, and print, of CRDN or its licensors, suppliers, agents, representatives, or affiliates, that is not generally known to the public that is disclosed by CRDN to Franchisee or that is otherwise learned by or comes into the possession or knowledge of Franchisee in connection with, or as a result of this Agreement or the operation of the Franchised Business, and that has been identified or is treated as being proprietary or confidential or that by the nature of the circumstances surrounding the disclosure or receipt, or

by the nature of the information itself, would be treated as proprietary and confidential by a reasonable person.

Without limitation, "Confidential Information" also includes financial, business, marketing and sales information, including without limitation strategies for sales development, performance and result information of any CRDN franchise or the Franchise System, operational information, including without limitation operating procedures and guidelines for any and all aspects of the Franchised Business, computer programs and software, pricing information, and/or supplier or other third party information, any information or documentation received and/or reviewed at any meeting between you and Franchisor, and any other information or materials regarding the CRDN Business and/or the Franchise System, including without limitation the Operations Manual, Marks, all proprietary software including without limitation the Current Franchise Management Software and any related system(s), Customer lists, and System Standards. Additionally, "Confidential Information" includes all information of or about an identifiable officer, director, employee, customer or potential customer, and any customer data (collectively, the "Personal Information"). The following types of information will not be considered Confidential Information if such information: (a) is or becomes publicly available through no act or fault of Franchisee in violation of the terms of this Agreement; (b) becomes known by Franchisee on a non-confidential basis from a source which legally derives such information independently of Franchisor; (c) Franchisee can establish, by documentary evidence, was already in the Franchisee's possession or known to the Franchisee prior to being disclosed or provided to the Franchisee, by or on behalf of Franchisor; (d) Franchisee can establish, by documentary evidence, was independently developed by or on behalf of Franchisee without reference to Franchisor's Confidential Information; (e) is freely disclosed by Franchisor to a third party without an obligation of confidentiality or nondisclosure; or (f) is approved for release by written authorization of Franchisor. Provided, however, the foregoing exceptions are not applicable to any Personal Information.

9.2 Ownership and Use of Confidential Information, Specifically Customer Lists. You acknowledge and agree that you will not acquire any interest in the Confidential Information, other than the right to utilize that Confidential Information which is provided or disclosed to you in operating the Franchised Business during the Initial Term or any Successor Term of this Agreement or as specifically permitted by this Agreement.

Specifically with respect to Customer lists, you acknowledge and agree that we own any and all Customer lists and their contents that we provide to you and/or that you subsequently develop during the normal course of operating the Franchised Business. You promise to make available to us, upon our request, an electronic copy, or in a form we approve, a complete list of current and former Customers. This list must include their name, telephone number, complete mailing address, frequency of service, last date serviced, price of service, and other information concerning such Customers as we request. The information will be utilized periodically in the development and execution of various marketing strategies for the mutual benefit of the parties. You promise not to use any Customer list for any purpose other than in the normal operation of the Franchised Business without our prior written approval.

9.3 Franchisee's Obligations Regarding Confidential Information. You acknowledge and agree that the use, disclosure or duplication of any Confidential Information in any business other than the Franchised Business would constitute an unfair method of competition. You also acknowledge and agree that the Confidential Information is provided or disclosed to you only on the condition that you promise to:

- (a) Not use Confidential Information in any other business or capacity;
- (b) Maintain the absolute confidentiality of Confidential Information in accordance with the non-disclosure obligations described in Article 9.4 during and after the Initial Term and any Successor Term of this Agreement;
- (c) Not make unauthorized copies of any portion of Confidential Information provided or disclosed to you via electronic medium or in written or other tangible form;
- (d) Adopt and implement all reasonable procedures that we prescribe from time to time to safeguard the Confidential Information and prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure to Representatives (as defined in Article 9.3(e) below);
- (e) Restrict access to Confidential Information to those employees, affiliates, agents, advisors, consultants and representatives of Franchisee ("Representatives") who have a need to know for the purpose(s) of this Agreement or the operation of the Franchised Business and who have legally enforceable nondisclosure obligations to Franchisee no less stringent than those contained in this Agreement, and only provide the minimum Confidential Information such Representatives need for such purpose(s); and
- (f) Collect, use, store, disclose, dispose of, provide access to and otherwise handle Personal Information received, collected or accessible to the receiving party hereunder in accordance with all privacy laws applicable to such information.

9.4 Non-Disclosure. Franchisee shall not, on behalf of or for the benefit of itself or any person(s), legal entity or third party, during the Initial Term or any Successor Term of this Agreement or thereafter as a result of expiration, termination or Transfer, including a Minority Transfer (as defined in this Article 12.4 herein), disclose, communicate, divulge, provide access to any other person(s), legal entity or third party, use, reproduce, or copy in any fashion, any Confidential Information, except as otherwise provided in this Agreement. Provided, however, that the foregoing provisions of this Article 9.4 shall not apply to Confidential Information that is disclosed pursuant to law, regulation or lawful order or process ("Required Disclosure"). In the event of a Required Disclosure, you must provide prompt written notice thereof to permit Franchisor to oppose or limit such disclosure and you must reasonably cooperate with the Franchisor's efforts to oppose or limit the Required Disclosure. In the event of a Required Disclosure, you must disclose only such information as is required, in the opinion of legal counsel, and use commercially reasonable efforts to obtain confidential treatment for any Confidential Information disclosed pursuant to a Required Disclosure.

9.5 Return and Destruction of Confidential Information. Franchisee shall, upon the earlier of the termination or expiration of this Agreement, or upon Franchisor's request at any time, immediately, but not later than seven (7) days from the date of termination, expiration or the date of the Franchisor's request, return (or, at Franchisor's option, destroy and provide Franchisor written confirmation of such destruction) all Confidential Information (including any and all documents, records, notes, writings and other materials of any type that relate, belong or pertain to any such Confidential Information and all other documents relating to the CRDN Business and the Franchise System then in Franchisee's and/or its representatives' possession

or control) and all copies thereof. Franchisee shall not retain any Confidential Information or any copies thereof for its files. Notwithstanding the return or destruction of the Confidential Information, Franchisee shall continue to be bound by the non-disclosure provisions and other terms of this Agreement as provided herein.

ARTICLE 10: COVENANTS DURING THE TERM

10.1 Non-Solicitation and Non-Competition. You promise, during the term of this Agreement, you shall not, either directly or indirectly, for yourself, or through or on behalf of, or in conjunction with any person, legal entity or other third party:

- (a) Engage as an owner, partner, investor, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any other business offering (or granting franchises or licenses to others to operate a business which offers) Textile Restoration Services the same as or similar to the services sold by the Franchised Business (except for other franchises under franchise agreements we enter into with you) including, but not limited to, general contracting, reconstruction services, and/or other content cleaning or other similar services (such as electronic, furniture, carpeting, wall or structural cleaning) or in any such business in which our Confidential Information could be used to the disadvantage of CRDN, any CRDN franchisee or the Franchise System (any such business shall be referred to herein as a "Competitive Business");
- (b) Use our Confidential Information, trade dress, proprietary knowledge, or any imitations thereof, in the design, development, or operation of any business whether or not similar to or the same as that conducted by the Franchised Business;
- (c) Divert or attempt to divert any business or Customer of CRDN or any other CRDN franchisee to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the Franchise System; or
- (d) Employ or seek to employ any person who is at that time employed by CRDN or by any other CRDN franchisee or otherwise directly or indirectly induce such person to leave his or her employment without the express written consent of CRDN or the other CRDN franchisee.

Notwithstanding the foregoing, we recognize and understand that you are already in the dry cleaning and laundry business. Accordingly, this covenant not to compete shall not apply to standard retail dry cleaning and/or laundry services that do not comprise part of the CRDN Services and/or Textile Restoration Services. This covenant not to compete shall also not apply to ownership by Franchisee of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

10.2 For Your Employees. At the start of their employment with, or their commencement of performance of services for or in support of, the Franchised Business, you promise to require, as consideration for employment, each of your employees to execute non-disclosure, confidentiality and non-compete agreement ("Non-disclosure, Confidentiality and Non-

Competition Agreement") that we have approved. Such Non-Disclosure, Confidentiality and Non-Competition Agreement will prohibit disclosure, by each employee to any other person(s), legal entity or other third party, of any Confidential Information. Such Non-Disclosure, Confidentiality and Non-Competition Agreement will, to the fullest extent permitted by applicable law, prevent each employee from servicing or marketing to any of the Customers of your Franchised Business, except in their capacities as employees of the Franchised Business, or from engaging in any Competitive Business, either as an owner, partner, investor, shareholder, director, officer, employee, consultant, agent, or in any other capacity. A fully and properly executed copy of each Non-Disclosure, Confidentiality and Non-Competition Agreement must be provided to us. You must require, and provide copies to us of, background checks for any Principal Owner, employee or associated person who will have access to a Customer's Personal Information. You must require that all employees who have access to a Customer's home or business are bonded and insured. You promise to ensure that terminated employees will not have access to the Franchise System, our software, intranet sites, our Confidential Information, materials or any aspect of the Franchised Business. All individuals attending meetings of a confidential nature (i.e. any CRDN Convention, or CRDN Regional Meeting, etc.) must sign the most current version of the Non-Disclosure, Confidentiality and Non-Competition Agreement.

10.3 Fairness and Reasonableness. Franchisee acknowledges and agrees that the covenants not to compete set forth above are fair and reasonable and will not impose any undue hardship on Franchisee, or Franchisee's shareholders, members or partners, if Franchisee is a corporation, limited liability company or partnership, since Franchisee, its shareholders, members or partners, as applicable, have other considerable skills, experience and education which afford Franchisee, its shareholders, members or partners, as applicable, the opportunity to derive income from other endeavors.

10.4 Enforcement of Non-Competition Covenants. Franchisee acknowledges and agrees that the restrictions contained in this Agreement are reasonable and necessary to protect the legitimate interests of the Franchisor and that Franchisor would not have entered into this Agreement in the absence of such restrictions. Franchisee further acknowledges and agrees that any money damages may be both incalculable and an insufficient remedy for any breach of this Agreement by Franchisee, and that any such breach would cause irreparable harm to Franchisor. Accordingly, in the event of any breach or threatened breach of this Agreement, Franchisor, in addition to other remedies at law or in equity it may have, shall be entitled to equitable relief, including injunctive relief and specific performance. If an action at law or in equity is necessary to enforce or interpret the terms of this Agreement, Franchisor shall be entitled to recover, in addition to any other relief, reasonable attorneys' fees, costs and disbursements. For the avoidance of doubt, Franchisee expressly agrees that it may conclusively be presumed that any violation of the non-competition and non-solicitation covenants described herein was accomplished by and through Franchisee's unlawful utilization of Franchisor's Confidential Information, know-how, methods and procedures.

10.5 Independence of Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Article 10 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the

terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 10.

10.6 Modification of Covenants. Franchisee understands and acknowledges that Franchisor may modify this Agreement only upon the execution of a written agreement by Franchisor and the Franchisee.

10.7 No Defense. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from or relating to this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 10.

10.8 Additional Covenants. At Franchisor's request, Franchisee shall require and obtain execution of covenants similar to those set forth in this Article 10 (including covenants applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons: (a) those who have received training from Franchisor; and (b) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities or ownership of Franchisee or of any legal entity directly or indirectly controlling Franchisee if Franchisee is a legal entity.

10.9 Failure to Obtain Covenants. Franchisee's failure to obtain any of the required covenants for any persons for which such covenants are required, in accordance with the terms and conditions set forth in Article 10, shall constitute a default under this Agreement.

ARTICLE 11: SYSTEM STANDARDS

11.1 Compliance with System Standards. You acknowledge and agree that the operation and maintenance of your Franchised Business according to certain system standards (the "System Standards" or singularly, "System Standard"), including mandatory and suggested specifications, standards, operating procedures, and rules, is essential to preserve the goodwill for the Marks, the Franchise System, and all CRDN franchises. Therefore, at all times during the Initial Term any Successor Term of this Agreement, you promise to operate and maintain your Franchised Business according to each and every System Standard, as we periodically modify and supplement them during the Initial Term and any Successor Term of this Agreement, even if you believe that a System Standard, as originally issued or subsequently modified or supplemented, is not in the Franchise System's or your Franchised Business' best interests. System Standards do not include any required personnel policies or procedures and CRDN does not dictate your day to day operations through the System Standards or otherwise. System Standards, as specified and periodically amended in the Operations Manual, may regulate one or more of the following for your franchise:

- (a) Use and display of the Marks;
- (b) CRDN services and products which we authorize you to sell;
- (c) The use of environmentally and employee safe supplies and equipment, although we will not require you to use any specific brand of supplies and equipment;

- (d) Uniforms, during business hours, for your CRDN marketing, sales, and service representatives from an approved vendor;
- (e) Business forms and stationery;
- (f) Types and amounts of insurance coverage (see Article 11.3 herein for the current requirements);
- (g) Marketing, advertising, and promotional material prepared by you and approved by us;
- (h) Public figures you choose in connection with local promotions;
- (i) Your obligations related to compliance with applicable laws including obtaining required licenses and permits, payment of all taxes, assessments, fees, fines, and penalties arising out of the operation of the Franchised Business as well as your sole obligation to comply with all employment related laws of any kind;
- (j) Adhering to good business practices, observing high standards of honesty, integrity, fair dealing, and ethical business conduct in all dealings with customers, suppliers, and us, and notifying us if any action, suit, or proceeding is commenced against you or your Franchised Business;
- (k) General operations including maintaining, at a minimum, Monday through Friday 7:00 AM to 6:00 PM business hours, sales, marketing, advertising, and promotional programs, and materials and media used in these programs, bookkeeping, accounting, data processing, and record keeping systems, and forms, methods, content, and frequency of reports to us of sales and financial performance, and the furnishing of tax returns related to the Franchised Business and other operating and financial information to us;
- (l) CRDN Telephone Numbers and Call Center service capabilities for handling incoming request and/or referral calls for the performance of CRDN Services after stated minimum business hours and weekends (as discussed in Article 2.7 herein);
- (m) Response, including requirements relating to timing and procedures for responding, to any and all Customers' inquiries or complaints to reasonably ensure positive Customer relations and maintain the goodwill of the Franchise System, even when such response may necessitate re-performing a task not completed to the Customer's satisfaction or a refund of monies received;
- (n) Any other aspect of the operation and maintenance of your Franchised Business that we determine, from time to time, to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and the Franchise System;

- (o) Use of a “Point of Sale Software System” that will interface with our proprietary software. The software systems that currently have this capability are Spot 2000, CompassMax for Windows, DCCS for Windows and Kwik Clean, created by Accord Systems; and
- (p) Your office must maintain a constant, high-speed Internet connection (e.g. cable modem or DSL) at all times and an email account for all employees of the Franchised Business to receive and send electronic mail and transfer computer files between you and us. You must have at least one computer located at your office site, and you must issue one laptop computer for each marketing person, specifically including your full time salesperson. These computers (and any others that will use the Current Franchise Management Software) must meet the following minimum requirements:
 - ◆ Hardware/Network requirements
 - Constant, high-speed Internet connection (e.g. cable modem or DSL)
 - Firewall (can be hardware or software) – should protect each computer but not interfere with client access to ports 80, 443, and 1433.
 - 4GB (or more) of RAM
 - 30GB free hard disk space
 - Monitor large enough to display 1280 x 1024 resolution in a readable fashion for users
 - Scanning machine capable of scanning documentation for electronic submission to us (we will not accept a fax machine as a scanning machine)
 - ◆ Software requirements – legal, licensed versions of the following for each computer:
 - Operating System
 - Microsoft Windows 7 or later – Home Premium, Professional, or Ultimate versions.
 - Office Suite
 - Microsoft Office 2010 or later – Any versions without installation of Microsoft Access
 - Security
 - Anti-virus software (kept up-to-date with daily automatic updates)
 - Anti-spyware program
 - All software (especially Windows) must be regularly updated online to ensure the latest service packs, fixes, and security updates are applied
 - The latest version of Microsoft Internet Explorer, Google Chrome, or Mozilla Firefox (enabling of pop-ups and cookies may be required)

11.2 Modification of System Standards. You acknowledge and agree that the Franchise System must continue to evolve in order to reflect changing market conditions, meet new and changing consumer demands, and to innovate, update and advance the Franchise System at large, and the Franchise Services and other products and services CRDN, at its sole discretion, decides to offer as part of the Franchised Business. As a consequence, modifications to the System Standards may be required to facilitate such evolution. Accordingly, you agree that we

may from time to time and upon reasonable notice to you, add to, remove, and/or modify the System Standards ("System Standard Modifications", and each a "System Standard Modification"), including without limitation the adoption and use of new or modified trademarks, sales strategies, uniforms, products, equipment, services, techniques, proprietary software, non-proprietary software, and methodologies. Such System Standard Modifications shall be prescribed in the Operations Manual. Unless otherwise specified in this Agreement, you agree to accept, implement, use, and display in the operation of your Franchised Business, each System Standard Modification within sixty (60) days from the date of receipt of our written notice to you of such System Standard Modification. Provided, however, that we will not require you to make any System Standard Modification that is not required of all CRDN franchisees. Your failure to comply with any System Standard Modification within sixty (60) days shall be deemed an incurable default under this Agreement, as provided in Article 13.2 herein.

11.3 Insurance. As part of the Pre-Activation Requirements, prior to the Commencement of Operations, Franchisee shall obtain, and maintain in full force and effect throughout the Initial Term and any Successor Term of this Agreement, and at its sole expense, certain insurance coverages as described below. You acknowledge and agree that the insurance you are required to secure and maintain under this Agreement reflects the minimum amounts of coverage we require, is not meant to reflect the actual needs you may have, and that it is your responsibility to carefully evaluate if such minimum insurance coverage will adequately meet your needs. All policies must be obtained and maintained solely through the Franchisee Entity and DBA, and Franchisee may not rely upon policy(ies) of any other person(s), legal entity(ies) or other third party(ies) to fulfill any of the insurance coverages required under this Agreement. All policies will be written by an insurance company(ies) that is/are licensed in the state in which you are doing business, and that has an A.M. Best rating of "A" or better unless otherwise reviewed and approved by us.

(a) Commercial General Liability Insurance. You shall maintain insurance for "bodily injury," "property damage," and "personal and advertising injury" with no exclusion or limitation applying to the products / completed operations liability coverage. Limits shall be at least \$2,000,000 general aggregate, \$2,000,000 products and completed operations aggregate, \$1,000,000 personal and advertising injury limit, and \$1,000,000 per occurrence limit. Contractual liability coverage including the assumed personal injury endorsement shall be included to cover the indemnity provisions of this Franchise Agreement. The exclusion for employer's liability shall not apply to claims for covered contractually assumed liability claims. Certified Restoration Drycleaning Network, LLC shall be named as an additional insured on such policy on a primary and noncontributory basis. The policy shall include a waiver of subrogation in favor of CRDN, and you, on behalf of your insurers, hereby waive all right of subrogation against us and our employees, officers and agents.

(b) Bailees Legal Liability and/or Bailees Property Coverage Insurance. Bailee's legal liability insurance covering the liability for damage to Customer's goods shall be maintained with a limit of at least \$1,000,000, specifying a limit of \$5,000 per item on furs, leather or garments lined with fur. Certified Restoration Drycleaning Network, LLC shall be named as an additional insured on such policy on a primary and noncontributory basis. The policy shall include waiver of subrogation in favor of CRDN, and you, on behalf of your insurers, hereby waive all right of subrogation against us and our employees, officers and agents.

(c) Automobile Liability Insurance. You shall maintain insurance with a combined single limit of \$1,000,000 for bodily injury and property damage for all owned or lease vehicles and for hired and non-owned motor vehicles.

(d) Workers' Compensation and Employers' Liability. Workers' compensation insurance and employer's liability insurance shall be maintained with limits of at least \$500,000 covering all states where CRDN Services may be performed. Such policy shall contain a waiver of subrogation endorsement as to claims against Certified Restoration Drycleaning Network, LLC.

(e) Employee Dishonesty Insurance. You shall maintain employee dishonesty insurance with minimum limits of \$50,000 per loss and such coverage shall also cover acts of stealing against third parties.

(f) Property Insurance. You shall maintain insurance on buildings and business personal property including personal property of others. The property coverage shall be written on the Special Cause of Loss form as published by the Insurance Services Office or such other form as CRDN requires from time to time as set forth in the Operations Manual, including any modifications or replacements thereto, shall be on a replacement cost basis with no coinsurance requirement and shall include business income and extra expense coverage for the full twelve (12) months exposure for loss of rental income.

(g) Umbrella Liability Insurance. You shall maintain a commercial umbrella liability insurance policy with a limit of at least \$2,000,000 per occurrence and aggregate and shall list the commercial general liability, automobile liability and workers' compensation / employers' liability policies as scheduled underlying policies.

(h) Other Insurance. You shall maintain any applicable state, county, local, or other municipal insurance requirements.

All policies will name CRDN as an additional insured, to the extent permitted by law or insurance related legal authority, will contain no provision which in any way limits or reduces coverage for you in the event of a claim by any one or more of the Indemnified Parties, will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by us, and will provide, by endorsement, that we receive at least ten (10) days' prior written notice of any intent to cancel or materially alter any policy. In addition to any notice provided by the insurance company, you are also required to provide ten (10) days' prior written notice of any impending cancellation or material alternation in coverage. You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter, restate or amend any insurance policy without our written consent.

