

KLJ Ventures, Inc.
(A Minnesota Corporation
D/B/A Jan-Pro Cleaning Systems of Minneapolis)
1011 1st Street S., Suite 450
Hopkins, MN 55343
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FRANCHISE DISCLOSURE DOCUMENT for Unit Franchises

We offer franchises to independently own and operate a cleaning and maintenance business that performs commercial, industrial, and institutional cleaning and maintenance services under the service mark JAN-PRO® and other trademarks, trade names, service marks, slogans and logos ~~that it may~~ authorize.

The total investment necessary to begin operation of a Jan-Pro unit franchise is about \$~~4,4653,550~~ to \$~~52,20550,905~~. This includes \$2,925 to \$44,000 that must be paid to us or our affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact KLJ Ventures, Inc. at 1011 1st Street S., Suite 450, Hopkins, MN 55343 and 952-238-1005.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov 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: ~~June 3, 2014~~April 10, 2015

STATE COVER PAGE

Your state may have a franchise law that requires us 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 THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator ~~listed~~ in Item 1 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 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 TO RENEW.

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

- 1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION IN THE STATE OF MINNESOTA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST MORE TO LITIGATE IN MINNESOTA THAN IN YOUR HOME STATE.**
- 2. THE FRANCHISE AGREEMENT STATES THAT MINNESOTA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
- 63. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

We may use the services of one or more franchise brokers or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

Effective Date: ~~June 3, 2014~~April 10, 2015

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EXHIBITS:

- EXHIBIT A - Franchise Agreement
- EXHIBIT B - Table of Contents- Operations Manual
- EXHIBIT C - Financial Statements (Regional Master Franchisee and Master Franchisor)
- EXHIBIT D - List of Our Current Unit Outlets
- EXHIBIT E - List of Our Former Unit Outlets
- EXHIBIT F - Franchisee Disclosure Questionnaire

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

To simplify the language in this disclosure document, KLJ Ventures, Inc., the franchisor and is referred to in this disclosure document as "**we**", "**us**", and "**our.**" "**You**" and "**your**" mean the person who buys the franchise, the franchisee. If the franchisee is a partnership, corporation, or other entity, "**you**" includes the franchisee's owners, who must agree to be personally bound under the Franchise Agreement.

Our Information

We are a Minnesota corporation that was organized on June 15, 2004. We do business under the name **Jan-Pro Cleaning Systems of Minneapolis**. Our principal business address is 1011 1st Street S., Suite 450, Hopkins, MN 55343. Our agent for service of process is State of Minnesota, Department of Commerce and this agent's principal business address is 85 7th Place East, Suite 500, St. Paul, MN 55101.

Our Parents

We do not have any parents.

Our Affiliates

~~We have an affiliate, KLJ Capital, Inc., which provides equipment financing and leasing to franchisees.~~

We have an affiliate, KLJ Enterprises, LLC, d/b/a Maid Right of Minneapolis ("Maid Right") whose principal address is 1011 1st Street S, Suite 450, Hopkins, MN 55343 and is in the business of offering franchises for a residential cleaning business. Maid Right began offering franchises in October, 2013.

We do not have any affiliates that offer franchises in any line of business.

Our Predecessor

We have no predecessors.

The Franchises Offered

Jan-Pro Franchising International, Inc. (the "**Master Franchisor**"), has developed a system (the "**System**") to independently own and operate a comprehensive cleaning and maintenance business that performs commercial janitorial and related services under the service mark JAN-PRO® and other trademarks, trade names, service marks, slogans and logos that it authorizes (collectively, the "**Proprietary Marks**"). The Master Franchisor has granted us the right to offer and sell Franchises to persons who want to independently own and operate Jan-Pro businesses

to service janitorial customers in our designated territory. Our designated territory includes the Minnesota Counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington (the "Territory"). Selling and servicing these Franchises is our only business.

Each Franchise is an independently owned and operated business. When you purchase a Franchise from us, you will sign a unit franchise agreement ("Franchise Agreement"). The Franchise Agreement includes the rights and responsibilities ~~that~~ you have when operating your Franchise under the Jan-Pro brand. You operate your Franchise as an independent business owner, not as our or anyone else's employee.

As the owner of your own independent business, you make all decisions on the goals of your business and on how you achieve those goals. You alone choose the details of the day-to-day operations of your Franchise subject to our System standards, which are necessary to protect and promote the Jan-Pro® brand.

For example, you choose your work hours and what work is done and how it is done (subject ~~of course,~~ to customers' preferences); you may hire your own employees and you may delegate work to your employees; you furnish your own supplies, equipment, and workplace; and you pay for your own expenses. We do not pay you a wage or salary, and you may suffer losses if you are not successful in your Franchise.

As an independent business owner, you must prepare, file, and pay all federal and state taxes, payments, and tax returns required on all income you earn from your Franchise (including all income, unemployment, and payroll taxes, such as FICA (social security and medicare), FUTA (federal unemployment, and SECA (self-employment contributions) payments).

General Market and Competition

Your market includes commercial customers requiring janitorial or maintenance services. The market for janitorial-service franchises is well developed. You will compete with individuals, corporations and entities offering janitorial and building maintenance services ~~businesses~~.

Industry Regulations

Some of the laws specific to the industry in which the Franchised Business operates are health and sanitation laws and the Occupational Safety and Health Act ("OSHA"). OSHA regulations require you to comply with Material Safety Data Sheets concerning chemicals and waste disposal. There may be other laws applicable to the franchised business. We strongly recommend that you make additional inquiries about these laws.

Laws and regulations vary widely from place to place. You should consult an advisor in your area to determine all applicable laws and regulations.

The Master Franchisor's Corporate Information and Business Experience

The Master Franchisor is a Massachusetts corporation ~~that was~~ formed in April 1995. The Master Franchisor does business as ***Jan-Pro Cleaning Systems*** and ***Jan-Pro®***. The Master

Franchisor's principal business address is 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. The Master Franchisor has never operated a Jan-Pro unit franchise and it does not offer or sell unit franchises such as those that we offer. It has offered and sold Jan-Pro regional master franchises such as ours since 1995. The Master Franchisor has never operated a regional master franchise, nor has it offered franchises in any other line of business.

Master Franchisor's Parents, Affiliates and Predecessors

The Master Franchisor is owned by Premium Franchise Brands, LLC, which, ~~in turn,~~ is owned by Jan-Pro Holdings, Inc. The principal business address of both of these companies is 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. Premium Franchise Brands, LLC and Jan-Pro Holdings, Inc. have never operated a regional master or unit franchise, nor have they offered franchises in this or any other line of business.

Although the Master Franchisor is owned by Premium Franchise Brands, LLC, it ~~has no does not have any~~ parent that shapes its policies or controls franchise sales or operations. It makes its own decisions on policies and franchise sales and operations.

The Master Franchisor's affiliate is Jan-Pro Enterprises, LLC ("JPE"). JPE's principal business address is 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. JPE has been offering Jan-Pro international master franchises since February 15, 2005. JPE has never operated a Jan-Pro regional master or unit franchise or offered franchises in any other line of business.

The Master Franchisor's other affiliate is Maid Right Franchising, LLC ("MRF"). MRF's principal business address is 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. MRF began offering MAID RIGHT master franchises in April 2013. MRF has never operated a Jan-Pro regional master or unit franchise or offered franchises in any other line of business.

The Master Franchisor has no predecessors.

ITEM 2 BUSINESS EXPERIENCE

Our Business Experience

Our officers and corporate executives are as follows:

Kevin L. Johnson, President

Kevin has been the Owner and President of KLJ Ventures, Inc. d/b/a Jan-Pro Cleaning Systems of Minneapolis since June, 2004. He is based in Hopkins, MN.

Stacy Tieche, Director of Sales and Operations

Stacy has been the Director of Sales and Operations of KLJ Ventures, Inc. d/b/a Jan-Pro Cleaning Systems of Minneapolis since October, 2014. From March, 2010 to October, 2014, Stacy was Director of Operations and was our Office Manager from May, 2005 to March, 2010. She is based in Hopkins, MN.

Craig Bergman, Director of Franchise Development

Craig has been the Director of Franchise Development of KLJ Ventures, Inc. d/b/a Jan-Pro Cleaning Systems of Minneapolis since July, 2007. He is based in Hopkins, MN.

The Master Franchisor's Business Experience

Director, President and Chief Executive Officer: Richard Kissane

Rich has been a Director and the Master Franchisor's President and Chief Executive Officer since August 2005. He is based in Alpharetta, Georgia.

Vice President and Chief Financial Officer: Eddie Curry

Eddie has been the Master Franchisor's Vice President and Chief Financial Officer since August 2005. He is based in Alpharetta, Georgia.

Chief Operating Officer: Dennis Thompson

Dennis has been the Master Franchisor's Chief Operating Officer since February 2013. Dennis was the Master Franchisor's Vice President from 2001 to February 2013. He is based in Alpharetta, Georgia.

Vice President of Franchise Licensing: Scott Thompson

Scott has been the Master Franchisor's Vice President, Franchise Development since July 2013. From February 2013 to July 2013, Scott was a Vice President for Franconnect in Reston, Virginia. From July 2010 to February 2013, Scott was the Executive Vice President for Desjoyaux Pools in Roswell, Georgia. From September 2005 to June 2010, Scott was a Regional Director for Fitness Together in New York, New York. He is based in Alpharetta, Georgia.

Director of Training: Charlotte Bentley

Charlotte has been the Master Franchisor's Director of Training since March 2013. From March 2006 to March 2013, Charlotte was the Master Franchisor's Director of Training and Operations. She is based in Montgomery, Alabama.

Vice President of Field Services: Anita Claringbole

Ms. Claringbole has been Vice President of Field Services of the Master Franchisor since 2008. Ms. Claringbole was the Master Franchisor's Senior Director of Master Development from 2002 to 2008. She has held these positions from Liberty Township, Ohio.

Director of Master Franchise Development: Cathy Kreuzberg

Cathy has been the Master Franchisor's Director of Master Franchise Development since August 2010. From May 2010 to August 2010, Ms. Kreuzberg was Regional Director of JP Orlando, LLC, in Orlando, Florida. From January 2008 to April 2010, Cathy served as Regional Director of Jan-Pro of Charlotte, LLC, in Charlotte, North Carolina. Cathy is currently based in Durham, North Carolina.

Director of Operations for Field Service: Jim Nagy

James has been the Master Franchisor's Director of Operations for Field Services since July 2014. From September 2013 to June 2014, James was an Operations Manager for Enviroclean, USA in Atlanta, Georgia. From August 2006 to January 2011, James was a Regional Manager for USM in Ronkonkoma, New York. From April 2001 to July 2013, James was a General Manager for QESG, Inc. in Lilburn, Georgia. James is based in Alpharetta, Georgia.

Director of International/Domestic Field Services: David Meyer

David has been the Master Franchisor's Director of International/Domestic Field Services since October 2014. From May 2014 to September 2014, David was an interim General Manager for P & D Ventures, Inc., doing business as Jan-Pro of the Greater Bay Area, in Pleasanton, California. From October 2012 to May 2014, David was a self-employed Business Consultant in Portland, Oregon. From May 2011 to October 2012, David was the Managing Partner of Jan-Pro of San Francisco in Burlingame, California. From December 2009 to May 2011, David was the General Manager of P & D Ventures, Inc., doing business as Jan-Pro of Southern California in Anaheim, California. David is based in Beaverton, Oregon.

Vice President, Interactive Marketing: Pamela Ansley Evans

Pam has been the Master Franchisor's Vice President, Interactive Marketing since June 2014. From September 2013 to May 2014, Pam was the owner of Pam A. Evans Marketing, LLC in Roswell, Georgia. From December 1980 to August 2013, Pam was a Program Director for IBM in Atlanta, Georgia. Pam is based in Alpharetta, Georgia.

Director, National Accounts: Michael Shane Connell

Shane has been the Master Franchisor's Director, National Accounts since July 2008 and has been with the Master Franchisor since August 2007. Shane is based in Alpharetta, Georgia.

Director of Information Technology: Jeff Dalton

Jeff has been the Master Franchisor's Director of Information Technology since October, 2008. Jeff is based in Alpharetta, Georgia.

Vice President and General Counsel: Kathryn Rookes

Kathryn has been the Master Franchisor's Vice President and General Counsel since March 2012. From August, 2008 to March 2012, Kathryn was a partner in the law firm of FSB Fisher-Broyles, LLP and the owner of Kathryn A. Rookes, P.C. Kathryn is based in Alpharetta, Georgia.

Founder and Chairman: Jacques J. Lapointe

Mr. Lapointe founded JAN-PRO Cleaning Systems, Inc. in 1991, and the Master Franchisor in 1995. Jack's high level of expertise is based on 31 years of experience in developing, operating, and franchising businesses on an international level. Mr. Lapointe holds this position from Waxhaw, North Carolina.

Vice Chairperson: Carol Goodcuff

Before joining the Master Franchisor in 1995, Ms. Goodcuff managed the company-owned offices of JAN-PRO Cleaning Systems, Inc., in Massachusetts and Rhode Island from 1992 to 1995. Carol's extensive industry experience includes 13 years' operating company owned and franchised offices. She holds this position from Boston, Massachusetts.

ITEM 3 LITIGATION

Our Litigation Disclosures

No litigation must be disclosed by us in this Item.

The Master Franchisor's Litigation Disclosures

Pending Depianti Case in Federal Court in Massachusetts

Depianti, Dos Santos, Kim, Roh, Vazquez, Roman, Aguilar, Rhodes, Garduno, Harris and Sinapov, and all others similarly situated. v. Jan-Pro Franchising International, Inc. (Case No. 1:08-cv-10663, United States District Court, District Court of Massachusetts). On April 18, 2008, Depianti, Kim and Roh, filed an action in federal court on behalf of themselves and others alleged to be similarly situated. On December 12, 2008, an amended complaint was filed to include the other named parties as additional plaintiffs. The plaintiffs were unit franchisees of certain of the Master Franchisor's Master Franchisees. The Master Franchisor had no contracts or relationship with them and never dealt with them in their franchise purchases or their business operations. The plaintiffs alleged that the Master Franchisor was liable for the actions of a few of its Master Franchisees, who were alleged to have engaged in misrepresentations,

unfair and deceptive business practices, and contract breaches alleged to have occurred because they did not receive the level of income or accounts they purchased. They also alleged that they were the Master Franchisor's direct employees and were denied wages and/or other employee benefits. Their claims were based on theories of quantum meruit and unjust enrichment. The plaintiffs sought certification as a class action, certification of subclasses in certain states, damages attributable to alleged statutory and common law violations, statutory tripling of damages, declaratory and injunctive relief, and any other relief to which they were entitled.

On January 6, 2009, the discovery phase of the action began. Discovery closed on July 31, 2009. During discovery, the claims of Dos Santos were voluntarily dismissed. On October 16, 2009, the Master Franchisor moved for summary judgment seeking dismissal of all claims of all remaining plaintiffs. Also on October 16, 2009, Depianti moved for summary judgment that he be declared the Master Franchisor's employee under Massachusetts law. The court heard oral argument on these motions on April 15, 2010. While these motions were pending, the court agreed to stay any briefing on whether any part of the case should be litigated as a class action. On August 31, 2012, the federal court certified questions to the Supreme Judicial Court of Massachusetts ("SJC") on questions relevant to the Master Franchisor's claimed liability to Massachusetts's plaintiff Depianti. Oral argument before the SJC was held on February 5, 2013 and the SJC issued its opinion on June 17, 2013. The federal court used the answers to these questions to help resolve the pending summary judgment motions. In November 2013, Sinapov's claims were dismissed, as he was no longer interested in pursuing his case. In December 2013, Kim's claims were dismissed under a settlement agreement in which the Master Franchisor paid him \$7,500. In January 2014, Roh's claims were dismissed, as his attorney couldn't find him.

On August 22, 2014, the judge ruled in the Master Franchisor's favor on its Motion For Summary Judgment on Depianti's claims for misrepresentations, misclassification as independent contractors, wage law violations, quantum meruit and most of the unfair and deceptive business practices allegations. Depianti's claim for unfair and deceptive business practices and the claim for unjust enrichment remained. In September 2014, Depianti dismissed his remaining claims. The Master Franchisor expects that Depianti will appeal his loss on his misclassification claim.

Also in September 2014, the 3 California plaintiffs filed a Motion to Transfer their claims to the federal court in Northern California. The Master Franchisor has opposed this Motion. In October 2014, the Master Franchisor settled the claims of Rhodes and Garduno for one payment of \$7,500 and of Harris for one payment of \$5,000.

Pending Massachusetts State Court Action

Claudio Brandao and Rommel Lima, et al. v. Jan-Pro Franchising International, Inc. (Case number 13-4439B, Superior Court of Suffolk County, Massachusetts). The attorney in the Depianti federal case attempted to add 2 additional plaintiffs to the federal case in 2012. After receiving a preliminary indication in December 2013 from the judge that he would not allow additional plaintiffs to be added after almost 6 years of litigation, the attorney then sued in the

Massachusetts state court on December 18, 2013. The plaintiffs were Massachusetts unit franchisees of certain of the Master Franchisor's Master Franchisees. The Master Franchisor never had any contracts or relationship with them and never dealt with them in their franchise purchases or their business operations. The plaintiffs allege that they were the Master Franchisor's direct employees and were denied wages and/or other employee benefits. Their claims are based on theories of misclassification as independent contractors and wage act violations. The plaintiffs seek certification as a class action, damages attributable to alleged statutory law violations, statutory enhancement of damages, injunctive relief, and any other relief to which they may be entitled. The Master Franchisor was served with this action on January 14, 2014. The Master Franchisor filed its Answer on March 14, 2014. There has been no further activity.

Other than the actions described above, no litigation must be disclosed in this Item for the Master Franchisor.Pending Litigation

Depianti, Dos Santos, Kim, Roh, Vazquez, Roman, Aguilar, Rhodes, Garduno, Harris and Sinapov, and all others similarly situated, v. Jan-Pro Franchising International, Inc.
(Case No. 1:08-cv-10663, United States District Court, District Court of Massachusetts).

~~On April 18, 2008, Depianti, Kim and Roh, filed an action in federal court on behalf of themselves and others alleged to be similarly situated. On December 12, 2008, an amended complaint was filed to include the other name parties as additional plaintiffs to the Complaint. The plaintiffs are unit franchisees of certain of the Master Franchisor's Master Franchisees. The Master Franchisor has no contracts or relationship with them and has never dealt with them in their franchise purchases or their business operations. The plaintiffs alleged that the Master Franchisor is liable for the actions of a few of its Master Franchisees, who are alleged to have engaged in misrepresentations, unfair and deceptive business practices, and contract breaches alleged to have occurred because they did not receive the level of income or accounts that they purchased. They also allege that they were the Master Franchisor's direct employees and were therefore denied wages and/or other employee benefits. Their claims are based on theories of quantum meruit and unjust enrichment. The plaintiffs seek certification as a class action, certification of subclasses in certain states, damages attributable to the Master Franchisor's alleged statutory and common law violations, statutory enhancement of damages, declaratory and injunctive relief against the Master Franchisor and any other relief to which they may be entitled.~~

~~On January 6, 2009, the discovery phase of the action began. Discovery closed on July 31, 2009. During discovery, the claims of Dos Santos were voluntarily dismissed. On October 16, 2009, Master Franchisor filed a motion for summary judgment seeking dismissal of all claims of all remaining plaintiffs. Also on October 16, 2009, Depianti moved for summary judgment that he be declared the Master Franchisor's employee under Massachusetts law. The court heard oral argument on these motions on April 15, 2010. While these motions are pending, the Court agreed to stay any briefing on whether any part of the case should be litigated as a class action. On August 31, 2012, the federal court certified questions to the Supreme Judicial Court of~~

~~Massachusetts ("SJC") on questions relevant to the Master Franchisor's claimed liability to Massachusetts's plaintiff Depianti. Oral argument before the SJC was held on February 5, 2013 and the SJC issued its opinion on June 17, 2013. The federal court will use the answers to these questions to help resolve the pending summary judgment motions. In November 2013, Sinapov's claims were dismissed, as he was no longer interested in pursuing his case. In December 2013, Kim's claims were dismissed under the settlement described under the Georgia case. In January 2014, Roh's claims were dismissed, as his attorney is unable to find him.~~

~~Pending Depianti Georgia State Court Case~~

~~On June 11, 2007, recognizing threat of litigation from Depianti and Kim, the Master Franchisor brought an action against Depianti and Kim in Georgia (Jan Pro Franchising International, Inc. v. Depianti and Kim, Superior Court of Fulton County, Georgia, (Case number 2007-cv-135416)) seeking a declaratory finding that the Master Franchisor was not their employer and had no relationship making the Master Franchisor liable to them, and enjoining them from taking further action against the Master Franchisor. The Master Franchisor moved for summary judgment, which was denied on August 2, 2010. When denying the motion for summary judgment, the court also granted Depianti's cross motion for summary judgment in which he argued that he should be deemed an employee of the Master Franchisor under Massachusetts law. The Master Franchisor appealed the decision, and the Georgia Court of Appeals ruled on June 23, 2011 that Depianti's motion for summary judgment should not have been granted, but that the Master Franchisor's motion should be granted and Depianti is not the Master Franchisor's employee under Massachusetts law. On July 13, 2011 Depianti's counsel filed a petition for further review of the issue at the Georgia Supreme Court. On August 2, 2011, the Master Franchisor filed an opposition to the petition. Initially, the Georgia Supreme Court decided to "stay" ruling on whether it will review the issue. This "stay" was entered because on September 9, 2011, the federal court in the above case issued an order proposing to certify questions to the Massachusetts Supreme Judicial Court that would help resolve whether the Massachusetts plaintiff, Depianti, had a viable cause of action against the Master Franchisor—the same issue already decided in the Master Franchisor's favor by the Georgia Court of Appeals. After the Massachusetts SJC issued its opinion on June 19, 2013, the Georgia Supreme Court denied Depianti's petition for further review. This means that the Georgia case as to Depianti has concluded in the Master Franchisor's favor. As to Kim, the case was then referred back to the Superior Court of Fulton County, Georgia for further proceedings. Right before a November 19, 2013 hearing in the Georgia case, Kim's attorney then requested that the Master Franchisor settle Kim's case in Georgia and in Massachusetts for a nominal amount, which the Master Franchisor did for its payment of \$7,500 to Kim. On December 18, 2013, Depianti filed an appeal in the Superior Court claiming that the Court never had personal jurisdiction over him. We believe that this appeal was filed too late and that Depianti waived his right to appeal in the Stipulation of Dismissal. This appeal is pending.~~

~~Pending Massachusetts State Court Action~~

~~Claudio Brandao and Rommel Lima, et al. v. Jan-Pro Franchising International, Inc. (Case number 13-4439B, Superior Court of Suffolk County, Massachusetts). The attorney in the Depianti federal case attempted to add 2 additional plaintiffs to the federal case in 2012. After receiving a preliminary indication from the judge that he would not allow additional plaintiffs to be added after almost 6 years of litigation, the attorney then filed this action in the Massachusetts state court on December 18, 2013. The plaintiffs are Massachusetts unit franchisees of certain of the Master Franchisor's Master Franchisees. The Master Franchisor has no contracts or relationship with them and has never dealt with them in their franchise purchases or their business operations. The plaintiffs allege that they were the Master Franchisor's direct employees and were therefore denied wages and/or other employee benefits. Their claims are based on theories of misclassification as independent contractors and wage act violations. The plaintiffs seek certification as a class action, damages attributable to the Master Franchisor's alleged statutory law violations, statutory enhancement of damages, injunctive relief against the Master Franchisor, and any other relief to which they may be entitled. The Master Franchisor was served with this action on January 14, 2014 and will have to file a response within 20 days.~~

Concluded Litigation

~~**Climaco Guzman and Cielo Guzman vs. Jan-Pro Cleaning Systems, Inc. and Carol McLennan** (Case No. C. A. P96-4703, Superior Court of the State of Rhode Island, and Providence Plantations) was filed on September 4, 1996. Mr. Guzman, a Jan-Pro unit franchisee, brought this suit against Jan-Pro Cleaning Systems, Inc., a Rhode Island regional master franchisee and Carol McLennan, who at that time was the regional master franchisee's Vice President. Mr. Guzman asserts breach of contract and fraud because of the defendants' alleged failure to provide Mr. Guzman with the customer accounts provided for in Mr. Guzman's unit franchise agreement. The trial court ruled in favor of the Guzmans and awarded them damages of \$120,000 and attorneys' fees of \$7,500. On May 14, 2004, following defendants' successful appeal of the trial court's decisions, the damage award was reduced to \$12,967.46 and \$7,500 of attorneys' fees.~~

~~Other than the actions described above, no litigation must be disclosed in this Item for the Master Franchisor.~~

ITEM 4 BANKRUPTCY

No bankruptcies must be disclosed in this Item for us or the Master Franchisor.