You promise to promptly report all claims, or potential claims, against you or us, to the insurer and to us. You promise to submit to us a copy or certificate or other acceptable proof of such insurance ("Coverage Proof") at least ten (10) days prior to commencing business and annually, upon renewal of your insurance coverage, thereafter, or as soon as available. The Coverage Proof must be submitted to us at least thirty (30) days prior to any expiration of any type of coverage. The Coverage Proof must contain evidence specifically stating that each of the foregoing coverage types are maintained by you at the requisite amounts and, in addition to listing us as an additional insured, it must contain the following paragraph:

“Certified Restoration Drycleaning Network, LLC and its affiliated companies and customers, under which it is required by contract to provide coverage, are all included as Additional Insured on a primary and non-contributory basis for the above-listed coverages and policies, excluding Worker’s Compensation. The above-listed coverages and policies of the insured shall include a broad form additional insured endorsement which includes as additional insureds on a primary and non-contributory basis any party required by the insured under a written contract to be named as an additional insured.”

In connection with Regional/National Account Programs, described in Article 1.5 above, you may be requested to modify your insurance coverage and in such event you must make such modification and do so in the timeframe required under the applicable Regional/National Account Program. Additionally, under a Regional/National Account Program, you may be required to provide certificates of insurance to third parties and/or to list such third parties as additional insured parties under your insurance policies. In such instances, you must submit to CRDN copies of all certificates of insurance for all additional insured parties in addition to submitting such certificates to those other additional insured parties directly.

11.4 Taxes and Advances.

11.4.1 Taxes. You promise to pay all taxes as required by local, state, or federal laws regarding the products, service, or equipment furnished or used in connection with the operation of the Franchised Business. You promise to promptly pay us, when due, the amount of all sales taxes, use taxes, personal property taxes, and similar taxes imposed upon, required to be collected, or paid by us, to your state and/or local government, on account of services or goods furnished by us to you through sale, lease, or otherwise, or on account of collection by us of the Initial Franchise Fee, the Initial Package Fee, Royalties, or any other payments to us called for by this Agreement.

11.4.2 Advances. You promise to promptly reimburse us for all amounts that we have paid, or have been obligated to pay, on your behalf for any unpaid tax liability.

ARTICLE 12: TRANSFER

12.1 By CRDN. CRDN may assign, sell, transfer or encumber its rights under this Agreement without Franchisee’s prior consent. Any such assignment, sale, transfer, or encumbrance by CRDN shall relieve CRDN of its liability to Franchisee under the terms of this Agreement. As used in this Article, “Transfer” shall mean any purchase, sale, assignment, transfer or encumbrance, in whole or part, of: (a) this Agreement; (b) Franchisee’s rights and interests under this Agreement including those of the Principal Owner or Franchisee Entity; or (c) the capital stock or other ownership interest of the Franchisee.

12.2 By Franchisee. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted these business development rights in reliance on the business skill, financial capacity, and personal character of Franchisee Entity and/or Franchisee’s Principal Owner, as appropriate to this Agreement. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee’s interest in this Agreement, nor any individual, partnership, company or corporation which directly or indirectly owns any interest in Franchisee and/or this Agreement,

shall purchase, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise Transfer or encumber any interest in Franchisee and/or this Agreement, without the prior written consent of Franchisor. Any purported assignment or Transfer by operation of law or otherwise, not having the written consent of Franchisor, shall be null and void and shall constitute a material breach of this Agreement for which Franchisor may thus terminate this Agreement pursuant to Article 13.2 hereof.

12.3 Conditions to Transfer. Franchisor may consent to a Transfer by Franchisee of an interest in this Agreement, subject to the satisfaction of the following conditions that Franchisor may impose in Franchisor's sole and absolute discretion:

- (a) All of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor, its subsidiaries, affiliates and suppliers shall be current, fully paid, and satisfied;
- (b) Franchisee shall not be in default of any provision of this Agreement, including any amendment hereof, or any other agreement between Franchisee and Franchisor, or their respective subsidiaries, affiliates or suppliers;
- (c) You provide us with written authorization to release to the transferee any and all information about the operation of the Franchised Business including, but in no way limited to, financial performance data, Minimum Monthly Gross Sales requirements, your ability to meet and maintain Minimum Monthly Gross Sales requirements and any other information which we have collected;
- (d) Franchisee and any transferee shall follow all transfer/selling processes, steps and procedures as set forth in the Operations Manual to efficiently and thoroughly carry out the Transfer;
- (e) Franchisee must continue to provide CRDN Services until such date as a transferee is identified, completes Initial Training, and completes all the then current Pre-Activation Requirements and the effective date of the Transfer will be that of the date of such completion;
- (f) Franchisee shall execute any and all documents reasonably requested by Franchisor and comply with all requirements set forth herein to properly terminate this Agreement and Franchisee's relationship with Franchisor as of the effective date of the Transfer. Such documents shall include, without limitation, a general release, in a form satisfactory to Franchisor, executed by Franchisee and each of its shareholders/members, officers and directors, of any and all claims against Franchisor and all of our past, present and future subsidiaries and affiliates, and all of their respective past, present, and future members, shareholders, direct and indirect parent companies, managers, officers, directors, employees, attorneys, representatives and designees, including, without limitation, any and all claims with respect to this Agreement and arising under federal, state and local laws, rules and ordinances, and such release shall provide CRDN with the right to perform a post-termination audit of the Franchised Business within one year form the Termination Date (as defined in Article 13.1 hereof). Notwithstanding the foregoing, Franchisee shall not be required to release Franchisor for violations of federal and state franchise registration and disclosure laws. Furthermore, notwithstanding the

foregoing, following any Transfer, Franchisee shall continue to remain responsible for its obligations of nondisclosure, non-competition and indemnification as provided elsewhere in this Agreement and shall execute any and all instruments reasonably requested by Franchisor to further evidence such liability;

- (g) The transferee shall enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement, provided that the restrictions on guarantees by the transferor's owners shall be removed from this Agreement upon assignment to an approved transferee; and, the transferee shall guarantee the performance of all obligations of the Franchisee in writing in a form satisfactory to Franchisor;
- (h) The transferee shall be evaluated for our approval based upon the same criteria as is then currently being used by us to assess new franchisees, including without limitation, demonstration, to Franchisor's satisfaction as determined solely by Franchisor through its internal review process or otherwise, that transferee: (1) meets Franchisor's educational, managerial and business standards; (2) possesses a good moral character, business reputation and credit rating as determined through a background check and otherwise; (3) has the aptitude and ability to develop the Franchised Business herein (as may be evidenced by prior related experience or otherwise); (4) has at least the same managerial and financial criteria then required of new Franchisees/franchisees; (5) has sufficient equity capital to develop the Franchised Business; and (6) complies with and passes all of Franchisor's then current background investigation requirements and procedures;
- (i) You shall pay to Franchisor the then current nonrefundable Transfer fee (such fee varies depending on whether the transferee is an existing CRDN franchisee or not) to cover Franchisor's expenses in connection with the Transfer which may include, but shall not be limited to: soliciting, identifying and securing a transferee; documentation preparation; and orientation and Initial Training of the transferee. We will waive the Transfer fee for Transfers to your spouse, parent or children. Notwithstanding the foregoing, Franchisee shall, at all times, remain liable for this Transfer fee if unpaid by transferee;
- (j) The transferee and its owners and affiliates shall not be engaged in a Competitive Business, unless they agree to operate all competitive restoration businesses as a part of the CRDN Franchise System;
- (k) The transferee shall have signed an acknowledgement of receipt of all required legal documents, such as the Franchise Disclosure Document and the then current Franchise Agreement and ancillary agreements;
- (l) The transferee has executed our then current form of Franchise Agreement for a full term; provided, however, that the transferee will assume and must agree to meet the Minimum Monthly Gross Sales requirements of the Franchisee at the time of the Transfer;
- (m) The transferee has successfully completed all of the then current Pre-Activation Requirements including without limitation successful completion of Initial Training;

- (n) If, subsequent to the Transfer, you will retain any portion of the Franchise Territory of the Franchised Business, or you will maintain one or more CRDN franchises that are not part of the Transfer, you will be required to execute our then current form of Franchise Agreement for a full ten (10) year term for (1) any such remaining portion of the Franchise Territory, which shall become its own CRDN franchise; and (2) any such other remaining CRDN franchises; provided, however, that all applicable provisions set forth in Article 4 above must be adhered to with the exception that the Successor Term Fee shall be waived;
- (o) Franchisee shall remain liable for all direct and indirect obligations to Franchisor in connection with the Agreement prior to the effective date of the Transfer, including, but in no way limited to maintenance of all Minimum Monthly Gross Sales requirements and/or payment of any Minimum Royalty Fee(s) owed in connection with any failure to meet such Minimum Monthly Gross Sales requirements;
- (p) If you finance any part of the sale price of the transferred interest, you agree that all of the transferee's obligations under any promissory notes, agreements, or security interests that you have reserved in the Franchised Business, are subordinate to the transferee's obligation to pay Royalties, Fund contributions, and other amounts due to us and otherwise to comply with this Agreement;
- (q) If you, an existing Franchisee, desire to purchase an additional Franchise Territory, you will be required to sign a cross-default addendum and the current version of our Franchise Agreement for all owned CRDN franchised businesses and pay the then current Territory Fee, Fixed Licensing Fee and Initial Package Fee; and
- (r) If you, an existing Franchisee, desire a significant change (change in awarded territory, payment of monies due us, change in general terms and conditions of the Franchise Agreement, etc.) in your current Agreement, we reserve the right to require that you sign the then most current Franchise Agreement.

12.4 Minority Transfers. "Minority Transfer" shall mean any purchase, sale, assignment, transfer, or encumbrance of less than fifty percent (50%) of total capital stock or other equivalent ownership interest of Franchisee and/or Franchisee Entity, or which does not effectuate a change in control of the Franchisee Entity, measured both individually and in aggregate of all Minority Transfers. Franchisee, Principal Owner and/or Franchisee Entity shall not make any Minority Transfer unless Franchisee shall have submitted to CRDN a written notice of Franchisee's intent to make a Minority Transfer.

12.5 Security Interest. Franchisee shall grant no security interest in the Agreement or in any of its assets unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option to be substituted as obligor to the secured party and to cure any default of Franchisee. Notwithstanding the foregoing, Franchisor shall not be construed as a guarantor or surety for the Franchisee.

12.6 Conditions. Franchisee acknowledges and agrees that each of the foregoing conditions of Transfer that must be met by the Franchisee and the transferee are necessary and reasonable to assure such transferee's full performance of the obligations hereunder.

12.7 CRDN's Right of First Refusal. If you at any time determine to sell, assign, or Transfer for consideration your interest in this Agreement, you agree to obtain a bona fide, executed written offer and earnest money (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror and immediately submit to us a true and complete copy of the offer which includes details of the payment terms. To be a valid, bona fide offer, the proposed purchase price is to be denominated in a dollar amount. We have the right, exercisable by written notice delivered to you within thirty (30) days from the date of the delivery to us of both an exact copy of the offer and all other information we request, to purchase the interest for the price and on the terms and conditions contained in the offer provided that:

- (a) We may substitute cash for any form of payment proposed in the offer;
- (b) Our credit will be deemed equal to the credit of any proposed purchaser;
- (c) We will have sixty (60) days, after giving notice of our election to purchase, to prepare for and complete the closing; and
- (d) We are entitled to receive, and you agree to make, the same representations and warranties given to the proposed purchaser.

If we do not exercise our right of first refusal under this Article 12.7, you may complete the sale to the purchaser on the exact terms of the offer, subject to our approval of the Transfer as provided in Articles 12.2 and 12.3. If the sale is not completed within sixty (60) days after the expiration of the right of first refusal, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option. This right of first refusal under this Article 12.7 shall not apply to a Transfer to your spouse, child, parent, or another wholly-owned corporation.

12.8 Transfer Upon Death or Permanent Incapacity. Upon the death or permanent incapacity (as determined and documented by a physician acceptable to Franchisor) of the Principal Owner or any person with an interest of twenty-five percent (25%) or more in Franchisee Entity, this Agreement, or all or a substantial portion of the assets of the Franchised Business(es), or upon the dissolution of a franchisee entity that is a partnership, company or corporation (any of which is an "Entity"), the executor, administrator, personal representative, or trustee of such person or Entity shall Transfer his/her or its interest to a third party approved by Franchisor within ninety (90) days of such death, permanent incapacity, or dissolution. Such Transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any Transfer pursuant to Article 12.3. of this Agreement; provided, that, if the rights are purchased by a surviving Principal Owner or are assigned to a Principal Owner's immediate family member who has worked in the Franchised Business for a period of not less than six (6) months prior to the death or disability, no Transfer fee shall be charged. However, in the case of Transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in Article 12.3 of this Agreement, the personal representative

of the deceased person shall have an additional thirty (30) days to dispose of the deceased's interest, which disposition shall be subject to all the terms and conditions for Transfers contained in this Article 12. Upon the death or permanent incapacity of Principal Owner, Franchisor may terminate this Agreement upon thirty (30) days written notice to Franchisee's last known business address unless the above procedures for Transfer are met.

12.9 Non-Waiver of Claims. Franchisor's consent to a Transfer of any interest in Franchisee, this Agreement, or all or a substantial portion of the assets of this Agreement shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

12.10 No Release of Franchisee's Liability. No assignment or any other Transfer by Franchisee, with or without Franchisor's consent, during the term of this Agreement or any renewal period shall release Franchisee from any liability under the terms of this Agreement nor shall Franchisee be relieved of the obligations of performing any of the terms, covenants and conditions of this Agreement.

12.11 Involuntary Transfer. The personal confidence reposed in Principal Owner is a material part of the consideration for CRDN's entering into this Agreement and no person, legal entity or other third party shall succeed to any of the rights of Franchisee or Principal Owner under this Agreement by virtue of any voluntary or involuntary proceeding in bankruptcy, receivership, attachment, execution, assignment for the benefit of creditors or legal process.

ARTICLE 13: TERMINATION OF THIS AGREEMENT

13.1 Termination by Franchisee. You have the right to terminate this Agreement after your Promissory Note, if applicable, has been paid in full and upon written notice to CRDN delivered at least ninety (90) days, but not more than one hundred eighty (180) days, prior to the expiration date of either the Initial Term or any Successor Terms and upon execution of a general release, in a form satisfactory to CRDN. This termination shall be effective upon the last day of the Initial Term or the Successor Term, as applicable (the "Termination Date"). Immediately upon receipt of such notice to terminate, Franchisee agrees that CRDN may undertake efforts in and surrounding the Franchise Territory, including marketing efforts, to locate, secure and train a replacement franchisee to operate the Franchised Business. You acknowledge and agree that such efforts may include the provision of information to such replacement franchisee prospects, that you may deem confidential, related to all aspects of the operation of the Franchised Business including, but in no way limited to, financial performance data, Minimum Monthly Gross Sales requirements, your ability to meet and maintain Minimum Monthly Gross Sales requirements and any other information which we have collected, without further consideration or documentation aside from your notice to terminate. Any replacement franchisee shall not be permitted to operate the Franchised Business earlier than one day following the Termination Date.

13.2 Termination by CRDN. We have the right to terminate this Agreement, immediately effective upon delivery of written notice to you, upon the occurrence of any of the following:

- (a) Failure for Commencement of Operations to occur within six (6) weeks from the date of your successful completion of Initial Training;
- (b) You have made or make any material misrepresentation or omission in purchasing the Franchised Business or operating the Franchised Business;
- (c) You receive from us three (3) or more notices to cure the same or similar defaults or violations of this Agreement, including without limitation failure to meet your Minimum Monthly Gross Sales requirement, within any one (1) year period of time, regardless of whether such defaults are cured after such notice;
- (d) Principal Owner's Conviction of a felony or any such crime that is prohibited in connection with the eligibility for and/or participation in any Regional/National Account Program;
- (e) Misuse or any unauthorized use of CRDN's name or any of the Marks, the Current Franchise Management Software, the Operations Manual, or other impairment of the goodwill associated with them of CRDN's rights in them;
- (f) Filing by Franchisee or Principal Owner of any voluntary or involuntary petition in bankruptcy, adjudication of bankruptcy, any assignment for the benefit of creditors, or appointment of a trustee or receiver in bankruptcy for Franchisee or upon CRDN's discovery and reasonable belief of Franchisee's or Principal Owner's financial insolvency (inability to pay debts as they come due) including receipt of three (3) or more notices of insufficient funds within any one (1) year period of time, for any fee due Franchisor under this Agreement;
- (g) As applicable to curable defaults only, after delivery of written notice to you (a "Default Notice"), if you fail to cure the condition and/or situation described in the Default Notice within ten (10) days of your receipt of such Default Notice;
- (h) You fail to make payment of any amounts due to us and do not pay the amounts due within ten (10) days of your receipt of our written notice of the failure, such notice being sent via standard mail or email by any CRDN employee and/or representative;
- (i) You understate your Royalty by five percent (5%) or more of the total Royalty owed, or do not record payments received within five (5) days of the payments being received, cashed or deposited, on three (3) or more occasions, in any reported financial statement, during any one-year time frame or the time frame of any applicable Audit, during the Initial Term or any Successor Term of this Agreement;
- (j) You violate any of the transfer provisions contained in this Agreement;
- (k) You engage in any dishonest or unethical conduct or illegal activities, including without limitation using, possessing, selling, distributing, manufacturing, purchasing or being under the influence of any illegal drugs, intoxicants, or controlled substances, which may adversely affect the reputation of the Franchised Business or the Franchise System, or the general goodwill associated with the Marks;

- (l) You fail, for a period of ten (10) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;
- (m) You fail to comply with any part, provision, condition, warranty or certification of this Agreement, including any and all exhibits, addenda or modifications hereto, or any other agreement between Franchisee, Franchisee Entity or Principal Owner and us, or the Operations Manual, and do not correct such non-compliance within ten (10) days of your receipt of our written notice of the non-compliance;
- (n) You violate any covenant of non-competition, confidentiality or non-disclosure, and/or you fail to adhere to the use restrictions and limitations with respect to Confidential Information, during the Initial Term or any Successor Term, as set forth in this Agreement in Articles 9 and 10 or otherwise;
- (o) You fail to require and/or obtain any of the covenants regarding non-solicitation and non-competition for any persons for which such covenants are required in accordance with the terms and conditions set forth in Article 10 herein;
- (p) Either you or your Designated Representative abandon or cease to operate all or any part of the Franchised Business for more than ten (10) days (including without limitation failing to answer your CRDN Phone Number and/or respond to Franchisor's calls or emails);
- (q) You fail to comply with modifications to System Standards within the required time period in Article 11.2 herein;
- (r) You fail to maintain insurance as set forth in Article 11.3 of this Agreement and do not correct such failure within ten (10) days of receipt of written notice to you by us or within the timeframe required by any Program Partner in connection with any Regional/National Account Program;
- (s) You fail to receive our prior written approval and use products or materials that do not meet our standards and specifications, and do not discontinue use of such products or materials within ten (10) days of your receipt of our written notice to do so;
- (t) You fail to provide us in a timely manner with any report, statement, or return required by this Agreement;
- (u) You violate any marketing or servicing restriction set forth in Article 3.2 of this Agreement, and do not immediately cease to market or service those Customers upon your receipt of our written notice to do so;
- (v) In connection with Article 1.5 of this Agreement, you are in default for failure to comply with the standards outlined in any Regional/National Account Program, or any agreement entered into in connection with any Regional/National Account Program, or you have been suspended or otherwise restricted from participation in any Regional/National Account Program;
- (w) An unapproved Transfer or attempted unapproved Transfer;

- (x) Any other acts which may bring discredit on the Franchise System, CRDN's Business, or CRDN, including, but not limited to, willful acts of dishonesty toward CRDN, any Customer, any representative of a Regional/National Account, and/or any other third parties dealing with Franchisee, CRDN or other CRDN franchises; or
- (y) You fail to attend any Follow-up Training, Refresher Training, CRDN Convention or CRDN Regional Meeting (as applicable) in accordance with article 7.2, or fail to obtain the requisite prior written approval to not attend any Follow-up Training, Refresher Training, CRDN Convention or CRDN Regional Meeting (as applicable).

Notwithstanding any of the above-stated ten (10) day notice periods, where applicable, if the default for which such ten (10) day cure period is granted cannot be cured within ten (10) days solely for reasons outside of your control, but within such ten (10) day period you provide written satisfactory explanation and/or proof to CRDN, as determined in the sole discretion of CRDN, that you have commenced all reasonable actions to effectuate a cure and diligently pursue those actions to completion, then CRDN will extend an additional reasonable period, as determined in CRDN's sole discretion, in which to cure the applicable failure. Provided, however, that unless otherwise agreed in writing by Franchisor, in no event shall you have more than thirty (30) days of total cure period to cure any such default for which the ten (10) day cure period was originally permitted hereunder.

ARTICLE 14: POST TERMINATION OBLIGATIONS

14.1 Obligations of Franchisee. Upon expiration or termination of this Agreement for any reason, Franchisee and Principal Owner agree to immediately do the following:

- (a) Pay, within seven (7) days of the effective date of termination or expiration of this Agreement, all amounts determined to be due by us, including, but not limited to, all Royalties, including the estimated Royalty on CRDN Services jobs/assignments performed for Customers but not yet paid, Fund contributions, the pro-rated portion of your Annual Fixed Fee due and owing as of the Termination Date, all other fees, amounts owed for purchases from us, late payments, and interest and any other fees due to us; provided, however, that you acknowledge and agree that we are authorized, but not required, to apply any moneys we hold or otherwise come to our possession, that would otherwise be distributed to you, toward any outstanding fee, payment or other obligation arising out of this Agreement or any other agreement Franchisee has with CRDN. You acknowledge that this Article 14.1(a) does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance the operation of, the Franchised Business;
- (b) Upon termination for any default, the actual and consequential damages, costs, and expenses (including reasonable attorney and expert fees) incurred by us as a result of your default;
- (c) The obligation to pay the sums in Article 14.1 (a) and (b) above will create a lien in favor of us against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory of the Franchised Business and/or against any moneys we hold or

otherwise come to our possession and we are authorized, but not required, to apply such moneys toward payment of such obligation; you will receive a credit to your account of any such application of moneys;

- (d) Any transferee (or purchaser of all or substantially all of the assets of the Franchised Business) shall be liable for payment of such items if you do not timely pay them. Provided, however, the foregoing sentence will not release or discharge you from your obligations to pay us pursuant to this Article 14 and/or to indemnify or reimburse the transferee or purchaser pursuant to the applicable purchase or transfer agreement;
- (e) Surrender all rights under this Agreement;
- (f) Strictly comply with, observe, and abide by all of the provisions of the covenants not to compete as set forth in Article 14.2 herein;
- (g) Strictly comply with, observe, and abide by any provisions and obligations set forth in this Agreement that by their nature survive the termination/expiry of the Agreement including, but in no way limited to provisions and obligations related to confidentiality and non-disclosure, indemnification, completion of any work in process as of the date of expiration or termination and/or response to any completed work in accordance with all System Standards set forth in Article 11.1 of this Agreement; provided, however, that you acknowledge and agree that we (or any of our employees, representatives or affiliates) are authorized, but not required, to perform or employ another person or entity to perform any action necessary to comply with such provisions and obligations, to the extent they are not personal in nature, on your behalf and to receive compensation therefor, including compensation for all costs and fees associated with such performance, from you within seven (7) calendar days from your receipt of an invoice for such performance. Additionally, in the event that CRDN (or any of our employees, representatives or affiliates) performs actions on your behalf, or any of your obligations remain unpaid, you acknowledge and agree that we are authorized, but not required, to apply any moneys we hold or otherwise come to our possession, that would otherwise be distributed to you, toward any outstanding fee, payment or other obligation arising out of performance of such actions as described in this Article 14.1(g). You acknowledge that this Article 14.1(g) does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your compliance with the requirements set forth in this Article 14.1(g);
- (h) Neither directly nor indirectly represent to the public that any other business you may then own or operate, is or was operated as, or was in any way connected to, the Franchise System;
- (i) Immediately cease to use any of our Confidential Information (including any computer software that we have licensed to you) in any business or otherwise;
- (j) Not hold yourself as a present or former Franchisee of ours;
- (k) Immediately cease use of the Marks, which have been licensed to Franchisee, or any name or initials similar thereto in Franchisee's corporate name, on signs, places of business or advertising of any nature, directly or indirectly;

- (l) Upon the request of CRDN, assign any and all accounts receivable to us for collection, unless all Royalties and other payment obligations to us are paid in full. In connection with this assignment, you appoint us as attorney-in-fact to engage in such collection activities and you specifically undertake to refrain from engaging in any such collection activities. We promise to employ good faith efforts, including where appropriate in our sole and exclusive judgment the commencement of legal proceedings to collect such accounts receivable. We have no duty or obligation to you to accomplish the collection of such accounts receivable. We will remit to you any such sums collected after first deducting all moneys owed to us and our costs of collection;
- (m) De-identify the premises used in operating the CRDN franchise including, but not limited to, removal and destruction of signs, markings and materials containing the Marks or otherwise identifying or relating to the CRDN Business, and allow us, without liability to you or third parties, to remove all of these items from your place of business;
- (n) Cease use of any materials containing the Marks;
- (o) Comply with the provisions of Article 9.5 of this Agreement regarding return and destruction of Confidential Information including the requirement to return (or, at Franchisor's option, destroy and provide Franchisor written confirmation of such destruction) all Confidential Information (see Article 9.1 for a complete definition and description) and all other documents relating to the CRDN Business and the Franchise System then in Franchisee's and/or its representatives' possession or control, and all copies thereof, within seven (7) days,;
- (p) Deliver to us, within seven (7) days, all lists and contact information for all Customers, suppliers and subcontractors with which the Franchisee and/or the Franchised Business has had business relations of any kind.
- (q) Not operate or do business under any name or in any manner which might tend to give the general public the impression that you are operating a CRDN franchise, or any confusingly similar business;
- (r) Take the action required to cancel all DBAs or equivalent registrations relating to your use of any Mark;
- (s) Notify the telephone company and all telephone directory publishers of the transfer of your use of any telephone, telecopy, or other numbers and any telephone directory listings associated with any Mark, as provided for us in the Telephone Listing Agreement attached to this Agreement as Exhibit D and incorporated herein by reference (the "Telephone Listing Agreement"). If you fail to do so, we can take whatever action is necessary, on your behalf consistent with the Telephone Listing Agreement, to affect these events;
- (t) Deliver to us, upon our request, an assignment of any Facility Lease or other real estate leases for property from which the Franchised Business was operated. This shall not apply to the principal place of business for your existing drycleaning business; and

- (u) Deliver to us, within thirty (30) days, written confirmation and any applicable evidence that is satisfactory to us of your compliance with each of the foregoing obligations.

14.2 Covenant Not to Compete.

14.2.1 Terms of Covenant Not to Compete. For a period of twenty-four (24) months from the time of expiration or termination of this Agreement for any reason or in the case of a Transfer as provided in Article 12, you promise not to, either directly or indirectly, for yourself, or through or on behalf of, or in conjunction with any person, legal entity or other third party, engage as an owner, shareholder, partner, director, officer, employee, consultant, salesperson, representative, or agent or in any other capacity in any Competitive Business within:

- (a) The Franchise Territory;
- (b) The geographic area encompassed by the territories of any CRDN franchisees as of the date of the termination or expiration of this Agreement; or
- (c) A geographic area that is contained in a circle having a radius of twenty (20) miles outward from the borders of the Franchise Territory.

14.2.2 Fairness and Reasonableness. Franchisee acknowledges and agrees that the covenants not to compete set forth in this Article 14 are fair and reasonable and will not impose any undue hardship on Franchisee, or Franchisee's shareholders, members or partners, if Franchisee is a corporation, limited liability company or partnership, since Franchisee, its shareholders, members or partners have other considerable skills, experience and education which afford Franchisee, its shareholders, members or partners the opportunity to derive income from other endeavors.

14.2.3 Exclusion from Covenant. Article 14.2.1 shall not apply to standard retail dry cleaning and/or laundry services that do not comprise part of any services offered or performed in connection with the Franchised Business, including without limitation, CRDN Services. Article 14.2.1 shall also not apply to ownership by Franchisee of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

14.2.4 Remedies. Franchisee acknowledges and agrees that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available and it would be difficult and impractical to calculate and ascertain accurately or definitively the damages which would be sustained by CRDN. Accordingly, in the event of any breach or threatened breach by Franchisee of the terms of the covenants not to compete set forth in Article 14.2.1, Franchisee hereby agrees that CRDN shall have the right to: obtain a temporary restraining order and preliminary and permanent injunctions restraining and enjoining Franchisee from initiating or continuing, directly or indirectly, any breach of any provision of Article 14.2.1; recover all actual damages sustained by CRDN directly or indirectly as a result of any breach of any provision of Article 14.2.1 and the right to obtain a judgment for that amount; and recover all costs and expenses, including reasonable attorneys' fees, incurred in enforcing CRDN's rights and remedies under this Agreement. The foregoing rights and remedies shall be cumulative and not alternative, and shall be in addition to every right and remedy given to CRDN under this Agreement and existing at law or in equity, by statute or otherwise. The election of one or more rights or remedies shall not constitute a waiver of the right to pursue other rights or remedies.

Further, Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from or relating to this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants not to compete set forth in this Agreement.

ARTICLE 15: DISPUTE RESOLUTION

15.1 Mediation. As a condition precedent to filing or asserting any claims in litigation or arbitration (with the exception of any claim for injunctive relief as described herein), the parties to this Agreement shall first submit any dispute arising under this Agreement to non-binding mediation in the county and state in which the Franchisor then maintains its principal place of business. Any party initiating mediation pursuant to this paragraph shall do so through the American Arbitration Association (the “AAA”) or such other neutral third-party administrator as designated by Franchisor should AAA cease to exist. All costs of mediation shall be equally borne by the parties. Each party shall personally appear at mediation. This non-binding mediation shall be a condition precedent for either party to proceed further with litigation, but shall not preclude, stay or otherwise result in a “stand-still” with respect to any petition for equitable relief such as for an injunction or restraining order or to the exercise of either Party’s rights, duties or obligations under the terms of this Agreement. This Article 15 mandating non-binding mediation shall not be applicable to any claim or dispute arising under this Agreement or any other agreement between the parties which solely concern the failure to pay fees or other monetary obligation(s) of either party under said agreement(s).

15.2 Arbitration. Except to the extent that either party seeks temporary or preliminary injunctive or other equitable relief to enforce provisions of this Agreement, and except for any controversy or claim relating to the improper or unauthorized use or ownership of the Marks, the breach of non-competition covenants, or the disclosure or improper or unauthorized use of confidential or proprietary information by Franchisee, all controversies, claims or disputes between Franchisor and Franchisee arising out of or relating to (a) this Agreement or any other agreement between Franchisor and Franchisee, (b) the relationship between Franchisee and Franchisor, or (c) the validity of this Agreement or any other agreement between Franchisor and Franchisee shall be determined by arbitration pursuant to the rules of the AAA and through submission of a demand for arbitration to the AAA. The arbitration shall be conducted at the office of the AAA closest to Franchisor’s principal executive office on the date of such demand, or such other place mutually agreed by the parties. Such arbitration shall be conducted before a single arbitrator, and the determination of the arbitrator shall be final and binding upon all parties concerned. The arbitrator shall issue a reasoned decision, made in accordance with the legal principles applicable to the claims made, within thirty (30) days of the close of the arbitration hearing record. In any arbitration proceeding, Franchisor and Franchisee agree that each must combine all claims, and submit or file any claim which would constitute a compulsory counterclaim within the same proceeding as the claim to which it relates. Any claim not submitted or filed as required is forever barred. The arbitration will be conducted on an individual basis, and no claims may be submitted as class or group actions. The arbitration proceeding may not be consolidated with any other arbitration proceeding between Franchisor and any other person. The arbitrators shall not award punitive or exemplary damages to any party involved, except as permitted by the U.S. Trademark Act of 1946 as amended through the date of that the arbitration record is closed. The submission of evidence in all hearings must

comply with the Federal Rules of Evidence. The Federal Rules of Civil Procedure, as they relate to pretrial discovery, shall apply to the arbitration, except that the arbitrator may establish deadlines and restrictions on discovery as the arbitrator deems reasonable under the circumstance. In all other respects, the rules of the AAA and the United States Arbitration Act shall control. Judgment upon the award rendered by the arbitration may be entered in any court having competent jurisdiction thereof.

15.3 Injunctive Relief. Notwithstanding any provision contained in this Article 15, either party may at its option institute an appropriate court action or actions for temporary, preliminary, or permanent injunctive relief or seeking any other equitable relief against Franchisee in addition to any other rights and remedies provided herein.

15.4 Limitation of Remedies. In no event shall Franchisee be entitled to make, nor shall Franchisee make, any claim, and Franchisee hereby waives any claim for money damages, nor shall Franchisee claim any money damages by way of set-off, counterclaim or defense, based upon any claim or assertion by Franchisee that Franchisor has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by Franchisee under any of the terms of this Agreement. Franchisee's sole remedy for any such claim shall be an action or proceeding to enforce any such provisions, or for specific performance, or declaratory judgment.

FRANCHISEE UNDERSTANDS AND AGREES THAT THESE ARBITRATION PROCEDURES PRECLUDE FRANCHISEE AND CRDN FROM LITIGATING CLAIMS THROUGH COURT OR HAVING A JURY TRIAL ON THAT CLAIM, OR ENGAGING IN PRE-ARBITRATION DISCOVERY EXCEPT AS PROVIDED FOR IN THE ARBITRATION RULES AND ARTICLE 15.2. FURTHER, FRANCHISEE WILL NOT HAVE THE RIGHT TO PARTICIPATE AS A REPRESENTATIVE OR MEMBER OF ANY CLASS OF CLAIMANTS PERTAINING TO ANY CLAIM SUBJECT TO ARBITRATION. THE ARBITRATION DECISION WILL GENERALLY BE FINAL AND BINDING. OTHER RIGHTS THAT FRANCHISEE WOULD HAVE IF FRANCHISEE WENT TO COURT MAY ALSO NOT BE AVAILABLE IN ARBITRATION.

15.5 Costs and Attorney's Fees. In any dispute arising out of this Agreement each party shall be responsible for their own costs and expenses, including reasonable attorneys' fees; provided, however, that any party hereunder failing to comply with Article 15.2 herein, including, but not limited to, failing or refusing to arbitrate a dispute or to abide by the decision of the arbitration panel, and not including the exercise of said party's rights under this Article 15.5, shall be liable to the other party for all costs and attorneys' fees incurred in enforcing the arbitration provisions.

ARTICLE 16: APPROVALS AND WAIVERS

16.1 Written Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor thereof and such approval or consent shall be obtained in writing.

16.2 No Waiver. No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall

constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Waiver by Franchisor of any particular default by Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

ARTICLE 17: NOTICE

All notices, requests, demands and other communications (collectively, a "notice") which are required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and received (a) upon delivery, if personally delivered; (b) upon confirmed transmittal, if by facsimile or email; (c) on the next business day, if sent by a nationally recognized overnight courier and receipted for by the recipient or an agent of the recipient; or (d) three (3) business days after mailing, if mailed by registered or certified United States mail, postage prepaid and return receipt requested, and addressed to the party to whom it is directed, at such party's address set forth below, or to such other address as a party may have furnished to the other party by a notice hereunder:

A. If to Franchisor:

CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC
2060 Coolidge Hwy.
Berkley, MI 48072
Attention: Wayne Wudyka
Telephone: (248) 246-7878
Facsimile: (248) 246-7868
Electronic Mail: wayne.wudyka@crdn.com

With a copy to:

K. Dino Kostopoulos, Esq.
Kostopoulos Law Group, PLLC
1821 W. Maple Rd.
Birmingham, MI 48009
Telephone: (248) 593-0300
Facsimile: (248) 593-0301
Electronic Mail: dkostop@klawgrp.com

B. If to Franchisee:

Attention: _____

Telephone: _____

Facsimile: _____

Electronic Mail: _____

ARTICLE 18: DISCLOSURE STATEMENT AND DISCLAIMER

18.1 Compliance with Applicable Franchising Laws. Franchisee represents and acknowledges (a) that it has received, read and understands the terms of this Agreement and Franchisor's Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed; and (b) that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

18.2 Acknowledgement. Franchisee acknowledges and accepts the following:

THE SUCCESS OF FRANCHISEE IN DEVELOPING, OWNING AND OPERATING A FRANCHISE IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, FRANCHISEE'S INDEPENDENT BUSINESS ABILITY. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE FRANCHISED BUSINESS RESTS SOLELY WITH FRANCHISEE. FRANCHISEE HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY FRANCHISOR TO INDUCE FRANCHISEE TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN OR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT. FRANCHISOR HAS NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL REVENUES, PROFITS OR SERVICES OF THE BUSINESS VENTURE TO FRANCHISEE AND CANNOT, EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER THE ULTIMATE OPERATION OF FRANCHISEE'S BUSINESS. FRANCHISEE ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY FRANCHISOR OR ITS REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN OR THE INFORMATION CONTAINED IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT.

ARTICLE 19: ENTIRE AGREEMENT

19.1 Entire Agreement. This Agreement, the documents referred to herein, and the Exhibits or Addenda hereto, if any, constitute the entire, full, and complete agreement between Franchisor and Franchisee concerning the subject matter thereof, and supersede all prior or contemporaneous agreements, no other representations having induced Franchisee to execute this Agreement. No representations, inducements, promises, or agreements, oral or otherwise, not embodied herein, therein or attached hereto or in Franchisor's Franchise Disclosure Document (unless of subsequent date) were made by either party, and none shall be of any force or effect with reference to this Agreement or otherwise. No amendment, restatement, supplement, change, modification or variance to this Agreement shall be binding on either party unless mutually agreed to by Franchisor and Franchisee and executed by their respective authorized officers or agents in writing.

ARTICLE 20: SEVERABILITY AND CONSTRUCTION

20.1 Severability. Except as expressly provided to the contrary herein, each Article, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any Article, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, Articles, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid Articles, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if Franchisor determines that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, Franchisor, at its option, may terminate this Agreement.

20.2 No Third Party Rights. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person, legal entity or other third party other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated hereinabove, any rights or remedies under or by reason of this Agreement.

20.3 Captions. All captions in the agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provisions hereof.

20.4 References. All references herein to the masculine, feminine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable, and all acknowledgements, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all the parties hereto on behalf of Franchisee.

20.5 Counterparts. This Agreement may be executed in counterparts (including electronic and facsimile counterparts), each of which shall be deemed an original and such counterparts together shall constitute one and the same instrument.

ARTICLE 21: APPLICABLE LAW; VENUE

21.1 Rights Not Exclusive. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

21.2 Injunctive Relief. Nothing herein contained shall bar Franchisor's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee acknowledges that any failure to comply with the terms of this Agreement will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the terms of this Agreement.

21.3 Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor. This Agreement shall be interpreted and construed under the laws of the State of Michigan, which laws shall prevail in the event of any conflict of law, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.). Any action brought by either party relating to this Agreement shall be brought in the appropriate state or federal court located in or serving the state and county (or parish) in which Franchisor maintains its principal place of business at the time any dispute resolution proceeding is commenced by either party; provided, however, the Franchisor may, in the exercise of its reasonable business judgment, seek and obtain injunctive relief the state and county where Franchisee is located. The parties do hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

ARTICLE 22: ACKNOWLEDGEMENTS

22.1 Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee as an independent businessman. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guaranty, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

22.2 Understanding of Agreement. Franchisee acknowledges that it has received, read, and understands the terms of this Agreement and the Exhibits or Addendum hereto, if any, and that Franchisor has fully and adequately explained the provisions of each to Franchisee's satisfaction, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

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FRANCHISEE'S AFFIRMATIONS:

In awarding this Franchise, CRDN relies upon your statements, as affirmed by your initials to the right of each statement, that:

As the Principal Owner, you intend and agree to devote your best efforts to the development and management of your Franchise.

CRDN has not made, nor have you relied on, any representation as to the past or future sales volume or potential profitability, earnings, or income of the Franchised Business, any Regional/National Account Programs, or any other CRDN franchise, other than the information provided in CRDN's Franchise Disclosure Document, to the extent applicable.

You have had the opportunity, and have been encouraged by us, to independently investigate and analyze both the CRDN franchise opportunity and the terms and provisions of this Agreement by contacting any and all of CRDN's franchisees and by utilizing the services of attorneys, accountants, or other advisors as you deem to be necessary.

You are not relying on any representation or statement that CRDN has made regarding the anticipated income, earnings and growth of CRDN, the CRDN Franchise System, or the viability of the CRDN franchise opportunity, including without limitation, any statement regarding income, earnings or growth related to any Regional/National Account Programs.

That, like any other business, the nature of the business conducted by CRDN franchised businesses may, and probably will, evolve over time.

That your abilities and efforts are vital to the success of the Franchised Business and you must operate this business on a full time basis.

That continually securing new Customers is necessary to the Franchised Business and requires you to make consistent and repeated marketing and advertising efforts through a variety of media.

We have certain rights reserved to us to own and operate the CRDN Business and CRDN franchises, to franchise others to operate CRDN franchises, and to otherwise use the Marks and the Franchise System, including (without limitation) in accordance with those certain rights expressly set forth in Article 1.6. of this Agreement.

As expressly set forth in Article 15 of this Agreement, certain disputes, controversies, or claims between us will be submitted to arbitration, and, to the extent permissible by law, you and CRDN both waive rights to, or claims for, any punitive or exemplary damages either party may have against the other party.

You agree that CRDN may sell its assets, Marks, or the Franchise System outright to a third party, may go public, may engage in a private placement of some or all of CRDN's securities, may merge, acquire other corporations, or be acquired by another corporation and/or may undertake a re-financing, re-capitalization, leveraged buyout or other economic or financial restructuring. With regard to any or all of the above sales, assignments, and dispositions, you expressly and specifically agree to provide reasonable closing certificates and other documentation as reasonably requested by us to conclude the transaction.

— —

The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on you, since you have other considerable skills, experience, and education which will afford you the opportunity to derive income from other endeavors.

— —

All information that you have set forth in any and all applications, financial statements, and submissions to us is true, complete, and accurate in all respects, and you expressly acknowledge that CRDN is relying upon the truthfulness, completeness, and accuracy of such information.

— —

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the date stated on the first page hereof.