ITEM 5 INITIAL FEES

Initial Franchise Fee

When you sign your Franchise Agreement, you must pay us an initial franchise fee (the “**Initial Franchise Fee**”). This fee ranges from \$2,925 (if 10% discount is applied) to \$44,000, depending on the Account Gross Billings of the Initial Plan you purchase. The Initial Plans are described below. If you pay the Initial Franchise Fee in full when you sign the Franchise Agreement (without financing), we will discount the ~~amount of the~~ Initial Franchise Fee (ranging from \$3,250 - \$44,000) by 10%.

We may, at our option, finance a portion of the Initial Franchise Fee to help you purchase your Franchise. If we do so, you must make a down payment of \$1,250 to \$36,500, depending on the Initial Plan you choose, when you sign the Franchise Agreement. You must pay the balance—ranging from \$2,000 to \$7,500—in equal monthly installments over ~~thea period of~~ time that we establish before you sign your Franchise Agreement. You must pay interest on this balance at an annual rate of 10%. You must sign a Promissory Note to evidence your obligation to repay us these amounts. The form of Promissory Note is attached to the Franchise Agreement. If you operate your business as a corporation, partnership or a limited liability company, all your owners must ~~personally~~ guarantee payment of the Promissory Note. The form of Guaranty is attached to the Franchise Agreement.

Initial Plans

We offer 19 ~~different~~ Franchise plans (each, an Initial Plan"). Each Initial Plan represents a different amount of “Account Gross Billings”. “Account Gross Billings” are the total estimated annual revenues from any Accounts ~~that you service from time to time.~~

FRANCHISE PLAN	ACCOUNT GROSS BILLINGS ¹	TOTAL FEE	DOWN PAYMENT	AMOUNT FINANCED	FULL CASH PAYMENTS ²	MONTHLY PAYMENTS ³
FP-5	Accounts totaling \$5,000* per year	\$3250	\$1250	\$2000	\$2925	\$64.53
FP-8	Accounts totaling \$8,000* per year	4500	2500	2000	4050	64.53
FP-11	Accounts totaling \$11,000* per year	6000	3000	3000	5400	96.80
FP-14	Accounts totaling \$14,000* per year	7000	3750	3250	6300	104.87
FP-17	Accounts totaling \$17,000* per year	8000	4000	4000	7200	129.07
FP-20	Accounts totaling \$20,000* per year	9000	5000	4000	8100	129.07
FP-25	Accounts totaling \$25,000* per year	10700	5700	5000	9630	161.34
FP-30	Accounts totaling \$30,000* per year	11850	6850	5000	10665	161.34

¹ The actual Gross Billings you get under your Initial Plan ~~depend~~~~depends~~ on many variables, including satisfying your Customers and retaining your Accounts, and whether or not you accept Accounts offered to you (and do not stop servicing your Accounts), and which Accounts are counted in the fulfillment of your Initial Plan. The Account Gross Billing figures used for our various Initial Plans must not be considered as actual or potential sales, costs, income or profits you will realize—your actual sales, costs, income or profits will vary. We do not guarantee that you will realize or maintain these Account Gross Billing figures because it is impossible for us to do so with any degree of certainty.

² “Full Cash Payments” reflects a 10% discount.

³ “Monthly Payments” include interest at 10% a year.

FRANCHISE PLAN	ACCOUNT GROSS BILLINGS ¹	TOTAL FEE	DOWN PAYMENT	AMOUNT FINANCED	FULL CASH PAYMENTS ²	MONTHLY PAYMENTS ³
FP-35	Accounts totaling \$35,000* per year	13000	8000	5000	11700	161.34
FP-40	Accounts totaling \$40,000* per year	14000	9000	5000	12600	161.34
FP-50	Accounts totaling \$50,000* per year	16000	11000	5000	14400	161.34
FP-60	Accounts totaling \$60,000* per year	18000	13000	5000	16200	161.34
FP-75	Accounts totaling \$75,000* per year	21000	16000	5000	18900	161.34
FP-85	Accounts totaling \$85,000* per year	22950	17950	5000	20655	161.34
FP-100	Accounts totaling \$100,000* per year	26000	21000	5000	23400	161.34
FP-125	Accounts totaling \$125,000* per year	31000	23500	7500	27900	242.00
FP-150	Accounts totaling \$150,000* per year	36000	28500	7500	32400	242.00
FP-175	Accounts totaling \$175,000* per year	40000	32500	7500	36000	242.00
FP-200	Accounts totaling \$200,000* per year	44000	36500	7500	39600	242.00

Your Account Gross Billings do not reflect the costs of sales and operating expenses that must be deducted from Account Gross billings to get your net income or profit.

Once you accept an Account, we transfer ownership of the Account to you, and the Account remains your property unless returned to us as follows. An Account will immediately return to us if the customer requests either verbally or in writing that its service contract be terminated or serviced by another franchisee; you sell Jan-Pro cleaning or similar supplies to Jan-Pro customer without our consent or provide services to Jan-Pro customer outside of your Franchise Agreement; your Franchise Agreement is terminated; you otherwise stop being a Jan-Pro franchisee; or you no longer want to service the customer.

~~Prior to visiting the Account location, you~~ You will review ~~the information for~~ each new Account ~~that~~ we offer to you, and decide for yourself whether or not you will accept that Account under your Initial Plan. If you reject an Account ~~that~~ we offer under your Initial Plan, we will have a reasonable ~~amount of~~ time to offer you a replacement Account, which may take longer than our original time commitment to you.

If within one year from the date ~~that~~ you begin providing services for a customer, the customer terminates your services for any reason other than your Misconduct, or you stop servicing a customer because the customer does not pay, we will, within a reasonable time, offer to replace the Account with other Accounts that are either, at our election: (a) at least the ~~amount of the~~ Account Gross Billings of the terminated Account for the time ~~period~~ left in the terminated Account's one year, or (b) at least ~~the amount of~~ the Account Gross ~~b~~ Billings of the terminated Account, less the amount invoiced to the terminated Account for services you rendered (if we select this option, the duration of the replacement obligation for the replacement Account is 12 months from the replacement Account service Start Date). For example, if a terminated Account's Account Gross billings is \$1,000 per month (\$12,000 per year), and you provided services for 7 months before the Account terminates, you have received Account value of \$7,000. We will replace the Account with Accounts that provide the

remaining \$5,000 in Account Gross Billings during the 12 months after you start servicing the new Account.

Our Time To Fulfill The Initial Plan

Under the Franchise Agreement, we generally have 120 business days after your Start Date to offer you Accounts with the required Account Gross Billings. However, if your Initial Plan is over \$35,000 in Account Gross Billings, we have 120 business days, plus an additional 30 business days for each \$15,000 of Account Gross Billings, or portion of that amount, over \$35,000 of Account Gross Billings. These time periods will be extended if you lose an Account (other than for your ~~misconduct~~Misconduct) or we discontinue your services to an Account because we determine that you need additional training or if you default under your Franchise Agreement. See Section 1.2 of the Franchise Agreement for more information.

Refunds of Initial Franchise Fee

If we fail to offer you initial Accounts with the Account Gross Billings required under your Franchise Agreement within the agreed on time, we will refund that part of the Initial Franchise Fee equal to the Adjustment Amount (defined below). Other than this, the Initial Franchise Fee is not refundable for any reason.

The “**Adjustment Amount**” is the difference between the Initial Franchise Fee for the Initial Plan you purchased and the Initial Franchise Fee for the Initial Plan we actually offered. We may deduct any amounts you owe us (including any amount due under a Promissory Note) from the amount ~~of the Initial Franchise Fee~~ to be refunded.

If the Initial Plan we offer to you is not one of the standard Initial Plans ~~as shown above~~, we use a formula to determine the Adjustment Amount. For example, if you purchase a FP-20 (\$20,000 of estimated Account Gross Billings per year), the Initial Franchise Fee is \$9,000. If we offer you Accounts with Account Gross Billings that only total \$16,200 per year (which is between the FP-17 and FP-14, the marginal rate (“**Marginal Rate**”) between the FP-17 and the FP-14 is 33.33%. Here is the calculation:

- The difference between the Account Gross Billings for FP-17 and FP-14 is \$3,000.
- The difference between the Initial Franchise Fees for FP-17 and FP-14 is \$8,000 - \$7,000 = \$1,000;
- The Marginal Rates is calculated as \$1,000 divided by \$3,000 = 33.33%
- The Initial Franchise Fee for the actual Accounts offered to you would be:
 - The FP-14 Initial Franchise Fee of \$7,000

- PLUS the amount above \$14,000 in Account Gross Billings of \$2,200 (\$16,200 - \$14,000), multiplied by the Marginal Rate of 33.33% = \$733
- The Initial Franchise Fee of the Initial Plan ~~that we actually~~ offered would therefore be \$7,000 + \$733 = \$7,733. Your refund would be \$9,000 - \$7,733 = \$1,267. If you financed your Initial Franchise Fee, the refund amount will be deducted first from any remaining balance under your Promissory Note.

Your “Start Date” is the date you successfully complete our Initial Certification Program (as defined in Item 11), get all licenses and permits required by law to operate your Franchise, including establishment of a legal business entity (i.e., corporation, limited liability company, etc.), get the initial equipment and supplies package described in Item 7 (the “Initial Equipment Package”), get the required insurance coverage, and, fulfill reasonable conditions ~~that~~ we may impose before beginning to operate your Franchise.

Initial Equipment Package

Before the Start Date and within a reasonable time after you have completed our Initial Training Program, you must get the Initial Equipment Package. ~~You~~ ~~if you satisfy the following conditions, we will provide the Initial Equipment Package for free:~~

- ~~you buy an Initial Plan of FP-20 or greater; and~~
- ~~you pay the entire Initial Franchise Fee without financing.~~

~~If you don't satisfy the above conditions, you~~ must purchase the Initial Equipment Package from us for \$950 plus any applicable sales tax or from a third party or parties at the market price.

Class Action Waiver

If you want us to waive our right to require you to arbitrate on an individual basis only and to permit you to bring claims on a class-wide basis or joined with a third party, you must pay us a Waiver Fee of \$500 when you sign the Franchise Agreement. This Waiver Fee is non-refundable.

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**ITEM 6
OTHER FEES**

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	10% of your Gross Billings for the previous month	Monthly	"Gross Billings" means the total revenues due from all Accounts for services you provided under Marks. See Section 5.1.1 of the Franchise Agreement for more information on what Gross Billings includes.
Support Fee	5% of your Gross Billings for the previous month	Monthly	
Administrative Fee	10% of your Special Services Billings for the previous month.	Monthly	"Special Services Billings" means the Gross Billings for Special Services. "Special Services" are special or isolated cleaning services performed under one-time non-recurring contracts. These services may include carpet cleaning and extraction, floor stripping and refinishing, initial cleanings, window washing and the like. Amounts due from customers for Special Services are included in your Gross Billings; they are, however, separately reported and invoiced in most cases.
Negotiation Fee	The first month's Gross Billings under a Negotiated Contract	3 equal installments, the first of which is due when the first payment under the Negotiated Contract is received.	A "Negotiated Contract" is a cleaning services contract that you bid and negotiated with our help, if you requested our help.
Complaint or Standards Violation Fee and Service Fee	\$50 for the Complaint or Standards Violation Fee; \$50 per person an hour, plus expenses (including materials, supplies, and equipment) for the Service Fee.	When Complaint is made or you violate policies and procedures	You must pay us a Complaint or Standards Violation Fee for each Customer Complaint or violation of the policies and procedures. A "Complaint" is a customer complaint to which you did not respond in accordance with the customer agreement or our then current branded warranty program. You also must pay us a Service Fee to compensate us for the cleaning services that we hired a third party to perform to fix the Complaint .
Advertising Contribution	Not more than 1% of Gross Billings for the previous month	As we require	You must pay us an Advertising Contribution if we institute any advertising or marketing programs or campaigns. We do not currently require Advertising Contributions. If we do in the future, we will tell you when this fee is due.
National Accounts Support Fee	2% of Gross Billings from National Accounts for the previous month	Monthly	A "National Account" is a national or regional account that we got from the Master Franchisor's affiliate. This fee is in addition to the Royalty Fee due on Gross Billings from National Accounts.
Substitution Fee	The customer's	You do not pay us	We may assist you by providing substitute

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	payments for the substituted services	these fees; the customer pays us.	contractors to perform your janitorial services. If our substitute contractors perform these services, you will not get any payments from the customer for these services.
Renewal Fee	\$1,500	Before the start of the renewal term.	2.2.6. You must pay us a Renewal Fee for renewing your Franchise Agreement.
Transfer Fee	The greater of: \$1,500 or 8% of your total Gross Billings for the 12 full calendar months before the transfer	Before the transfer	If you transfer your Franchise, you must pay us a Transfer Fee. If we require the transferee to enter a new Franchise Agreement, the transferee will not pay any initial franchise fee.
Advances	Amount of the uncollected Advance	90 days after Account is invoiced	Our payments to you under Section 7.3 of the Franchise Agreement are advances (" Advances ") that we will make whether or not your customers have actually paid. If, after 90 days from the date an Account is invoiced, the customer has not paid, you must reimburse us the amount of the uncollected Advances and our related fees. We will not charge interest on Advances, unless you don't repay them on time.
Advance Assurance Fee	2% of Gross Billings for the previous month	Monthly	We may offer you the option to pay us an Advance Assurance Fee instead of repaying uncollected Advances. If you choose to pay this fee, you must pay the Assurance Fee for the remainder of the Initial Term, or until we discontinue the Advance Assurance Fee program.
Key Return Fee	\$500 for each day that you do not return customer keys	On demand	When your Franchise Agreement expires or terminates, you must immediately give us or the customer (as each customer decides) all keys, security passes, security codes, and any other means of access to your customers' premises. You also must do this if you stop servicing any Customer.
Replacement Manager Certification Fee	\$250.00	Before attendance	All of your managers must attend our Certification Program. You must pay the costs your manager incurs in attending the Training Program. We may charge a reasonable fee after we have provided the Training Program for 4 of your representatives.
Interest	The lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law	On demand	If you don't pay us on time, interest accrues from the due date until the amount is paid in full.
Business Protection Program	Amount of the premium, fees	On demand	We may allow you to participate in a group insurance plan (the " Business Protection ")

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	payable to us for administering program, and other related and incidental costs		Program) that provides general liability insurance, workers' compensation insurance (where available), and bonding to us and our participating franchisees through an insurance company that names us and you as insureds. If we do, and you elect to participate in the Program, you must pay us these amounts.
Default Collection Expenses	Our actual costs	On demand	If we hire an attorney or other professionals because you don't pay us or you don't send in required reports, information or supporting records, or you otherwise breach your Franchise Agreement, you must pay us these amounts.
Indemnification	All amounts we have to pay	On demand	If we or the Master Franchisor has to pay any amounts because of something you did, you must pay us back. Examples covered by this indemnity include claims relating to: your or your employee's car accident; you being determined to be our employee by any federal or state agency; and your failing to act as an independent business owner or failing to pay any income, unemployment, or payroll tax or file any return relating to being an independent business owner.
Reimbursement for Performing Your Obligations	Amount we pay, plus interest at the Contract Interest Rate beginning on the 10th day after we request reimbursement	On demand	If you breach your Franchise Agreement, we have the right (but not the duty) to perform your obligations for you. If we do, you must pay us back.
Lost Manual Fee	\$200 for each replaced Manual	Before we provide you with the replacement Manual	If you lose any of the Manuals (even if stolen or destroyed), we will loan you a replacement copy of each Manual.
Collection Costs	Our out-of-pocket costs (including, legalattorney's fees and court costs)	On demand	If any of your customers do not pay, we may hire attorneys, file suit, or take any other actions we consider appropriate to collect amounts due, at your expense.
Insurance	The cost of the insurance, plus interest at the Contract Interest Rate, plus a reasonable fee for our expenses.	On demand	If you do not get and keep the insurance required by you Franchise Agreement, we have the right (but not the duty) to get that insurance for you. If we do, you must pay us these amounts.

All fees in the above chart are imposed by and paid to us. All fees are nonrefundable.

Billing and Collections

We do the following for you:

- invoice and collect from your Accounts; and
- accept and process payments from customers.

We collect the money due on Accounts and deduct, and pay ~~ourselves~~, Royalty Fees, Support Fees, Collection Costs, Advertising Contributions, and any other money then due ~~and payable~~ to us (including under any Promissory Note). On the last business day of each month, we pay you the net amount billed to your Accounts the previous month (after deducting the amounts described in the prior sentence).

Additional Accounts

After you sign a Franchise Agreement, we may offer additional Customer Accounts (not included in the original Initial Plan) to you ("**Additional Accounts**"). You may review ~~each~~ Additional Account and decide whether you wish to take it. To get Additional Accounts, you must pay us a sales and marketing fee (the "**Sales and Marketing Fee**"). The Sales and Marketing Fee for each Additional Account is determined by your total Annualized Billings, as follows:

If your Annualized Billings are less than \$20,000, the Sales and Marketing Fee is 5 times the Monthly Account Gross Billings.

If your Annualized Billings are \$20,000 or more, the Sales and Marketing Fee is 4 times the Monthly Account Gross Billings.

"**Annualized Billings**" means an amount equal to the product of 12 times your total ~~Gross~~ Billings for the month before the month in which you are acquiring the Additional Accounts. "**Monthly Account Gross Billings**" for an Additional Account equals the Annualized Billings for that Account divided by 12.

Payment for Additional Accounts

You ~~may~~must pay us the Sales and Marketing Fee ~~as follows~~:

- You may pay the entire Sales and Marketing Fee in cash, and get a 10% discount.
- You may pay the Sales and Marketing Fee in 4 or fewer equal monthly ~~installments~~. We will deduct those installments (and any other amounts you owe us) from the first 4 payments we collect for you from your Accounts. If ~~the amount of~~ those first 4 or fewer collected payments are not sufficient to fully pay the Sales and Marketing Fee (and those other amounts), we may either require you to pay the balance due on demand or deduct the balance due from amounts we later collect from your Accounts.
- You may pay a down payment of the Sales and Marketing Fee and pay the balance of the Sales and Marketing Fee by signing the Promissory Note attached to the

Franchise Agreement. If you are an entity, like a corporation, partnership, or limited liability company, all your beneficial and legal owners must guarantee all your obligations under the Promissory Note and must sign a Guaranty in the form attached to the Franchise Agreement.

The Promissory Note will have an original principal amount equal to the outstanding balance of the Sales and Marketing Fee and annual interest on the unpaid principal amount at the rate of 10%. Installments of principal and interest are due ~~on a~~ monthly ~~basis~~ after the month you begin servicing the Additional Account.

Loss of Additional Accounts

If any Additional Accounts are terminated, within the Replacement Obligation Period (defined below), for any reason other than your ~~misconduct~~ Misconduct, we will replace the terminated Additional Account within a reasonable time as stated in your Franchise Agreement. The “Replacement Obligation Period” is:

- 12 months from the date you begin servicing the Additional Accounts if you pay the entire Sales and Marketing Fee in cash as provided in Section 4.4.1 of the Unit Franchise Agreement or pay the Sales and Marketing Fee in four or fewer consecutive equal monthly installments as provided in Section 4.4.2 of the Unit Franchise Agreement; or
- 6 months from the date you begin servicing the Additional Accounts if you pay the Sales and Marketing Fee in any other manner.

If an Additional Account is terminated ~~for any reason~~ after the Replacement Obligation Period expires, we do not have to replace it.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Type Of Expenditures	Amount		Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$2,925	\$44,000	Pay in Full or Installments	When you sign your Franchise Agreement	Us
Travel And Living Expenses While <u>Attending Certification Program Training</u> (1)	\$50	\$300 <u>\$100</u>	As Arranged	During <u>Certification Program Training</u>	Hotels, Parking facilities, Gas stations
Office and Related Expenses (2)	\$150	\$550	Pay in Full	As Incurred	Vendors
Vehicle (3)	\$0	\$500	If Needed	As Incurred	Third Party
Initial Equipment and Supplies Package (4)	\$9500	\$1,250 <u>\$950</u>	Pay in Full	Before Opening	Us or Third Party
Real Estate (5)	\$0	\$550	As Incurred	As Incurred	Landlord
Floor Buffing Machine (6)	\$25	\$900	Lease or Pay in Full	As Incurred	Vendor

Type Of Expenditures	Amount		Method Of Payment	When Due	To Whom Payment Is To Be Made
Carpet Cleaning Machine (7)	\$25	\$1,500 300	Lease or Pay in Full	As Incurred	Vendor
EnviroShield Sprayer 0(12)	\$25	\$600	Lease or Pay in Full	As Incurred	Vendor
Insurance (8)	\$15,200	\$325	Pay Installments	As Incurred	Insurance Company
Legal & Organization Costs (9)	\$150	\$680	Pay in Full	Before Opening	Government Agencies and Attorneys
Mediation/Arbitration Waiver Fee (10)	\$0	\$500	Lump Sum	When you sign your Franchise Agreement	Us
Additional Funds for 3 Months (11)	\$150	\$550	As Incurred	As Incurred	Employees, government agencies, insurance company, third parties
Total Initial Investment	\$4,465,700	\$52,205,150			

- (1) This estimate includes only local travel between your home and a local commercial site where ~~the Certification Program is presented~~ training takes place.
- (2) This item covers ~~the cost of~~ additional phone costs, office/administrative supplies, uniforms and ~~sometimes in some cases~~, additional janitorial supplies.
- (3) You need a vehicle for transportation to and from the customer facilities you service. You typically use your personal vehicle for this purpose. The monthly cost will vary based on the make, model, and condition of the vehicle, financing arrangements, area in which the vehicle will be used, and the like.
- (4) ~~You if you buy an Initial Plan of FP 20 or greater and you pay the Initial Franchise Fee in full without any financing, we will provide you, at no additional charge, with an Initial Equipment Package. Otherwise, you~~ must purchase the Initial Equipment Package from us for \$950 plus any applicable sales tax or from a third party. The required Initial Equipment Package includes:

* Uniforms:	*Chemicals:
2 Collared Shirts	1 Quart Biorenewable Glass Cleaner
*Equipment:	1 Gallon Tri-Base All Purpose Cleaner
3 32oz Spray Bottles with Triggers	1 Gallon Green Solutions Disinfectant
1 Sponge With White Pad	1 Gallon Neutral Floor Cleaner
1 Johnny Mop w/Cone	1 Quart Green Solutions Restroom Cleaner
11" Putty Knife	1 Quart SparCling HCL
1 Gallon Pump	1 Quart Carpet Prespray & Spotter
1 Dust Pan	*Safety:
1 Angle Broom	1 Wet Floor Sign
1 24oz Blended Mop Head Looped End	1 Box Latex or Vinyl Gloves
1 60" Wet Mop Handle	1 Pair Safety Glasses
1 Set Mop Bucket and DPress Wringer	1 Measuring Cup
1 Set 44 Gallon Barrel w/Dolly & Caddy Bag	Appropriate Labels for Trigger Sprayers
1 Pro Team Super Coach Vacuum	Appropriate Material Date Safety Sheets ("MSDS")
1 Glass Squeegee	
25 Micro Fiber Cloths	
5 18" MicroFiber Floor Cloth Complete With Handle & Pad Holder	

- (5) Typically you use your residence as an office and storage facility for your Franchise. You can, however, rent storage space costing about \$40 - \$75 per month. You also can rent a 10' x 12' office, unfurnished, for about \$120 - \$260 per month, or furnished at about \$210 - \$475 per month. These costs vary depending on your location and general availability of office space.
- (6) You may lease this machine for \$25 - \$50 per day. The machine, if purchased, will cost about \$500 - \$900.
- (7) You may want to get carpet-cleaning equipment for carpet-cleaning requests. The cost to purchase this equipment may range from \$500 - \$1,350, depending on the supplier, the type of equipment, and whether it is used or new. You also may lease this equipment at a cost of \$25 - \$50 per day, depending on these same factors.
- (8) See Item 8 for the required insurance.
- (9) You must get business licenses and permits from various state and local agencies. The costs vary and can range from \$25 and \$680. The higher end of the estimate assumes that you will form an entity to operate your Franchise.
- (10) If you want us to waive our right to mediate and arbitrate on an individual basis only, you must pay us this fee when you sign your Franchise Agreement.
- (11) This is only an estimate of the expenses for your initial start-up phase. The additional funds you will need to operate during this phase include payroll costs, rent, utilities, and transportation costs to service your customers. These estimates ~~do not~~ include ~~no~~ salary or allowance for you; any royalty fees, advertising contributions, or any other amounts you must pay us; or any additional supplies you may need after your initial inventory is consumed. We cannot guarantee ~~that~~ you will not have additional expenses starting your business. The actual amount of additional funds you will need during the initial phase of operating will depend on factors such as: the size and location of your Franchise, how much you follow our methods and procedures; your management skill, experience, and business ability; local economic conditions; the local market for Jan-Pro cleaning and maintenance services; the prevailing wage rate, and other factors. By providing these estimates of your costs, we are not making any representation that you will have any level of sales. The estimates are of your expenses only and ~~do not~~ reflect ~~no~~ offsetting sales revenue you may earn from operations to pay those expenses.
- ~~(12) You may lease this machine for \$25 per day. The machine, if purchased will cost about \$500 - \$600.~~

We relied on our experience and the Master Franchisor's ~~over more than~~ 20 years of experience in supporting regional master franchises ~~that to~~ offer and sell unit franchises that provide cleaning and maintenance services to compile these estimates. ~~Review You should review~~ these figures carefully with a business advisor before ~~deciding making any decision~~ to purchase the franchise. Except as stated in Item 10, we do not offer direct or indirect financing to franchisees for any items.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchasing Requirements

You are not required to buy or lease equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate your Franchise directly from us. However, you must buy or lease equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate your Franchise ~~under~~ ~~in~~ ~~accordance with~~ our written requirements. These requirements include standards for quality, safety, OSHA compliance, cleaning efficiency and economy, and any other standards we think appropriate for the Franchise. We are an approved supplier for many items ~~that~~ you must buy or lease for the operation of your Franchise. We may designate ourselves, or an affiliate, as an exclusive or nonexclusive supplier of any of the products or services used to operate your Franchise, and may make a profit supplying these products and services to you. None of our officers owns an interest in a required supplier.

Approval of Alternative Suppliers

If you propose to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved supplier, or that does not comply with our specifications, you must submit a written request for our approval, or request the proposed supplier itself to do so. As a condition of our approval, which we may grant or withhold or revoke in our sole discretion, we may require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, at our option, either to us or to an independent, certified laboratory we designate for testing. For products involving new specifications, we may likewise require that samples of those products be delivered either to us or to an independent, certified laboratory we designate for testing. We are not liable for damage to any sample that may result from the testing process. You must pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing.

We may, at our option, reinspect any approved supplier's facilities and products and continue to sample the products at the supplier's expense. We may revoke approval on the supplier's failure to continue to meet our specifications. We also may require as a condition to our approval, that the supplier present satisfactory evidence of insurance, such as product-liability insurance, protecting us and you against all claims arising from the use of the supplied item(s) within the System. We will exercise reasonable efforts to approve or disapprove your proposal within 30 days after we receive your written request for approval.

Authorized manufacturers and suppliers must demonstrate, to our continuing satisfaction, that they possess, among other things: the ability to meet our reasonable standards and specifications; and adequate quality controls and capacity to supply your needs promptly and reliably. When considering whether to approve suppliers for the System, we may consider any other relevant factors, including any factors relating to the price and quality of the products or services and the supplier's reliability. We may approve a single supplier for any brand and may approve a supplier only as to a certain brand or brands. We may concentrate purchases with one or more suppliers to obtain the lowest prices or the best advertising support or services for any group of franchised businesses. We may condition our approval of a supplier the frequency of delivery, standards of service, including prompt attention to complaints, and concentration of purchases. Our approval may be provisional, pending our further evaluation of the supplier. We may revoke our authorization at any time in writing.

Purchases In Accordance With Our Specifications

You must purchase or lease certain equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate the Franchise only in accordance with our specifications. For example, you must purchase or lease certain equipment, insurance and computer hardware and software for your Franchise in accordance with our specifications.

Specifications that we have formulated for these items are in our Manual. We may modify these specifications on reasonable written notice to you. We will consider your written request for a modification of a specification, if you explain the reason for the requested modification (or for the approval of any product or service we have not previously approved) and provide us with sufficient technical data to enable us to evaluate your request. We will provide you with notification of approval or disapproval within 30 days after receipt of your request. We will approve a request if we determine that a modified specification is appropriate or that any product or service meets our specifications then in effect. We may perform tests to determine if any equipment or products meet our specifications. We will charge you a fee to cover our out-of-pocket expenses, plus our then-current per diem charges for our personnel, for any required testing or inspection.

Insurance

You must have the types and amounts of insurance ~~that~~ we require. This insurance is in addition to any other insurance ~~that~~ you must have by law or otherwise. At a minimum, these policies include ~~the following~~:

- janitorial bonding of at least \$50,000, and includes a non-conviction clause;
- workers' compensation insurance as required by law for you and all of your employees with a minimum coverage of \$~~1~~500,000, or statutory limits, and all unemployment insurance required under state and federal laws to maintain a proper unemployment insurance account; and,
- comprehensive general liability insurance covering property damage, loss and personal injury of at least \$1,000,000 per occurrence, \$2,000,000 in the aggregate, and automobile liability with a minimum coverage of \$1,000,000, personal injury and property damage insurance.

These policies must be written by an insurance company reasonably satisfactory to us with a Best rating of "A" or better, and, to the extent permitted by law, must name us and the Master Franchisor as additional insureds. We can adjust the amounts of insurance required under these policies and require different or additional kinds of insurance, including excess liability insurance. We may do this to protect against inflation, new risks, changes in law or standards of liability, greater damage awards, or other relevant changes in circumstances.

Initial Equipment and Supplies Package

~~You must get the Initial Equipment Package, which is described in Item 7. You may purchase these items from us or a third party if they meet with our specifications, within a reasonable time after you complete our Certification Program. See Item 5 for circumstances under which we will give you the Initial Equipment Package for free.~~

The Business Protection Program

We may allow you to participate in a group insurance plan (the "**Business Protection Program**") that provides general liability insurance, workers' compensation insurance (where available), and bonding to us and our participating franchisees through an insurance company that names us and you as insureds.

Initial Equipment and Supplies Package

You must get the Initial Equipment Package, which is described in Item 7. You may purchase these items from us or a third party if they meet with our specifications, within a reasonable time after you complete our Certification Program.

Revenues Derived from Required Purchases and Leases

In our fiscal year ending ~~2013~~2014, our revenues from the sale of equipment, chemicals, supplies, insurance and uniforms to franchisees was \$~~333,774.92~~88,049.82, or ~~1.566.28~~% of our total revenues. In addition, JPE also will derive some revenues from the master franchisees' participation in the insurance program.

The cost of all goods and services purchased ~~in accordance with~~ our specifications will range from 2% to 25% of your total purchases in establishing the business and a range from 2% to 10% of your total purchases during the operation of your Franchise. The range is based on the Initial Plan you purchase and estimated Gross Billing.

No Supplier Rebates

We receive no rebates or discounts ~~because as a result~~ of franchisee purchases.

No Purchasing or Distribution Cooperatives

No purchasing or distribution cooperatives exist. We do not undertake to negotiate purchase arrangements (including price terms) with suppliers.

No Material Benefits for Use of Approved Sources

We do not provide material benefits to you based on your use of designated or approved sources.

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 UNIT FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Not applicable	Items 11 and 12
b. Pre-opening purchases/leases	Sections 8.5.1 and 9.1	Items 5, 7, 8, and 11
c. Site development and other preopening requirements	Not applicable	Not applicable
d. Initial and ongoing training	Sections 7.1 and 8.1	Items 6, 7, and 11
e. Opening	Not applicable	Items 7 and 11
f. Fees	Sections 2.2, 3.1, 4.1, 5.1, 5.4, 7.3, 7.4, 7.5, 7.6, 8.1, 14.4, 16.2, 18.4.	Items 5, 6, and 7
g. Compliance with standards and policies/operating manuals	Sections 1.1, and 12.1, 12.2	Items 8 and 11
h. Trademarks and proprietary information	Article 11 and Section 12.3	Items 13 and 14
i. Restrictions on products/services offered	Sections 8.8	Item 16
j. Warranty and customer service requirements	Section 8.8 and Section 9.1	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Section 8.5	Item 8
m. Maintenance, appearance and remodeling	Not applicable	Not applicable
n. Insurance	Article 14	Items 6, 7, and 8
o. Advertising	Article 11	Items 6, 7, and 11
p. Indemnification	Section 19.3	Item 6
q. Owner's participation/management/staffing	Section 7.7 and 8.7	Item 15
r. Records/reports	Article 10	Not applicable
s. Inspections/audits	Section 10.3 and Article 13	Item 6
t. Transfer	Article 18	Items 6 and 17
u. Renewal	Section 2.2	Items 6 and 17
v. Post-termination obligations	Article 16	Item 17
w. Non-competition covenants	Article 17	Item 17
x. Dispute resolution	Article 20 and 22.10 and 22.14	Item 17

OBLIGATION	SECTION IN UNIT FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
y. Other	Not applicable	Not applicable

ITEM 10 FINANCING

We may finance a portion of the Initial Franchise Fee for qualified franchisees. We also may finance a portion of the Sales and Marketing Fee if we offer you and you accept Additional Accounts. Financing also is available for equipment leases. We ~~do not offer~~ no any other financing.

We may finance between \$2,000 and \$7,500 of your Initial Franchise Fee depending on the Initial Plan you buy. We also may finance a portion of any Sales and Marketing Fee. We may finance up to 75% of the purchase price for certain equipment ~~that~~ you buy from us for 12 to 36 months. In each case, you must sign a Promissory Note in the form attached to the Franchise Agreement for the amount financed. This amount must be paid in not more than 36 equal monthly installments with interest at 10% per year on Franchise Fees or Sales and Marketing Fees and up to 15% per year on equipment and supplies.

Your obligations under the Promissory Note are secured by ~~the~~ security interest in all your assets that you use in your Franchised Business. These assets include all equipment, inventory, agreements, contracts, your Accounts, your accounts receivable, and all other property you now own or later acquire, used in your Franchised Business~~grant us under the Franchise Agreement~~. You may pay the Promissory Note early with no~~without any~~ prepayment penalty. If you are a business entity, like a corporation or partnership, all your owners must enter the Guaranty attached to the Unit Franchise Agreement. Under this Guaranty, they ~~personally~~ guarantee that you will perform all your obligations under the Promissory Note.

If you default under the Promissory Note:

- the entire amount left on the Promissory Note ~~becomes~~will be immediately due;
- you must pay court costs and ~~legal attorney's~~ fees we pay to collect the amounts you owe (even if we don't sue you);
- you must pay interest at the lesser of (i) 18% a year or (ii) the maximum legal rate on the ~~remaining~~entire principal balance, and all accrued interest; and
- we may terminate your Franchise Agreement.

Under the Promissory Note, you waive the following defenses and legal rights: valuation and appraisal, demand, presentment, notice of non-payment, dishonor and protest; and your right to a jury trial.

The Promissory Note permits us to assign it, but it is not our practice or current intention to sell, assign, or discount all or any part of any Promissory Note to a third party.

Neither we nor any affiliate receives any consideration for placing financing with any third-party lender.

JAN PRO Veterans Preference Program

To provide support to past veterans and current veterans being released from active service, we offer all qualifying veterans financing of 50% of the Initial Franchise Fee for all Initial Plans FP-20 and above. We will provide this financing for 24 months, at no interest. You must sign a Promissory Note in the form attached to the Franchise Agreement for the amount financed. A summary of the other terms of the Promissory Note and Guaranty you must sign is disclosed above. To qualify for this program, you must be a veteran who has received an honorable discharge from the U.S. Military, and, you must give us a copy of your Form DD 214 showing your status as a veteran.

ITEM 11

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

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

Pre-Opening Obligations

Before you open your business, we will:

- offer you the Initial Plan that consists of offering you one or more Accounts for customers ~~located o~~in our Territory. These accounts are estimated to generate a certain dollar amount of Account Gross Billings. (Franchise Agreement, Section 1.2)
- provide up to 4 people with a comprehensive initial instructional program at no charge (the "Certification Program"). (Franchise Agreement, Section 7.1)
- loan you one registered copy of each volume of the Jan-Pro operating manuals (the "Operations Manual") (with periodic revisions as required). Our customary practice is to deliver the Operations Manual at or shortly before the initial ~~e~~Certification ~~p~~Program. (Franchise Agreement, Section 12.2) The Operations Manual's table of contents is attached as Exhibit B.
- ~~sell to you (if you choose) or provide you with the Initial Equipment Package. The fee in Item 5 will apply if you have gotten an Initial Plan of FP-20 or greater and you have paid the entire Initial Franchise Fee without financing, The Initial Equipment Package will be without charge, otherwise, the fee in Item 5 will apply.~~ (Franchise Agreement, Section 8.5.1)
- provide you with a list of approved suppliers and approved equipment, chemicals, and supplies during initial training. (Franchise Agreement, Section 8.5)

Post-Opening Obligations

During the operation of your business:

- We will invoice Accounts ~~on a monthly basis~~ (unless a service contract requires a different procedure or we consider a different interval appropriate). We will collect the money due on Accounts and deduct, and pay our self, Royalty Fees, Support Fees, Collection Costs, Advertising Contributions, supply costs, service fees, insurance amounts, and any other money then due ~~and payable~~ to us (including money due under any Promissory Note). (Franchise Agreement, Section 7.2)
- On the last day of each month, we will advance you the net amount billed to your Accounts the previous month (after deducting the amounts described in the prior sentence). (Franchise Agreement, Section 7.3)
- We will assist you with your customer relations. You are responsible for ensuring service is provided by you or your staff as scheduled for all of your customers and finding a replacement certified Jan-Pro Franchisee if you ~~cannot~~are unable to personally service your customers. We may assist you by locating contractors to perform janitorial services if you cannot. If substitute franchisees perform these services, you are not entitled to any payments from the customer for those services as they are paid to the substitute. (Franchise Agreement, Section 7.6)
- We will help you bid and negotiate cleaning service contracts if you request. You pay us the Negotiation Fee for helping you. (Franchise Agreement, Section 5.2.1)
- We may provide additional personal consultations if we can reasonably accommodate your request to do so. We may periodically introduce new methods and materials through personal consultation, group seminars, and other programs. There are no costs to you for personal consultations and group seminars. We may consult with you on business and operational problems and analyze sales, marketing and financial data. (Franchise Agreement, Section 7.1) We may provide this instruction in any manner we consider appropriate, including mail and telephone.

Advertising

You may not use the Proprietary Marks or any similar names for any advertising or other written promotional materials or on the Internet or other electronic medium, without our prior written consent. You may ~~not~~ register ~~no~~any domain name containing the Proprietary Marks or any similar names to establish, operate, or participate in a Web site on which these words appear.

We are not obligated to conduct any advertising. We ~~do not~~ have ~~no~~ national or regional advertising fund or regional advertising cooperative. We may, however, conduct advertising or marketing programs and campaigns to generally promote Jan-Pro services within our Territory. If we do, we may require you to pay us an advertising contribution (the “**Advertising Contribution**”). You must pay the Advertising Contribution in amounts that we establish not exceeding 1% of monthly Gross Billings, at the intervals that we periodically establish.

Computer Systems

You need not purchase or use an electronic cash register or computer system.

Location of Your Franchised Business

You are solely responsible for selecting the site from which you operate your Franchise. Most unit franchisees operate their Franchise from their homes.

Time ~~Between~~ Signing the Unit Franchise Agreement and Opening the Franchise

The typical ~~length of~~ time between ~~you~~ your signing ~~of~~ your Franchise Agreement and ~~the~~ opening of your Franchise is about 45 days, depending on when the initial ~~Certification~~ Training Program is scheduled and completed and the needs of your Accounts.

Certification Program and Advanced Instruction

We will provide the Certification Program for up to 4 approved people for no charge, but may charge a reasonable fee for additional people that attend the Certification Program. You must pay for all costs your representatives incur in attending the Certification Program, including meals, travel and salary. The Certification Program includes video, classroom, and on-site expert consultation.

You must attend, or cause one of your managerial personnel (satisfactory to us) to attend and successfully complete our Certification Program and any other seminars, sessions, programs, consultations, and advanced instructional modules ~~that~~ we deem necessary. The current "Advanced Certification Modules" are

- Team Cleaning;
- Medical Certification;
- Business Management;
- Advanced Floor Cleaning and Carpet Cleaning; and,
- Advanced Customer Service
- Restroom Deep Cleaning

If we determine that you or your manager have failed to attend or satisfactorily complete the Certification Program or any other instruction we may, at your expense (including our current standard re-~~Certification Fee~~), ~~require certification fee~~), ~~re-certify~~ you (or your manager) to attend an additional Certification Program, or terminate your Franchise Agreement without further liability to you. We may conduct the initial Certification Program and any other certification ~~when at times~~ and at locations that we reasonably determine. You must attend at those times and locations.

Certification Program

SUBJECT	HOURS OF CLASSROOM INSTRUCTION	HOURS OF ON-THE-JOB INSTRUCTION	LOCATION WHERE INSTRUCTION HELD
Policies and Procedures	3-4	0	Existing Office Location
Customer Service	3	0 2-3	Existing Office Location
Business Instruction	3	0 3-4	Existing Office Location
Technical Procedures Instruction	3	3-4	Existing Office Location
Safety; Franchisee Forms; Test and Review	3	1 3-4	Existing Office Location

Your instructional materials for the Certification Program include the Operations Manual and video presentations. Initial certification. ~~The Certification Program~~ is conducted at our office and / or one of the customer's offices ~~located~~ in the Territory. We schedule the initial Certification Program on an as-needed basis. Instructors have a minimum of 3 months prior instruction and operations experience in the subjects covered above.

ITEM 12 TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets ~~that~~ we own, or from other channels of distribution or competitive brands ~~that~~ we control. Your Franchise will not be only for specific Accounts. Your Accounts may be located anywhere in our Territory.

The Master Franchisor has granted us the right to grant Unit Franchises to persons who want to independently own and operate businesses that provide janitorial and related services to customers in our Territory. We, ~~in turn,~~ grant you the right to use the System to operate a Franchise in our Territory.

We will offer you an Initial Plan, which consists of offering you Accounts for customers ~~located~~ in our Territory. You may not provide janitorial and related services under the Proprietary Marks outside of our Territory. We grant you the nonexclusive right to use **Jan-Pro®** and the other Proprietary Marks. We reserve, among other things, the right to use and grant others the right to use the Proprietary Marks.

Your Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to get additional Franchises.

You may not use other channels of distribution, such as the Internet, ~~catalog sales,~~ telemarketing, or other direct marketing, to make sales outside of the Territory under the Proprietary Marks.

Neither we nor the Master Franchisor or any of our respective affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark and that sells or will sell goods or services similar to those that you will offer.

ITEM 13

TRADEMARKS

We grant you the right to operate your Unit Franchise under the names “JAN-PRO”, “JAN-PRO CLEANING SYSTEMS” and “JAN-PRO CLEANING SYSTEMS MEASURABLE CLEANING. GUARANTEED RESULTS.”

The Master Franchisor has registered the following Proprietary Marks on the United States Patent and Trademark Office (“USPTO”) principal register:

Mark	Registration Number	Registration Date
JAN-PRO	1,791,912	September 7, 1993
JAN-PRO CLEANING SYSTEMS MEASURABLE CLEANING. GUARANTEED RESULTS	3529952	November 11, 2008

All required affidavits and renewals have been filed. There are no ~~presently~~ effective determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. There is no pending interference, opposition or cancellation proceedings, nor any pending material litigation involving Proprietary Marks. There are no decided infringement, cancellation or opposition proceedings in which the Master Franchisor unsuccessfully fought to prevent registration of a trademark to protect the Proprietary Marks.

Agreements

You get the right to use the Proprietary Marks from us under your Franchise Agreement. We get the right to use, and to give you the right to use, the Proprietary Marks under our Regional Master Franchise Agreement with the Master Franchisor. We signed our Regional Master Franchise Agreements on June 15, 2004 for Carver, Hennepin, Scott and the western half of Anoka counties and on May 18, 2007 for Dakota, Ramsey, Washington and the eastern half of Anoka counties. The Regional Master Franchise Agreements have an initial 15-year term and two 15-year renewal terms. The Master Franchisor cannot terminate the Regional Master Franchise Agreement unless we default. If our Regional Master Franchise Agreement is terminated, the Master Franchisor has the right, but not the obligation, to assume our unit franchise agreements and any customer agreements. The Franchise Agreement does not provide a right to terminate if our Regional Master Franchise Agreement is terminated.

Other than our Regional Master Franchise Agreement, there are no agreements that significantly limit our right to use or license the use of the Proprietary Marks~~principal trademarks~~ in a manner material to you.

Protection of Rights

You must immediately tell us if you think anyone is using the Proprietary Marks without our permission. You also must immediately tell us if anyone tells you that you or we do not have the right to use the Proprietary Marks. We and the Master Franchisor ~~will have the right to~~

determine what action, if any, we or the Master Franchisor will take against the unauthorized user or challenger. If we determine that you have used the Proprietary Marks in accordance with your Franchise Agreement and have complied with your obligations under your Franchise Agreement, we will pay to defend you, including, the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with your Franchise Agreement, or have not otherwise complied with your obligations, such as using the Proprietary Marks to service Customers outside of your Franchise Agreement, you must pay for your own defense, including the cost of any judgment or settlement.

If any litigation arises from your use of the Proprietary Marks, you must sign all documents and perform all acts we believe necessary to conduct a defense, including becoming a party to any litigation. Except to the extent that the litigation results from your use of the Proprietary Marks in breach of your Franchise Agreement, we will reimburse you for your out-of-pocket costs to perform these acts.

If, at any time, we believe that ~~you should~~~~it is advisable to~~ modify or discontinue the use of any of the Proprietary Marks or use one or more additional or substitute names or marks—for reasons including the rejection of any pending application for registration or revocation of any existing registration of any of the Proprietary Marks, or the superior rights of senior users—you must do so at your sole expense within 30 days after our request.

Superior Rights and Infringing Uses

Neither we nor the Master Franchisor has actual knowledge of superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in our Territory~~this state or the state in which the Franchise is to be located~~.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

No patents are material to the franchise.

Copyrights

Various certification, training, management and other materials that the Master Franchisor has created are and will be protected under the U.S. Copyright Act, whether or not the Master Franchisor has filed for registrations. You may use the copyrighted materials during the term of your Franchise Agreement, in a manner consistent with the Master Franchisor's ownership rights, solely to operate~~for the purpose of operating~~ your Franchise.

There are no pending copyright applications for the Master Franchisor's copyrighted materials.

There are no ~~currently~~ effective determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials that relate~~are relevant~~ to their use by our franchisees.

All of the provisions in Item 13 under the headings "Agreements" and "Protection of Rights" also apply to copyrights.

We do not know of any superior rights in or any infringing uses of the Master Franchisor's copyrighted materials that could materially affect your use of the copyrighted materials in our Territory.

Proprietary Information

We have a proprietary, copyrighted Operations Manual ~~that~~ we received from the Master Franchisor, and copyrighted materials that include guidelines, standards and policies for the operation of your business. Item 11 describes the Operations Manual and the manner in which you may use it. All documents provided to you, including the Operations Manual, are for your exclusive use during the term of your Franchise, and may not be reproduced, lent or shown to any person outside the Jan-Pro system.

You must promptly tell us when you learn about unauthorized use of our or the Master Franchisor's proprietary or confidential information. We are not obligated to take any action but will respond to this use as we think appropriate. We will not indemnify you for losses brought by a third party for your use of this information.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require that you have at least one person actively involved in the management of the Franchise who may be the owner an entity-franchise or a manager ~~that~~ you have selected (or who has been selected by the owner of an entity-franchisee). Your manager must have completed the Initial Training Program and other required programs to our satisfaction.

Your Manager and managerial employees must sign our form of confidentiality and non-competition agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all approved services and products for which you have been certified and for which you have all necessary equipment. You must not deviate; must refrain from deviating from our specifications for the approved services and products without our written consent; and must discontinue offering any services or products ~~that~~ we disapprove in writing. We ~~may have the right to~~ change the ~~types of~~ services and products ~~that~~ we approve or authorize. There are no limits on our right to make these changes.