CERTIFIED RESTORATION DRYCLEANING
NETWORK, LLC, a Michigan limited liability company

By: _____

Name: Wayne M. Wudyka

Its: Chief Executive Officer

PRINCIPAL OWNER

«Principal_Owner_1»

PRINCIPAL OWNER

«Principal_Owner_2»

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_1»

Its: Authorized Representative

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_2»

Its: Authorized Representative

EXHIBIT A –FRANCHISE TERRITORY

EXHIBIT A
TO THE FRANCHISE AGREEMENT
BETWEEN CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC;
«PRINCIPAL_OWNER_1», «PRINCIPAL_OWNER_2»; AND «LLC_OR_CORP»
DATED _____, 201____

The “Franchise Territory” referred to in Articles 1.1 and 3 of the Franchise Agreement will be defined as follows:

Entire County of <_____>, State of <_____> (_ - _)
Entire County of <_____>, State of <_____> (_ - _)
Entire County of <_____>, State of <_____> (_ - _)
Entire County of <_____>, State of <_____> (_ - _)
Entire County of <_____>, State of <_____> (_ - _)
Entire County of <_____>, State of <_____> (_ - _)
Entire County of <_____>, State of <_____> (_ - _)
Entire County of <_____>, State of <_____> (_ - _)
Entire County of <_____>, State of <_____> (_ - _)
Entire County of <_____>, State of <_____> (_ - _)
Entire County of <_____>, State of <_____> (_ - _)

CERTIFIED RESTORATION
DRYCLEANING NETWORK, LLC,
a Michigan limited liability company

By: _____

Name: Wayne M. Wudyka

Its: Chief Executive Officer

PRINCIPAL OWNER

«Principal_Owner_1»

PRINCIPAL OWNER

«Principal_Owner_2»

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_1»

Its: Authorized Representative

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_2»

Its: Authorized Representative

EXHIBIT 2A –PROMISSORY NOTE



Note Amount: \$«Note»

Note Due Date: _____

This promissory note (the “Note”) made and entered into this _____ day of _____, 201____ is executed in accordance with the terms of the Franchise Agreement between Certified Restoration Drycleaning Network, LLC, a Michigan limited liability company (referred to in this Note as “CRDN,” “Franchisor,” “Maker,” “us,” “we,” or “our”), and «LLC_or_Corp» (referred to in this Note as “Franchisee,” “Payee,” “you,” or “your”) executed concurrently with this Note (the “Franchise Agreement”), under which Franchisor granted Franchisee the right to own and operate a franchised business (the “Franchised Business”). FOR VALUE RECEIVED, Franchisee promises to pay to CRDN Investments, LLC, a Michigan limited liability company and affiliate of Franchisor (“Affiliate”), the principal sum of \$«Note» together with interest at an annual percentage rate of ten percent (10%) per year. Capitalized terms used but not defined herein shall have the respective meaning ascribed thereto in the Franchise Agreement.

1. **Franchisee Obligations.**

- A. Payment Terms.** The principal and interest shall be paid in equal monthly installments. The first installment shall be due via electronic funds transfer (“EFT”) on the first of the month following the successful completion of the Initial Training, as set forth in Article 7 of the Franchise Agreement, and thereafter monthly installments will be due on the first day of each successive month until the principal and interest due under this Note have been paid in full. Provided however, that the entire principal balance together with all accrued interest thereon shall be due and payable on or before twelve (12) months following the payment of the first installment, anything herein to the contrary notwithstanding. Monthly installments shall be applied first upon interest and the balance upon principal. Should any monthly installment not be paid when due, then the whole sum of the remaining principal and interest shall become due immediately and payable without notice or demand at the option of the holder of this Note.
- B. No Prepayment Penalty.** This Note may be prepaid in full at any time without restriction or penalty.
- C. Purpose.** The undersigned hereby confirms that the proceeds of this Note will be used for the business purpose of starting up and operating the Franchised Business.

D. Enforcement Costs. In the event that the undersigned should default under this Note, and legal proceedings are commenced to collect the indebtedness evidenced hereby, the undersigned agrees to pay all costs and expenses, including reasonable attorney fees, incurred in the collection of this Note.

E. Transfer. Should Franchisee transfer or assign their franchise rights to a third party, in accordance with Article 12 of the Franchise Agreement, prior to the pay-off of this Note, said Note must be paid in full before Franchisor, will approve such transfer or assignment.

F. Security Interest. Franchisee grants to each of CRDN and Affiliate a security interest in all personal property, inventory, equipment, appliances, signage, furnishings, and fixtures now or hereafter used in carrying out of the Franchised Business. The Security Interest shall secure the payment and performance of Franchisee under this Note and the payment and performance of all other liabilities and obligations of Franchisee to CRDN and Affiliate, as applicable, of every kind and description, direct or indirect, absolute or contingent, due or to become due now existing or hereafter arising. Additionally, Franchisee grants to each of CRDN and Affiliate a security interest in all accounts, drafts, acceptances, and other forms of receivables, and all rights of Franchisee earned under contracts to render services.

2. Default. In the event that any of the requirements set forth in this Note are not indefeasibly paid, performed or satisfied in a timely fashion or Franchisee fails to comply with any of the terms of the Franchise Agreement or any other agreement entered into between CRDN (or Affiliate) and Franchisee, Franchisee shall be deemed in default under this Note, the Franchise Agreement and any other agreement entered into between CRDN (or Affiliate) and Franchisee, CRDN (or Affiliate, as applicable) shall have the right, at its option, without notice of any kind to Franchisee to: (a) declare any obligations, due and owing under the Note, Franchise Agreement and/or any other agreement entered into between CRDN (or Affiliate) and Franchisee, to be due and owing immediately; (b) terminate the Franchise Agreement and/or any other agreement entered into between CRDN (or Affiliate) and Franchisee; and (c) pursue any and all rights and remedies available under the Note, Franchise Agreement and/or any other agreement entered into between CRDN (or Affiliate) and Franchisee, at law, in equity or otherwise with respect to the owed sums (and/or any other obligations due under the Note or Franchise Agreements). In addition, in the event of a Note default, Franchisee shall be deemed to have surrendered any and all rights to the Franchised Business and the Franchise Territory and CRDN shall be authorized to assign and award the Franchise Territory to any other franchisee of its choosing.

3. Personal Guaranties. In consideration of and as an inducement to Franchisor signing and delivering this Note, each Principal Owner of Franchisee, [Principal Owner 1] and [Principal Owner 2] (each, a "Guarantor", and collectively, the "Guarantors") personally signing this Note personally and unconditionally: (a) guarantees to each of Franchisor and Affiliate and their respective successors and assigns that the Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in this Note; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in this Note and any other agreement entered into between Franchisor (or Affiliate) and Franchisee (collectively, the "Guaranty").

- A. Consent and Agreement.** Each Guarantor consents and agrees that (a) such Guarantor's direct and immediate liability under the Guaranty is joint and several; (b) such Guarantor must render any payment or performance required under the Franchise Agreement upon demand if the Franchisee fails or refuses punctually to do so; (c) such Guarantor's liability will not be contingent or conditioned upon Franchisor's (or Affiliate's, if applicable) pursuit of any remedies against the Franchisee or any other person; (d) such Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor (or Affiliate's, if applicable) may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence shall in any way modify or amend this Note or the Guaranty; and (e) the Guaranty will continue and is irrevocable during the term of the Franchise Agreement and, if required by the Franchise Agreement, after its termination or expiration.
- B. Acknowledgments.** Franchisor, Affiliate, and their respective successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the liabilities of Franchisee to Franchisor (or Affiliate) (the "Liabilities"), whether or not it or their successors have resorted to any property securing any of the Liabilities or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the Liabilities; (b) release or compromise any liability of any of the undersigned hereunder or any liability of any party or parties primarily or secondarily liable on any of the Liabilities; (c) extend, renew or credit any of the Liabilities for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the Liabilities; or (e) give any other form of indulgence, whether under this Note, the Franchise Agreement or otherwise. Each of the undersigned agrees to comply with and abide by the restrictive covenants and nondisclosure provisions contained in the Franchise Agreement and any exhibit or attachment thereto, as well as the provisions in the Franchise Agreement relating to the Marks, to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions, except to the extent otherwise required by the Franchise Agreement. The obligations of the undersigned shall survive any expiration or termination of the Franchise Agreement, this Note or the Guaranty.
- C. Enforcement Costs.** If Franchisor is required to enforce the Guaranty in any judicial or arbitration proceeding or any appeals, each Guarantor must reimburse Franchisor (or Affiliate) for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the Guaranty.
- D. Effectiveness.** Each of the Guarantor's obligations under the Guaranty are effective on the effective date of the Franchise Agreement, regardless of the actual date of signature. Each Guarantor irrevocably submits to the jurisdiction and venue of the state and federal courts located in the State of Michigan.

4. **Miscellaneous.**

- A. Waiver.** Payee waives demand for payment, presentment, notice of dishonor, and protest of this Note and consents to any extension or postponement of time of its payment, to any substitution, exchange, or release of all or any part of any security given to secure this Note, to the addition of any party, and to the release, discharge, waiver, modification, or suspension of any rights and remedies against any person who may be liable for the indebtedness evidenced by this Note. Moreover, each Guarantor hereof hereby waives: (a) acceptance and notice of acceptance by Franchisor (or Affiliate) of each of the Payee's and the Guarantor's obligations under this Note and the Guaranty, as applicable; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by any Guarantor; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Guarantor; (d) any right such Guarantor may have to require that an action be brought against the Franchisee or any other person as a condition of the Payee's or any Guarantor's liability; (e) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against the Franchisee arising as a result of such Guarantor's execution of and performance under the Guaranty; and (f) all other notices and legal or equitable defenses to which Payee may be entitled, or any Guarantor may be entitled in such Guarantor's capacity as guarantor.
- B. Governing Law.** The terms of this Note, including the Guaranty, shall be governed by and construed in accordance with the laws of the State of Michigan, without giving effect to the principles of conflicts of law thereof.
- C. Assignment.** Franchisor may assign sell, transfer or encumber its rights under this Note without Franchisee's prior consent. Any such assignment, sale, transfer, or encumbrance by Franchisor shall relieve Franchisor of its liability to Franchisee under the terms of this Note.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Note on the date stated on the first page hereof.

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_1»

Its: Authorized Representative

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_2»

Its: Authorized Representative

PRINCIPAL OWNER

«Principal_Owner_1»
In his personal capacity

PRINCIPAL OWNER

«Principal_Owner_2»
In his personal capacity

EXHIBIT B – INITIAL PACKAGE

EXHIBIT B
TO THE FRANCHISE AGREEMENT
BETWEEN CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC;
«PRINCIPAL_OWNER_1», «PRINCIPAL_OWNER_2»; AND «LLC_OR_CORP»
DATED _____, 201____
INITIAL PACKAGE

Quantity	Item*
	<i>Supplies</i>
25 sheets	CRDN Address Labels
25	Memo Pads
100	Thank You Notes
	Bag Tags
120	File Folders
5 sets	Black Pens and Black Spiral Notebooks
4	Coffee Mugs
80	Pickup Bags
20	Rush Pickup Bags
4	Special Items Bags
1	Allowance for Delivery Vehicle Graphics
4	Cases Garment Covers
1	Case CRDN Logo Tape (24 rolls)
500	Box Labels
2	Floor Runner with Logo
12	Flat Packs of Hand Wipes
	<i>Technology</i>
1	Propriety Franchise Management Software License
	Xactimate Interface**
	<i>Sample Marketing Materials</i>
10	Complete Homeowner Folders with Brochures
10	Complete Adjuster Folders with Brochures
40	Complete Contractor Folders with Brochures
	<i>Marketing Materials</i>
500	CRDN Pocket Folders
250	Adjuster Brochures
250	Contractor Brochures
250	Homeowner Brochures
250	Catalog Envelopes
250	#10 Envelopes
500	Business Cards

Quantity	Item*
540	Sheets of Letterhead (40 sheets are printed for you by us to hold you over until your order with the printer is complete)
20	Certificates of Guarantee
	Uniforms
2	Certified Restoration Drycleaning Network Polo Shirts
2	Certified Restoration Drycleaning Network Dress Shirts
1	Certified Restoration Drycleaning Network Blue Hat
2	Certified Restoration Drycleaning Network White Hats
1	\$1,000 Convention Allowance to be used for registration fees***
	Manuals:****
1	Operations Manual (may be distributed electronically)
	Forms
500	Work Authorization Forms (duplicate)
100	Work Authorization Forms – USAA (duplicate)
500	Fur and leather forms (duplicate)
3,000	Inventory Form (duplicate)

**In the event any item above becomes unavailable, we will provide you with alternative items of equal or greater value and inform you of same.*

*** Included as part of your payment for the Initial Package is an “Initial License Fee”. You are obligated to pay additional fees related to the Current Franchise Management Software License.*

**** This allowance is to be used for the next scheduled CRDN Convention or CRDN Regional Meeting (whichever is applicable) after the execution date of this Franchise Agreement. This allowance will not carry over to future CRDN Conventions or CRDN Regional Meetings. If your expenses are less than \$1,000, the difference will be rebated to you. The allowance cannot be used to offset any other expenses or requirements associated with your Franchised Business and if you do not attend the convention or regional meeting, it will not be refunded to you.*

*****All manuals referenced herein will be provided in hard copy or electronic form either prior to or upon completion of Initial Training.*

SIGNATURE PAGE FOLLOWS

CERTIFIED RESTORATION
DRYCLEANING NETWORK, LLC,
a Michigan limited liability company

By: _____

Name: Wayne M. Wudyka

Its: Chief Executive Officer

PRINCIPAL OWNER

«Principal_Owner_1»

PRINCIPAL OWNER

«Principal_Owner_2»

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_1»

Its: Authorized Representative

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_2»

Its: Authorized Representative

EXHIBIT C – SOFTWARE LICENSE AGREEMENT

EXHIBIT C
TO THE FRANCHISE AGREEMENT
BETWEEN CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC;
«PRINCIPAL_OWNER_1», «PRINCIPAL_OWNER_2»; AND «LLC_OR_CORP»

DATED _____, 201__

This FRANCHISE MANAGEMENT SOFTWARE LICENSE AGREEMENT (this “Agreement”) made and effective as of _____, 201_, between CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC, a Michigan limited liability company, having its principal office at 2060 Coolidge Hwy, Berkley, Michigan 48072 (“CRDN”), grants a renewable license (“License”) to «Principal_Owner_1», «Principal_Owner_2», and «LLC_or_Corp» (collectively, “Licensee”), upon the terms set forth in this Agreement and subject to all the terms of a Franchise Agreement between CRDN and Licensee. Unless defined herein, all defined terms shall have the meaning ascribed to them in the Franchise Agreement between CRDN and Licensee, executed contemporaneously with this Agreement.

License Grant: CRDN grants to Licensee a renewable non-exclusive, non-transferable limited license to use the CRDN Franchise Management Software system (the “Software System”), and all subsequent upgrades, on Licensee’s computer. This License does not extend to other parties, even if they use the same computer. CRDN reserves the right in its sole discretion to issue new modules, including without limitation, any upgrades, updates, new versions of software, available features, and other modifications, which may be separately licensed and cost a fee not to exceed \$2,500.00. If CRDN issues new modules, notice will be made in accordance with Article 11.2 and you will have sixty (60) days upon receipt of such notice to remit payment to CRDN.

Payment and Fees:

Initial License Fee. Licensee shall, upon execution of this Agreement, pay an “Initial License Fee” of \$5,700, which is included in the \$13,000 Initial Package Fee.

Fees. During the term of this Agreement, Licensee (after the commencement of the Franchised Business), shall pay CRDN the following recurring fees:

- (a) a weekly license fee (the “Weekly Fee”). The amount of the Weekly Fee may change from time to time, at the discretion of CRDN and implemented through amendments or revisions to CRDN’s Operations Manual. The Weekly Fee will be paid on a weekly basis and invoiced to Licensee in the same manner as the Royalty, Fund and other fees are invoiced to Licensee by CRDN.

a per-job fee (the “Per-Job Fee”) for the operation and monitoring of Licensee’s inventory of jobs, calendaring each job’s progress, and other matters as developed by CRDN from time to time. The amount of the Per-Job Fee may change from time to time, at the discretion of CRDN and implemented through amendments or revisions to CRDN’s Operations Manual. The current

Per-Job fee \$7.50 for each job entered into our current proprietary software system and an additional \$17.50 for any jobs received through CRDN's website. The Per-Job Fee will be invoiced by CRDN within seven (7) days following the entry of each job into the Software System and will be paid immediately following receipt of the invoice. Licensee shall pay the Weekly Fee and the Per-Job Fee by Electronic Funds Transfer ("EFT"). Licensee authorizes CRDN to take the Weekly Fee and Per-Job Fee by means of EFT at the same time as the Royalty and other fees due from Licensee to CRDN are paid. If the Weekly Fee is modified by CRDN, CRDN will provide Licensee with thirty (30) days notice of the change prior to implementation. Failure to make any payment shall result in the immediate termination of this License.

Title: Title to the Software shall remain with CRDN.

Term: This License is a quarterly license. Unless terminated by CRDN at the end of any calendar quarter, the License shall automatically renew each quarter and shall remain in effect throughout the Term (including any Successor Terms) of the Franchise Agreement between CRDN and Licensee.

Copies and Listings: Licensee shall not copy or reverse-engineer the Software System in whole or in part, nor shall it permit other parties to do so.

Protection of the Software System: Licensee agrees not to make available to any party the Software System or any of its parts. Licensee agrees to take appropriate action with its employees and any other parties to obtain assurances of non-disclosure consistent with this Agreement. Licensee recognizes that the Software System is CRDN copyrighted property, represents a large investment of human and financial resources by CRDN, is a trade secret of CRDN, and is confidential information. Licensee agrees to keep the Software System, and all related materials, confidential. Licensee will use its best efforts, including any reasonable security precautions as CRDN may request, to insure that the proprietary rights of CRDN are preserved to the fullest extent possible under the law. In addition to the right to terminate this Agreement, CRDN shall be entitled to seek appropriate injunctive relief in the event of any violation of the confidentiality of its copyrighted materials, and to bring an action at law where appropriate.

1. Assignment and Sub-Licensing: This License shall not be assigned or sub-licensed by Licensee, except with the prior, specific written consent of CRDN.
2. Warranty: CRDN warrants that the Software System, when delivered to Licensee, shall be free from material defects and shall conform to the program documentation. Licensee acknowledges that the Software System is of such complexity that it may have certain defects when delivered. Licensee agrees that the sole liability of CRDN shall be to correct program errors in the Software System, and not to correct problems due to the hardware upon which the Software System is operated, interaction with other non-standard software, or incorrect handling or employment of the Software System by Licensee. All warranties extend only to the Licensee.

THE ABOVE WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, STATUTORY OR OTHERWISE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT

LIMITED TO, ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

3. Limitation of Liability; Limitation of Actions: CRDN SHALL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS FROM ANY CAUSE ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE SOFTWARE SYSTEM, NOR FOR ANY CLAIM OR DEMAND BY OR AGAINST LICENSEE. No action arising out of the transactions under this Agreement may be brought by either party more than one (1) year after the cause of action has occurred. Additionally, any cause of action for improper use, transfer, sub-licensing, or disclosure of the Software System or materials may be brought within one (1) year of the date when CRDN shall have actual knowledge thereof. In the event CRDN must institute suit to enforce the terms and conditions of this Agreement, Licensee shall pay reasonable attorneys fees and costs incurred by CRDN.
4. Termination by CRDN: The parties agree that any of the following events shall be considered to be a default under the terms of this Agreement, shall entitle CRDN to terminate this Agreement and any other agreement entered into between Licensee and CRDN, including the Franchise Agreement, and shall authorize CRDN to immediately terminate Licensee's access to the Software System:
 - a. The termination or expiration of the Franchise Agreement for any reason;
 - b. Licensee fails to make any required payments under this Agreement or under the Franchise Agreement to CRDN in full or on time;
 - c. Licensee fails to comply with any covenants, terms or conditions of this Agreement;
 - d. Licensee fails to comply with any covenants, terms or conditions of the Franchise Agreement; or
 - e. Licensee disposes, licenses, or transfers the Software System, other than strictly in accordance with the terms of this Agreement.

Upon termination of this Agreement or the Franchise Agreement, Licensee shall immediately deliver to CRDN the Software System, and copies of the Software System, and related materials in its possession.

Miscellaneous: In the event that any part of this Agreement shall be found to be unenforceable, such findings shall not invalidate the other parts of this Agreement. This Agreement, the Franchise Agreement and the other documents referenced therein constitute the entire understanding of the parties with respect to the subject matter thereof, and supersede all prior or contemporaneous agreements or understanding between the parties, whether oral or written, regarding the subject matter thereof. This Agreement shall be construed in accordance with the laws of the State of Michigan, and shall be deemed to have been made in the State of Michigan. This Agreement may not be amended, restated, supplemented, changed or modified, except by a written agreement signed by CRDN and Licensee.

CERTIFIED RESTORATION
DRYCLEANING NETWORK, LLC,
a Michigan limited liability company

By: _____

Name: Wayne M. Wudyka

Its: Chief Executive Officer

PRINCIPAL OWNER

«Principal_Owner_1»

PRINCIPAL OWNER

«Principal_Owner_2»

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_1»

Its: Authorized Representative

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_2»

Its: Authorized Representative

EXHIBIT D – TELEPHONE LISTING AGREEMENT

EXHIBIT D
TO THE FRANCHISE AGREEMENT
BETWEEN CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC;
«PRINCIPAL_OWNER_1», «PRINCIPAL_OWNER_2»; AND «LLC_OR_CORP»
DATED _____, 201__

This TELEPHONE LISTING AGREEMENT (this "Agreement"), is made and entered into as of _____, 201__ in accordance with the terms of the Franchise Agreement between CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC, a Michigan limited liability company, ("FRANCHISOR") «Principal_Owner_1», «Principal_Owner_2», and «LLC_or_Corp» (collectively, "FRANCHISEE") executed concurrently with this Agreement, under which FRANCHISOR granted FRANCHISEE the right to own and operate a franchised business (the "Franchised Business"). FRANCHISEE, for value received, hereby agrees with FRANCHISOR that all of FRANCHISEE'S right, title, and interest in and to those certain telephone numbers, including any "1-800" phone numbers, and regular, classified, or other telephone directory listings (collectively, the "Telephone Numbers and Listings") associated with FRANCHISOR'S trade and service marks and used from time to time in connection with the operation of the Franchised Business, shall be promptly transferred to the FRANCHISOR, upon termination or expiration of the Franchise Agreement.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), it is agreed and acknowledged that as between FRANCHISOR and FRANCHISEE, title or interest in the Telephone Numbers and Listings, directly or indirectly, will be assigned to the FRANCHISOR. FRANCHISEE shall forward all calls made to the Telephone Numbers and Listings to a number designated by FRANCHISOR. FRANCHISEE shall cooperate to the fullest extent possible to transfer the Telephone Numbers and Listings to FRANCHISOR or FRANCHISOR'S designate. Further, the FRANCHISEE will not seek to utilize, directly or indirectly, call forwarding messages of any nature, or otherwise seek to take advantage of the goodwill and/or marketing advantage associated with the Telephone Numbers and Listings. It is further agreed and understood, FRANCHISEE will remain liable to the telephone company for all past due fees owing to the telephone company on or before the effective date of the cancellation hereunder.