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.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2.1	10 years
b. Renewal or extension of the term	Section 2.2	You may renew your Franchise for 2 additional 10-year periods if you satisfy the conditions in the Franchise Agreement.
c. Requirements for you to renew or extend	Section 2.2	You must satisfy all the following conditions: You notify us provide notice of your intention to renew at least 6 months (and not more than 12 months) before expiration; You have complied with your obligations under the Franchise Agreement or resolved any breaches to our satisfaction;; You pay us every thing you owe us; You sign our then-current form of Franchise Agreement; you comply with our then-current qualification and instruction requirements; you pay us a Renewal Fee; and you sign a general release .
d. Termination by you	None	
e. Termination by us without cause	None	
f. Termination by us with cause	Article 15	We can terminate your Franchise only if you default under your Franchise Agreement.
g. "Cause" defined-- curable defaults	Sections 15.2 and 15.3	You have 30 days after notice to cure all defaults stated in Section 15.3 of the Franchise Agreement. Some of the defaults in Section 156.2 are curable. For example, you have 10 days after delivery of a Notice of Default to cure monetary defaults.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
h. "Cause" defined - non curable defaults	Sections 15.1 and 15.2	Non-curable defaults include: bankruptcy, insolvency, appointment of a receiver, and any other defaults stated in Section 15.1. Some of the defaults in Section 15.2 cannot be cured, such as breaching the confidentiality and non-competition covenants, misusing the Proprietary Marks and transferring your rights in the Franchise Agreement without our consent.
i. Your obligations on termination / nonrenewal	Article 16	You must stop operations and use of the Proprietary Marks and intellectual property; return customer keys; pay amounts due us; and return loaned materials and Confidential Information.
j. Assignment of contract by us	Section 18.1	No restrictions on our right to assign.
k. "Transfer" by you-defined	Sections <u>18.2</u> and 18.4	A transfer includes selling, assigning, conveying, or otherwise disposing of—voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise—your Franchise Agreement or any direct or indirect interest in the Unit Franchise Agreement. If you are a corporation, partnership, limited partnership, or other entity, a transfer of 25% or more of voting or ownership interests—individually or in total, directly or indirectly—is considered a transfer of an interest in your Franchise Agreement, so is a transfer of all or substantially all your assets used to operate your Franchise.
l. Our approval of your transfer	Section 18.2	You may not transfer without our consent.
m. Conditions for our approval of transfer	Section 18.4	you offer us our right of first refusal and we do not exercise that right; you pay us everything you owe us; you are not in default of your Franchise Agreement or any other agreement; you sign a general release of all claims against us and the Master Franchisor; the transferee enters an assumption agreement, in form and substance satisfactory to us, under which it assumes all of your obligations; or, if we request, the transferee signs our new form of Franchise Agreement; if the transferee is an entity, its owners must sign our current standard form of personal guaranty;

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
		<p>you pay us a Transfer Fee;</p> <p>the transferee demonstrates that it has the business and personal skills, reputation, and financial capacity we require;</p> <p>the transferee satisfactorily completes our application procedures for new franchisees;</p> <p>the transferee demonstrates that it has properly assumed, and will be able to comply with, all of its obligations;</p> <p>the transferee (or its owners if it is an entity) completes the initial training program then in effect for new franchisees at its' expense;</p> <p>we are reasonably satisfied that the proposed sale terms and other factors involved in the transfer do not materially impair or interfere with the transferee's ability to assume and carry out its obligations effectively—we, however, have no duty to consider those factors; and</p> <p>you and the transferee timely satisfy any other conditions we reasonably impose.</p>
n. Our right of first refusal to acquire your business	None	None
o. Our option to purchase your business	None	None

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
p. Your death or disability	Sections 18.5 and 18.6	<p>If a Covered Owner:</p> <ul style="list-style-type: none"> • dies; or • is disabled from any cause and, as a result, for a continuous period of more than 3 months, is unable to perform his or her duties under the Franchise Agreement; then <p>within 30 days, you (or your legal representative) must hire and maintain a replacement satisfactory to us to perform your obligations.</p> <p>Within 6 months of the death or permanent disability of any Covered Owner, that individual's estate or his or her representative must transfer his or her interests in the unit franchisee (or in any of the franchisee's owners) or in the Franchise Agreement. No transfer fee is due in this case.</p> <p>A "Covered Owner" is the franchisee if the unit franchisee is an individual, or anyone who is an owner of the franchisee if the franchisee is an entity.</p>
q. Non-competition covenants during the term of the franchise	Section 17.1	You may not solicit or influence any of your customers (or customers serviced in the previous 12 months) to stop being serviced in that capacity or to be serviced by you or any third party in any other manner.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.1	The obligation stated in (q) above also applies for the 12-months after the expiration or termination of your Franchise Agreement.
s. Modification of the agreement	Article 12 and 22.3	<p>Your Franchise Agreement may not be modified without your and our consent, except:</p> <ol style="list-style-type: none"> 1. the Manuals; 2. We may modify the System; and 3. A court or arbitrator may modify a provision of the Franchise Agreement under applicable law.
t. Integration/merger clause	Section 22.17	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
u. Dispute resolution by arbitration or mediation	Article 20	Many disputes must be mediated or arbitrated in the county in which our principal office is then located.
v. Choice of forum	Section 22.10	Subject to mediation and arbitration requirements, litigation must be brought in state or federal court in the state and county where our principal office is then located.
w. Choice of law	Section 22.14	Except to the extent the Lanham Act or Federal Arbitration Act governs, the laws of the state where our principal office is located when you sign your Franchise Agreement.

Some states may have laws or court decisions that may ~~surpersede~~supersede the Franchise Agreement concerning your relationship with us including area of termination and renewal. A provision in your franchise agreement that terminates the franchise on your bankruptcy may not be enforceable under Title 11, United States Code Section 101 *et seq.*

ITEM 18 PUBLIC FIGURES

We ~~do not~~ use noany public figure to promote our Franchise, but may do so in the future.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

Your Initial Franchise Fee is based on the Initial Plan you want. The Initial Plan ~~comprises~~consists of our offering a stated volume of Accounts for customers ~~located~~ in our Territory. These accounts are estimated to generate a stated amount of Account Gross Billings. For example, a FP-17 Initial Plan means \$17,000 in yearly Account Gross Billings.

The Account Gross Billings ~~that~~ you want for your Franchise should not, however, be considered as the actual income or profit you will realize. We do not represent, warrant, or guaranty that any Accounts will be profitable or that the Account Gross Billings that Accounts are initially estimated to generate will be the actual Gross Billings ~~that~~ you realize from those Accounts. The yearly Account Gross Billings you actually achieve are affected by many factors such as: the Account Gross Billings being offered in installments during the stated time period; your rejecting, stopping service to or losing an Account; and the interval of time before any required replacement Account is offered. The quality of the services you perform and the efficiency with which you perform them also will affect your actual Account Gross Billings.

We reviewed our compliance with Franchise Agreements on the amount, timeliness, and refund requirements for Account Gross Billings offered to our unit franchisees. We reviewed all Franchise sales made during our last completed fiscal year, and determined whether ~~or not~~, as of our last fiscal year end, Account Gross Billings had been offered in compliance with the Franchise Agreement.

During our fiscal year ending December 31, 201~~34~~34, we sold ~~2419~~2412 unit franchises. Of those sold, as of the close of the fiscal year: (a) unit franchisees either had their Initial Plans timely filled or had accepted our performance in 2412 cases; (b) we and the unit franchisee made a mutually acceptable adjustment to the Initial Plans, such as by our recalculation of the Initial Franchise Fee or an extension of time to offer Accounts or replacement Accounts, in 01 cases; (c) the time for us to offer initial Accounts under Initial Plans had not expired in 245 cases; ~~and~~ (d) we did not fulfill our obligations to fulfill the Initial Plans terminated in 0 cases; and (e) our obligations to fulfill Initial Plans terminated in 01 case because the Franchise Agreement was terminated.

Therefore, we complied with the amount, timeliness, and account substitution requirements for Account Gross Billings offered to our unit franchisees in 100% of the cases. Substantiation of the data used in preparing these statistics will be ~~provided~~made available on request.

Other than this financial performance representation, we ~~do not~~ make ~~no any~~ financial performance representations. We also do not authorize our employees or representatives to make any other 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 our management by contacting Kevin Johnson, KLJ Ventures, Inc., 1011 1st Street S., Suite 450, Hopkins, MN 55343 and 952-238-1005, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

Outlet Statistics for Our Unit Franchisee in the Territory

TABLE 1 SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2011 2012 TO 2013 2014				
OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
FRANCHISED	2011 2012	104 116	116 122	+126
	2012 2013	116 122	122 132	+610
	2013 2014	122 132	132 130	+10-2
COMPANY-OWNED	2011 2012	0	0	0
	2012 2013	0	0	0
	2013 2014	0	0	0
TOTAL OUTLETS	2011 2012	104 116	116 122	+126
	2012 2013	116 122	122 132	+610
	2013 2014	122 132	132 130	+10-2

TABLE 2 TRANSFER OF OUTLETS FROM UNIT FRANCHISEES TO NEW OWNERS (OTHER THAN KLJ VENTURES) FOR THE YEARS 2011-2012 TO 2013-2014		
STATE	YEAR	NUMBER OF TRANSFERS
Minnesota	2011-2012	32
	2012-2013	21
	2013-2014	1
TOTAL OUTLETS	2011-2012	32
	2012-2013	21
	2013-2014	10

TABLE 3 STATUS OF UNIT FRANCHISE OUTLETS FOR YEARS 2011-2012 TO 2013-2014								
STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS -OTHER REASONS	OUTLETS AT END OF THE YEAR
Minnesota	2011-2012	104116	2316	0	0	0	1110	116122
	2012-2013	116122	1617	0	0	0	107	122132
	2013-2014	122132	1720	0	0	0	7	132
TOTAL	2011-2012	104116	2316	0	0	0	1110	116122
	2012-2013	116122	-1617	0	0	0	107	122132
	2013-2014	122132	1720	0	0	0	722	132130

TABLE 4 STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2011-2012 TO 2013-2014							
STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
Minnesota	2011-2012	0	0	0	0	0	0
	2012-2013	0	0	0	0	0	0
	2013-2014	0	0	0	0	0	0
TOTAL	2011-2012	0	0	0	0	0	0

TABLE 4 STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2011-2012 TO 2013 2014							
STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
	2012 2013	0	0	0	0	0	0
	2013 2014	0	0	0	0	0	0

TABLE 5 PROJECTED OPENINGS AS OF DECEMBER 31, 2012 2014			
STATE	UNIT FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPENED ¹	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Minnesota	41	3024	0
TOTAL	43	3024	0

A list of the names, addresses and telephone numbers of our current franchisees is attached as Exhibit D.

A list of the names, addresses and telephone numbers of our franchisees who have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this franchise disclosure document, is attached as Exhibit E.

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

Confidentiality Clauses

As a standard practice, when we enter into a Termination and Release Agreement with a former franchisee, we require the former franchisee to ~~agree to~~ maintain all information that the former franchisee has about us confidential. We have not entered into these Termination and Release Agreements (including the confidentiality clause) within the past 3 years.

¹ This column represents the number of unit franchise agreements signed in the previous year when a outlet has not yet been opened.

| ~~Sometimes~~~~In some instances~~, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but ~~know~~~~be aware~~ that not all franchisees ~~can~~~~will be able to~~ communicate with you.

Trademark-Specific Franchisee Organizations

There are no trademark-specific unit-franchisee organizations.

The Master Franchisor's Outlet Statistics For Regional Master Franchisees

TABLE NO.1

Systemwide Outlet Summary Master Franchisees For Years 2011 To 2013				
Outlet Type	Year	Outlets At The Start Of The Year	Outlets At The End Of The Year	Net Change
Franchised	2011	87	84	-3
	2012	84	81	-3
	2013	81	80	-1
Company- Owned	2011	0	0	0
	2012	0	0	0
	2013	0	0	0
Total Outlets	2011	87	84	-3
	2012	84	81	-3
	2013	81	80	-1

Table No. 1
System Wide Outlet Summary
For Years 2011 To 2013

Outlet Type	Year	Outlets At The Start Of The Year	Outlets At The End Of The Year	Net Change
Franchised	<u>2011</u>	<u>5,980</u>	<u>6,058</u>	<u>+78</u>
	<u>2012</u>	<u>6,058</u>	<u>6,175</u>	<u>+117</u>
	<u>2013</u>	<u>6,175</u>	<u>6,378</u>	<u>+203</u>
Company- Owned	<u>2011</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2012</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2013</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outlets	<u>2011</u>	<u>5,980</u>	<u>6,058</u>	<u>+78</u>
	<u>2012</u>	<u>6,058</u>	<u>6,175</u>	<u>+117</u>
	<u>2013</u>	<u>6,175</u>	<u>6,378</u>	<u>+203</u>

* THESE OUTLETS WERE OPERATED BY THE MASTER FRANCHISOR'S SUBSIDIARIES.

TABLE NO.2

Transfer Of Outlets From Master Franchisees To New Owners For The Years 2011 To 2013		
State	Year	Number Of Transfers
California	2011	0
	2012	1
	2013	0
Florida	2011	3
	2012	0

Transfer Of Outlets From Master Franchisees To New Owners For The Years 2011 To 2013		
State	Year	Number Of Transfers
	2013	4
Georgia	2014	0
	2012	4
	2013	0
Indiana	2014	4
	2012	0
	2013	0
Kansas	2014	0
	2012	0
	2013	4
Maryland	2014	0
	2012	4
	2013	0
Massachusetts	2014	4
	2012	0
	2013	4
Ohio	2014	0
	2012	4
	2013	4
Pennsylvania	2014	0
	2012	0
	2013	4
Rhode Island	2014	4
	2012	0
	2013	0
South Carolina	2014	0
	2012	4
	2013	0
Tennessee	2014	0
	2012	3
	2013	0
Total Outlets	2014	6
	2012	8
	2013	5

Table No. 2
Transfers Of Outlets From Franchisees To New Owners (Other Than The Franchisor)
For Years 2011 To 2013

<u>State</u>	<u>Year</u>	<u>Number Of Transfers</u>
<u>Alabama</u>	<u>2011</u>	<u>0</u>

Transfer Of Outlets From Master Franchisees To New Owners For The Years 2011 To 2013		
State	Year	Number Of Transfers
	<u>2012</u>	<u>1</u>
	<u>2013</u>	<u>0</u>
<u>Arizona</u>	<u>2011</u>	<u>2</u>
	<u>2012</u>	<u>1</u>
	<u>2013</u>	<u>0</u>
<u>Arkansas</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>0</u>
<u>California</u>	<u>2011</u>	<u>17</u>
	<u>2012</u>	<u>15</u>
	<u>2013</u>	<u>17</u>
<u>Colorado</u>	<u>2011</u>	<u>6</u>
	<u>2012</u>	<u>5</u>
	<u>2013</u>	<u>0</u>
<u>Connecticut</u>	<u>2011</u>	<u>4</u>
	<u>2012</u>	<u>6</u>
	<u>2013</u>	<u>10</u>
<u>Delaware</u>	<u>2011</u>	<u>1</u>
	<u>2012</u>	<u>1</u>
	<u>2013</u>	<u>0</u>
<u>District Of Columbia</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>0</u>
<u>Florida</u>	<u>2011</u>	<u>10</u>
	<u>2012</u>	<u>6</u>
	<u>2013</u>	<u>5</u>
<u>Georgia</u>	<u>2011</u>	<u>1</u>
	<u>2012</u>	<u>5</u>
	<u>2013</u>	<u>10</u>
<u>Idaho</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>0</u>
<u>Illinois</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>6</u>
	<u>2013</u>	<u>2</u>
<u>Indiana</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>1</u>
	<u>2013</u>	<u>0</u>
<u>Kansas</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>0</u>
<u>Kentucky</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>0</u>
<u>Louisiana</u>	<u>2011</u>	<u>0</u>

Transfer Of Outlets From Master Franchisees To New Owners For The Years 2011 To 2013		
State	Year	Number Of Transfers
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>0</u>
<u>Maryland</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>1</u>
	<u>2013</u>	<u>1</u>
<u>Massachusetts</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>3</u>
	<u>2013</u>	<u>1</u>
<u>Minnesota</u>	<u>2011</u>	<u>3</u>
	<u>2012</u>	<u>2</u>
	<u>2013</u>	<u>1</u>
<u>Mississippi</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>1</u>
	<u>2013</u>	<u>0</u>
<u>Missouri</u>	<u>2011</u>	<u>2</u>
	<u>2012</u>	<u>3</u>
	<u>2013</u>	<u>1</u>
<u>Nebraska</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>1</u>
	<u>2013</u>	<u>0</u>
<u>Nevada</u>	<u>2011</u>	<u>4</u>
	<u>2012</u>	<u>1</u>
	<u>2013</u>	<u>1</u>
<u>New Hampshire</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>0</u>
<u>New Jersey</u>	<u>2011</u>	<u>6</u>
	<u>2012</u>	<u>6</u>
	<u>2013</u>	<u>11</u>
<u>New Mexico</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>2</u>
<u>New York</u>	<u>2011</u>	<u>3</u>
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>4</u>
<u>North Carolina</u>	<u>2011</u>	<u>6</u>
	<u>2012</u>	<u>6</u>
	<u>2013</u>	<u>5</u>
<u>Ohio</u>	<u>2011</u>	<u>1</u>
	<u>2012</u>	<u>2</u>
	<u>2013</u>	<u>5</u>
<u>Oklahoma</u>	<u>2011</u>	<u>3</u>
	<u>2012</u>	<u>4</u>
	<u>2013</u>	<u>5</u>
<u>Oregon</u>	<u>2011</u>	<u>2</u>

Transfer Of Outlets From Master Franchisees To New Owners For The Years 2011 To 2013		
State	Year	Number Of Transfers
	<u>2012</u>	<u>9</u>
	<u>2013</u>	<u>3</u>
<u>Pennsylvania</u>	<u>2011</u>	<u>11</u>
	<u>2012</u>	<u>9</u>
	<u>2013</u>	<u>6</u>
<u>Rhode Island</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>2</u>
	<u>2013</u>	<u>3</u>
<u>South Carolina</u>	<u>2011</u>	<u>4</u>
	<u>2012</u>	<u>5</u>
	<u>2013</u>	<u>5</u>
<u>Tennessee</u>	<u>2011</u>	<u>1</u>
	<u>2012</u>	<u>1</u>
	<u>2013</u>	<u>2</u>
<u>Texas</u>	<u>2011</u>	<u>5</u>
	<u>2012</u>	<u>2</u>
	<u>2013</u>	<u>5</u>
<u>Utah</u>	<u>2011</u>	<u>1</u>
	<u>2012</u>	<u>4</u>
	<u>2013</u>	<u>0</u>
<u>Virginia</u>	<u>2011</u>	<u>4</u>
	<u>2012</u>	<u>2</u>
	<u>2013</u>	<u>4</u>
<u>Washington</u>	<u>2011</u>	<u>17</u>
	<u>2012</u>	<u>16</u>
	<u>2013</u>	<u>19</u>
<u>Wisconsin</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>0</u>
<u>Puerto Rico</u>	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>0</u>
<u>Total</u>	<u>2011</u>	<u>114</u>
<u>Total</u>	<u>2012</u>	<u>127</u>
<u>Total</u>	<u>2013</u>	<u>128</u>

TABLE NO. 3

Status Of Regional Master Franchise Outlets For The Years 2011 To 2013									
State	Year	Outlets At Start Of Year	Outlets Opened	Termin- ations	Non- Renewals	Reacquired By Franchisor	Ceased Operation s-Other Reasons	Outlets At End Of The Year	
AL	2011	2	0	0	0	0	0	2	
	2012	2	0	0	0	0	0	2	
	2013	2	0	0	0	0	0	2	
AZ	2011	3	0	0	0	0	0	3	
	2012	3	0	0	0	0	0	2 ¹	
	2013	2	0	0	0	0	0	2	
AR	2011	4	0	0	0	0	0	4	
	2012	4	0	0	0	0	0	4	
	2013	4	0	0	0	0	0	4	
CA	2011	10	0	0	0	0	0	10	
	2012	10	0	0	0	0	0	10	
	2013	10	0	0	0	0	0	10	
CO	2011	2	0	0	0	0	0	2	
	2012	2	0	0	0	0	0	2	
	2013	2	0	0	0	0	0	2	
CT	2011	2	0	0	0	0	0	2	
	2012	2	0	0	0	0	0	2	
	2013	2	0	0	0	0	0	2	
FL	2011	9	0	0	0	0	2	7 ²	
	2012	7	1	2	0	0	0	6	
	2013	6	0	0	0	0	0	6	
GA	2011	2	0	0	0	0	0	2	
	2012	2	0	0	0	0	0	2	
	2013	2	0	0	0	0	0	2	
IL	2011	4	0	0	0	0	0	4	
	2012	4	0	0	0	0	0	4	
	2013	4	0	0	0	0	0	4	
IN	2011	2	0	1	0	0	0	1	
	2012	1	0	0	0	0	0	1	
	2013	1	0	0	0	0	0	1	
KS	2011	1	0	0	0	0	0	1	
	2012	1	0	0	0	0	0	1	
	2013	1	0	0	0	0	0	1	

¹-Arizona outlets decreased by 1 during 2012 due to combining 2 markets into 1; both markets remain in active operation.

²-Florida outlets decreased by 2 during 2011 due to market consolidation for 3 Florida transfers that took place in 2011; all 3 markets remain in active operation.

Status Of Regional Master Franchise Outlets For The Years 2011 To 2013									
State	Year	Outlets At Start Of Year	Outlets Opened	Termin- ations	Non- Renewals	Reacquired By Franchisor	Ceased Operation s-Other Reasons	Outlets At End Of The Year	
KY	2011	4	0	0	0	0	0	4	
	2012	4	0	0	0	0	0	4	
	2013	4	0	0	0	0	0	4	
MA	2011	2	0	0	0	0	0	2	
	2012	2	0	0	0	0	0	2	
	2013	2	0	0	0	0	0	1 ¹	
MI	2011	4	0	4	0	0	0	0	
	2012	0	0	0	0	0	0	0	
	2013	0	0	0	0	0	0	0	
MD	2011	4	0	0	0	0	0	4	
	2012	4	0	0	0	0	0	4	
	2013	4	0	0	0	0	0	4	
MN	2011	2	0	0	0	0	0	2	
	2012	2	0	0	0	0	0	2	
	2013	2	0	0	0	0	0	2	
MO	2011	4	0	0	0	0	0	4	
	2012	4	0	0	0	0	0	4	
	2013	4	0	0	0	0	0	4	
MS	2011	4	0	0	0	0	0	4	
	2012	4	0	0	0	0	0	4	
	2013	4	0	0	0	0	0	4	
NC	2011	3	0	0	0	0	0	3	
	2012	3	0	0	0	0	0	3	
	2013	3	0	0	0	0	0	3	
NE	2011	4	4	0	0	0	0	2	
	2012	2	0	0	0	0	0	1 ²	
	2013	4	0	0	0	0	0	4	
NH	2011	4	0	0	0	0	0	4	
	2012	4	0	0	0	0	0	4	
	2013	4	0	0	0	0	0	4	
NJ	2011	3	0	0	0	0	0	3	
	2012	3	0	0	0	0	0	3	

¹ Our Boston Massachusetts Master Franchisee acquired the regional master franchise belonging to the other Massachusetts Master Franchisee and incorporated the acquired territory into his existing territory. Both markets remain in active operation.

² Nebraska outlets decreased by 1 during 2012 due to combining 2 markets into 1; both markets remain in active operation.

Status Of Regional Master Franchise Outlets For The Years 2011 To 2013									
State	Year	Outlets At Start Of Year	Outlets Opened	Termin- ations	Non- Renewals	Reacquired By Franchisor	Ceased Operation s-Other Reasons	Outlets At End Of The Year	
	2013	3	0	0	0	0	0	3	
NM	2011	1	0	0	0	0	0	1	
	2012	1	0	0	0	0	0	1	
	2013	1	0	0	0	0	0	1	
	2014	1	0	0	0	0	0	1	
NV	2011	1	1	0	0	0	1	1	
	2012	1	0	0	0	0	0	1	
	2013	1	0	0	0	0	0	1	
NY	2011	2	0	0	0	0	0	2	
	2012	2	0	0	0	0	0	2	
	2013	2	1	0	0	0	0	3	
OH	2011	5	0	0	0	0	0	5	
	2012	5	0	0	0	0	0	5	
	2013	5	0	1	0	0	0	3 ⁴	
OK	2011	2	0	0	0	0	0	2	
	2012	2	0	0	0	0	0	2	
	2013	2	0	0	0	0	0	2	
OR	2011	1	0	0	0	0	0	1	
	2012	1	0	0	0	0	0	1	
	2013	1	0	0	0	0	0	1	
PA	2011	4	0	0	0	0	0	4	
	2012	4	0	0	0	0	0	4	
	2013	4	1	0	0	0	0	5	
PR	2011	1	0	0	0	0	0	1	
	2012	1	0	0	0	0	0	1	
	2013	1	0	0	0	0	0	1	
RI	2011	1	0	0	0	0	0	1	
	2012	1	0	0	0	0	0	1	
	2013	1	0	0	0	0	0	1	
SC	2011	3	0	0	0	0	0	3	
	2012	3	0	0	0	0	0	3	

⁴ In the fiscal year ending September 30, 2013, we terminated one of our Ohio Regional Master Franchisees and the terminated territory was later purchased by an existing Regional Master Franchisee and the acquired territory was incorporated into the existing Regional Master Franchise Agreement. The acquired territory remains in active operation.

— In addition, another Ohio Regional Master Franchisee transferred his Regional Master Franchise to another existing Regional Master Franchisee, and the acquired territory was incorporated in the existing Regional Master Franchise Agreement. The acquired territory remains in active operation.

Status Of Regional Master Franchise Outlets For The Years 2011 To 2013									
State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets At End Of The Year	
	2013	3	0	0	0	0	0	3	
TN	2011	3	0	0	0	0	0	3	
	2012	3	0	0	0	0	0	3	
	2013	3	0	0	0	0	0	3	
	2014	3	0	0	0	0	0	3	
TX	2011	4	0	0	0	0	0	4	
	2012	4	0	0	0	0	0	4	
	2013	4	0	0	0	0	0	4	
UT	2011	1	0	0	0	0	0	1	
	2012	1	0	0	0	0	0	1	
	2013	1	0	0	0	0	0	1	
VA	2011	2	0	0	0	0	0	2	
	2012	2	0	0	0	0	0	2	
	2013	2	0	0	0	0	0	2	
WA	2011	2	0	0	0	0	0	2	
	2012	2	0	0	0	0	0	2	
	2013	2	0	0	0	0	0	2	
WI	2011	1	0	0	0	0	0	1	
	2012	1	0	0	0	0	0	1	
	2013	1	0	0	0	0	0	1	
D.C.	2011	1	0	0	0	0	0	1	
	2012	1	0	0	0	0	0	1	
	2013	1	0	0	0	0	0	1	
Total	2011	87	1	2	0	0	2	84	
	2012	84	2	2	0	0	1	81 ¹	
	2013	81	2	1	0	0	0	80 ¹⁰	

**Table No. 3
Status Of Franchised Outlets
For Years 2011 To 2013**

State	Year	Outlets At Start Of Year	Outlets Opened	Termination	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets At End Of The Year
Alabama	2011	57	12	12	0	0	0	57
	2012	57	4	10	0	0	10	41
	2013	41	2	0	0	0	4	39
Arizona	2011	277	15	71	0	0	0	221

¹-See above footnotes explaining the consolidation of several markets.

**Status Of Regional Master Franchise Outlets
For The Years 2011 To 2013**

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets At End Of The Year
	2012	221	15	23	0	0	5	208
	2013	208	16	22	0	0	3	199
Arkansas	2011	59	11	0	0	0	11	59
	2012	59	21	0	0	0	14	66
	2013	66	13	0	0	0	19	60
California	2011	790	82	33	0	13	58	768
	2012	768	63	19	0	1	42	769
	2013	769	89	24	0	4	22	808
Colorado	2011	245	42	1	0	5	9	272
	2012	272	30	2	0	7	12	281
	2013	281	26	0	0	19	0	288
Connecticut	2011	166	13	13	0	0	17	149
	2012	149	9	5	0	0	8	145
	2013	145	15	7	0	1	11	141
Delaware	2011	12	2	0	0	0	1	13
	2012	13	2	0	0	0	0	15
	2013	15	2	0	0	0	0	17
Florida	2011	378	67	9	0	14	35	387
	2012	387	72	5	1	11	62	380
	2013	380	85	4	0	10	41	410
Georgia	2011	274	62	15	0	2	42	277
	2012	277	49	11	1	0	50	264
	2013	264	76	5	0	0	64	271
Idaho	2011	4	1	0	0	0	1	4
	2012	4	0	0	0	0	0	4
	2013	4	1	0	0	0	1	4
Illinois	2011	213	21	17	0	0	3	214
	2012	214	31	4	0	0	6	235
	2013	235	20	3	0	0	6	246
Indiana	2011	57	3	2	0	0	6	52
	2012	52	9	1	0	0	7	53
	2013	53	10	0	0	0	1	62
Kansas	2011	19	3	0	0	0	5	17
	2012	17	1	0	0	0	2	16
	2013	16	1	1	0	0	1	15
Kentucky	2011	27	0	0	0	0	7	20
	2012	20	0	0	0	0	2	18
	2013	18	0	0	0	0	1	17
Maryland	2011	149	7	0	0	0	0	156
	2012	156	14	0	0	0	0	170
	2013	170	20	0	0	0	0	190
Massachusetts	2011	71	2	0	0	0	0	73

**Status Of Regional Master Franchise Outlets
For The Years 2011 To 2013**

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations-Other Reasons	Outlets At End Of The Year
	2012	<u>73</u>	<u>6</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>76</u>
	2013	<u>76</u>	<u>11</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>3</u>	<u>82</u>
<u>Minnesota</u>	2011	<u>104</u>	<u>23</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>	<u>116</u>
	2012	<u>116</u>	<u>16</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>	<u>122</u>
	2013	<u>122</u>	<u>17</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>	<u>132</u>
<u>Mississippi</u>	2011	<u>19</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>29</u>
	2012	<u>29</u>	<u>9</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37</u>
	2013	<u>37</u>	<u>17</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>	<u>48</u>
<u>Missouri</u>	2011	<u>95</u>	<u>16</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>12</u>	<u>98</u>
	2012	<u>98</u>	<u>16</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>10</u>	<u>102</u>
	2013	<u>102</u>	<u>18</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>106</u>
<u>Nebraska</u>	2011	<u>32</u>	<u>5</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34</u>
	2012	<u>34</u>	<u>8</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31</u>
	2013	<u>31</u>	<u>6</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31</u>
<u>Nevada</u>	2011	<u>124</u>	<u>24</u>	<u>20</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>128</u>
	2012	<u>128</u>	<u>12</u>	<u>17</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>123</u>
	2013	<u>123</u>	<u>18</u>	<u>21</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>120</u>
<u>New Hampshire</u>	2011	<u>31</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>32</u>
	2012	<u>32</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>34</u>
	2013	<u>34</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>35</u>
<u>New Jersey</u>	2011	<u>236</u>	<u>47</u>	<u>5</u>	<u>0</u>	<u>3</u>	<u>46</u>	<u>229</u>
	2012	<u>229</u>	<u>31</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>29</u>	<u>226</u>
	2013	<u>226</u>	<u>36</u>	<u>4</u>	<u>0</u>	<u>2</u>	<u>26</u>	<u>230</u>
<u>New Mexico</u>	2011	<u>33</u>	<u>16</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>43</u>
	2012	<u>43</u>	<u>15</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>8</u>	<u>48</u>
	2013	<u>48</u>	<u>10</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>6</u>	<u>48</u>
<u>New York</u>	2011	<u>103</u>	<u>9</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>104</u>
	2012	<u>104</u>	<u>16</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>113</u>
	2013	<u>113</u>	<u>36</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>9</u>	<u>129</u>
<u>North Carolina</u>	2011	<u>340</u>	<u>40</u>	<u>15</u>	<u>1</u>	<u>0</u>	<u>30</u>	<u>334</u>
	2012	<u>334</u>	<u>43</u>	<u>13</u>	<u>1</u>	<u>0</u>	<u>29</u>	<u>334</u>
	2013	<u>334</u>	<u>38</u>	<u>11</u>	<u>2</u>	<u>0</u>	<u>10</u>	<u>349</u>
<u>Ohio</u>	2011	<u>261</u>	<u>33</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>33</u>	<u>258</u>
	2012	<u>258</u>	<u>55</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>51</u>	<u>258</u>
	2013	<u>258</u>	<u>62</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>75</u>	<u>239</u>
<u>Oklahoma</u>	2011	<u>105</u>	<u>32</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>29</u>	<u>101</u>
	2012	<u>101</u>	<u>38</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>25</u>	<u>108</u>
	2013	<u>108</u>	<u>37</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>14</u>	<u>118</u>
<u>Oregon</u>	2011	<u>119</u>	<u>23</u>	<u>3</u>	<u>0</u>	<u>3</u>	<u>15</u>	<u>121</u>
	2012	<u>121</u>	<u>34</u>	<u>8</u>	<u>0</u>	<u>8</u>	<u>1</u>	<u>138</u>
	2013	<u>138</u>	<u>24</u>	<u>7</u>	<u>0</u>	<u>3</u>	<u>15</u>	<u>137</u>
<u>Pennsylvania</u>	2011	<u>230</u>	<u>60</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>17</u>	<u>270</u>

Status Of Regional Master Franchise Outlets For The Years 2011 To 2013									
State	Year	Outlets At Start Of Year	Outlets Opened	Termin- ations	Non- Renewals	Reacquired By Franchisor	Ceased Operation s-Other Reasons	Outlets At End Of The Year	
		<u>2012</u>	<u>270</u>	<u>41</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>14</u>	<u>294</u>
		<u>2013</u>	<u>294</u>	<u>42</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>20</u>	<u>309</u>
<u>Rhode Island</u>		<u>2011</u>	<u>23</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23</u>
		<u>2012</u>	<u>23</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>19</u>	
		<u>2013</u>	<u>19</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>5</u>	<u>15</u>	
<u>South Carolina</u>		<u>2011</u>	<u>257</u>	<u>35</u>	<u>11</u>	<u>0</u>	<u>2</u>	<u>10</u>	<u>269</u>
		<u>2012</u>	<u>269</u>	<u>47</u>	<u>17</u>	<u>0</u>	<u>0</u>	<u>39</u>	<u>260</u>
		<u>2013</u>	<u>260</u>	<u>57</u>	<u>9</u>	<u>2</u>	<u>0</u>	<u>22</u>	<u>284</u>
<u>Tennessee</u>		<u>2011</u>	<u>243</u>	<u>24</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>9</u>	<u>255</u>
		<u>2012</u>	<u>255</u>	<u>26</u>	<u>18</u>	<u>0</u>	<u>0</u>	<u>9</u>	<u>254</u>
		<u>2013</u>	<u>254</u>	<u>24</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>37</u>	<u>239</u>
<u>Texas</u>		<u>2011</u>	<u>239</u>	<u>60</u>	<u>22</u>	<u>0</u>	<u>0</u>	<u>27</u>	<u>250</u>
		<u>2012</u>	<u>250</u>	<u>71</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>32</u>	<u>276</u>
		<u>2013</u>	<u>276</u>	<u>70</u>	<u>23</u>	<u>0</u>	<u>1</u>	<u>49</u>	<u>273</u>
<u>Utah</u>		<u>2011</u>	<u>78</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>	<u>77</u>
		<u>2012</u>	<u>77</u>	<u>14</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>15</u>	<u>74</u>
		<u>2013</u>	<u>74</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>	<u>65</u>
<u>Virginia</u>		<u>2011</u>	<u>225</u>	<u>31</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>22</u>	<u>231</u>
		<u>2012</u>	<u>231</u>	<u>33</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22</u>	<u>242</u>
		<u>2013</u>	<u>242</u>	<u>26</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>10</u>	<u>256</u>
<u>Washington</u>		<u>2011</u>	<u>198</u>	<u>17</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>213</u>
		<u>2012</u>	<u>213</u>	<u>20</u>	<u>3</u>	<u>0</u>	<u>1</u>	<u>9</u>	<u>220</u>
		<u>2013</u>	<u>220</u>	<u>32</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>18</u>	<u>233</u>
<u>Washington, D.C.</u>		<u>2011</u>	<u>13</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14</u>
		<u>2012</u>	<u>14</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15</u>
		<u>2013</u>	<u>15</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17</u>
<u>Wisconsin</u>		<u>2011</u>	<u>58</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>66</u>
		<u>2012</u>	<u>66</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>6</u>	<u>70</u>
		<u>2013</u>	<u>70</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>75</u>
<u>Puerto Rico</u>		<u>2011</u>	<u>16</u>	<u>12</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>24</u>
		<u>2012</u>	<u>24</u>	<u>15</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>36</u>
		<u>2013</u>	<u>36</u>	<u>8</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>41</u>
Totals	2011	5,980	880	277	1	44	480	6,058	
Totals	2012	6,058	902	209	5	29	542	6,175	
Totals	2013	6,175	982	197	4	41	537	6,378	

TABLE NO. 4

Status Of Company Owned Outlets For The Years 2011 To 2013							
State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Reacquire d From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets At End Of The Year
Total	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0

Table No. 4 Status Of Company-Owned Outlets For Years 2011 To 2013							
State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets At End Of The Year
California	2011	0	0	13	13	0	0
	2012	0	0	1	1	0	0
	2013	0	0	4	4	0	0
Colorado	2011	0	0	5	5	0	0
	2012	0	0	7	7	0	0
	2013	0	0	19	19	0	0
Connecticut	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	1	1	0	0
Florida	2011	0	0	14	14	0	0
	2012	0	0	11	11	0	0
	2013	0	0	10	10	0	0
Georgia	2011	0	0	2	2	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Massachusetts	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	1	1	0	0
New Jersey	2011	0	0	3	3	0	0
	2012	0	0	0	0	0	0
	2013	0	0	2	2	0	0
Oregon	2011	0	0	3	3	0	0
	2012	0	0	8	8	0	0
	2013	0	0	3	3	0	0
South Carolina	2011	0	0	2	2	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0

Status Of Company Owned Outlets For The Years 2011 To 2013							
State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Reacquire d From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets At End Of The Year
<u>Texas</u>	<u>2011</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2012</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2013</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>
<u>Washington</u>	<u>2011</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>
	<u>2012</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>
	<u>2013</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Wisconsin</u>	<u>2011</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2012</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>
	<u>2013</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>2011</u>	<u>0</u>	<u>0</u>	<u>44</u>	<u>44</u>	<u>0</u>	<u>0</u>
	<u>2012</u>	<u>0</u>	<u>0</u>	<u>29</u>	<u>29</u>	<u>0</u>	<u>0</u>
	<u>2013</u>	<u>0</u>	<u>0</u>	<u>41</u>	<u>41</u>	<u>0</u>	<u>0</u>

TABLE NO-5

Projected Regional Master Franchise Openings As Of September 30, 2013			
State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Florida	0	4	0
Louisiana	0	4	0
Michigan	0	4	0
New Jersey	0	4	0
Wisconsin	0	4	0
Totals	0	5	0

Table No. 5
Projected Openings As Of December 31, 2013

<u>State</u>	<u>Franchise Agreements Signed But Outlet Not Open</u>	<u>Projected New Franchised Outlets In Next Fiscal Year</u>	<u>Projected New Company-Owned Outlets In Next Fiscal Year</u>
<u>Alabama</u>	<u>0</u>	<u>15</u>	<u>0</u>
<u>Arizona</u>	<u>2</u>	<u>27</u>	<u>0</u>
<u>Arkansas</u>	<u>0</u>	<u>10</u>	<u>0</u>
<u>California</u>	<u>5</u>	<u>110</u>	<u>0</u>
<u>Colorado</u>	<u>6</u>	<u>28</u>	<u>0</u>
<u>Connecticut</u>	<u>1</u>	<u>17</u>	<u>0</u>
<u>Delaware</u>	<u>2</u>	<u>5</u>	<u>0</u>
<u>Florida</u>	<u>4</u>	<u>81</u>	<u>0</u>
<u>Georgia</u>	<u>0</u>	<u>9</u>	<u>0</u>
<u>Idaho</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Illinois</u>	<u>11</u>	<u>30</u>	<u>0</u>
<u>Indiana</u>	<u>1</u>	<u>17</u>	<u>0</u>
<u>Kansas</u>	<u>1</u>	<u>5</u>	<u>0</u>
<u>Kentucky</u>	<u>0</u>	<u>12</u>	<u>0</u>
<u>Louisiana</u>	<u>0</u>	<u>5</u>	<u>0</u>
<u>Maryland</u>	<u>0</u>	<u>22</u>	<u>0</u>
<u>Massachusetts</u>	<u>0</u>	<u>4</u>	<u>0</u>
<u>Minnesota</u>	<u>4</u>	<u>30</u>	<u>0</u>
<u>Mississippi</u>	<u>1</u>	<u>22</u>	<u>0</u>
<u>Missouri</u>	<u>4</u>	<u>25</u>	<u>0</u>
<u>Nebraska</u>	<u>1</u>	<u>6</u>	<u>0</u>
<u>Nevada</u>	<u>0</u>	<u>36</u>	<u>0</u>
<u>New Hampshire</u>	<u>0</u>	<u>5</u>	<u>0</u>
<u>New Jersey</u>	<u>14</u>	<u>40</u>	<u>0</u>
<u>New Mexico</u>	<u>0</u>	<u>12</u>	<u>0</u>
<u>New York</u>	<u>1</u>	<u>24</u>	<u>0</u>
<u>North Carolina</u>	<u>2</u>	<u>49</u>	<u>0</u>
<u>Ohio</u>	<u>15</u>	<u>63</u>	<u>0</u>
<u>Oklahoma</u>	<u>0</u>	<u>42</u>	<u>0</u>
<u>Oregon</u>	<u>2</u>	<u>25</u>	<u>0</u>
<u>Pennsylvania</u>	<u>3</u>	<u>50</u>	<u>0</u>
<u>Rhode Island</u>	<u>0</u>	<u>3</u>	<u>0</u>
<u>South Carolina</u>	<u>0</u>	<u>63</u>	<u>0</u>
<u>Tennessee</u>	<u>0</u>	<u>53</u>	<u>0</u>
<u>Texas</u>	<u>5</u>	<u>64</u>	<u>0</u>
<u>Utah</u>	<u>0</u>	<u>10</u>	<u>0</u>

Projected Regional Master Franchise Openings As Of September 30, 2013			
State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
<u>Virginia</u>	<u>0</u>	<u>36</u>	<u>0</u>
<u>Washington</u>	<u>0</u>	<u>4</u>	<u>0</u>
<u>Wisconsin</u>	<u>0</u>	<u>12</u>	<u>0</u>
<u>Washington, D.C.</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Puerto Rico</u>	<u>5</u>	<u>5</u>	<u>0</u>
<u>Total</u>	<u>90</u>	<u>1,077</u>	<u>0</u>

Confidentiality Clauses

~~As a standard practice, when the Master Franchisor enters into a Termination and Release Agreement with a former franchisee, it requires the former franchisee to agree to maintain all information that the former franchisee has about the Master Franchisor confidential. The Master Franchisor has entered into these Termination and Release Agreements (including the confidentiality clause) within the past 3 years.~~

~~In some instances, current and former master franchisees sign provisions restricting their ability to speak openly about their experience with the Master Franchisor. You may wish to speak with current and former franchisees, but be aware that not all franchisees will be able to communicate with you.~~

Trademark-Specific Franchisee Organizations

~~The Master Franchisor has formed a Franchise Advisory Council. The Council's chairman is Bob Miller. His contact information is: 136 Shore Drive, Burr Ridge, IL 60527, telephone 630-468-1920. The Council is for Regional Master Franchisees only.~~

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit C are our audited financial statements for our fiscal years ending December, ~~2011~~2012, December ~~2012~~2013, and December, ~~2013~~2014.

Also attached as Exhibit C are the Master Franchisor's audited financial statements for the Master Franchisor's fiscal years ending September 30, ~~2011~~2012; September 30, ~~2012~~2013, and September 30, ~~2013~~2014.

ITEM 22 CONTRACTS

The Franchise Agreement is attached to this disclosure document as Exhibit A. The Franchise Agreement includes the following exhibits:

- Exhibit A Promissory Note
- Exhibit B Guaranty

ITEM 23 RECEIPTS

The last 2 pages of this disclosure document (following the exhibits and attachments) is a document for you to acknowledge only that you received a copy of this disclosure document (one copy for you and one to be signed and returned to us).

Exhibit A to the Franchise Disclosure Document

~~UNIT~~ FRANCHISE AGREEMENT



UNIT FRANCHISE AGREEMENT

with

[INSERT FRANCHISEE'S NAME]

SUMMARY PAGE

1. Effective Date: _____

2. Franchisee's Name: _____

3. Franchisee's Type of Entity and State of Organization (if applicable): _____

4. Ownership of Franchisee:

If Franchisee is an Entity, the following persons are all of the owners of a legal and/or beneficial interest in Franchisee:

<u>Name</u>	<u>Percentage Ownership</u>
_____	%
_____	%
_____	%

5. Territory (See Section 1.1):

_____ Minnesota Counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington _____

6. Initial Plan (See Section 1.2). We must offer you Initial Plan Accounts ~~that are~~ estimated to generate \$ _____ of annual Account Gross Billings. Account Gross Billings must be offered to you within _____ business days after the Start Date. This is called your "Initial Plan".

7. Initial Franchise Fee (See Section 3.1): The Initial Franchise Fee is \$ _____. You will pay \$ _____ by certified or cashier's check; and \$ _____ under the terms of the attached Promissory Note.

8. Business Protection Program (See Section 14.4). ~~You We offer you participation in, and you elect to participate in, the Business Protection Program, that is described in Section 14.4.~~ The current cost of this insurance is ~~currently 6.7%~~. We may ~~raise~~adjust this cost to cover increased costs in administering the Program. We may discontinue this program on prior written notice to you.

9. Advance Assurance Fee (See Section 7.5). ~~You We offer you participation in, and you elect to participate in, the Advance Assurance Program, that is described in Section 7.5, and pay an additional fee of 2% of monthly Gross Billings for the Term or until the date that we discontinue the Advance Assurance Fee program.~~

10. ~~Addresses~~Your Address for Notices (See Section 22.5):

~~11. Our Address for Notices (Section 22.5):~~

Ours _____ Yours

KLJ Ventures, Inc.
1011 1st Street S, Suite 450
Hopkins, MN 55343

Initials: _____ (Us) _____ (You)

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Exhibits

Exhibit A
Exhibit B

Promissory Note
Guaranty

UNIT FRANCHISE AGREEMENT

This Unit Franchise Agreement (the "**Agreement**") is made as of the Effective Date between KLI Ventures, Inc. (doing business as JAN-PRO CLEANING SYSTEMS OF MINNEAPOLIS), a Minnesota corporation having its principal place of business at 1011 1st Street S., Suite 450, Hopkins, MN 55343 ("**we**" "**us**" "**our**"), and the person or corporation, partnership or limited liability company (an "**Entity**") identified on the Summary Page as Franchisee ("**you**" or "**your**").

- A. We are the master franchisee under a Regional Master Franchise Agreement with JAN-PRO FRANCHISING INTERNATIONAL, INC. (the "**Master Franchisor**") within the Territory.
- B. We ~~grantare in the business of granting~~ and ~~supportsupporting~~ unit franchises ~~forte~~ independent businesses that ~~will~~ offer janitorial and related services (the "Franchise") under the JAN-PRO system to specifications and operating procedures (the "System"), and the service mark JAN-PRO® (the "Marks").
- C. You ~~wantwish~~ to ~~buyacquire~~ a Franchise from us ~~to operate our business underand use~~ the System and the Marks ~~in the operation of you own business~~.
- D. We accept you as a franchisee under the terms of this Agreement.

You and we agree ~~as follows~~:

1. GRANT OF FRANCHISE

- 1.1. We grant you a Franchise to use the System and the Marks under the terms of this Agreement. Your Franchise will provide janitorial and related services for one or more customer accounts ("Accounts") in the Territory. Accounts include Additional Accounts as defined in Section 4.1, Supplemental Accounts as defined in Section 5.1.1, and Negotiated Contracts as defined in Section 5.2.1. You agree to operate your Franchise ~~underin accordance with~~ this Agreement. You agree that you will not perform janitorial and related services under the Marks ~~either~~ outside of the Territory or outside of this Franchise Agreement.
- 1.2. For your Initial Plan, we will offer you one or more Accounts for customers ~~located~~ in the Territory ("Initial Plan Accounts") that are estimated to generate the ~~amount of~~ Account Gross Billings that are stated on the Summary Page. We will offer these Initial Plan Accounts within the number of business days stated on the Summary Page.
 - 1.2.1. "**Account Gross Billings**" are the total estimated annual service revenues from any Account or Accounts ~~that~~ we offer to you.
 - 1.2.2. The "**Start Date**" is the date on which you have: ~~done all of the following~~: gotten all licenses and permits required by law to operate your Franchise; established a legal business entity; gotten your initial equipment and supplies; gotten the required insurance (described in Article 14), successfully completed our ~~Training-Certification~~ Program (as defined in Section 7.1), and,

fulfilled any other reasonable conditions that we require ~~for beginning to operate your Franchise.~~ We ~~will not have no obligation to~~ offer you Accounts ~~until~~ if you ~~do not~~ complete these items.