FRANCHISEE appoints FRANCHISOR as FRANCHISEE'S true and lawful attorney-in-fact to direct the telephone company to assume the Telephone Number and Listing, and execute such documents and take such actions as may be necessary to effectuate the transfer or the Telephone Numbers and Listings to FRANCHISOR or its designate.

The parties further agree that if the telephone company requires that the parties execute the telephone company's change forms or other documentation at the time of transfer, FRANCHISOR'S execution of such forms or documentation will effectuate FRANCHISEE'S consent and agreement to the change. The parties finally agree they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the transfer described herein, upon termination or expiration of the Franchise Agreement.

CERTIFIED RESTORATION
DRYCLEANING NETWORK, LLC,
a Michigan limited liability company

By: _____

Name: Wayne M. Wudyka

Its: Chief Executive Officer

PRINCIPAL OWNER

«Principal_Owner_1»

PRINCIPAL OWNER

«Principal_Owner_2»

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_1»

Its: Authorized Representative

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_2»

Its: Authorized Representative

EXHIBIT E – DISCLOSURE ACKNOWLEDGMENT STATEMENTS

EXHIBIT E
TO THE FRANCHISE AGREEMENT
BETWEEN CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC;
«PRINCIPAL_OWNER_1», «PRINCIPAL_OWNER_2»; AND «LLC_OR_CORP»
DATED _____, 201____

To be completed by each signatory to the Franchise Agreement.

<PRINCIPAL OWNER 1>

Through the use of this document, we desire to ascertain that you understand and comprehend that the purchase of a CRDN franchise is a business decision, complete with its associated risks, and that it is the policy of Certified Restoration Drycleaning Network, LLC (“CRDN”) to verify that you are not relying upon any oral statement, representations, promises, or assurances during the negotiations for the purchase of the franchise which have not been authorized by CRDN.

1. I recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including my skills and abilities, the hours I work, the competition, interest rates, the economy, inflation, business location, operation costs, lease terms, and costs and the market place. I hereby acknowledge my willingness to undertake these risks.
2. I acknowledge receipt of the CRDN Franchise Disclosure Document and Exhibits. I acknowledge that I have had the opportunity to personally and carefully review these documents. Furthermore, I have been advised to seek professional assistance, to have professionals review the documents, and to consult with other Franchisees regarding the risks associated with the purchase of the franchise.
3. I agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representations, assurances, warranties, guarantees, or promises made by CRDN or any of its officers, employees, or agents (including any franchise broker). I further acknowledge that I have not received any information from CRDN or any of its officers, employees, or agents (including any franchise brokers) concerning actual, average, projected, or forecasted franchise sales, profits, or earnings, other than that which is contained in Item 19 of the Franchise Disclosure Document.
4. I agree and hereby waive any claim for consequential, incidental or punitive and exemplary damages against CRDN or its officers, employees or representatives.
5. I agree and acknowledge that I (a) have had an opportunity to review the terms of this agreement prior to signing; (b) have had the opportunity to consult with any person of my choice regarding the terms of the Franchise Agreement or any related agreements; (c) understand the terms of the Franchise Agreement and related agreements; (d) have not relied upon any representation of any person, other than as expressly stated herein, in reaching my decision to enter into the Franchise Agreement, or any related agreements; and (e) have entered into such agreements voluntarily.

If I believe that I have received any information concerning actual, average, projected, or forecasted franchise sales, profits, or earnings, I will describe them in the space below. If no information concerning actual, average, projected, or forecasted franchise sales, profits, or earnings, other than those contained in Item 19 of the Disclosure Document, have been received, ***please write "None."*** _____

ACKNOWLEDGED BY:

«Principal_Owner_1»

Date: _____

DISCLOSURE ACKNOWLEDGEMENT STATEMENT

<PRINCIPAL OWNER 2>

Through the use of this document, we desire to ascertain that you understand and comprehend that the purchase of a CRDN franchise is a business decision, complete with its associated risks, and that it is the policy of Certified Restoration Drycleaning Network, LLC ("CRDN") to verify that you are not relying upon any oral statement, representations, promises, or assurances during the negotiations for the purchase of the franchise which have not been authorized by CRDN.

1. I recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including my skills and abilities, the hours I work, the competition, interest rates, the economy, inflation, business location, operation costs, lease terms, and costs and the market place. I hereby acknowledge my willingness to undertake these risks.
2. I acknowledge receipt of the CRDN Franchise Disclosure Document and Exhibits. I acknowledge that I have had the opportunity to personally and carefully review these documents. Furthermore, I have been advised to seek professional assistance, to have professionals review the documents, and to consult with other Franchisees regarding the risks associated with the purchase of the franchise.
3. I agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representations, assurances, warranties, guarantees, or promises made by CRDN or any of its officers, employees, or agents (including any franchise broker). I further acknowledge that I have not received any information from CRDN or any of its officers, employees, or agents (including any franchise brokers) concerning actual, average, projected, or forecasted franchise sales, profits, or earnings, other than that which is contained in Item 19 of the Franchise Disclosure Document.
4. I agree and hereby waive any claim for consequential, incidental or punitive and exemplary damages against CRDN or its officers, employees or representatives.
5. I agree and acknowledge that I (a) have had an opportunity to review the terms of this agreement prior to signing; (b) have had the opportunity to consult with any person of my choice regarding the terms of the Franchise Agreement or any related agreements; (c) understand the terms of the Franchise Agreement and related agreements; (d) have not relied upon any representation of any person, other than as expressly stated herein, in reaching my decision to enter into the Franchise Agreement, or any related agreements; and (e) have entered into such agreements voluntarily.

If I believe that I have received any information concerning actual, average, projected, or forecasted franchise sales, profits, or earnings, I will describe them in the space below. If no information concerning actual, average, projected, or forecasted franchise sales, profits, or earnings, other than those contained in Item 19 of the Disclosure Document, have been received, ***please write "None."*** _____

ACKNOWLEDGED BY:

«Principal_Owner_2»

Date: _____

EXHIBIT F – BUSINESS ORGANIZATION

EXHIBIT F
TO THE FRANCHISE AGREEMENT
BETWEEN CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC;
«PRINCIPAL_OWNER_1», «PRINCIPAL_OWNER_2»; AND «LLC_OR_CORP»

DATED _____, 201__

This form must be completed by Franchisee Entity, «LLC_or_Corp», if it is comprised of multiple owners or if it is owned by a business organization (like a corporation, partnership or limited liability company). Capitalized terms used and not defined herein shall have the respective meaning ascribed to such terms in that certain Franchise Agreement dated as of _____, 201__ (the “Franchise Agreement”), between Certified Restoration Drycleaning Network, LLC, a Michigan limited liability company (“CRDN”), and «Principal_Owner_1», «Principal_Owner_2» (individually, and collectively if more than one, “Principal Owner”); and «LLC_or_Corp» (collectively, “Franchisee”).

1. **Form of Entity.** The Franchisee Entity is (check one):

- | | | |
|-----|---------------------------|-----|
| (a) | General Partnership | [] |
| (b) | Corporation | [] |
| (c) | Limited Partnership | [] |
| (d) | Limited Liability Company | [] |
| (e) | Other | [] |
- Specify: _____

2. **Entity Formation.** Franchisee Entity was incorporated or formed on _____, _____ under the laws of the State of _____. Franchisee has not conducted business under any name other than the corporate, limited liability company or partnership name of the Franchisee Entity. Franchise Owner warrants that the Franchisee Entity is capable of meeting any and all requirements set forth herein and in the Franchise Agreement on a primary basis, including the retention and maintenance of all requisite insurance, licenses, etc.

3. **Owners and Managers of Franchisee Entity.**

Ownership. As set forth in the Franchise Agreement, all persons with an ownership interest in the Franchisee Entity must also sign as and be included in the definition of Principal Owner under the Franchise Agreement. The following list includes the full name and mailing address of each person who has an ownership interest in the Franchisee Entity one of your owners and fully describes the nature of each owner’s interest.

<u>Owner's Name, Address, Phone Number and Email Address:</u>	<u>Percentage of Interest (or other explanation)</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

If there are multiple individuals signing as Principal Owner, the following individual from the list above shall be deemed the primary contact:

Name: _____

Management. The following is a list of all persons who have management rights and powers (e.g., officers, managers, etc.) and their positions are listed below:

<u>Name of Person</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

4. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.) of Franchisee Entity, «LLC_or_Corp».

5. **Assumed Name.** Franchisee acknowledges and agrees that it must operate the Franchised Business under and using the DBA, as defined in the Franchise Agreement, and must take all actions necessary to comply with all obligations and requirements related thereto as set forth in the Franchise Agreement without further consideration.

6. **Authorization and Acknowledgments.** Each individual signing below as Principal Owner hereby represents and warrants that he/she is authorized to execute and deliver this Exhibit and the Franchise Agreement on behalf of the Franchisee Entity.

Franchisee hereby acknowledges that CRDN is relying on these representations as a material basis for entering into the Franchise Agreement, and that the information set forth above is true and correct. Franchisee also hereby acknowledges that CRDN has the right to inspect and review all information provided herein, including any attachments and/or documentation required to be submitted, and that CRDN may refuse to award Franchisee the Franchised Business and/or execute the Franchise Agreement based upon such inspection and review.

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_1»

Its: Authorized Representative

FRANCHISEE ENTITY: «LLC_or_Corp»

By: _____

«Principal_Owner_2»

Its: Authorized Representative

EXHIBIT G – GUARANTY

EXHIBIT G
TO THE FRANCHISE AGREEMENT
BETWEEN CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC;
«PRINCIPAL_OWNER_1», «PRINCIPAL_OWNER_2»; AND «LLC_OR_CORP»
DATED _____, 201__

This Guaranty must be signed by each owner (referred to as :"Guarantor") of «LLC_or_Corp» (the "Franchisee Entity") pursuant to the terms of that certain Franchise Agreement dated _____, 201__ (the "Franchise Agreement") with Certified Restoration Drycleaning Network, LLC ("Franchisor").

1. Scope of Guaranty. In consideration of and as an inducement to Franchisor signing and delivering the Franchise Agreement, each Guarantor signing this Guaranty personally and unconditionally: (a) guarantees to Franchisor and its successors and assigns that the Franchisee Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement and any other agreement entered into between Franchisor and Franchisee Entity; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement and any other agreement entered into between Franchisor and Franchisee Entity.

2. Waivers. Each Guarantor waives: (a) acceptance and notice of acceptance by Franchisor of Guarantor's obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by Guarantor; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Guarantor; (d) any right Guarantor may have to require that an action be brought against the Franchisee Entity or any other person as a condition of Guarantor's liability; (e) all rights to payments and claims for reimbursement or subrogation which Guarantor may have against the Franchisee Entity arising as a result of Guarantor's execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which Guarantor may be entitled in Guarantor's capacity as guarantor.

3. Consents and Agreements. Each Guarantor consents and agrees that (a) Guarantors' direct and immediate liability under this Guaranty are joint and several; (b) Guarantor must render any payment or performance required under the Franchise Agreement upon demand if the Franchisee Entity fails or refuses punctually to do so; (c) Guarantor's liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against the Franchisee Entity or any other person; (d) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence shall in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Franchise Agreement and, if required by the Franchise Agreement, after its termination or expiration.

4. Acknowledgments. Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the liabilities of Franchisee Entity to Franchisor (the "Liabilities"), whether or not it or its successors have resorted to any property securing any of the Liabilities or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the Liabilities: (b) release or compromise any liability of any of the undersigned hereunder or any liability of any party or parties primarily or secondarily liable on any of the Liabilities: (c) extend, renew or credit any of

the Liabilities for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the Liabilities; or (e) give any other form of indulgence, whether under the Agreement or not. Each of the undersigned agrees to comply with and abide by the restrictive covenants and nondisclosure provisions contained in the Franchise Agreement and any attachment thereto, as well as the provisions in the Franchise Agreement relating to the Marks, to the same extent as and for the same period of time as Franchisee Entity is required to comply with and abide by such covenants and provisions, except to the extent otherwise required by the Franchise Agreement. These obligations of the undersigned shall survive any expiration or termination of the Franchise Agreement or this Guaranty.

5. Enforcement Costs. If Franchisor is required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, Guarantor must reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

6. Effectiveness. Guarantor's obligations under this Guaranty are effective on the effective date of the Franchise Agreement, regardless of the actual date of signature. Capitalized terms used but not defined in this Guaranty shall have the respective meaning ascribed to such terms in the Franchise Agreement. This Guaranty is governed by law of the principal place of business of the Franchisor and Franchisor may enforce its rights regarding it in the courts in the jurisdiction of the Franchisor's principal place of business. Each Guarantor irrevocably submits to the jurisdiction and venue of such courts.

Each Guarantor now signs and deliver this Guaranty effective as of the date of the Franchise Agreement regardless of the actual date of signature.

GUARANTORS (include Name, Address, Telephone and Social Security Number for each Guarantor)

Name: «Principal_Owner_1» _____
Signature _____
Address _____
City/State/Zip _____
Phone _____
Social Security Number _____

Name: «Principal_Owner_2» _____
Signature _____
Address _____
City/State/Zip _____
Phone _____
Social Security Number _____
Name: _____
Signature _____

Address _____
City/State/Zip _____
Phone _____
Social Security Number _____

Name: _____
Signature _____
Address _____
City/State/Zip _____
Phone _____
Social Security Number _____

EXHIBIT H – STATE ADDENDUM (if applicable)

EXHIBIT C. FRANCHISE CONTACT INFORMATION

C-1

Territory State	Business Name	Legal Entity	Owner 1	Owner 2	Address	Phone
AL	CRDN of Montgomery and Central Alabama	Jim Massey, Inc.	James Massey, III	n/a	531 E. South Street, Montgomery, AL 36104	888-760-2198
AL	CRDN of Northern Alabama	Alabama Garment Restoration, Inc.	C. Ray Smith III,	Miles Parker Smith	207 Yorkshire Dr., Homewood, AL 35209	888-455-9555
AL	CRDN of Birmingham	DW Cleaners, LLC dba Champion Cleaners	David Whitehurst	n/a	2548 Rocky Ridge Rd., Birmingham, AL35243	205-588-4123
AR	CRDN of the Ark-La-Tex	Buckeye Cleaners, Inc.	William S. Crouch	Kelley R. Crouch	2720 Fox Trail, Texarkana, AR 71854	903-793-0560
AR	CRDN of NW Arkansas	Ryan Swonger, LLC	Ryan Swonger	n/a	81 S. Church, Fayetteville, AR 72701	479-263-0541
AZ	CRDN of Arizona	Bell Drapery Cleaners, Inc.	Michael S. Jordan	n/a	2502 N. 7th St., Phoenix, AZ 85006	602-254-2205
AZ	CRDN of Arizona	Bell Drapery Cleaners, Inc.	Michael S. Jordan	n/a	2502 N. 7th St., Phoenix, AZ 85006	602-254-2205
CA	CRDN of Central California	Carmel Consolidated Investment Inc.	Christopher Beaston	Kenneth A. Beaston	4747 Jacquelyn, Fresno, CA 93722	559-277-2736
CA	CRDN of Central California	Carmel Consolidated Investment Inc.	Christopher Beaston	Kenneth A. Beaston	4747 Jacquelyn, Fresno, CA 93722	559-277-2736
CA	CRDN of the Greater Bay Area	Dutch Enterprises, Inc.	Steven H. Depper	n/a	2094 Mt. Diablo Blvd., Walnut Creek, CA 94596	925-356-2234
CA	CRDN of the Greater Bay Area	Dutch Enterprises, Inc.	Steven H. Depper	n/a	2094 Mt. Diablo Blvd., Walnut Creek, CA 94596	925-356-2234
CA	CRDN of San Diego County	Ponto Associates, Inc.	Brent Melbye	Robert Sommers	2221 Las Palmas, Carlsbad, CA 92009	760-707-9136
CA	CRDN of Orange County and Eastern LA	Kona Cleaners, Inc.	Bhavin Patel (Bobby)	n/a	333 E. 17th St. #11, Costa Mesa, CA 92627	714-393-1440
CA	CRDN of LA County North	CRDN of LA County North, Inc.	Riyaz H Rangwala	Cynthia L. Rangwala	429 E. Tujunga Ave., Apt. 105, Burbank, CA 91501	818-590-2416
CA	CRDN of Inland Empire	CRDN of Inland Empire Management, Inc.	Hiten D. Shah	Priti H. Shah	8755 Flower Rd., Ste. B., Rancho Cucamonga,	800-559-9447
CA	CRDN of Ventura, Santa Barbara and San Luis Obispo Counties	Four Seasons Investments Inc.	Sunil C.Shah (Sonny)	Sandip C. Shah (Scott)	1746 South Victoria Ave., Ste. A, Ventura, CA 93003	805-416-2269
CA	CRDN of South LA County	Perfect Cleaners, Inc.	David A. Suber	Janet L. Suber	10531 West Pico Blvd., Los Angeles, CA 90064	310-210-9496
CA	CRDN of North State California	Burney Fabricare, Inc.	George L. Trammell	Shirley J. Trammell	37156 State Hwy., 299E, Burney, CA 96013	530-335-3080
CA	CRDN of Sacramento	Virk Impressive Rite Kleen, Inc.	Rick Virk	n/a	1620 West El Camino Ave #175 Sacramento, CA	916-920-5200
CO	CRDN of Southern Colorado	CRDN of Southern Colorado	Ryan Hettich	n/a	P.O. Box 50588, Colorado Springs, CO 80949	719-930-5466

CO	CRDN of Denver and Northern Colorado	RDCD, Inc.	Brad Norden	Brett Norden	6086 E. County Line Rd., Highlands Ranch, CO 80126	303-991-0600
CO	CRDN of Southern Colorado	RDCD, Inc.	Brad Norden	Brett Norden	6086 E. County Line Rd., Highlands Ranch, CO 80126	303-991-0600
CO	CRDN of Western Colorado	Holiday Cleaners, Inc.	Michael Sitz	Janine Sitz	1251 N. 3rd Street, Grand Junction, CO 81501	970-241-2594
CT	CRDN of Central Connecticut	Davon, Inc	David P. Edricks	n/a	1007 Farmington Ave., Farmington, CT 060325	860-606-0055
DE	CRDN of Baltimore and Southern Maryland	Schroedl, Inc.	Sean Patrick Gallon	John Patrick Gallon	5330 Reisterstown Rd., Baltimore, MD 21215	866-937-2736
FL	CRDN of Southern Florida and the Treasure Coast	Colony Acquisition Corporation	Robert Denberg	George Scholl	730 W. Broward Blvd., Ft. Lauderdale, FL 33312	954-270-3687
FL	CRDN of Southern Florida and the Treasure Coast	Colony Acquisition Corporation	Robert Denberg	George Scholl	730 W. Broward Blvd., Ft. Lauderdale, FL 33312	954-270-3687
FL	CRDN of North Florida	CKF Laundry Services LLC	Christopher Funk	Carter Funk	605 Powers Ave., #110, Jacksonville, FL 32217	888-248-9492
FL	CRDN of North Florida	CKF Laundry Services LLC	Christopher Funk	Carter Funk	6005 Powers Ave., #110, Jacksonville, FL 32217	888-248-9492
FL	CRDN of North Florida	CKF Laundry Services LLC	Christopher Funk	Carter Funk	6005 Powers Ave., #110, Jacksonville, FL 32217	888-248-9492
FL	CRDN of West Florida and South Alabama	Tharp, Inc.	Ronald L. Hull	Arthur J. Vick (Jake)	2915 West Navy Blvd., Pensacola, FL 32505	850-472-2165
FL	[CRDN of the Greater Tampa Bay Area]	Sacino Fine Drycleaning and Restoration, LLC	Gregory J. Sacino	Ronald A. Sacino	3430 Fairfield Avenue South, St. Petersburg, FL 33711	800-309-1089
FL	CRDN of Naples & Fort Myers	Bright Horizons Development Group, LLC	Aubrey F. Stout	Brenda L. Stout	6360 Corporate Park Circle, Ste. 7, Fort Myers, FL 33396	239-600-7057
GA	CRDN of North Florida	CKF Laundry Services LLC	Christopher Funk	Carter Funk	6005 Powers Ave., #110, Jacksonville, FL 32217	888-248-9492
GA	CRDN of Southern Georgia and Greater Tallahassee	MC Cleaning Center, LLC	Keith T. Martin	Michael S. Cothren	2827 Meredyth Drive, Albany, GA 31707	229-439-1017
GA	CRDN of Southern Georgia and Greater Tallahassee	MC Cleaning Center, LLC	Keith T. Martin	Michael S. Cothren	2827 Meredyth Drive, Albany, GA 31707	229-439-1017
GA	CRDN of Atlanta	3TM Enterprises LLC	James L. Turner	Stephen Miller	7055-C Amwiler Industrial Dr., Doraville, GA 30360	770-825-0030
GA	CRDN of Atlanta	3TM Enterprises LLC	James L. Turner	n/a	7055-C Amwiler Industrial Dr., Doraville, GA 30360	770-825-0030
IA	CRDN of Central and West Iowa	Jung & Associates, LLC	Terese Jung	n/a	515 S. 18th St., West Des Moines, IA 50265	515-494-4947
ID	CRDN of Southern Idaho	E & B Inc.	Shannon Elledge	n/a	902 North 8th St., Boise, ID 83702	208-284-7030
IL	CRDN of Northern Illinois	E & S Severson Enterprises, Inc.	Eric D. Severson	Scot A. Severson	130 West State Street, Geneva, IL 60134	630-800-7633
IL	CRDN of Northern Illinois	E & S Severson Enterprises, Inc.	Eric D. Severson	Scot A. Severson	130 West State Street, Geneva, IL 60134	630-800-7633