1.2.3. We may extend the time ~~period~~ within which we must offer the Initial Plan ~~if as provided below:~~

1.2.3.1 ~~if~~ any of your Accounts cancels because of your Misconduct (as defined below). ~~We, we~~ may require you to prove that you understand ~~demonstrate to us your understanding of~~ the System's procedures and requirements, either by completing attendance at our workshop or by other reasonable means. In this case, the time for us to ~~within which we must~~ offer the Initial Plan is extended until you prove your ~~demonstrate this~~ understanding to our satisfaction. ~~;~~ ~~or~~

1.2.3.2 ~~if~~ you default under any term provision of this Agreement or any other agreement with us. In this case, the time for us ~~within which~~ to offer the Initial Plan is extended until you cure your defaults ~~are cured~~ to our reasonable satisfaction.

"Misconduct" means any conduct by you or your employees resulting in amounting to faulty workmanship, fraud, theft, dishonesty, providing services in a manner reasonably unsatisfactory to one or more customers, engaging in unlawful activity on a customer's premises, bringing non-employees onto Customers' premises (including children), or otherwise defaulting under this Agreement or the service contract with your customer.

We do not represent or guaranty that any Accounts will be profitable or that the Account Gross Billings ~~that the Accounts are~~ initially estimated ~~to generate~~ will be the actual Gross Billings ~~that you~~ get realize from the Accounts. You agree that the profitability of your Franchise depends is dependent on many factors, such as the efficiency and skill of your work force and your business ability to manage acumen in managing your expenses and day-to-day operations.

1.3. When you accept an Account, you own that Account. Your Accounts remain your property unless returned to us as provided in this Agreement. ~~Prior to visiting the Account location, you~~ You may have the right to review ~~the information for~~ each Account offered and choose whether you want that Account. You may reject any Account or stop servicing any Account. If you reject an Account offered under your Initial Plan, or stop servicing an Account offered under your Initial Plan because the customer does not pay ~~for your services,~~ we will replace the value of that Account within a reasonable time, ~~but not necessarily within the original time period under your Initial Plan. In this circumstance, we will replace the value of that Account~~

~~within a reasonable time. If we want, we may offer Additional Accounts, without reference to any time frames.~~

1.4. If, within the first year after you accept an Account, the Account is terminated for ~~other than any reason (except~~ your documented Misconduct,) or ~~if~~ you stop servicing a customer because the customer does not pay ~~for services rendered~~ (a “**Terminated Account**”), we will, within a reasonable ~~period of~~ time, offer a replacement Account(s) as follows:

1.4.1. We can offer replacement Accounts that are equal to, or more than, the full ~~amount of the~~ Account Gross Billings of the Terminated Account. In this case, our replacement obligation ~~ends for the replacement Account remains~~ at 12 months from *the Terminated Account’s Start Date*; or

1.4.2. We can offer replacement Accounts that are equal to, or more than, the remaining ~~amount of the~~ Account Gross Billings of the Terminated Account. In this case, our replacement obligation ~~ends for the replacement Account is~~ 12 months from the *replacement Account Start Date*.

If an Initial Plan Account has Account Gross Billings that are more than your Initial Plan, or a replacement Account ~~offered under this Section~~ has Account Gross Billings that are more than the Terminated Account, you must pay us a Sales and Marketing Fee for the excess as provided in Article 4.

2. INITIAL AND RENEWAL TERMS

2.1. The initial term of this Agreement (the “**Initial Term**”) ~~begins on the Effective Date and~~ expires 10 years after the Effective Date. “**Term**” means the Initial Term and any Renewal Term.

2.2. You may renew your franchise 2 times for 10 years each (each, a “Renewal **Term**”). You may do so only by satisfying all the following conditions:

2.2.1. You deliver written notice to us at least 6 months—but no more than 12 months—before the Term expires;

2.2.2. You have always complied with all the terms of this Agreement, the Operations Manuals (as defined in Section 12.1) and all other agreements between you and us or our affiliates, or if any ~~defaults breaches~~ have occurred, the ~~defaults breaches~~ have been resolved to our satisfaction;

2.2.3. You pay all money you owe to us and our affiliates (including under any Promissory Note or other indebtedness);

2.2.4. You sign our new franchise agreement and all ~~related other ancillary~~ agreements; ~~we require ; the terms of~~ these agreements may differ substantially from this Agreement, such as a greater Royalty Fee, Support Fee, Administrative Fee, Negotiation Fee, and Advertising Contribution, etc.;

- 2.2.5. you meet our then-current requirements for new franchisees, and you attend, or have at least one of your officers or managerial people attend, any required orientation, workshop, or similar class;
- 2.2.6. You pay us a Renewal Fee of \$1,500 (the “**Renewal Fee**”); and
- 2.2.7. You sign a general release (in form and substance satisfactory to us and Master Franchisor) of all claims against us, our affiliates and the Master Franchisor, and our and their respective officers, directors, owners, agents and employees.

3. INITIAL FRANCHISE FEE

3.1. When you sign this Agreement, you ~~must~~**will** pay us the initial franchise fee ~~that is~~ stated on the Summary Page (the “Initial Franchise Fee”). If any portion of the Initial Franchise Fee is financed, you ~~must~~**will** sign the Promissory Note ~~in~~**attached as** Exhibit A (the “Promissory Note”). If you are an Entity, all of your owners must sign the Guaranty ~~in~~**attached as** Exhibit B (the “Guaranty”).

3.2. Except as provided in this Section, the Initial Franchise Fee is never refunded. If we don’t offer you Accounts with Account Gross Billings required by Section 1.2 within the time ~~period~~ provided, we will refund part of the Initial Franchise Fee equal to the “Adjustment Amount.” The “Adjustment Amount” is the difference between your Initial Franchise Fee and what the Initial Franchise Fee is for the Accounts we actually offered. If the Initial Plan we offered differs from a standard Initial Plan we offer, we will use a marginal rate calculation to determine that Initial Franchise Fee. (defined below). We will deduct all amounts you owe us (including under a Promissory Note) from any refund.

~~3.3. The “Adjustment Amount” is the difference between your Initial Franchise Fee and the Initial Franchise Fee for the Accounts we actually offered.~~

~~3.3.1. If the Initial Plan we actually offered is different from a standard Initial Plan we offer, we will use a marginal rate calculation to determine the Adjustment Amount. The following is an example of using the marginal rate to determine the Adjustment Amount.~~

~~3.3.2.3.2.1. If you purchase a franchise plan 20, (\$20,000 of estimated Account Gross Billings), the Initial Franchise Fee would be \$9,000. If we offer you Account Gross Billings that only total \$16,200 (which is between franchise plan 17 and franchise plan 14), the marginal rate (“Marginal Rate”) between franchise plan 17 and franchise plan 14 is 33.33%, calculated as follows. The difference between the Account Gross Billings for franchise plan 17 and franchise plan 14 is \$3,000 (\$17,000–\$14,000). The difference between the Initial Franchise Fees for~~

~~franchise plan 17 and franchise plan 14 is \$1,000 (\$8,000 – \$7,00). The Marginal Rate is \$1,000 divided by \$3,000 = 33.33%. Therefore, the Initial Franchise Fee for the actual Accounts offered would be the franchise plan 14 Initial Franchise Fee (\$7,000) PLUS the amount over \$14,000 (\$16,200 – \$14,000 = \$2,200) X the Marginal Rate (\$2,200 X 33.33% = \$733) which equals \$7,733. Your refund would be \$1,267 (\$9,000 – \$7,733).~~

4. ADDITIONAL CUSTOMER ACCOUNTS

4.1. We may offer Additional Customer Accounts (not included in the Initial Plan) to you ("**Additional Accounts**"). You ~~can have the right to~~ review any proposed Additional Account and choose whether you want it. If you want the Additional Account, you will pay us a sales and marketing fee (the "**Sales and Marketing Fee**") for the value of the services we provide in the acquisition and negotiation of the Account. Your Additional Accounts remain your property unless returned to us as provided in this Agreement.

4.2. The Sales and Marketing Fee for an Additional Account is determined by your Annualized Billings, ~~as follows:~~

~~4.2.1. If your Annualized Billings (defined below) are less than \$20,000, the Sales and Marketing Fee is 5 times the Monthly Account Gross Billings (as defined below).~~

~~4.2.2. If your Annualized Billings are \$20,000 or more, the Sales and Marketing Fee is 4 times the Monthly Account Gross Billings.~~

~~For example, if the Monthly Account Gross Billings for an Additional Account were \$3,000, the Sales and Marketing Fee would be \$15,000 if Section 4.2.1 applied, and \$12,000 if Section 4.2.2 applied. "**Annualized Billings**" means 12 times your Gross Billings for the month before the month in which you are acquiring the Additional Account. "**Monthly Account Gross Billings**" for an Additional Account equals the Annualized Billings for that account divided by 12.~~

4.2.1. If your Annualized Billings are less than \$20,000, the Sales and Marketing Fee is 5 times the Additional Accounts Monthly Account Gross Billings.

4.2.2. If your Annualized Billings are \$20,000 or more, the Sales and Marketing Fee is 4 times the Additional Accounts Monthly Account Gross Billings.

4.3. You pay us the Sales and Marketing Fee under any method below you choose ~~as follows:~~

4.3.1. You may pay the entire Sales and Marketing Fee in cash, and get a 10% Discount.

4.3.2. You may pay the Sales and Marketing Fee in 4 or fewer equal monthly installments by having us deduct those installments (in addition to any other

amounts you then owe us) from the next 4 or fewer payments we collect for you from all your Accounts. If the next 4 collected payments are not enough to fully pay the Sales and Marketing Fee (and the other amounts), we may either require you to pay the balance due on demand or deduct the balance due from amounts we later collect from your Accounts.

- 4.3.3. You may pay a down payment of the Sales and Marketing Fee and pay the balance of the Sales and Marketing Fee by signing ~~the~~ Promissory Note ~~in~~ attached as Exhibit A; and, if you are an Entity, all your beneficial and legal owners must sign the Guaranty ~~in~~ attached as Exhibit B.
- 4.4. If any Additional Accounts become Terminated Accounts during the Replacement Obligation Period, (defined below) for any reason other than your documented Misconduct, we will replace the Terminated Account with ~~an~~ another Additional Account(s) within a reasonable time.

4.4.1. The "Replacement Obligation Period" is:

12 months from ~~when the date~~ you ~~start~~ begin providing services for the Additional Account if you ~~paid~~ pay the ~~entire~~ Sales and Marketing Fee ~~under Sections in cash as provided in Section 4.3.1~~ Error! Reference source not found. Error! Reference source not found. or ~~pays the Sales and Marketing Fee in four or fewer consecutive equal monthly installments as provided in Section 4.3.2;~~ or

6 months ~~from the date you begin providing services for the Additional Account~~ if you ~~pays~~ pay the Sales and Marketing Fee in any other manner.

~~4.4.2.4.4.1.1.~~ 4.4.1.1. If we offer replacement Accounts that are equal to, or more than, the full ~~amount of the~~ Account Gross Billings of the Terminated Account, ~~the Replacement Obligation Period continues to run from the~~ our replacement obligation for the replacement Account begins on the Terminated Account's Start Date; ~~or-~~

~~4.4.3.4.4.1.2.~~ 4.4.1.2. If we offer replacement Accounts that are equal to, or more than, the remaining ~~amount of the~~ Account Gross Billings of the Terminated Account, ~~our replacement obligation for the~~ Replacement Obligation Period ~~replacement Account~~ begins ~~again from~~ on the replacement Account's Start Date.

~~4.4.4.4.4.2.~~ 4.4.2. If any replacement Account offered under this Section becomes a Terminated Account during the ~~applicable~~ Replacement Obligation Period, we will offer to replace the Terminated Account by offering Account(s) for the remaining obligation period consistent with this Section.

5. CONTINUING FEES.

- 5.1. You will pay us the following monthly, nonrefundable continuing fees throughout the Initial Term:

- 5.1.1. a royalty fee of 10% of your Gross Billings for the previous month (the "**Royalty Fee**"). "**Gross Billings**" means the total revenues due from each Account (including Additional Accounts, Supplemental Accounts and Negotiated Contracts) for all services you provide under the Marks. "**Supplemental Accounts**" are customer accounts ~~that~~ we have not offered to you, or that you procured without our assistance, but that you are servicing under the Marks. The Supplemental Accounts will remain your property unless transferred to us ~~under in accordance with~~ this Agreement.
- 5.1.2. A support fee of 5% of your Gross Billings for the previous month (the "**Support Fee**").
- 5.1.3. An additional administrative fee (the "**Administrative Fee**") of 10% of Gross Billings for Special Services (as defined below). ("Special Services Billings") for the previous month. "**Special Services**" are special or isolated cleaning services performed under one-time nonrecurring contracts. These services may include ~~for example,~~ carpet cleaning and extraction, floor stripping, and refinishing or initial cleaning, ~~and the like~~. Amounts due from customers for Special Services are included in Gross Billings; they are, however, separately reported and invoiced.
- 5.2. You will pay us the following nonrefundable fees, as incurred, throughout the Initial Term:
- 5.2.1. You may request that we assist you with the bidding and negotiation of a cleaning service contract (a "**Negotiated Contract**"). You will pay us a negotiation fee (the "**Negotiation Fee**") of the first month's Gross Billings for each Negotiated Contract ~~(in lieu of a Sales and Marketing Fee)~~. You will pay the Negotiation Fee in 3 equal installments, the first of which is due when the first payment under the Negotiated Contract is received. ~~The Negotiated Contracts remain your property unless transferred to us under this Agreement. Since you pay no Sales and Marketing Fee on a negotiated Contract, we~~ We have no obligation to replace a Negotiated Contract.
- 5.2.2. You will pay us a \$50 Complaint or Standards Violation Fee (the "**Complaint or Standards Violation Fee**") for each Complaint, to compensate us for ~~our~~the administrative cost of responding to the ~~the~~ Complaint to prevent loss of goodwill of the Marks. A "Complaint" is a customer complaint to which you did not respond within the time ~~frame~~ stated in the customer's service contract or the Jan-Pro customer warranty or service programs. If we have to contract with someone else to correct your Complaint, you also will pay us a service fee (the "**Service Fee**") to compensate us for the cost of the other party at \$50 per hour.
- 5.2.3. If we begin any advertising or marketing programs or campaigns, you will pay us an advertising contribution (the "**Advertising Contribution**"). You will pay the

Advertising Contribution when we require and in the amounts that we require, but more than 1% of monthly Gross Billings.

5.2.4. ~~You if we require, you~~ will pay us a monthly National Account support fee of ~~12%~~ of Gross Billings from National Accounts for the previous month (the "**National Account Support Fee**"). This fee is in addition to the Royalty Fee due on Gross Billings from National Accounts. A "**National Account**" is a national or regional account ~~that~~ we have gotten from the Master Franchisor's affiliate.

5.3. You may ~~not~~ deduct ~~no any~~ amount (whether for reduction, setoff, defense or counterclaim) from any payment ~~that~~ you owe to us.

5.4. We can apply any payments you make in any way we choose, including to any past due indebtedness you owe us.

5.5. If you are late on any payment you owe us, we will charge you interest at the lesser of: 18% per annum; or the maximum rate allowed by applicable law (the "Contract Interest Rate"). You will pay us this interest on demand.

6. SECURITY AGREEMENT

As security for all your monetary and other obligations to us or our affiliates ~~arising~~ under this Agreement or any other agreement (including under any Promissory Note you sign), you grant to us a first-priority security interest in all your assets used in your Franchised Business. These assets include all equipment, inventory, agreements, contracts, and all other property you now own or later acquire used in your Franchised Business. You will sign all documents needed to prove our security interest.

7. OUR BUSINESS AND MANAGEMENT SERVICES

7.1. To maintain the uniformity of the System and protect the integrity of the Marks, you must operate your Franchise according to the System's policies, procedures, and operational standards. ~~We To that end, we~~ will provide you with a comprehensive initial ~~certification training~~ program on the Jan-Pro brand standards (the "Certification Program"). We will provide this program for up to 4 approved people without charge. We may charge a reasonable amount for the additional people that attend the Certification Program. The Certification Program includes video, classroom, and on-site expert consultation. You may request our additional assistance, which we may provide if we can reasonably accommodate you request. We may introduce new methods and materials through personal consultation, group seminars, advanced training modules, and other programs. There are no costs to you for personal consultations and group seminars or for mandatory additional instruction. We may consult with you on business and operational problems and help you analyze your revenuesales, marketing and financial data.

7.2. We will provide ~~invoicing and billing~~ and payment processing services for your Accounts, ~~including invoicing and collecting, in your name and on your authority, from your Accounts; and accepting and processing payments from your customers.~~ We will

invoice your Accounts ~~on a monthly basis (unless your customer you receive a request for an alternate arrangement from one of your Accounts or a service contract requires a different procedure).~~ We will use commercially reasonable efforts to collect the money due on Accounts and may engage attorneys, file litigation, or take any other actions we consider appropriate to collect and enforce payment ~~from~~ Accounts. From the amount we collect, we ~~may will~~ deduct, and pay our self the fees due under this Agreement, Collection Costs, and any other amount you owe us under this Agreement or any other agreement (including money due under any Promissory Note). **“Collection Costs”** means our out-of-pocket costs (including, attorneys’ and paralegals’ fees, court costs and all other expenses) incurred to collect and enforce payments due under Accounts. ~~We acknowledge that you consider these invoicing and billing services to be an essential element of the advantages the System offers, since it frees you from the expense and administrative burden of having to conduct billing and invoicing. Only we may perform the functions stated in this Section.~~

- 7.3. On the last business day of each month, we will pay you the net amount invoiced to your Accounts the previous month (after deducting the amounts described in the previous Section), even if your customer has not yet paid. We also will provide you with a monthly report showing the amounts invoiced to each Account, and a full list of the amounts and types of all deductions.
- 7.4. If your customers have not paid, our Our payments to you under Section 7.3 are advances (“Advances”) ~~that we will make whether or not your Accounts have actually paid us~~. If, after 90 days from the date an Account is invoiced, we have not collected the entire amount due from that Account, you must will repay us ~~the amount of~~ the uncollected Advances plus our related fees. We will not charge interest on Advances, unless you fail to repay them ~~under in accordance with~~ this Section, in which case interest accrues at the Contract Interest Rate from the date you must repay the Advance until paid. We do not have to make Advances for any Account ~~that~~ we believe is a bad risk. In this case, we will notify you, and if you choose to continue servicing that Account, we will pay you for that Account only when it pays for services rendered.
- 7.5. We may offer you the option to pay us an Advance Assurance Fee (as defined below). If you pay this fee, you will not repay us for any Advances under Section 7.4 (the “Advance Assurance Program”). If you exercise this option, choose to participate in the Advance Assurance Program, you will pay the Advance Assurance Fee for the remainder of the Term, or until we discontinue the Advance Assurance Program Fee program. The **“Advance Assurance Fee”** is 2% of monthly Gross Billings.
- 7.6. We will assist you in maintaining good favorable relations with your customers. However, you remain ~~You are~~ responsible for ensuring service is provided by you or your staff as scheduled for all of your customers and finding a replacement certified Jan-Pro Franchisee if you are unable to personally service your customers. If you are temporarily unable to service one or more of your customers due to adverse circumstances, you may request us to assist you by locating a substitute contractor to

service the customer. If we make these arrangements, you will ~~not~~ receive ~~no~~ payments for the services the substitute contractor performed. These payments are a "Substitution Fee" that we use to pay the substitute contractor(s). You will ~~not~~ receive ~~no~~ refund of any fees previously paid to us for these services.

7.7. You, as an independent operator of your Franchise, must control your day-to-day business activities and make strategic, operational, and other business decisions as you see fit, as long as you comply with ~~the terms of~~ this Agreement and act in a way consistent with the System and in a manner that preserves the integrity of the Marks. You have discretion over aspects of your business such as:

7.7.1. staffing decisions, supervision, and other issues related to your staff;

7.7.2. scheduling (however you should confer with your customers about customer preferences on this);

7.7.3. which Accounts you wish to accept; and

7.7.4. your strategy and method of business expansion and negotiation and acquisition of Additional Accounts or Supplemental Accounts.

8. OPERATING STANDARDS

8.1. You acknowledge that the goodwill associated with the Marks and the success of franchises in the System ~~dependsis dependent~~ on a consistently high standard of excellence in cleaning, maintenance services, and customer service, ~~and as well as~~ uniform practices across franchises. You desire to benefit from this goodwill and the industry expertise inherent in the System's methods and practices. ~~Therefore As such,~~ you will attend, or cause at least one of your managerial personnel (satisfactory to us) to attend, and successfully complete the ~~Training-Certification~~ Program, and any other seminars, sessions, programs, consultations and advanced instructional modules ~~that~~ ~~dewe~~ deem necessary. If we, in our sole judgment, determine that you have failed to adequately familiarize yourself with the System, including ~~through your~~ satisfactory participation in the ~~Training-Certification~~ Program and other required instruction on the System and its methods, we may, at your expense (including our then standard consultation or ~~Certification Fee~~ ~~training fees~~), require you to retake the program, or we may terminate this Agreement. We ~~will~~ ~~may~~ conduct all these programs and seminars at the times and locations ~~as~~ we reasonably determine.

8.2. You have sole responsibility to hire and maintain your staff of qualified and competent employees. You are solely responsible for all your hiring decisions and for all obligations arising from your relationship with your employees. You must obtain background checks meeting the Jan-Pro specifications before allowing any employee on any Customer's premises. You must devote your best efforts to managing and operating your Franchise ~~in order~~ to protect the goodwill associated with the Marks.

8.3. You ~~must keep~~ ~~are responsible for maintaining~~ your agreed schedule with your customers, ~~must notify~~ ~~for notifying~~ your customers ~~before in advance of~~ any scheduled services ~~that~~ you will miss, and ~~schedule~~ ~~for scheduling~~ a substitute certified franchisee if the customer requests.

8.4. You are responsible for all keys and other methods of access your customer's premises and for exercising reasonable security procedures and observing all security procedures that your customers' require.

8.5. To ensure that you deliver high quality cleaning, maintenance, and other services in a manner consistent with the goodwill associated with the Marks, you will purchase or lease equipment, chemicals, supplies, inventory, and any other products and services used to operate the Franchise ~~only under~~ ~~solely in accordance with~~ our written specifications. We may alter these specifications ~~at any time~~ in writing.

8.5.1. You will, before the Start Date, get the initial equipment and supplies (the "Initial Equipment Package") we ~~require~~ ~~specify in writing~~ to conduct ~~your~~ ~~the~~ Franchise and serve your Accounts according to the System ~~specifications~~ and at the high level of quality necessary to ~~protect~~ ~~preserve~~ the Marks. You must purchase your Initial Equipment Package from us or a third party within a reasonable time after you complete the Certification Program. ~~If you buy an Initial Plan of franchise plan 20 or greater and you pay the entire Initial Franchise Fee without financing we will provide the Initial Equipment Package without charge.~~

8.5.2. You will, at your expense, thereafter replace equipment and supplies as needed.

8.6. If you propose to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved supplier, or that does not comply with our specifications, you must submit to us a written request for our approval, or request the proposed supplier itself to do so. As a condition of our approval, which we may grant or withhold or revoke in our sole discretion, we may require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, at our option, either to us or to an independent, certified laboratory we designate for testing. In the case of products involving new specifications, we may likewise require that samples of those products be delivered either to us or to an independent, certified laboratory we designate for testing. We are not liable for damage to any sample that may result from the testing process. You must pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing. We may, at our option, re-inspect any approved supplier's facilities and products and continue to sample the products at the supplier's expense, and revoke approval if the supplier fails to continue to meet our specifications. We may require as a condition to our approval, that the supplier present satisfactory evidence of insurance, such as product-liability insurance,

protecting us and our franchisees against all claims arising from the use of the supplied item(s) within the System.

~~8.6-8.7.~~ You must comply with all federal, state, and local laws, ~~rules~~ and regulations that apply ~~applicable~~ to your ~~the~~ Franchise (such as OSHA and employment laws), and maintain ~~including maintaining~~ all permits, licenses, or ~~certificates~~ needed to operate, ~~or franchises necessary for the full and proper conduct of~~ your Franchise. You have 2 days to forward us any inspection reports, warnings, or ratings that any governmental agency issues that indicate that you did not comply ~~you non-compliance~~ with any applicable ~~law,~~ rule or regulation.

~~8.7-8.8.~~ You are an independently owned and operated business and may manage your Franchise and its day-to-day operations as you want ~~see fit~~, as long as you comply with this Agreement, ~~and ensure protection of the Marks.~~ You must ~~at all times~~ have at least one person actively involved in the management of your Franchise. This person, ~~which~~ must be you if you are a sole proprietor, your majority owner if you are an entity, or the manager you select. This person ~~individual~~ must have successfully completed the Certification Program and other required programs.

~~8.8-8.9.~~ You must ~~will~~ offer for sale ~~and sell~~ all approved ~~System~~ services and products for which you have been certified and for which you have all necessary equipment ~~as we approve from time to time.~~ You ~~will~~ may not provide ~~offer for sale or sell~~ any services or products under the Marks ~~that~~ we have not approved (or for which we have revoked our approval). You must ~~will~~ comply with all System customer warranty programs and customer service programs we have ~~that we may establish from time to time.~~

9. CUSTOMER SERVICE STANDARDS

9.1. You must ~~will~~, at your expense, provide all labor, materials, tools, ~~and other~~ supplies and equipment ~~necessary~~ to service the Customer Accounts, including the janitorial services called for in the service agreement with your customers. You must ~~will~~ perform all services in a good and workmanlike manner ~~and in~~ compliance ~~accordance~~ with the high standards associated with the Marks.

9.2. Ownership of an Account immediately transfers to us if any of the following occurs:

9.2.1. any documented Misconduct involving ~~occurs with respect to~~ the Account;

9.2.2. we receive the customer's verbal or written request that its Account be transferred to a different franchisee;

9.2.3. you sell cleaning or similar supplies to a customer outside of this Agreement, service the customer in a capacity other than as our System franchisee (except as permitted under this Agreement), or fail to notify us of all services performed for your customer as required in ~~under~~ this Agreement; or

9.2.4. this Agreement is terminated, you violate this Agreement or any other agreement with us, you stop being our franchisee ~~within the System~~ or otherwise no longer want to service the customer.

If you believe that an Account ~~was~~ transferred to us unfairly, you ~~may have the right to~~ submit to us a written request that we consider special circumstances ~~be considered~~. We will consider your request in good faith. You will receive no ~~are not entitled to any~~ refund or reduction of any fees ~~already previously~~ paid for a revoked Account.

10. ACCOUNTING AND RECORDS

10.1. You ~~must will~~ maintain complete and accurate books and records for your Franchise's operations. ~~These~~ These books and records must ~~not~~ contain only information ~~not~~ relating to your Franchise. Your books and records must be kept for at least 3 years (including ~~after~~ this Agreement expires or is terminated) from the dates they were prepared.

10.2. By the 10th day of each month, you ~~must will~~ submit to us accurate records reflecting the previous month's entire Gross Billings and all other information we require. These records must be on our form. At our request, within 90 days of the end of your fiscal year, you ~~must will~~ submit copies of your Franchise's federal and state income tax returns.

10.3. During the Term and ~~for the~~ 3 years ~~period~~ after the expiration or termination of this Agreement, and at our expense, we and our representatives may, at any reasonable time on prior written notice to you, examine and copy your books and records ~~and conduct a physical inventory~~.

11. PROPRIETARY MARKS

11.1. You may use the Marks only as permitted in this Agreement. We ~~keep retain~~ the right to use and grant others the right to use the Marks. All rights not granted to you in this Agreement concerning the Marks remain ours.

11.2. You may use the Marks only ~~under in accordance with~~ our standards and specifications. You must ~~Without limiting the foregoing, you will:~~

11.2.1. use the Marks only to operate your Franchise. You may not use the Marks for any other purpose. You may not use the Marks or any reproduction or imitation of the Marks in any way ~~that is~~ likely to cause confusion, mistake or deception or create the appearance that any non-authorized service or product is provided by or endorsed by us or the Master Franchisor.

11.2.2. use the Marks as the ~~only sole~~ trademark identifications for your Franchise, and prominently display the Marks on or with all materials we designate and only as we authorize.

11.2.3. not use the Marks as security for your obligation or indebtedness.

- 11.2.4. identify yourself as an independent franchisee and owner and operator of the Franchise when using the Marks, ~~as provided in the Operation Manuals.~~
 - 11.2.5. sign all documents we request to protect the Marks or to maintain their continued validity and enforceability as trademarks.
 - 11.2.6. not use the Marks as part of your Entity name.
 - 11.2.7. not use the Marks or any similar names in any advertising or other written promotional materials or on the Internet or other electronic medium, without our prior written approval.
 - 11.2.8. not register any domain name containing the Marks or any similar names.
 - 11.2.9. not use or attempt to register any other trademarks, service marks, or other commercial symbols that are the same as or similar to any of the Proprietary Marks.
 - 11.2.10. comply with our instructions ~~on~~concerning filing and maintaining any ~~required~~the requisite fictitious, trade, or assumed-name registrations for the JAN-PRO trade name, and sign all documents we or our counsel deems reasonably necessary to get protection for the Marks and the Master Franchisor's interest in the Marks.
- 11.3. You must ~~immediately~~promptly notify us of any suspected unauthorized use of, or any challenge to the validity or ownership of the Marks, or our right to license or use the Marks, or your right to use the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we determine that you have used the Marks in accordance with this Agreement, we will pay the cost of this defense, including the cost of any judgment or settlement. If we reasonably determine that you have not used the marks in accordance with this Agreement and that your misuse is a factor in the third-party claim, suit or demand, you ~~must~~will pay the cost of this defense, including the cost of any judgment or settlement. In any litigation ~~involving~~relating to your use of the Marks, you ~~must~~will sign all documents and perform all acts we believe advisable to conduct the defense, including becoming a nominal party to any legal action. Except ~~when~~to the extent that such litigation ~~results from~~is the result of your use of the Marks in a manner inconsistent with ~~the terms of~~ this Agreement, we will reimburse you for your out-of-pocket litigation costs to perform these acts.
- 11.4. Any use of the Marks outside ~~the scope of~~, this Agreement infringes our and Master Franchisor's rights in the Marks. Both during and after the Term, you will not, directly or indirectly, infringe or contest or aid in contesting the validity of, or our or the Master Franchisor's right to the Marks, or take any other action to damage these rights.
- 11.5. If, ~~at any time~~, in our sole discretion, we think it advisable to modify or stop the use of any ~~Mark of the Marks~~ or use one or more additional or substitute names or marks, ~~for any reason~~, you will do so at your sole expense within 30 days of our request.

11.6. Except as granted in this Agreement, you have no ownership or other rights in the Marks. All goodwill associated with the Franchise inures exclusively to Master Franchisor's benefit and is Master Franchisor's exclusive property.

12. OPERATION MANUALS AND OTHER CONFIDENTIAL INFORMATION

12.1. To protect our and Master Franchisor's reputation and goodwill, and to maintain uniform standards of operation under the Marks, you ~~must will~~ conduct your Franchise ~~as stated in a way that is consistent with~~ the System manuals (collectively, with all other written specifications, standards, and requirements we distribute and as we modify, replace and/or supplement, the "Operation Manuals"). While you may determine how to best operate your business, ~~as long as provided that~~ your operation complies with ~~the terms of~~ this Agreement and ensures the protection of the Marks, the Operation Manuals offer a guide for successfully operating within the System and include recommended methods of operation that ~~comply are in compliance~~ with this Agreement.

12.2. We will loan you one ~~registered~~ copy of ~~each volume of~~ the Operation Manuals (with periodic ~~updates~~ ~~revisions as required~~). If any dispute arises ~~on as to~~ the contents of the Operation Manuals, the terms in our master copy of ~~each of~~ the Operation Manuals are controlling. ~~At all times, you will strictly limit access to the Confidential Information to your employees, to the extent they have a "need to know" to perform their jobs.~~ You must report the theft, loss, or destruction of the Operation Manuals, or any portion thereof, immediately to us. ~~We in this case, we~~ will ~~then~~ loan a replacement copy to you ~~for at a fee of~~ \$200 for each replaced Operation Manual. A partial loss or failure to update any Operation Manual is considered a complete loss.

12.3. ~~You must~~ ~~At all times, you will~~ treat and maintain the Confidential Information as our confidential information and trade secrets. "**Confidential Information**" means any knowledge, know-how, technologies, processes, techniques, and any other information ~~that is~~ not generally known by, or readily available to the general public, or that we designate as confidential, proprietary, or trade secrets. Confidential Information includes information relating to customers, Accounts, and the Operation Manuals. Without our prior written consent, you will not copy, record, or otherwise reproduce any Confidential Information. ~~You must strictly limit access to the Confidential Information to your employees, to the extent they have a "need to know" to perform their jobs.~~ You must require all persons to whom you grant access to ~~the Operation Manuals or any other~~ Confidential Information to sign Master Franchisor's form of confidentiality agreement. You must ~~immediately~~ ~~promptly~~ give us copies of these signed confidentiality agreements.

13. INSPECTIONS

To ensure the integrity of the Marks and protect Master Franchisor's goodwill, you will permit Master Franchisor, us, and our respective representatives to enter your office or other business premises, and the locations where you perform services for your customers to conduct

inspections and to observe your business activities, ~~at any time during normal business or service hours.~~ On notice from us or Master Franchisor, and without limiting our other rights under this Agreement, you will take all steps necessary to immediately correct any deficiencies ~~found~~detected during any inspection that, in our or Master Franchisor's judgment, may diminish the value of, or otherwise endanger the Marks or Master Franchisor's goodwill.

14. INSURANCE

14.1. You must will maintain the types and amounts of insurance we may require. This insurance is in addition to any other insurance that ~~is may be~~ required by applicable law. The policies ~~that~~ we require must be written by an insurance company reasonably satisfactory to us with an A.M. Best rating of "A" or better, and, to the extent permitted by law, must name us and the Master Franchisor as additional insureds. At a minimum, these policies must include the following:

14.1.1. janitorial bonding of ~~at least~~ \$50,000;

14.1.2. workers' compensation insurance for you and all of your employees with a minimum coverage of the greater of \$100,000 or the minimum state law coverage, ~~whichever is higher~~, and all unemployment insurance required under state and federal laws to maintain a proper unemployment insurance ~~customer~~ account; and

14.1.3. comprehensive liability insurance covering property damage, loss and personal injury of ~~at least~~ \$1,000,000 per occurrence, \$2,000,000 in the aggregate, and automobile liability of \$1,000,000, personal injury and property damage insurance; this comprehensive liability insurance may not have an exclusion for property in your care, custody, or control.

~~We~~At any time, we may change the amounts of coverage required under ~~this your Agreement insurance policies~~ and require different or additional kinds of insurance, including excess liability insurance to reflect inflation, ~~identification of~~ new risks, changes in laws or standards, or other relevant changes ~~in circumstances~~.

14.2. Before your Start Date, you must provide us with a certificate of insurance showing ~~that you have your compliance with~~ the insurance required requirements in this Agreement. The certificate of insurance must include a statement by the insurer that the policy or policies will not be canceled, subject to non-renewal, or materially altered without at least 30 days' (10 days for non-payment of premiums) prior written notice to us. On our request each year, you must send supply us with a certificate of insurance showing compliance with ~~the requirements in~~ Section 14.1.

14.3. If, ~~for any reason,~~ you ever don't have the required insurance, we have the right (but not the duty) to immediately get this insurance for you. If we do, ~~so, we will charge~~ you must pay us for the cost of the insurance, plus interest at the Contract Interest Rate. You must will immediately pay us these charges.

14.4. We may allow you to participate in a group insurance plan (the “**Business Protection Program**”) that provides general liability insurance, workers’ compensation insurance (where available) and bonding to us and our participating franchisees through an insurance company that names us and you as insureds. The cost of the Business Protection Program may include, in addition to the premiums, fees payable to us for administering the Program. The current fee is stated on the Summary Page and is subject to change in our discretion.

15. DEFAULT AND TERMINATION

~~15.1. If any of the following occur events occur, we may immediately terminate this Agreement:~~

~~15.1. If any of the following events occur, we may immediately terminate this Agreement without notice to you or an opportunity to cure: you become insolvent or make a general assignment for the benefit of your creditors; you file for bankruptcy. You must notify us or a petition in bankruptcy is filed against or consented to by you and the petition is not dismissed within 3 days of 45 days; you are adjudicated bankrupt; a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; a receiver or other custodian (permanent or temporary) of your business or assets is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under federal or any state law is filed by or against you; a final judgment in excess of \$5,000 remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); execution is levied against your property; or a substantial portion of your property used in the Franchise is sold after levy thereon by any sheriff, marshal, or constable.~~

~~Each of the events in this Section is a material default under this Agreement. If we elect to terminate this Agreement under this Section, we do not have to provide you with any notice or opportunity to cure.~~

~~15.1. Within 3 days of the occurrence of any of the events in this Section, you must provide us with written notice.~~

15.2. If any of the following events occurs, we may—by written notice but without providing you with any further opportunity to cure—immediately terminate this Agreement:

15.2.1. you fail to attend and successfully complete, or cause at least one of your managerial people personnel, satisfactory to us, to attend and successfully complete the Certification Program within 180 days of the Effective Date, or any other program required under Section 7.1;

15.2.2. you fail to pay us or our affiliate any amount you owe us under this Agreement or any other agreement (including under any Promissory Note within 10 days after we deliver a Notice of Default (as defined below));

- 15.2.3. you fail to pay any third-party supplier or creditor any amount due within 10 days after we deliver a Notice of Default, unless you notify us ~~that~~ there is a good-faith dispute over the amount due and take immediate action to resolve that dispute;
- 15.2.4. you or any of your owners make any material misrepresentation in getting the Franchise, including in any franchise application submitted to us;
- 15.2.5. you abandon your Franchise or, for more than 7 consecutive days or 14 days in any calendar year, you fail to conduct the Franchise (including failing to service any customer for this period); ~~or you otherwise forfeit the right to do or transact business in the jurisdiction where your Franchise is located or lose any license or permit needed to operate your Franchise;~~
- 15.2.6. a serious or imminent threat or danger to public health or safety results from operating your Franchise and the threat or danger remains uncorrected for 24 hours after we or any governmental authority delivers written notice of it to you ~~(or any shorter cure period as the governmental authority permits;~~
- 15.2.7. you ~~do not fail or refuse to~~ comply with any ~~part of specification, standard or operating procedure we require in~~ this Agreement, ~~or in~~ the Operation Manuals, ~~or otherwise in writing, relating to the Marks,~~ including any safety, sanitation, or environmental concerns or violate any health, safety, or sanitation law, ordinance, or regulation that may harm the ~~integrity of and~~ goodwill ~~of associated with~~ the Marks, and do not correct the failure or refusal within 3 days after we or any governmental authority delivers written notice ~~to you thereof (or any shorter cure period as the governmental authority period permits;~~
- 15.2.8. you, or any of your officers, directors, owners or managerial employees commits, is convicted of, or pleads *nolo contendere* to, a felony, a crime of moral turpitude or any other crime or offense ~~that~~ we believe is likely to have a material adverse effect on the ~~System, the Marks, the good will associated with the Marks, or our or Master Franchisor's interest in any~~ of the Marks unless you immediately and legally terminate that individual as an officer, director, owner, or employee and take all other corrective action we require;
- 15.2.9. you deny us the right to inspect your Franchise or to inspect or audit the sales and accounting records of your Franchise;
- 15.2.10. you, or any of your officers, directors, owners or managerial employees engages in conduct that ~~is deleterious to, or~~ reflects unfavorably on, you, us, or ~~the System and~~ the Marks; or you or any of your officers,

directors, owners or managerial employees engage in conduct that exhibits a reckless disregard for the physical or mental well-being of employees, customers, our representatives, or the public at large (such as theft, battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse, or other forms of threatening, outrageous, or unacceptable behavior);

- 15.2.11. You make a transfer in violation of Article 18 ~~of this Agreement;~~
 - 15.2.12. an approved transfer is not completed as required by Section 18.6 following a Covered Owner's death or permanent disability;
 - 15.2.13. any breach occurs under Section 12.3 (regarding Confidential Information or Article 17 ("NONCOMPETITION"));
 - 15.2.14. you knowingly maintain false books or records, or knowingly submit any false reports to us;
 - 15.2.15. you violate Article 11 ("PROPRIETARY MARKS") or otherwise impair the goodwill associated with the Marks or our or Master Franchisor's rights in the Marks;
 - 15.2.16. you fail to have insurance as required under Article 14 ("INSURANCE);
 - 15.2.17. during any 12-consecutive-months you receive from us 2 or more Notices of Default—whether for the same or different defaults, even if the defaults were cured; or
 - 15.2.18. except as otherwise provided above, you or any of your affiliates default under any other agreement with us or any of our affiliates and the default is not cured as required by the ~~other applicable~~ agreement.
- 15.3. In addition to the defaults in Sections ~~1.145.1~~ and 15.2, you are in default under this Agreement if you ~~do not fail to~~ comply with any other ~~or~~ requirement ~~imposed by~~ this Agreement. Except as ~~otherwise~~ provided ~~above~~ in Sections 15.1 and 15.2, you have 30 days after we deliver a Notice of Default to cure any default and provide evidence of cure satisfactory to us. If any default ~~described in a Notice of Default~~ is not cured within the ~~time stated in the Notice of Default~~ ~~time~~, or longer time as applicable law requires, we may immediately terminate this Agreement. To the extent a cure is permitted under this Agreement, you ~~must prove~~ ~~have the burden of~~ ~~proving~~ that you properly and timely cured ~~any~~ default. A "**Notice of Default**" is a written notice briefly describing a default under this Agreement.
- 15.4. The termination of this Agreement ~~does not affect~~ ~~is without prejudice to~~ any remedy, right, or claim that we have against you under this Agreement or in law or equity.

16. OBLIGATIONS UPON EXPIRATION OR TERMINATION

On the expiration or termination of this Agreement, all rights granted to you under this Agreement ~~to you~~ terminate immediately, and ~~the terms of~~ this Article applies apply to the rights and obligations of the parties. ~~This~~~~The provisions of this~~ Article is are intended, ~~among other things,~~ to enable us, if we choose, to immediately, ~~without any interruption,~~ arrange for the continued servicing of your Accounts, ~~including, at our option,~~ by someone other than you ~~arranging for substitute contractors to perform any work required to service the Accounts or by transferring the Accounts to another System franchisee.~~

16.1. You must immediately stop operating your Franchise (including servicing any customers). Thereafter, you must not, directly or indirectly, ~~use,~~ talk or write negatively about any of the Marks, Confidential Information, or any aspect of the System. You may will not represent yourself as our present or former franchisee or in any other way associate yourself with the System or the Marks. You must will immediately stop using all stationery, signage, bills, invoices, and any other materials containing the Marks.

16.2. You must will immediately deliver to customers or us, as the customer designates, all keys, security passes, security codes, and any other means of access to the customer's premises. Before the expiration or sooner termination of this Agreement, when you stop servicing any customer, you will immediately deliver to the customer or us all customer's keys, security passes, etc. If you fail to timely do so, you must pay us \$500 for each day ~~that~~ you do not comply with this Section. Our damages from your failure to comply with this Section are difficult to ascertain and this amount is liquidated damages and not a penalty.

16.3. We will keep may retain all fees you paid under this Agreement. ~~Within~~~~In addition,~~ within 10 days after termination or expiration (or any later date(s) as we determine that amounts are due to us) you will pay us all Royalty Fees, Support Fees, Administrative Fees, Complaint or Standards Violation Fees, Advertising Contributions, amounts owed for products or services you purchased from us or our affiliates, and any other unpaid amounts you owe to us or our affiliates (including all outstanding principal and interest due under any Promissory Note you signed).

16.4. If you continue to operate, or later ~~begin to~~ operate, any other business, you may not, in that business or the promotion of that business, use any reproduction or imitation of the Marks, imitate any methods of operation, or undertake any other conduct ~~that is~~ likely to cause confusion, mistake, or deception, or that is likely to dilute our or Master Franchisor's respective rights in ~~and to~~ the Marks or the System. ~~After~~~~You will not at any time after~~ expiration or termination, you may not use or attempt to register (or assist any third party to do the same) any trademarks, service marks, or other commercial symbol that are is the same as or similar to any of the ~~-~~Marks. In addition, you will ~~not~~ use no any designation of origin or description or representation that falsely suggests or represents an association or connection

with Master Franchisor, us, or any of our respective affiliates. If you do this it is ~~considered~~ unfair competition.

- 16.5. At your expense, you will immediately deliver to us all Confidential Information and information and documents relating to your customers, Accounts, or otherwise to the Franchises (~~together~~ with all copies and any other forms of reproductions of these materials) in your possession or control. All this Confidential Information and information and documents, and copies ~~of them~~, are our exclusive property.
- 16.6. ~~Within~~ ~~Not later than~~ 30 days after the expiration or sooner termination of this Agreement, you will cancel any assumed-name or equivalent registration involving the Marks and will furnish us with satisfactory evidence ~~that~~ you have done so.

17. NONCOMPETITION

- 17.1. We ~~could not~~ ~~would be unable to~~ protect the System and Confidential Information against unauthorized use or disclosure and ~~could not~~ ~~would be unable to~~ encourage a free exchange of ideas and information among franchisees within the System if ~~you could~~ ~~franchisees were permitted to~~ solicit or otherwise induce customers ~~that~~ you ~~serviced~~ ~~service~~ under the Marks to be serviced by you or a third party other than as a franchisee of the System under the Marks.

~~During~~ ~~Accordingly, during~~ the Term and ~~during~~ the 12 months after the expiration or sooner ~~termination~~ ~~terminate~~ of this Agreement, neither you nor any of your owners, officers, or directors (you and all these other persons, collectively, the "**Restricted Parties**" and, individually, a "**Restricted Party**") may, directly or indirectly:

- 17.1.1. solicit or otherwise attempt to induce (by combining or conspiring with, ~~or attempting to do so~~), or influence in any other manner any of our Business Affiliates to terminate or modify his, her, or its business relationship with us or to compete against us; a "**Business Affiliate**" is any of our employees, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees, customers, or other business contacts.
- 17.1.2. in any manner interfere with, disturb, disrupt, impair, diminish, or otherwise jeopardize our business or that of any of our other franchisees' businesses.

~~This~~ ~~Nothing in this~~ Section ~~does not~~ ~~will~~ prevent you from otherwise engaging in competitive activities, such as (1) providing cleaning or related services to customers who have not in the previous 12 months been serviced by you or any other person under the Marks, or (2) offering to any customers, including customers otherwise serviced under the Marks, services other than janitorial, cleaning, or maintenance services. However, ~~you will not~~ ~~in performing~~ ~~the performance of~~ these ~~other~~ services, ~~you will not~~ represent yourself as a franchisee of the System or otherwise claim any affiliation with the Marks.

- 17.2. Both during and after the Term, none of the Restricted Parties may talk or write negatively about~~disparage, by any means,~~ Master Franchisor, ~~or~~ us or our affiliates, or any of our, or their respective officers, directors, stockholders, employees, or representatives, or any aspect of the JAN-PRO System, or the Marks.
- 17.3. You and each Restricted Party agree that the ~~scope of~~ activities prohibited in this Article, and the length of the term are necessary to protect our legitimate business interests, including in the Marks, and are fair and reasonable. You and each of the Restricted Party's full, uninhibited, and faithful observance of each of the covenants contained in this Section will ~~not~~ cause no undue hardship, financial or otherwise. Your and the other Restricted Parties' special knowledge of the System (and anyone acquiring this knowledge through you or the other Restricted Parties) is such as would cause us and our franchisees serious injury and loss if you or a Restricted Party (or anyone acquiring such knowledge through the Franchisee or the other Restricted Parties) were to use this knowledge to the benefit of a competitor or ~~were~~ to compete with us or any of our franchisees.
- 17.4. If any court or arbitrator finally holds that any ~~term~~ provision in this Article is an unreasonable restriction on you or the other Restricted Parties, ~~the provisions of~~ this Agreement ~~is~~ are not rendered void, but ~~applies~~ apply to the extent as the court or arbitrator concludes is a reasonable restriction under the circumstances. The time periods stated in this Article are suspended during any period in which you or any of the other Restricted Parties is breaching any of these terms or involved in a legal action or proceeding challenging the validity or enforceability of these terms.
- 17.5. All your owners and your managerial employees and all other persons to whom we provide instructions under this Agreement ~~must~~ will sign our standard form of noncompetition and confidentiality agreement containing provisions similar to those in this Article before acquiring their ownership interest or beginning employment or training. You will promptly ~~give us~~ deliver copies of ~~these~~ the signed agreements ~~to us~~. We are a third-party-beneficiary under these agreements, with an independent right to enforce those agreements in our own name.
- 17.6. ~~This~~ The terms in this Article ~~is~~ are to be construed as independent of any other provision of this Agreement. The existence of any claim you or any other Restricted Party may have against us or any of our affiliates (regardless of whether arising from this Agreement) is not a defense to the enforcement of this Article against you or any other Restricted Party.