IL	CRDN of Northern Illinois	E & S Severson Enterprises, Inc.	Eric D. Severson	Scot A. Severson	130 West State Street, Geneva, IL 60134	630-800-7633
IL	CRDN of Greater St. Louis	JFW Restoration Services, LLC	Daniel P. Sims	Steven J. Davis	804 E. Broadway, Trenton, IL 62293	877-737-8873
IL	CRDN of Eastern Iowa and Western Illinois	Sanitary Drycleaners of RI, Inc.	Dennis M. Spurgetis	n/a	609 17th Street, Rock Island, IL 61201	309-236-9537
IN	CRDN of Northern Indiana	CRDN of Northern Indiana, LLC	Steven J. Grashoff	n/a	515 West Main Street, Fort Wayne, IN 46802	260-422-9374
IN	CRDN of Northern Indiana	CRDN of Northern Indiana, LLC	Steven J. Grashoff	n/a	515 West Main Street, Fort Wayne, IN 46802	260-422-9374
IN	CRDN of Northern Indiana	CRDN of Northern Indiana, LLC	Steven J. Grashoff	n/a	515 West Main Street, Fort Wayne, IN 46802	260-422-9374
IN	CRDN of Greater Indianapolis	Venture Restoration, LLC	Greg Rankin	John Bales	602 N. Capitol Ave., Indianapolis, IN 46204	317-414-4510
KS	CRDN of Kansas City, Topeka and NE Kansas	Tiny E's West, LLC	Brian C. Gunnerson	Michael J. Runyan	9809 Wenonga Rd., Leawood, KS 66206	913-927-2825
KS	CRDN of Wichita	Kansas Textile Restoration LLC	Ferdinand Ortiz	n/a	3831 N.Cypress, Wichita, KS 67226	316-239-6606
KY	CRDN of Greater Nashville and Western Kentucky	Max Precision Cleaning Enterprise, LLC	Michael J. Kim	Anthony (Shane) Putty	1800 Carouthers Pkwy., Brentwood, TN 37027	866-284-2776
KY	CRDN of Kentucky and South Indiana	Horlander Enterprises, Inc.	Gary Maloney	n/a	6300 Hwy 62, Jeffersonville, IN 47130	812-285-7404
LA	CRDN of Central and Southern Louisiana	The Velez Corporation	Dale P. Velez	Don P. Velez	5357 Franklin Ave., New Orleans, LA 70122	504-212-4444
LA	CRDN of Central and Southern Louisiana	The Velez Corporation	Dale P. Velez	Don P. Velez	5357 Franklin Ave., New Orleans, LA 70122	504-212-4444
MA	CRDN of Central and Western Massachusetts and Vermont	Western MA Fire Restorations, LLC	Timothy J. Dachos	Mariellen Dachos	361 South St., Holyoke, MA 01040	413-330-8620
MA	CRDN of Boston and Eastern Massachusetts	Dermody Cleaners, Inc.	Terrance Dermody	n/a	34 Cohannet St., Taunton, MA 02780	508-822-6161
MA	CRDN of Rhode Island and Eastern Connecticut	Museum Quality Restoration and Preservation, LLC	Kenneth R. Gregory	Heidi Gregory	441 Warwick Ave., Warwick, RI 02888	401-640-3844
MD	CRDN of Greater Metropolitan Washington D.C.	Bergmann's Cleaning, Inc.	E. Peter Bergmann	n/a	44991 Falcon Place, Sterling, VA 20166	703-994-7715
MD	CRDN of Baltimore and Southern Maryland	Schroedl, Inc.	Sean Patrick Gallon	n/a	5330 Reisterstown Rd., Baltimore, MD 21215	866-937-2736
MD	CRDN of Baltimore and Southern Maryland	Schroedl, Inc.	Sean Patrick Gallon	John Patrick Gallon	5330 Reisterstown Rd., Baltimore, MD 21215	866-937-2736
ME	CRDN of Maine	Jim Co Inc.	James Machesney, Jr.	James Machesney, Sr.	8 Eisenhower Drive, Westbrook, ME 04092	207-729-4962
MI	CRDN of Northern Michigan	Northern Michigan Garment Restoration Specialists, Inc.	Bryan Bradford	Jeffery Bradford	621 Pleasant Street, Petoskey, MI 49770	231-347-4600

MI	CRDN of Michigan and NW Ohio	26822 Coolidge Inc.	Jeff Snyder		26822 Coolidge Hwy., Huntington Woods, MI 48070	248-591-7983
MN	CRDN of Minnesota	RK Cleaning Corporation	David Kigin	n/a	1212 W. 96th Street, Bloomington, MN 55431	952-844-9810
MN	CRDN of Minnesota	RK Cleaning Corporation	David Kigin	n/a	1212 W. 96th Street, Bloomington, MN 55431	952-844-9810
MN	CRDN of Northern Minnesota	DLOUGEE, INC.	Dennis L. Lougee	Padmini M. Lougee	25139 Commercial Dr., Grand Rapids, MN 55744	218-999-9808
MO	CRDN of Kansas City and Southwest Missouri	Robinson's Cleaners, LLC	Kitrina R. Price	Casey R. Smith	1204 Business Loop 70 East, Columbia, MO 65201	888-455-9555
MO	CRDN of Kansas City and Southwest Missouri	Robinson's Cleaners, LLC	Kitrina R. Price	Casey R. Smith	1204 Business Loop 70 East, Columbia, MO 65201	888-455-9555
MS	CRDN of Central and Southern Mississippi	Alabama Garment Restoration, Inc.	C. Ray Smith, III	Miles Parker Smith	207 Yorkshite Dr., Homewood, AL 35209	888-455-9555
MT	CRDN of Western Montana	Mt. Hood Disaster Restoration Dry Cleaning & Laundry, Inc.	Brad Paluck	n/a	38862 Proctor Blvd., Sandy, OR 97055	503-668-0562
NC	CRDN of Greater Charlotte	Carriage Fine Drycleaning, Inc.	William D. Ford	n/a	1338 Cross Beam Dr., Charlotte, NC 28217	980-297-2515
NC	CRDN of Central and Eastern North Carolina	Atlantic Ave. Cleaners, Inc.	Robert Hilker	n/a	5020 Atlantic Avenue, Raleigh, NC 27616	919-501-2006
NC	CRDN of Central and Eastern North Carolina	Atlantic Ave. Cleaners, Inc.	Robert Hilker	n/a	5020 Atlantic Avenue, Raleigh, NC 27616	919-501-2006
NC	CRDN of Coastal North Carolina	Pressly's Laundry and Dry Cleaners, Inc.	Robert L. Pressly, Jr.	n/a	215 E. Lenoir Ave., Kingston, NC 28501	252-527-3311
NE	CRDN of Central and West Iowa	Jung & Associates, LLC	Terese Jung	n/a	515 S. 18th St., West Des Moines, IA 50265	515-494-4947
NH	CRDN of New Hampshire	True Blue Cleaners, Inc.	Brian E. Meckel	n/a	14 Progress Ave., Nashua, NH 03062	603-889-1755
NJ	CRDN of New Jersey	TEAM DEL, LLC	Anthony Del Gaizo	n/a	400 W. Union Ave., Bound Brook, NJ 08805	732-356-2425
NJ	CRDN of New Jersey	TEAM DEL, LLC	Anthony Del Gaizo	n/a	400 W. Union Ave., Bound Brook, NJ 08805	732-356-2425
NJ	CRDN of New Jersey	TEAM DEL, LLC	Anthony Del Gaizo	n/a	400 W. Union Ave., Bound Brook, NJ 08805	732-356-2425
NM	CRDN of Central and Northern New Mexico	Wirtco Inc.	Bruce V. Squires	n/a	1091 St. Francis Drive, Santa FE, NM 87504-0876	505-699-6179
NV	Nevada and Southern Utah	Ascend, LLC	Norman L. Davis, Jr.	n/a	698 Forest Street, Reno, NV 89509	775-355-9996
NV	Nevada and Southern Utah	Ascend, LLC	Ryan M. Szczotka	n/a	7831 26 Mile Rd., Washington Twp., MI 48094	702-644-6600
NY	CRDN of Westchester/Fairfield	JDM Cleaning Corp.	Joseph Lifrieri	Maria Lifrieri	49 Wheeler Ave., Pleasantville, NY 10570	866-273-6696
NY	CRDN of Westchester/Fairfield	JDM Cleaning Corp.	Joseph Lifrieri	Maria Lifrieri	49 Wheeler Ave., Pleasantville, NY 10570	866-273-6696

NY	CRDN of Upstate New York	Noe Street, LLC (dba Best Cleaners)	Timothy J. McCann	n/a	809 State Street, Schenectady, NY 12307	518-779-3406
NY	CRDN of Upstate New York	Noe Street, LLC (dba Best Cleaners)	Timothy J. McCann	n/a	809 State Street, Schenectady, NY 12307	518-779-3406
NY	CRDN of Rochester and the Finger Lakes	LeRoy Cleaners & Restoration, LLC	Robert L. Murray	n/a	11 Mill St., LeRoy, NY 14482	585-545-5711
NY	CRDN of the Five Boroughs	The Cleanery on Florida Street, Ltd.	Scott I. Pardo	Linda J. Pardo	153 Florida Street, Farmingdale, NY 11735	631-465-9600
NY	CRDN of Western New York	Campus Dry Cleaners, Inc.	Frank Zambito	n/a	564 Colvin Ave, Buffalo, NY 14216	716-332-0958
OH	CRDN of North Central Ohio	Village Restoration, Inc.	Jeffrey A. Caro	Diana Caro	2845 Pearl Road, Medina, OH 44256	800-489-8071
OH	CRDN of North Central Ohio	Village Restoration, Inc.	Jeffrey A. Caro	Diana Caro	2845 Pearl Road, Medina, OH 44256	800-489-8071
OH	CRDN of Columbus	Ross Restoration, Inc.	Jong Lee Huhl	Yeun Hee Huhl	29624-4 East Broad Street, Columbus, OH 43209	614-309-5103
OH	CRDN of Greater Dayton	Dolbeer Cleaner, Inc.	Andrew Koelsch	n/a	448 N. Limestone St., Springfield, OH 45503	855-230-0123
OH	CRDN of Kentucky and South Indiana	Horlander Enterprises, Inc.	Gary Maloney	n/a	6300 Hwy 62, Jeffersonville, IN 47130	812-285-7404
OH	CRDN of Northeast Ohio and Northwest PA	YDS Restoration, Inc.	Joseph Yuhanick	Abby Yuhanick Moore	121 East State St., Salem, OH 44460	877-337-8030
OK	CRDN of Oklahoma	PMG One, LLC	Patrick W. Perry	Richard J. Murphy	2707 S. Broadway, Edmond, OK 73013	866-809-2736
OK	CRDN of Oklahoma	PMG One, LLC	W. Patrick Perry	Richard Murphy	2707 S. Broadway, Edmond, OK 73013	866-809-2736
OR	CRDN of Oregon	Mt. Hood Disaster Restoration Dry Cleaning & Laundry, Inc.	Brad Paluck	n/a	38862 Proctor Blvd., Sandy OR 97055	503-668-0562
PA	CRDN of Greater Southwest PA	Fire and Flood Clothing Restoration Services, LLC	David P. Beatty	Melissa A. Beatty	3945 Old William Penn Hwy., Murrysville, PA 15668	412-419-5840
PA	CRDN of Central Pennsylvania	Balfurd, Inc.	Robert S. Fogelsanger	n/a	1223 N. Atherton St., State College, PA 16804	866-206-7171
PA	CRDN of Baltimore and Southern Maryland	Schroedl, Inc.	Sean Patrick Gallon	John Patrick Gallon	5330 Reisterstown Rd., Baltimore, MD 21215	866-937-2736
PA	CRDN of Greater Scranton Wilkes-Barre	American Cleaners of Middletown, Inc.	Erez Halevah	Elyse Halevah	Route 211 E., Middletown, NY 10940	570-471-3474
PA	CRDN of South Central Pennsylvania	Classic Solutions, Inc.	Paula L. Kostick	n/a	418 Market Street Rear, Lemoyne, PA 17043	717-554-0469
PA	Philadelphia NE and the Lehigh Valley	Green Clean Dry Cleaners, Inc.	Glenn Smith	John Converse	940 Louis Drive, Warminster, PA 18974	215-355-6495
PA	Philadelphia NE and the Lehigh Valley	Green Clean Dry Cleaners, Inc.	Glenn Smith	John Converse	940 Louis Drive, Warminster, PA 18974	215-355-6495
PA	CRDN of Western Pennsylvania	Owl Cleaners, Inc.	Joseph Ziccarelli	n/a	165 Northgate Drive, Warrendale, PA 15086	724-933-1685

RI	CRDN of Rhode Island and Eastern Connecticut	Museum Quality Restoration and Preservation, LLC	Kenneth R. Gregory	Heidi Gregory	441 Warwick Ave., Warwick, RI 02888	401-640-3844
SC	Carolina and Western North Carolina	My Cleaners & Laundry, Inc.	Charles M. Bauknight	n/a	2910 Abbeville Hwy., Anderson, SC 29624	864-296-6529
SC	Coastal South Carolina and Greater Augusta	Robinson Restoration Cleaners, LLC	Redic Earl Robinson III	n/a	2551 Forest Dr., Columbia, SC 29204	866-284-2776
SC	Coastal South Carolina and Greater Augusta	Robinson Restoration Cleaners, LLC	Redic Earl Robinson III	n/a	2551 Forest Dr., Columbia, SC 29204	866-284-2776
SD	CRDN of Central and West Iowa	Jung & Associates, LLC	Terese Jung	n/a	515 S. 18th St., West Des Moines, IA 50265	515-494-4947
TN	CRDN of the Midsouth	Oceanbreeze Enterprises, Inc.	Kimberly Griffith	James A. Griffith	683 Port Natchez Cove West, Cllierville, TN 38017	864-296-6529
TN	Nashville and Western Kentucky	Max Precision Cleaning Enterprise, LLC	Michael J. Kim	Anthony (Shane) Putty	1800 Carouthers Pkwy., Brentwood, TN 37027	866-284-2776
TN	CRDN of Southeast Tennessee	Spector Enterprises, Inc.	Michael Spector	n/a	103 W. Lake Ave., Rossville, GA 30741	800-683-1162
TX	CRDN of North Dallas and Fort Worth	PAR 41, Inc.	Allen Carter	James Conatser	5020 Sharp St., Dallas, TX 75247	214-698-0059
TX	CRDN of North Dallas and Fort Worth	PAR 41, Inc.	Allen Carter	James Conatser	5020 Sharp St., Dallas, TX 75247	214-698-0059
TX	CRDN of the Ark-La-Tex	Buckeye Cleaners, Inc.	William S. Crouch	Kelley R. Crouch	2720 Fox Trail, Texarkana, AR 71854	903-793-0560
TX	CRDN of Central Texas	Keray, Inc.	Raymond Farrell	n/a	2024 Lake Air Dr., Waco, TX 76710	254-772-0055
TX	CRDN of Northwest Texas	CIC Investments, Inc.	C. Lynn Ingram	n/a	2666 Buffalo Gap Rd., Abilene, TX 79605	325-428-6707
TX	CRDN of Houston	Lipsey '83. Inc.	Douglas J. Lipsey	M. Suzanne Lipsey	6 Shooting Star Place, The Woodlands, TX 77381	281-469-5556
TX	CRDN of Alamo City	LGMC, LLC	Gregory Nelson	n/a	232 E. Oak St., Uvalde, TX 78801	830-279-5521
TX	CRDN of Greater Austin	T and A Cleaners LLC	Karl Schulte	Amanda Schulte	5708 Brittlyns Ct., Austin, TX 78730	512-868-2277
TX	CRDN of South Houston	Formal Specialists Ltd.	Stuart Gaylor	Steven Fordon	7807 Main Street, Houston, Texas 7703	713-796-7229
UT	CRDN of Northern Utah	Kitchens Restoration, LLC	David C. Kitches	Michael L. Kitches	2055 E. 6200 S, Halladay, UT 84121	801-679-0202 x3
VA	Metropolitan Washington D.C.	Bergmann's Cleaning, Inc.	E. Peter Bergmann	n/a	44991 Falcon Place, Sterling, VA 20166	703-994-7715
VA	CRDN of Virginia - Central and Tidewater	Puritan Systems, Inc.	Gary Glover	n/a	1807 Staples Mill Rd., Richmond, VA 23230	804-355-8092
VA	CRDN of Virginia - Central and Tidewater	Puritan Systems, Inc.	Gary Glover	n/a	1807 Staples Mill Rd., Richmond, VA 23230	804-355-8092
VA	CRDN of Southwest VA and the Tri-Cities	Greenebush Developments, LLC (other dba Highland Cleaners)	Lannis A. Greene	Barbara A. Seaver	749 Cummings St., Abington, VA 24211	804-355-8092

VA	CRDN of the Shenandoah Valley & Southern Virginia	Better Image, Inc.	Harry R. Wheeler	Christopher Eldredge	534 W. Main Street, Waynesboro, VA 22980	540-943-8242
WA	CRDN of Oregon	Mt. Hood Disaster Restoration Dry Cleaning & Laundry, Inc.	Brad Paluck	n/a	38862 Proctor Blvd., Sandy OR 97055	503-668-0562
WA	CRDN of Seattle and Western Washington	Leathercare, Inc.	Steven Ritt	n/a	901 Elliott Avenue W., Seattle, WA 98119	206-286-1866
WI	CRDN of Southeastern Wisconsin	O.H.M. Office, LLC	Brian C. Cass	David C. Cass	W229 N2494 Highway F, Waukesha, WI 53186	262-542-4900
WI	CRDN of Western Wisconsin	MRJJ, LLC	John Desmond	Marcia O'Loughlin	620 Cass, Lacrosse, WI 54601	608-250-1895
WI	CRDN of Northeast Wisconsin	CRDN of Northeast Wisconsin, LLC	Dennis Schmitt	n/a	1231 South Monroe, Green Bay, WI 54301	866-443-2736

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FRANCHISE OWNERS THAT LEFT THE SYSTEM IN 2015

Name	City	State	Phone	Reason for Leaving
Jeff Brady	Fruita	CO	412-586-4249	Transfer
Rick Gonzalez	Brownsville	TX	501-765-2736	Voluntarily ceased to conduct business

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

Confidentiality Agreements

In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with CRDN. 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.

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EXHIBIT D. ELECTRONIC FUNDS TRANSFER AUTHORIZATION

ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION FORM

This electronic funds transfer authorization ("EFT Authorization") is entered into in accordance with the terms of the franchise agreement(s) (the "Franchise Agreement") between Certified Restoration Drycleaning Network, LLC ("Franchisor") a Michigan limited liability company, and, _____, and _____ (individually, or collectively if more than one, "Principal Owner") and _____ ("Franchisee Entity", and together with the Principal Owner, the "Franchisee" under which Franchisor granted Franchisee the right to own and operate a franchised business (the "Franchised Business").

I hereby acknowledge and agree that I am a Principal Owner under the Franchise Agreement, and, if applicable, hereby represent and warrant that I am an owner and authorized representative of the Franchisee Entity, and hereby authorize Franchisor (or any affiliate of Franchisor) to debit (or credit in the event of any duplicate or erroneous entries or in the event Franchisor wishes to provide payment to Franchisee that has come to be in Franchisor's (or any affiliate of Franchisor's) possession or is owed to Franchisee by Franchisor (or any affiliate of Franchisor's)) my or the Franchisee Entity's bank account, as applicable (as provided below) at any time during the Initial Term or any Successor Term of the Franchise Agreement for any of the fees set forth and described in the Franchise Agreement, for which payment is to be made via electronic funds transfer (EFT) in accordance with the terms of the Franchise Agreement, any exhibits and addenda thereto, or any other agreement Franchisee has entered into with Franchisor or any of affiliate of Franchisor. Such fees shall include any and all fees and costs incurred on account of and in connection with the Franchise Agreement and/or the operation of the Franchised Business including, but in no way limited to, Royalty fees, Fixed Annual Fee, Weekly License Fees, Locker Fees, any promissory note payment due to the Franchisor (of its affiliate, if applicable) late payment fees, regional meetings, marketing materials, the Call Center, Regional and/or National Account Programs, the direct mail campaign, assistance and any convention or regional meeting.

Bank/Financial Institution Information

Name of Financial Institution	
Financial Institution Address	
Account Number	
ABA Routing Number	

PLEASE ATTACH A COPY OF A VOIDED CHECK TO THIS EFT AUTHORIZATION AND SUBMIT SAME TO KRISTIN AUPPERLE VIA EMAIL AT: KRISTIN.AUPPERLE@CRDN.COM OR VIA FAX AT: (248) 246-7868

PRINCIPAL OWNER 1

By: _____

Date: _____

PRINCIPAL OWNER 2

By: _____

Date: _____

FRANCHISEE ENTITY: _____

By: _____

Date: _____

Its: Owner and Authorized Representative

FRANCHISEE ENTITY: _____

By: _____

Date: _____

Its: Owner and Authorized Representative

EXHIBIT E. LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
California	California Department of Corporations 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677	Commissioner of Corporations California Department of Corporations 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677
Hawaii	Hawaii Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722	Commissioner of Securities of Hawaii Hawaii Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722
Illinois	Attorney General's Office State of Illinois 500 South Second Street Springfield, IL 62706 217.782.1090	Illinois Attorney General State of Illinois 500 South Second Street Springfield, IL 62706 217.782.4465
Indiana	Indiana Securities Commission Franchise Section, Room E-111 302 West Washington Street Indianapolis, IN 46204 317.232.6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204 317.232.6681
Maryland	Maryland Division of Securities Office of the Attorney General 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360
Michigan	Consumer Protection Division Antitrust and Franchise Unit MI Department of Attorney General 670 Williams Building 525 W. Ottawa Street Lansing, MI 48913 517.373.7117	Michigan Department of Commerce, Corporations and Securities Bureau 670 Law Building Lansing, MI 48913 517.373.7117
Minnesota	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101 651.296.4026	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101 651.296.4026

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
New York	New York State Department of Law Bureau of Investor Protection and Securities, 23 rd Floor 120 Broadway New York, NY 10271 212.416.8222	Secretary of State, New York One Commerce Plaza 99 Washington Avenue Albany, NY 1223 212.416.8222
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 701-328-4712	Securities Commissioner State of North Dakota 600 East Boulevard Avenue State Capital, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 701-328-4712
Oregon	Department of Consumer and Business Services Division of Finance and Corporate Securities 350 Winter Street, N.E. #410 Salem or 97310 503.378.4387	Director of Oregon Department of Insurance and Finance 350 Winter Street, N.E. #410 Salem or 97310 503.378.4387
Rhode Island	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02910 401-462-9587	Director of Rhode Island Department of Business Regulation 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02910 401-462-9587
South Dakota	Department of Labor and Regulation, Division of Securities 124 S. Euclid, Suite 104 Pierre, SD 57501 605.773.4823	Director of South Dakota Division of Securities 124 S. Euclid, Suite 104 Pierre, SD 57501 605.773.4823
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 804.371.9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 804.371.9051
Washington	Securities Division Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 360.902.8760	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 360.902.8760
Wisconsin	Division of Securities 345 W. Washington Ave., 4 th Floor Madison, WI 53703 608-266-2801	Commissioner of Securities of Wisconsin 345 W. Washington Ave, 4 th Floor Madison, WI 53703 608-266-1064

EXHIBIT F. NOTES

F-1: INITIAL FRANCHISE FEE PROMISSORY NOTE



Note Amount: \$ _____
Note Due Date: _____

This promissory note (the "Note") made and entered into this ____ day of _____, 201__ is executed in accordance with the terms of the Franchise Agreement between Certified Restoration Drycleaning Network, LLC, a Michigan limited liability company (referred to in this Note as "CRDN," "Franchisor," "Maker," "us," "we," or "our"), and «Legal_Name» (referred to in this Note as "Franchisee," "Payee," "you," or "your") executed concurrently with this Note (the "Franchise Agreement"), under which Franchisor granted Franchisee the right to own and operate a franchised business (the "Franchised Business"). FOR VALUE RECEIVED, Franchisee promises to pay to CRDN Investments, LLC, a Michigan limited liability company and affiliate of Franchisor ("Affiliate"), the principal sum of \$XX together with interest at an annual percentage rate of ten percent (10%) per year. Capitalized terms used but not defined herein shall have the respective meaning ascribed thereto in the Franchise Agreement.

1. Franchisee Obligations.

- A. Payment Terms.** The principal and interest shall be paid in equal monthly installments. The first installment shall be due via electronic funds transfer ("EFT") on the first of the month following the successful completion of the Initial Training, as set forth in Article 7 of the Franchise Agreement, and thereafter monthly installments will be due on the first day of each successive month until the principal and interest due under this Note have been paid in full. Provided however, that the entire principal balance together with all accrued interest thereon shall be due and payable on or before twelve (12) months following the payment of the first installment, anything herein to the contrary notwithstanding. Monthly installments shall be applied first upon interest and the balance upon principal. Should any monthly installment not be paid when due, then the whole sum of the remaining principal and interest shall become due immediately and payable without notice or demand at the option of the holder of this Note.
- B. No Prepayment Penalty.** This Note may be prepaid in full at any time without restriction or penalty.

C. Purpose. The undersigned hereby confirms that the proceeds of this Note will be used for the business purpose of starting up and operating the Franchised Business.

D. Enforcement Costs. In the event that the undersigned should default under this Note, and legal proceedings are commenced to collect the indebtedness evidenced hereby, the undersigned agrees to pay all costs and expenses, including reasonable attorney fees, incurred in the collection of this Note.

E. Transfer. Should Franchisee transfer or assign their franchise rights to a third party, in accordance with Article 12 of the Franchise Agreement, prior to the pay-off of this Note, said Note must be paid in full before Franchisor, will approve such transfer or assignment.

F. Security Interest. Franchisee grants to each of CRDN and Affiliate a security interest in all personal property, inventory, equipment, appliances, signage, furnishings, and fixtures now or hereafter used in carrying out of the Franchised Business. The Security Interest shall secure the payment and performance of Franchisee under this Note and the payment and performance of all other liabilities and obligations of Franchisee to CRDN and Affiliate, as applicable, of every kind and description, direct or indirect, absolute or contingent, due or to become due now existing or hereafter arising. Additionally, Franchisee grants to each of CRDN and Affiliate a security interest in all accounts, drafts, acceptances, and other forms of receivables, and all rights of Franchisee earned under contracts to render services.

2. Default. In the event that any of the requirements set forth in this Note are not indefeasibly paid, performed or satisfied in a timely fashion or Franchisee fails to comply with any of the terms of the Franchise Agreement or any other agreement entered into between CRDN (or Affiliate) and Franchisee, Franchisee shall be deemed in default under this Note, the Franchise Agreement and any other agreement entered into between CRDN (or Affiliate) and Franchisee, CRDN (or Affiliate, as applicable) shall have the right, at its option, without notice of any kind to Franchisee to: (a) declare any obligations, due and owing under the Note, Franchise Agreement and/or any other agreement entered into between CRDN (or Affiliate) and Franchisee, to be due and owing immediately; (b) terminate the Franchise Agreement and/or any other agreement entered into between CRDN (or Affiliate) and Franchisee; and (c) pursue any and all rights and remedies available under the Note, Franchise Agreement and/or any other agreement entered into between CRDN (or Affiliate) and Franchisee, at law, in equity or otherwise with respect to the owed sums (and/or any other obligations due under the Note or Franchise Agreements). In addition, in the event of a Note default, Franchisee shall be deemed to have surrendered any and all rights to the Franchised Business and the Franchise Territory and CRDN shall be authorized to assign and award the Franchise Territory to any other franchisee of its choosing.

3. Personal Guaranties. In consideration of and as an inducement to Franchisor signing and delivering this Note, each Principal Owner of Franchisee, [Name1] and [Name2] (each, a "Guarantor",

and collectively, the “Guarantors”) personally signing this Note personally and unconditionally: (a) guarantees to each of Franchisor and Affiliate and their respective successors and assigns that the Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in this Note; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in this Note and any other agreement entered into between Franchisor (or Affiliate) and Franchisee (collectively, the “Guaranty”).

- A. Consent and Agreement.** Each Guarantor consents and agrees that (a) such Guarantor’s direct and immediate liability under the Guaranty is joint and several; (b) such Guarantor must render any payment or performance required under the Franchise Agreement upon demand if the Franchisee fails or refuses punctually to do so; (c) such Guarantor’s liability will not be contingent or conditioned upon Franchisor’s (or Affiliate’s, if applicable) pursuit of any remedies against the Franchisee or any other person; (d) such Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor (or Affiliate’s, if applicable) may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence shall in any way modify or amend this Note or the Guaranty; and (e) the Guaranty will continue and is irrevocable during the term of the Franchise Agreement and, if required by the Franchise Agreement, after its termination or expiration.
- B. Acknowledgments.** Franchisor, Affiliate, and their respective successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the liabilities of Franchisee to Franchisor (or Affiliate) (the “Liabilities”), whether or not it or their successors have resorted to any property securing any of the Liabilities or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the Liabilities; (b) release or compromise any liability of any of the undersigned hereunder or any liability of any party or parties primarily or secondarily liable on any of the Liabilities; (c) extend, renew or credit any of the Liabilities for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the Liabilities; or (e) give any other form of indulgence, whether under this Note, the Franchise Agreement or otherwise. Each of the undersigned agrees to comply with and abide by the restrictive covenants and nondisclosure provisions contained in the Franchise Agreement and any exhibit or attachment thereto, as well as the provisions in the Franchise Agreement relating to the Marks, to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions, except to the extent otherwise required by the Franchise Agreement. The obligations of the undersigned shall survive any expiration or termination of the Franchise Agreement, this Note or the Guaranty.
- C. Enforcement Costs.** If Franchisor is required to enforce the Guaranty in any judicial or arbitration proceeding or any appeals, each Guarantor must reimburse Franchisor (or Affiliate) for its

enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the Guaranty.

D. Effectiveness. Each of the Guarantor's obligations under the Guaranty are effective on the effective date of the Franchise Agreement, regardless of the actual date of signature. Each Guarantor irrevocably submits to the jurisdiction and venue of the state and federal courts located in the State of Michigan.

4. Miscellaneous.

A. Waiver. Payee waives demand for payment, presentment, notice of dishonor, and protest of this Note and consents to any extension or postponement of time of its payment, to any substitution, exchange, or release of all or any part of any security given to secure this Note, to the addition of any party, and to the release, discharge, waiver, modification, or suspension of any rights and remedies against any person who may be liable for the indebtedness evidenced by this Note. Moreover, each Guarantor hereof hereby waives: (a) acceptance and notice of acceptance by Franchisor (or Affiliate) of each of the Payee's and the Guarantor's obligations under this Note and the Guaranty, as applicable; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by any Guarantor; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Guarantor; (d) any right such Guarantor may have to require that an action be brought against the Franchisee or any other person as a condition of the Payee's or any Guarantor's liability; (e) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against the Franchisee arising as a result of such Guarantor's execution of and performance under the Guaranty; and (f) all other notices and legal or equitable defenses to which Payee may be entitled, or any Guarantor may be entitled in such Guarantor's capacity as guarantor.

B. Governing Law. The terms of this Note, including the Guaranty, shall be governed by and construed in accordance with the laws of the State of Michigan, without giving effect to the principles of conflicts of law thereof.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Note on the date stated on the first page hereof.

Franchisee, [LLC. or Corp.]

By: [Name1]
Its Authorized Representative

[Name1]
In his personal capacity

[Name2]
In his personal capacity

F-2: ACCOUNTS RECEIVABLE PROMISSORY NOTE

CRDN ACCOUNTS RECEIVABLE PROMISSORY NOTE

Note Amount: \$ _____
Note Due Date: _____

This promissory note (the “Note”) made and entered into this ____ day of _____, 20__ is executed in accordance with the terms of the Franchise Agreement between Certified Restoration Drycleaning Network, LLC, a Michigan limited liability company (referred to in this Note as “CRDN,” “Franchisor,” “us,” “we,” or “our”), and «Legal_Name» (referred to in this Note as “Franchisee,” “Payee,” “you,” or “your”) (the “Franchise Agreement”), under which Franchisor granted Franchisee the right to own and operate a franchised business (the “Franchised Business”). FOR VALUE RECEIVED, Franchisor promises to pay to CRDN Investments, LLC, a Michigan limited liability company and affiliate of Franchisor (“Affiliate”), the principal sum of Twenty-Five Thousand Dollars (\$25,000), together with interest at an annual percentage rate of twelve percent (12%) per year. Capitalized terms used but not defined herein shall have the respective meaning ascribed thereto in the Franchise Agreement.

1. Franchisee Obligations.

- A. Payment Terms.** The principal and interest shall be paid in equal monthly installments. The first installment shall be due via electronic funds transfer (“EFT”) on the first of the month and each successive month thereafter until the principal and interest due under this Note have been paid in full. Provided however, that the entire principal balance together with all accrued interest thereon shall be due and payable on or before six (6) months following the payment of the first installment, anything herein to the contrary notwithstanding. Monthly installments shall be applied first upon interest and the balance upon principal. Should any monthly installment not be paid when due, then the whole sum of the remaining principal and interest shall become due immediately and payable without notice or demand at the option of the holder of this Note.
- B. No Prepayment Penalty.** This Note may be prepaid in full at any time without restriction or penalty.
- C. Purpose.** The undersigned hereby confirms that the proceeds of this Note will be used for the business purpose of operating the Franchised Business.
- D. Enforcement Costs.** In the event that the undersigned should default under this Note, and legal proceedings are commenced to collect the indebtedness evidenced hereby, the undersigned agrees to pay all costs and expenses, including reasonable attorney fees, incurred in the collection of this Note.
- E. Transfer.** Should Franchisee transfer or assign their franchise rights to a third party, in accordance with Article 12 of the Franchise Agreement, prior to the pay-off of this Note, said Note must be paid in full before Franchisor will approve such transfer or assignment.

F. Security Interest. Franchisee grants to each of CRDN and Affiliate a security interest in all personal property, inventory, equipment, appliances, signage, furnishings, and fixtures now or hereafter used in carrying out of the Franchised Business. The security interest shall secure the payment and performance of Franchisee under this Note and the payment and performance of all other liabilities and obligations of Franchisee to CRDN and Affiliate, as applicable, of every kind and description, direct or indirect, absolute or contingent, due or to become due now existing or hereafter arising. Additionally, Franchisee grants to each of CRDN and Affiliate a security interest in all accounts, drafts, acceptances, and other forms of receivables, and all rights of Franchisee earned under contracts to render services.

2. Default. In the event that any of the requirements set forth in this Note are not indefeasibly paid, performed or satisfied in a timely fashion or Franchisee fails to comply with any of the terms of the Franchise Agreement or any other agreement entered into between CRDN (or Affiliate) and Franchisee, Franchisee shall be deemed in default under this Note, the Franchise Agreement and any other agreement entered into between CRDN (or Affiliate) and Franchisee, CRDN (or Affiliate, as applicable) shall have the right, at its option, without notice of any kind to Franchisee to (a) declare any obligations, due and owing under the Note, Franchise Agreement and/or any other agreement entered into between CRDN (or Affiliate) and Franchisee, to be due and owing immediately; (b) terminate the Franchise Agreement and/or any other agreement entered into between CRDN (or Affiliate) and Franchisee; and (c) pursue any and all rights and remedies available under the Note, Franchise Agreement and/or any other agreement entered into between CRDN (or Affiliate) and Franchisee, at law, in equity or otherwise with respect to the owed sums (and/or any other obligations due under the Note or Franchise Agreement). In addition, in the event of a Note default, Franchisee shall be deemed to have surrendered any and all rights to the Franchised Business and the Franchise Territory and CRDN shall be authorized to assign and award the Franchise Territory to any other franchisee of its choosing.

3. Personal Guaranties. In consideration of and as an inducement to Franchisee signing and delivering this Note, each Principal Owner of Franchisee, [Name1] and [Name2] (each, a “Guarantor”, and collectively, the “Guarantors”) personally signing this Note personally and unconditionally: (a) guarantees to each of Franchisor and Affiliate and their respective successors and assigns that the Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in this Note; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in this Note and any other agreement entered into between Franchisor (or Affiliate) and Franchisee (collectively, the “Guaranty”).

A. Consent and Agreement. Each Guarantor consents and agrees that (a) such Guarantor’s direct and immediate liability under the Guaranty is joint and several; (b) such Guarantor must render any payment or performance required under the Franchise Agreement upon demand if the Franchisee fails or refuses punctually to do so; (c) such Guarantor’s liability will not be contingent

or conditioned upon Franchisor's (or Affiliate's, if applicable) pursuit of any remedies against the Franchisee or any other person; (d) such Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor (or Affiliate, if applicable) may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence shall in any way modify or amend this Note or the Guaranty; and (e) the Guaranty will continue and is irrevocable during the term of the Franchise Agreement and, if required by the Franchise Agreement, after its termination or expiration.

- B. Acknowledgments.** Franchisor, Affiliate, and their respective successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the liabilities of Franchisee to Franchisor (or Affiliate) (the "Liabilities"), whether or not it or their successors have resorted to any property securing any of the Liabilities or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the Liabilities; (b) release or compromise any liability of any of the undersigned hereunder or any liability of any party or parties primarily or secondarily liable on any of the Liabilities; (c) extend, renew or credit any of the Liabilities for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the Liabilities; or (e) give any other form of indulgence, whether under this Note, the Franchise Agreement or otherwise. Each of the undersigned agrees to comply with and abide by the restrictive covenants and nondisclosure provisions contained in the Franchise Agreement and any exhibit or attachment thereto, as well as the provisions in the Franchise Agreement relating to the Marks, to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions, except to the extent otherwise required by the Franchise Agreement. The obligations of the undersigned shall survive any expiration or termination of the Franchise Agreement, this Note or the Guaranty.
- C. Enforcement Costs.** If Franchisor is required to enforce the Guaranty in any judicial or arbitration proceeding or any appeals, each Guarantor must reimburse Franchisor (or Affiliate) for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the Guaranty.
- D. Effectiveness.** Each of the Guarantor's obligations under the Guaranty are effective on the effective date of the Franchise Agreement, regardless of the actual date of signature. Each Guarantor irrevocably submits to the jurisdiction and venue of the state and federal courts located in the State of Michigan.

4. Miscellaneous.

A. Waiver. Payee waives demand for payment, presentment, notice of dishonor, and protest of this Note and consents to any extension or postponement of time of its payment, to any substitution, exchange, or release of all or any part of any security given to secure this Note, to the addition of any party, and to the release, discharge, waiver, modification, or suspension of any rights and remedies against any person who may be liable for the indebtedness evidenced by this Note. Moreover, each Guarantor hereof hereby waives: (a) acceptance and notice of acceptance by Franchisor (or Affiliate) of each of the Payee's and the Guarantor's obligations under this Note and the Guaranty, as applicable; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by any Guarantor; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Guarantor; (d) any right such Guarantor may have to require that an action be brought against the Franchisee or any other person as a condition of the Payee's or any Guarantor's liability; (e) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against the Franchisee arising as a result of such Guarantor's execution of and performance under the Guaranty; and (f) all other notices and legal or equitable defenses to which Payee may be entitled, or any Guarantor may be entitled in such Guarantor's capacity as guarantor.

B. Governing Law. The terms of this Note, including the Guaranty, shall be governed by and construed in accordance with the laws of the State of Michigan, without giving effect to the principles of conflicts of law thereof.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Note on the date stated on the first page hereof.

Franchisor, [LLC. or Corp.]

By: [Name1]
Its Authorized Representative

[Name1]
In his personal capacity

[Name2]
In his personal capacity

EXHIBIT G: STATE ADDENDA AND FRANCHISE AGREEMENT RIDERS

ADDITIONAL DISCLOSURES FOR THE STATE OF CONNECTICUT

The following are added to the Risk Factors on the Cover Page of this disclosure document:

THE FRANCHISOR RESERVES THE RIGHT TO 1) OFFER AND SELL SERVICES AND PRODUCTS WITHIN THE FRANCHISE TERRITORY WHICH DO NOT COMPRISE A PART OF THE FRANCHISE SYSTEM AND IN CONNECTION WITH THIS RIGHT, TO EXPLOIT ITS MARKS, NAME, REPUTATION, AND KNOW-HOW, AND 2) ESTABLISH OTHER CHANNELS OF DISTRIBUTION.

The following should be added after the Cover Page of this disclosure document:

DISCLOSURE REQUIRED BY CONNECTICUT LAW

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

The following should be added to Item 3 of this disclosure document:

No person listed in Items 1 and 2 of this disclosure document: (A) has at any time during the previous 7 fiscal years, been convicted of a felony or pleaded nolo contendere to a felony charge if such felony involved fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint trade; (B) has, at any time during the previous 7 fiscal years, been held liable in a civil action resulting in a final judgment or has settled out of court any civil action or is a party to any civil action (i) involving allegations of fraud, including but not limited to a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint trade, or (ii) which was brought by a present or purchaser-investor franchisee and which involves or involved the business opportunity relationship; (C) is subject to any currently effective state or federal agency or court injunctive or restrictive order, or is a party to a proceeding currently pending in which such order is sought, relative to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law, or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation or property, or restraint of trade.

ADDITIONAL DISCLOSURES FOR THE STATE OF CALIFORNIA.

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000 – 20043, the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of California, shall be amended to include the following:

The following paragraphs are added at the end of Item 17 of the disclosure document:

1. California Law Regarding Termination and Non-Renewal. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.
2. Post-Termination/Non-Competition Covenants. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions

Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043). The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

3. Applicable Law. The Franchise Agreement requires application of the laws and forums of the State of Michigan. This provision may not be enforceable under California law.
4. General Release. Upon Renewal or Transfer of the Franchise Agreement, the Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. This provision may not be enforceable under California Law.
5. Material Modification. Section 31125 of the Franchise Investment Law requires us to give you a disclosure document, approved by the Department of Corporations, before soliciting of a proposed material modification of an existing Franchise Agreement.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Neither CRDN, nor any person, or franchise broker in Item 2 of the disclosure document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

The following is added to Item 23 - Receipt for the state of California:

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU BY THE EARLIEST OF:

1. THE FIRST PERSONAL MEETING TO DISCUSS ITS FRANCHISE; OR
2. FOURTEEN CALENDER DAYS BEFORE SIGNING OF A BINDING AGREEMENT; OR
3. FOURTEEN CALENDER DAYS BEFORE ANY PAYMENT TO CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC.
4. YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FOURTEEN CALENDER DAYS BEFORE YOU SIGN ANY FRANCHISE AGREEMENT.

ADDITIONAL DISCLOSURES FOR THE STATE OF HAWAII

The following is added to the Cover Page of this disclosure document:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT,

TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT, THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS, AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, HI, 96813, (808) 586-2722.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. Sections 482E- et. seq., the Franchise Disclosure Document of Certified Restoration Drycleaning Network, LLC, in connection with the offer and sale of franchises for use in the State of Hawaii, shall be amended to include the following:

1. The following list is hereby added to the end of Item 20 of the disclosure document to reflect the status of our franchise registrations in states which have franchise registration and/or disclosure laws:
 - a. The states in which a registration is effective, in which we are relying on an exception, or where an FDD has been filed:
California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
 - b. The states in which a proposed registration of filing is or will be shortly on file: None
 - c. The states, if any, which have refused, by order or otherwise, to register these franchises: None.
 - d. The states, if any, which have revoked or suspended the right to offer these franchises: None
 - e. The states, if any, in which proposed registration of these franchises has been withdrawn: None

ADDITIONAL DISCLOSURES FOR THE STATE OF FLORIDA

DISCLOSURES REQUIRED BY FLORIDA LAW

THE STATE OF FLORIDA HAS NOT REVIEWED AND DOES NOT APPROVE, RECOMMEND, ENDORSE, OR SPONSOR ANY BUSINESS OPPORTUNITY. THE INFORMATION CONTAINED IN THIS DISCLOSURE HAS NOT BEEN VERIFIED BY THE STATE. IF YOU HAVE ANY QUESTIONS ABOUT THIS INVESTMENT, SEE AN ATTORNEY BEFORE YOU SIGN A CONTRACT OR AGREEMENT.

ADDITIONAL DISCLOSURES FOR THE STATE OF ILLINOIS.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 88705/1 et. seq., the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of Illinois, shall be amended to include the following:

The following language is added to the table in Item 17 at the end of the Summary sections of provisions (v) and (w) entitled Choice of Forum and Choice of Law: "except for any claims arising under the Illinois Franchise Disclosure Act of 1987 or any Illinois Law."

The following is added to Item 23 - Receipt for the state of Illinois:

THIS DISCLOSURE DOCUMENT SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC. OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU BY THE EARLIEST OF;

1. THE FIRST PERSONAL MEETING TO DISCUSS ITS FRANCHISE; OR
2. FOURTEEN CALENDER DAYS BEFORE SIGNING OF A BINDING AGREEMENT; OR
3. FOURTEEN CALENDER DAYS BEFORE ANY PAYMENT TO CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC.
4. YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FOURTEEN CALENDER DAYS BEFORE YOU SIGN ANY FRANCHISE AGREEMENT.

ADDITIONAL DISCLOSURES FOR THE STATE OF INDIANA.

In recognition of the requirements of the Indiana Code, Title 23, Article 2, Chapter 2.7, Sections 1-7; amended by Laws of 1985, PL 233, the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of Indiana, shall be amended to include the following:

1. It is unlawful for any Franchise Agreement entered into between any franchisor and a franchisee that is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana, to contain any of the following provisions. The following statements are added at the end of the Franchise Agreement table in Item 17: "Any release required as a condition of renewal and/or transfer will not apply to any claims that may arise under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act."
2. The Summary section of Item 17(r.) entitled Non-Competition Covenants after the Franchise Terminates or Expires is amended to provide that the provisions contained in the Franchise Agreement and Item 12 of this disclosure document are subject to Indiana Code 23-2-2-7-1(9), which prohibits covenants not to compete which extend beyond any exclusive Territory granted to you.
3. Item 17(v) and 17(w) entitled Choice of Forum and Choice of law are amended to provide that Michigan law generally applies except for matters arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act.
4. In reference to Section 15.I. of the Franchise Agreement, such waivers constitute a limitation on litigation and therefore violate IC 23-2-2.7-1(10) and may not occur under this provision.
5. In reference to Section 15.K. of the Franchise Agreement, such a limitation of claims may only be barred unless an action is brought more than two years after the violation pursuant to IC 23-2-2.7-7.

Each provision of these Additional Disclosures to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to these Additional Disclosures to the disclosure document.

ADDITIONAL DISCLOSURES FOR THE STATE OF MARYLAND.

The following is added to: ITEM 17 (c and m): Renewal, Termination, Transfer, and Dispute Resolution.

All representations requiring prospective franchisees to assent to a release, estoppels or waiver of liability are not intended nor shall they act as a release, estoppels or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The following is added to Item 1 for the state of Maryland:

The name and address of the **Certified Restoration Drycleaning Network, LLC** agent in Maryland authorized to receive service of process is: Maryland Securities Commissioner, 200 St. Paul Place, Baltimore, MD 21202-2020.

ADDITIONAL DISCLOSURES FOR THE STATE OF MINNESOTA.

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat 80C.01 through 80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules 2860.0100 through 2860.9930, the Franchise Disclosure Document in connection with the offer and sale of franchises for use in the State of Minnesota shall be amended to include the following:

Item 17 "Renewal, Termination, Transfer, and Dispute Resolution," is amended by the addition of the following paragraphs:

1. Minn. Rule 2860.4400J. prohibits the waiver of a jury trial.
2. Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three years after the cause of action occurs.
3. Minn. Stat. Sec. 80C, 14 Subds. 3, 4, and 5 requires that, except in certain specified cases, a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise cannot be unreasonably withheld.
4. Minn. Stat. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C to any procedure, forum, or remedies provided for by the laws of jurisdiction.
5. Minn. Rule 2860.4400D. prohibits us from requiring you to assent to a general release.

Each provision of this Addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated by the Minnesota Commissioner of Commerce, are met independently without reference to these Additional Disclosures in the disclosure document.

ADDITIONAL DISCLOSURES FOR THE STATE OF NEW YORK.

The following is added to the Cover Page of the disclosure document:

SPECIAL RISK FACTORS:

REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NY 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATION PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

The following should be added to Item 3 of this disclosure document:

Item 3. Litigation. The first paragraph is deleted in its entirety and replaced with the following:

"Neither we, nor anyone identified in Item 2:

1. Has an administrative, criminal, or material action pending against them alleging a violation of a franchise, antitrust, or securities law, fraud, unfair or deceptive practices, or comparable allegations.
2. Had during the 10 year period immediately before the date of this disclosure document been convicted of a felony or pleaded nolo contendere to a felony charge; or been held liable in a civil action by final judgment or been the subject of a material action involving violation of a franchise, antitrust, or securities law, fraud, unfair or deceptive practices, or comparable allegations.
3. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade restrictive law resulting from a concluded or pending action or proceeding brought by a public agency.

Item 4. Bankruptcy. The first paragraph is deleted in its entirety and replaced with the following: "Neither we, nor anyone identified in Item 2:

1. Has filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;
2. Has obtained a discharge of its debts under the U.S. Bankruptcy Code;
3. Was a principal officer of a company, or a general partner in a partnership, that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code, or obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner held this position in the company or partnership."

Item 17.D. Summary Column, is amended to read: "You may terminate any time with at least 60 days prior written notice. You may terminate on any grounds available by law."

Item 17.J. Summary Column, is amended to read: "No restriction on us of the right to assign however, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations."

Item 17.W. Summary Column, is amended to read: "Except for federal law, Michigan law applies. This Choice of Law should not be considered a waiver of any right conferred upon you or us by the General Business Law of the State of New York, Article 33."

ADDITIONAL DISCLOSURES FOR THE STATE OF NORTH DAKOTA

The following is added to the Cover Page of the disclosure document:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST, OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (SECTION 51-09-01.-51-09-17. N.D.C.C.)

- A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 908-06, N.D.C.C., without further disclosing that such covenants will be subject to the statute.
- B. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- C. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- D. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
- E. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
- F. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
- G.

In recognition of the requirements of the North Dakota Franchises Law, Section 51-19-09, the Franchise Disclosure Document in connection with the offer and sale of franchises for use in the State of North Dakota Item 17(c) shall be amended to read:

Timely written notice of election to seek a Successor term, sign new agreement, and pay fee.

ADDITIONAL DISCLOSURES FOR THE STATE OF RHODE ISLAND

The following is added to the Cover Page of the disclosure document:

EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT “HOME STATE” LAW APPLIES, LOCAL LAW MAY SUPERCEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THE DISCLOSURE DOCUMENT FOR DETAILS.

Rhode Island Addendum and Item 17 should state: §§19-28.1-14, of the Rhode Island Franchise Investment Act provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

ADDITIONAL DISCLOSURES FOR THE STATE OF VIRGINIA

The following is added to the addendum of the Franchise Agreement for Virginia franchisees: 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.

RIDER TO
CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

This Rider is being entered into as of _____, 201____. The parties to this Rider are _____ ("you") and Certified Restoration Drycleaning Network, LLC ("we," "us," or "Franchisor").

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Certified Restoration Drycleaning Network, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Background.

We and you are parties to that certain Agreement dated _____, 20____ that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because (a) the offer or sale of the franchise for franchise you will operate under the Agreement was made in the State of Illinois and you will operate the Franchise in the State of Illinois and/or (b) you are a resident of the State of Illinois.

2. Acknowledgements.

(a) The second paragraph of Article 22 of the Agreement, entitled "Acknowledgments," is amended to read as follows:

We ask that, before you execute this Agreement, you bring to our attention any statements or representations that have been made to you by any of our officers, directors, employees, or agents that are contrary to or inconsistent with the statements made in the CERTIFIED RESTORATION DRYCLEANING NETWORK Franchise Disclosure Document you received or the provisions of this Agreement.

(b) The ninth paragraph of Article 22 is hereby amended to read as follows:

"As expressly set forth in Article 15, certain disputes, controversies, or claims between us will be submitted to Arbitration.

3. Governing Law/Consent to Jurisdiction.

Article 21.3 of the Agreement titled "Governing Law" respectively, are deleted in their entirety and replaced by the following:

ALL MATTERS RELATING TO ARBITRATION SHALL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ ET. SEQ.) EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT AS REQUIRED HEREBY, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, AND EXCEPT FOR CLAIMS ARISING UNDER THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987, THIS AGREEMENT, THE FRANCHISE AND THE RELATIONSHIP BETWEEN THE PARTIES WILL BE GOVERNED BY THE LAWS OF THE STATE OF OUR PRINCIPLE BUSINESS ADDRESS, EXCEPT THAT THE PROVISIONS WILL NOT APPLY UNLESS ITS JURSDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

YOU AGREE THAT WE MAY INSTITUTE ANY ACTION AGAINST YOU (WHICH IS NOT REQUIRED TO BE ARBITRATED HEREUNDER) IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF OUR PRINCIPLE BUSINESS ADDRESS, AND YOU IRREVOCABLY SUBMIT TO THE JURISDICTION OF SUCH COURTS AND WAIVE ANY OBJECTION YOU MAY HAVE TO EITHER THE JURISDICTION OF OR VENUE IN SUCH COURTS. ANY PROVISION IN THIS AGREEMENT RESTRICTING JURSDICTION OR VENUE TO A FORUM OUTSIDE OF ILLINOIS OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO ANY CAUSE OF ACTION OTHERWISE ENFORCEABLE UNDER THE ILLINOIS FRANCHISE DISCLOSURE ACT.

4. Illinois Franchise Disclosure Act.

The following language is added to Article 20 of the Agreement:

15.M. Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance the provision of the Act is void.

5. Your Affirmations.

In the tenth affirmation, beginning with the phrase, "We may sell our assets," the following is deleted:

6. "...you expressly and specifically waive any claims, demands, or damages arising from or related to the loss of said Marks (or any variations of them) and/or the loss of association with or identification of CERTIFIED RESTORATION DRYCLEANING NETWORK as the FRANCHISOR of this Agreement."Limitation of Liability under the Franchise Management License Agreement

Section 3of the Franchise Management License Agreement titled "Limitation of Liability" is deleted in its entirety and replaced by the following:

4. Limitation of Liability; Limitation of Actions: CRDN SHALL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS FROM ANY CAUSE ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE SOFTWARE SYSTEM, NOR FOR ANY CLAIM OR DEMAND BY OR AGAINST LICENSEE. Except for claims arising under the Illinois franchise disclosure act of 1987, no claim or dispute arising out of the transactions under this Agreement may be brought by either Party unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of one year after the franchisee or CRDN becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief or 90 days after delivery to the franchisee or CRDN of a written notice disclosing the violation, whichever shall first expire. In the event CRDN must institute suit to enforce the terms and conditions of this Agreement, Licensee shall pay reasonable attorneys fees and costs incurred by CRDN.

7. Law under the Franchise Management License Agreement

The following sentence shall be added before sentence five (5) of the Franchise Management License Agreement titled "Miscellaneous":

Any claims arising under the Illinois Franchise Disclosure Act of 1987 or other applicable Illinois law, shall be governed by and construed in accordance with the laws of the State of Illinois.

8. Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Rider.

Certified Restoration Drycleaning Network, LLC, a Michigan limited liability company

By: _____

Date: _____

Wayne M. Wudyka

Its: Chief Executive Officer

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp»

By: _____

Date: _____

«Name1»

Its: Authorized Representative

RIDER TO
CERTIFIED RESTORATION DRYCLEANING NETWORK INTERNATIONAL, LLC
FRANCHISE AGREEMENT
FOR USE IN THE STATE OF MARYLAND

This rider is being entered into as of _____, 20____. The parties to this Rider are _____ ("you") and Certified Restoration Drycleaning Network, LLC ("we," "us," or "Franchisor").

The parties to the attached Franchise Agreement (the "Agreement") agree as follows:

1. Background:

We and you are parties to that certain Agreement dated _____, 201__ that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because (a) the offer or sale of the franchise for the Certified Restoration Drycleaning Network franchise you will operate under the Agreement was made in the State of Maryland and you will operate the Franchise in the State of Maryland and/or (b) you are a resident of the State of Maryland.

2. Transfer of this Agreement:

Article 12.3 (c) shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Expiration of this Agreement:

The following is added at the end of Article 4.2. of the Agreement:

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Termination Of Agreement:

The following is added at the end of Article 13.2 of the Agreement:

The preceding acknowledgments 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 Act.

5. Enforcement:

The following is added at the end of Article 15. of the Agreement:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Jurisdiction: The following is added at the end of Article 15 of the Agreement:

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. Acknowledgment:

The following is added at the end of Article 22 and Exhibit E of the Agreement:

The preceding acknowledgments 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 Act.

Certified Restoration Drycleaning Network, LLC, a Michigan limited liability company

By: _____
Wayne M. Wudyka
Its: Chief Executive Officer

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp»

By:_____

«Name1»

Its: Authorized Representative

Date:_____

RIDER TO
CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC
FRANCHISE AGREEMENT
FOR USE IN THE STATE OF MINNESOTA

This rider is being entered into as of _____, 201____. The parties to this Rider are _____ ("we," "us," or "Franchisor") and Certified Restoration Drycleaning Network, LLC ("you") and Certified Restoration Drycleaning Network, LLC ("we," "us," or "Franchisor").

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. 80C.01 through 80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rule 2860.0100 through 2860.9930, the parties to the attached Certified Restoration Drycleaning Network, LLC franchise agreement (the "Agreement") agree as follows:

Background.

You and we are parties to that certain Agreement dated _____, 201____ that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement.

This Rider is being executed because (a) the offer or sale of the franchise for the Certified Restoration Drycleaning Network franchise you will operate under the Agreement was made in the State of Minnesota and you will operate the Franchise in the State of Minnesota and/or (b) you are a resident of the State of Minnesota.

The following language is added at the end of Article 1.3.9 of the Agreement:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights that you have to use our proprietary rights.

Termination by Franchisor.

The following language is added to Article 13.1 of the Agreement:

With respect to franchisees governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C, 14 Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise cannot be unreasonably withheld.

Waiver of Punitive Damages and Jury Trial.

The following is added to Article 15.4 of the Agreement:

Minn. Rule 2860.4400J. prohibits the waiver of a jury trial.

Limitations of Claims.

The following is added to Article 15 of the Agreement:

Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three years after the cause of action occurs.

Jurisdiction.

The following language is added to Article 15. if the Agreement:

Minn. Stat. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum, or remedies provided for by the laws of jurisdiction.

Agreements/Releases.

The following language is added to Articles 4.2, 12.2 and 13.

Minn. Rule 2860.4400D. prohibits us from requiring you to assent to a general release.

Certified Restoration Drycleaning Network, LLC, a Michigan limited liability company

By: _____
Wayne M. Wudyka
Its: Chief Executive Officer

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp»

By: _____
«Name1»
Its: Authorized

Date: _____

RIDER
TO A CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

DATED _____

Article 4.2 is hereby amended with the addition of the following language to the end of the last sentence of the paragraph:

“provided, however, that all rights arising in your favor from the provisions of Article 33 of the GBL of the State of New York, and the regulations issued thereunder, shall remain in force; it being the intent of this proviso that the non-waiver provisions of BGL, sections 687.4 and 687.5 be satisfied.”

Certified Restoration Drycleaning Network, LLC, a Michigan limited liability company

By: _____
Wayne M. Wudyka
Its: Chief Executive Officer

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp»

By: _____
«Name1»
Its: Authorized Representative

Date: _____

RIDER
TO A CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

This rider is being entered into as of _____, 20____. The parties to this Rider are _____ ("you") and Certified Restoration Drycleaning Network, LLC ("we," "us," or "Franchisor").

The parties to the attached Franchise Agreement (the "Agreement") agree as follows:

In accordance with:

- **Section 9-08-06 of the North Dakota Century Code, Articles 10 and 14 of the franchise agreement should include the following language:**
"Covenants not to compete such as those mentioned are generally considered unenforceable in the State of North Dakota."
- **Section 51-19-09 of the North Dakota Franchise Investment Law, Sec Article 15.2 of the Franchise Agreement, the second paragraph should the following language:**
"The site of arbitration be agreeable to all parties."
- **Section 51-19-09 of the North Dakota Franchise Investment Law, Article 15 of the franchise agreement will be amended to state:**
All jurisdictions for a North Dakota franchisee will occur within the State of North Dakota.
- **Section 51-19-09 of the North Dakota Franchise Investment Law, Article 15 of the Franchise Agreement is amended to read:**
"Apart from civil liabilities as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud) the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents, and is unfair to a franchise investor to require them to waive their rights under North Dakota Law."
- **Section 51-19-09 of the North Dakota Franchise Investment Law, Article 15.4 of the Franchise Agreement the following sentence will be deleted:**
"We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us."
The following statement will be added:
We will not require a North Dakota franchisee to consent to a waiver of exemplary and punitive damages.
- **Section 51-9-09 of the North Dakota Franchise Investment Law, Section 15 of the Franchise Agreement should include the following language:**
"The statute of limitations under North Dakota law applies."

Certified Restoration Drycleaning Network, LLC, a Michigan limited liability company

By: _____
Wayne M. Wudyka
ITS: Chief Executive Officer

Date: _____

MANAGING OWNER

«Name1»
FRANCHISEE: «LLC_or_Corp»

Date: _____

By: _____
«Name1»
Its: Authorized Representative

Date: _____

RIDER
REQUIRED BY THE STATE OF WASHINGTON
TO THE FRANCHISE AGREEMENT
OF CERTIFIED RESTORATION DRYCLEANING NETWORK, LLC
DATED: _____

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protections Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights, or remedies under the Act such as right to a jury trial may not be enforceable.

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

The undersigned does hereby acknowledge receipt of this Rider.

Certified Restoration Drycleaning Network, LLC, a Michigan limited liability company

By: _____
Wayne M. Wudyka
Its: Chief Executive Officer

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp»

By: _____
«Name1»
Its: Authorized Representative

Date: _____

EXHIBIT H: TABLE OF CONTENTS FOR OPERATIONS MANUAL

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EXHIBIT I: RECEIPTS
ITEM 23: RECEIPT
(YOUR COPY)

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

If Certified Restoration Drycleaning Network, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require 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 agreements or payment of any consideration that relates the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or at least 14 calendar days before the execution of the franchise or other agreements or payment of any consideration that relates to the franchise relationship. Michigan, Oregon and Wisconsin 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 Certified Restoration Drycleaning Network, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit B.

The franchisor is Certified Restoration Drycleaning Network, LLC, located at 2060 Coolidge Hwy., Berkley, Michigan 48072. Its phone number is (800) 827-0207.

Issuance Date: March 20, 2016

The name, principal business address and telephone number of each franchise seller offering the franchise:

() Josh Titler () Wayne Wudyka () Ross Kollenberg () Bob Fearon () Greg Longe. All located at 2060 Coolidge Hwy., Berkley, Michigan 48072 and with a phone number of (800) 827-0207.

Certified Restoration Drycleaning Network, LLC authorizes the respective state agencies identified on Exhibit C to this Disclosure Document to receive service of process for it in the particular state.

I received a Disclosure Document dated March 20, 2016, that included the following Exhibits: (A) Financial Statements; (B) Franchise Agreement, with sub-Exhibits A-I; (C) Franchise Contact Information; (D) Electronic Funds Transfer Authorization; (E) List of State Agencies/Agents for Service of Process; (F) Notes; (G) State Addenda and Franchise Agreement Riders; (H) Operating Manual Table of Contents; and (I) Receipts.

Dated: _____, 20__
Signature: _____
(Print Name) _____, and/or
on behalf of a corporation to be incorporated.

Signature: _____
(Print Name) _____, and/or
on behalf of a corporation to be incorporated.

Copy for Your Records

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Copy for Certified Restoration Drycleaning Network, LLC