18. TRANSFER OF INTEREST

- 18.1. Without your consent, we have the ~~absolute~~ right to transfer or delegate to any person any or all of our rights or obligations ~~in, to, or~~ under this Agreement. ~~If~~ To the extent that our transferee assumes in writing our obligations under this Agreement, within 7 days of our delivery of written notice of transfer, you will sign and deliver to us a written release from those obligations.

18.2. The rights and duties in this Agreement are personal to you. We grant the Franchise in reliance on our assessment of your, and your owners', business and personal skill, reputation, aptitude, and financial capacity. ~~Therefore~~Accordingly, unless otherwise permitted by this Agreement, without our prior written consent, you will not sell, assign, convey, or otherwise dispose of—voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise—this Agreement or any direct or indirect interest in this Agreement. (For ~~the~~ purposes of this Article, the term "transfer" refers to any of these actions.) Our consent to any transfer will not be unreasonably withheld.

If you are an Entity, you will provide us with prior written notice of any transfer of voting or ownership interests in the Entity, even if it ~~is~~does not ~~constitute~~ a transfer of an interest in this Agreement as provided in the next sentence. A transfer of 25% or more of the voting or ownership interests—individually or in the aggregate, directly or indirectly—is ~~considered~~ your transfer of an interest in this Agreement, as is a transfer of all or substantially all your assets used to operate the Franchise. For any purported or attempted transfer of any interest in this Agreement without our prior written authorization, by operation of law or otherwise, the transfer is null and void, and a material breach of this Agreement.

18.3. Neither you nor your owners ~~(or their respective owners)~~ may create or, permit, ~~or suffer~~ a lien against, nor pledge, grant a security interest in, or in any manner encumber this Agreement (or any interest in this Agreement).

18.4. Before we consent to a transfer of an interest in this Agreement, we require ~~that may impose any or all of the following reasonable conditions on the transfer:~~

18.4.1. you have paid us everything that you owe us (including under any Promissory Note you signed or any other debt obligations);

18.4.2. you are not then in default under this Agreement or any other agreement between you and us or our affiliates;

18.4.3. you sign a general release of all claims against us affiliates, the Master Franchisor, and our respective officers, directors, owners, representatives, agents and employees (in their corporate and individual capacities);

18.4.4. the transferee signs our form of ~~enters an~~ assumption agreement, ~~in form and substance satisfactory to us~~, under which it assumes all of your obligations under this Agreement; or, if we request, the transferee signs our then current ~~the~~ form of franchise agreement ~~we then offer to new franchisees~~ (for a term equal to the then remaining Term of this Agreement) and all other ~~ancillary~~ agreements ~~as~~ we require for the Franchise; the terms of the agreements may differ substantially from those of this Agreement—such ~~differing terms may include~~ higher fees;

18.4.5. if the transferee is an Entity, its owners enter our then current ~~standard~~ form of personal guaranty, under which they, jointly and severally, guaranty

the transferee's obligations under this Agreement (or the new form of franchise agreement discussed in Section 18.4.4, ~~as the case may be~~) and any related agreement;

18.4.6. the transferor pays us a Transfer Fee in lieu of an; ~~if we require the transferee to enter a new franchise agreement, the transferee need not pay any~~ initial franchise fee, ~~the Transfer Fee being in lieu thereof~~; the "**Transfer Fee**" is the greater of: \$1,500 or 8% of your total Gross Billings for the 12-month ~~s~~-period ending on the last day of the calendar month before the month in which the transfer is to occur;

~~18.4.7.~~ the transferee has demonstrated to our reasonable satisfaction that the transferee has ~~the business and personal skills, reputation, and financial capacity we require~~;

~~18.4.8.~~ ~~the transferee has satisfactorily completed our application procedures for new franchisees~~;

~~18.4.9.~~~~18.4.7.~~ ~~the transferee has demonstrated to our sole satisfaction that it, he, or she has~~ properly assumed, and can will be able to comply with, all of its, his, or her obligations for the Franchise;

~~18.4.10.~~~~18.4.8.~~ at the transferee's expense (including our then-current fee), and on terms we reasonably require, the transferee (or its owners if it is an Entity) has completed any initial instructional and Training Certification Programs then required under the System for new franchisees; and

~~18.4.11.~~~~18.4.9.~~ you and the transferee timely satisfy our any other reasonable conditions ~~we reasonably impose~~.

Our approval of a proposed transfer is not an expression of our opinion on the appropriateness or fairness of the terms of the transfer or the likelihood of the transferee's success. If we disapprove of the transfer because all the transfer conditions in this Section or elsewhere in this Agreement have not been satisfied (or for any other reason), we have no liability of any nature to you or the transferee.

Our consent to any transfer is not a waiver of any claims we have against you. Even if we approve the transfer, no transfer releases you of liability for your conduct before the transfer.

18.5 If a Covered Owner (as defined below) dies; or is disabled from any cause and ~~as a result thereof~~, for a continuous period of overmore than three (3) consecutive months, ~~cannot is unable to~~ perform his or her obligations under this Agreement, then, within 30 days thereafter, you (or your legal representative) must will hire and maintain a replacement satisfactory to us to perform the obligations. Any period of disability that is interrupted by a return to active and proper performance of duties under this Agreement for 14 days or less is considered continuous. "**Covered Owner**" means you if you are an individual, or anyone who is an owner of you if you are an

Entity. If a satisfactory replacement is not hired or maintained as required, we may take your Accounts back and transfer the Accounts to another franchisee.

~~If a satisfactory replacement is not hired or maintained as required, we may hire and maintain a replacement on your behalf, and for your account. You will compensate the replacement for his or her services at the rate we establish in our reasonable discretion. For the purposes of this Agreement, any period of disability that is interrupted by a return to active work and proper performance of duties under this Agreement for a period of 14 days or less is considered continuous.~~

- 18.6. Within 6 months of any Covered Owner's death or permanent disability, that individual's estate or his or her representative must transfer his or her interests in you (or in any of your owners) or in this Agreement ~~under in accordance with~~ the terms of this Article. We will not charge a No-Transfer Fee ~~need be paid, however.~~

19. INDEPENDENT BUSINESS OWNER AND INDEMNIFICATION

- 19.1. This Agreement ~~creates no~~does not create a fiduciary relationship between you and us. You are an independent business owner. Nothing in this Agreement ~~appoints~~is intended to appoint either party an agent, legal representative, subsidiary, joint venture, partner, employee, affiliate or servant of the other party for any purpose ~~whatsoever~~. Nothing in this Agreement authorizes either party to make any contract, agreement, warranty, or representation on behalf of the other party. Neither party may incur any debt or other obligation in the other party's name unless the right to do so is explicitly stated in this Agreement. You will take all action we request to notify the public you are an independent business owner. These actions may include placing and maintaining a plaque in a conspicuous place within your office and a notice on all stationery, business cards, sales literature, contracts, and similar documents that states that you own and independently operate your Franchise. The content of these items is subject to our prior written approval.
- 19.2. You agree that, ~~since~~because you are an independent business owner and not our employee, you and not us, must make all periodic filings and payments for your business for all required federal and state taxes, payments, or filings ~~required to be paid or made~~ (including all income, unemployment, and payroll taxes, such as FICA, FUTA, and SECA payments). Your agreement to this has materially induced us to enter this Agreement and but for your making this agreement, we would not have done so. ~~You~~At all times, you must will operate the Franchise, and otherwise act in connection therewith, as an independent business owner, and will not act, or omit to act, in any manner that will cause you or your employees to be ~~considered~~ our or Master Franchisor's employees for any purpose.
- 19.3. You will indemnify Master Franchisor and us from all actions, judgments, damages, liabilities, claims, losses, costs, and expenses (including reasonable paralegal and attorney's fees and other expenses, even if incident to appellate, post-judgment, or

bankruptcy proceedings) to which we or Master Franchisor becomes subject or that either incurs arising from or relating in any manner to your ownership or operation of your Franchise. Examples of the claims covered by this indemnity include claims relating to: maintaining or operating vehicles; your being characterized as our employee by any federal, ~~or~~ state or local agency; and your failing to act as an independent business owner or failing to pay any income, unemployment, or payroll tax or file any related return, or otherwise defaulting under Section 19.2. You will not have to indemnify us for any matter caused by our gross negligence or intentional misconduct. Notwithstanding the expiration or sooner termination of this Agreement, this indemnity continues in full force and effect. In addition to covering Master Franchisor and us, this indemnity also covers our respective affiliates and their and those affiliates' respective owners, officers, directors, employees, agents, and representatives.

- 19.4. *You agree that you have no relationship of any kind with Master Franchisor, and that Master Franchisor is not a party to this Agreement nor any other Agreement related to your Franchise. You agree that Master Franchisor is in the business of licensing its System and Marks to regional master franchisees, and has licensed its System and Marks to us with a right to sublicense same, and that no obligation or connection of any kind or character flows from Master Franchisor to you by ~~virtue of~~ that fact or by ~~virtue of~~ any other fact or circumstance.*

20. MEDIATION, ARBITRATION, AND EQUITABLE RELIEF

- 20.1. Subject to Section 20.7, any party seeking formal resolution of a Dispute (as defined below) will, before any arbitration proceeding may be filed submit the Dispute to nonbinding mediation before CPR ~~under in accordance with~~ its national franchise-mediation program. If CPR ~~cannot is unable to~~ conduct the mediation, the Dispute may be submitted to the American Arbitration Association or any other mutually agreeable mediator. Before any mediation, all parties will sign a confidentiality agreement reasonably satisfactory to us. All parties must attend mediation. ~~In For the purposes of~~ this Agreement, "**Dispute**" means any dispute or disagreement arising between the parties to this Agreement, including any dispute or disagreement ~~in any way~~ related to or arising out of this Agreement (including any dispute relating to arbitration, including arbitrability of this Agreement or any of its provisions), our offer, sale, or negotiation of your FranchiseJan-Pro franchise, or the relationship of the parties or ~~any from entering this Agreement, or any~~ claim that this Agreement, or any ~~part or~~ provision of this Agreement (including Section 20.2), is invalid, illegal, or otherwise voidable or void or unenforceable. "**CPR**" means the International CPR Institute for Conflict Prevention & Dispute-Resolution, Inc.
- 20.2. Subject to Sections 20.1 and 20.7, all Disputes must be submitted to arbitration before the American Arbitration Association (or any other mutually agreeable arbitration association) ~~under in accordance with~~ its commercial arbitration rules only, even if you designate that the claim is subject to any other arbitration rules.

- 20.3. ~~This~~~~The provisions of this~~ Article must be construed as independent of any other provision of this Agreement. If a court or arbitrator of competent jurisdiction determines that any provisions are unlawful ~~in any way~~, that court or arbitrator is to modify or interpret such provisions to the minimum extent ~~needed~~necessary to have them comply with the law. Notwithstanding any provision of this Agreement relating to the state laws by which this Agreement must be governed and construed, all issues relating to arbitrability or the enforcement of the agreement to arbitrate this Agreement must be governed by the United States Arbitration Act (9 U.S.C. § 1 et seq.) and the Federal common law of arbitration.
- 20.4. Judgment on an arbitration award may be entered in any court of competent jurisdiction. This judgment is binding, final, and nonappealable.
- 20.5. The arbitration and mediation provisions in this Article are self-executing and remain in full force and effect after the expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, notwithstanding ~~failing the failure~~ to appear, an award may be entered against that party by default or otherwise.
- 20.6. Each party bears its own costs ~~for with respect to~~ mediation and arbitration. The fees for mediation and arbitration payable to the mediator or arbitrator, and their applicable agency, however, will be split equally. Mediation and arbitration must take place in the county in which our principal office is then located, or if the mediator or arbitrator cannot conduct mediation or arbitration there, the nearest county ~~thereto~~ where it can.
- 20.7. Notwithstanding ~~anything in this Agreement to~~ the ~~above~~contrary, the obligation to mediate or arbitrate is not binding upon either party ~~for with respect to~~ any dispute including a request for a restraining order, injunction, or other procedure to get specific performance in a court of competent jurisdiction when that court considers the restraining order, injunction, or specific performance necessary to preserve the status quo or prevent irreparable injury pending resolution of the actual ~~Disputed dispute between the parties~~ by mediation or arbitration. ~~We~~Notwithstanding anything in this Agreement to the contrary, we may seek injunctive relief in any jurisdiction that has jurisdiction over you or any other party against whom this relief is sought.
- 20.8. *Mediation and arbitration between us and you must be of our and your individual claims. None of the parties' respective claims may be mediated or arbitrated on a class-wide basis, nor joined with any third-party claim. If you want us to waive the restrictions in this Section, you may cause us to do so by paying \$500 to us, when you sign this Agreement. The parties agree ~~that~~ this amount is a reasonable estimate of the value of the waiver. On receipt of this amount, we will give you a written receipt, acknowledging your payment and your right to mediate and arbitrate on a class-wide basis (or join any third-party claim). Without this receipt, you may not mediate or arbitrate on a class-wide basis (or join any third-party claim).*

21. ACKNOWLEDGMENTS AND REPRESENTATIONS

~~21.1. You represent and warrant that all documents you give to us to get the Franchise, and as required in the future, have been and will be true and complete documents (including all amendments) and have no misleading or incorrect statements or material omissions.~~

~~21.2.~~ 21.1. You agree that you received our Franchise Disclosure Document~~from us a franchise disclosure document~~ at least 14 calendar days before signing this Agreement or any other binding agreement with, or making any payment to, us or our affiliate for this franchise.

~~21.3. You agree to the following:~~

21.2. YOU AGREE THAT, IN ALL OF YOUR DEALINGS WITH OUR OWNERS, OFFICERS, DIRECTORS, EMPLOYEES, AND REPRESENTATIVES, EACH ACTS ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY.

WE MAKE NO WARRANTY AS TO YOUR ABILITY TO OPERATE ~~YOUR~~THE FRANCHISE IN THE JURISDICTION IN WHICH YOU WILL OPERATE.~~THE FRANCHISE IS TO BE OPERATED.~~ IF A LAW IS PASSED~~LEGISLATION ENACTED~~, OR REGULATION ISSUED PROMULGATED, BY ANY GOVERNMENT~~GOVERNMENTAL BODY THAT~~ PREVENTS YOU OR US FROM OPERATING THE FRANCHISE UNDER ~~THE TERMS OF THIS~~ AGREEMENT, WE ARE NOT LIABLE FOR DAMAGES OR TO RETURN ANY MONIES ~~RECEIVED FROM YOU~~ PAID.

22. GENERAL PROVISIONS

22.1. You release and discharge~~You, and each of your successors under this Agreement, forever releases and discharges~~ Master Franchisor and its affiliates, us and our affiliates, our designees, and other agents, and their respective officers, directors, representatives, employees and agents, from all claims of any kind, in law or in equity, that may exist as of the Effective Date involving~~relating to~~ this Agreement or any other agreement between the parties, or relating in any other way to the conduct of us or Master Franchisor and our and its respective affiliates, designees, or agents, and our and their respective officers, directors, representatives, employees and agents before the Effective Date, including for example, all claims, whether ~~presently~~ known or unknown, suspected or unsuspected, arising under the franchise, business opportunity, securities, antitrust or other laws of the United States, any state or locality.

22.2. Subject to Article 12, ~~The provisions of~~ this Agreement may be changed only by a written document signed by both parties and referring~~making specific reference~~ to this Agreement. ~~This Section is subject to the terms of Article 12.~~

- 22.3. During the Term, we may change the System (including the ~~types of~~ goods and services your Franchise offers). You are bound by these changes to the System as if they were part of this Agreement ~~when at the time~~ it was signed. You will pay all reasonable costs ~~as we reasonably require~~ to timely implement and comply with any changes.
- 22.4. All of the terms of this Agreement, whether so expressed or not, are binding on, inure to the benefit of, and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors, and permitted assigns.
- 22.5. All notices under this Agreement must be in writing, and must be hand delivered, sent overnight by a nationally recognized carrier, or mailed by certified mail (postage prepaid), return receipt requested, addressed to the appropriate party at its address stated on the Summary Page or to any other address as that party designates by notice complying with this Section. Notice ~~that is~~ properly sent and addressed is deemed delivered: (a) on the date delivered if by personal delivery or overnight carrier; or (b) on the date on which the return receipt is signed, delivery is refused or the notice is designated by the postal authorities or carrier as not deliverable.
- 22.6. The headings and subheadings in this Agreement are for convenience of reference only and do not affect the meaning of this Agreement.
- 22.7. If any provision of this Agreement, or any other agreement entered into under this Agreement, is contrary to, prohibited by, or deemed invalid under applicable law or regulation, that provision is inapplicable and deemed omitted to the extent so contrary or prohibited.
- 22.8. ~~Either party's~~A waiver ~~by any party~~ of any breach of this Agreement ~~is will~~ not ~~be construed as~~ a waiver of any continuing or ~~later succeeding~~ breach of that provision, a waiver of the provision itself, or a waiver of any right, power or remedy under this Agreement.
- 22.9. Notwithstanding ~~the provisions of~~ Section 20.6, if we hire an attorney~~engage legal counsel~~ or other professionals due to your failure to timely pay money you owe us~~when due any monies owed under this Agreement~~ or timely submit ~~when due~~ any reports, any other failure to comply with this Agreement, you will immediately reimburse us ~~on demand~~ for all reasonable costs we incur ~~for engaging legal counsel and other professionals~~ (including reasonable legal fees, and court costs), even if~~whether or not~~ a legal action or other proceeding is not filed.
- 22.10. Subject to Article 20, each of the parties irrevocably and unconditionally agrees that any suit, action or legal proceeding involving~~arising out of or relating to~~ any Dispute must be brought only in the federal and state courts of record for the state and county where our principal office is located ~~when on the date that~~ the proceeding is filed; consents to the jurisdiction of these courts in any suit, action, or proceeding;

- and waives any objection ~~that~~ he, she or it may have to ~~the laying of venue of any suit, action, or proceeding~~ in any of these courts.
- 22.11. Except as otherwise ~~stated~~provided in this Agreement, no remedy ~~in this Agreement~~ conferred on any party is ~~intended to be~~ exclusive of any other remedy. Every remedy is cumulative and is in addition to every other remedy ~~given~~ under this Agreement or applicable law or in equity.
- 22.12. This Agreement is not binding until it is signed by our duly authorized officer. ~~This Agreement may be signed in 2 or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.~~
- 22.13. Whenever our consent or approval is required under this Agreement, our consent or approval must be in writing and signed by our duly authorized officer.
- 22.14. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or the United States Arbitration Act (9 U.S.C. §§ 1 et seq.), this Agreement and any related agreement must be construed and enforced ~~under in accordance with~~, the internal laws of the state where our principal office is located when this Agreement is signed, without regard to its conflict-of-laws principles.
- 22.15. No party may file mediation, arbitration, or litigation of any Dispute more than 2 years after the facts underlying the Dispute occur.
- 22.16. Each of the parties ~~was, has been~~ or ~~has~~ had the opportunity to ~~behave been~~ represented by their own counsel throughout the negotiations, and ~~the~~ signing of this Agreement and all the other documents signed with this Agreement. Therefore, ~~while this Agreement is effective and after its expiration or sooner termination~~, none of the parties may claim or assert that any provision of this Agreement or of the other documents should be construed against the drafter.
- 22.17. This Agreement its Exhibits and all other written agreements involving this Agreement and ~~expressly~~ referenced in this Agreement, represent the entire understanding and agreement between the parties on the subject ~~matter~~ of this Agreement and ~~replaces~~supersede all other negotiations, understandings, and representations, ~~if any~~, made between the parties. No representations, inducements, promises, or agreements, oral or otherwise, ~~if any~~, not ~~written~~embodied in this Agreement, its Exhibits and all other written agreements concerning this Agreement ~~and expressly referenced in this Agreement~~ are of any force and effect. Notwithstanding ~~the foregoing~~, nothing in this Agreement will disclaim or require you to waive reliance on any representation we made in the franchise disclosure document (including exhibits and amendments) delivered to you or your representative before you signed this Agreement.
- 22.18. All our and your respective obligations that expressly or by their nature survive the expiration or ~~sooner~~ termination of this Agreement continue in full force and effect after and notwithstanding its expiration or termination.

- 22.19. Neither we nor you will be liable for loss or damage, or deemed in breach of this Agreement, if the ~~failing~~failure to perform our or your obligations results from causes beyond our or your reasonable control, such as, extreme weather and climatic conditions, inadequate supply of equipment or energy, compliance with applicable law, war, acts of terrorism, strikes, or acts of God.
- 22.20. If you consist of more than one person, the reference to “you” in this Agreement refers to either or all of the persons provided, however, all persons are jointly and severally liable for your obligations under this Agreement.
- 22.21. Except as provided in this Section and elsewhere in this Agreement to the contrary, nothing in this Agreement, whether express or implied, confers any rights or remedies under or by reason of this Agreement on any persons (including other JAN-PRO franchisees) other than the parties and their respective personal or legal representatives, heirs, successors, and permitted assigns. However, Master Franchisor is a third-party beneficiary under this Agreement ~~to enforce its~~~~for purposes of enforcing~~ trademark rights and may independently enforce your obligations on usage of the Marks in its own name, ~~it may do so~~ even if we ~~don't fail to properly or promptly~~ do so.
- 22.22. If you default in performing any of your obligations under this Agreement, we have the right (but not the duty) to arrange ~~third parties to perform for the performance of~~ your obligations ~~by third parties as we deem appropriate~~. If we do, you will immediately reimburse us for the actual costs of this performance. Interest accrues on all amounts due us under this Section at the Contract Interest Rate beginning ~~10 days on the 10th day~~ after our demand for reimbursement.
- 22.23. ~~The~~~~To the fullest extent permitted by law, the~~ parties mutually and willingly waive any right to, or claim for, any punitive or exemplary damages against the other even if authorized by statute. On a dispute between the parties, each is limited to recovering only ~~its~~~~the~~ actual damages ~~it sustains~~.
- 22.24. The parties mutually and willingly waive the right to a trial by jury of all claims made between them whether now existing or ~~later~~ arising, ~~in the future~~—including all claims, defenses, counterclaims, cross claims, third-party claims and intervenor's claims—whether arising from or related to the sale, negotiation, signing, or performance of the transactions to which this Agreement relates. None of the parties' respective claims may be litigated on a class-wide basis, nor joined with any third-party claim.
- 22.25. If you are an Entity, all your legal and beneficial owners must sign the Joinder provided below. By doing so, each owner agrees that he or she is bound by this Agreement as if he or she were you under this Agreement and agrees that he or she is jointly and severally liable with the other owners and you for all your obligations

under this Agreement. ~~All~~ Likewise, ~~all~~ Restricted Parties (other than you and your owners) ~~must sign~~ will enter the Restricted Party Joinder provided below.

The parties are signing this Agreement on the Effective Date.

US:

YOU:

KLJ Ventures, Inc.

(name of franchisee)

By: _____
(signature)

By: _____
(signature)

Print Name: _____

Print Name: _____

Its _____

Its _____

**MINNESOTA FACING PAGE
TO THE
FRANCHISE AGREEMENT
AND
FRANCHISE DISCLOSURE DOCUMENT
OF
KLJ VENTURES, INC. d/b/a JAN-PRO Cleaning Systems of Minneapolis**

In compliance with Minnesota Stat. Sec. 80C.12 Subd. 1(g) and notwithstanding any provision in our Franchise Agreement, we agree that we will, and you will permit us to, protect your rights to use the trademarks, service marks, trade names logo types or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or damage regarding the use of our name.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this offering circular 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 the jurisdiction.

We must comply with Minn. Stat. Sec. 80C, Subds. 3.4 and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days for non renewal of your franchise agreement

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Franchise Disclosure Document or Franchise 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 the jurisdiction.

The Franchise Disclosure Document and the Franchise Agreement are hereby amended to comply with Minnesota Rule 2860, which prohibits a franchisor from requiring a franchisee to assent to a general release.

By: _____
KLJ VENTURES, INC. d/b/a JAN-PRO Cleaning Systems of Minneapolis

By: _____
Franchise Owner

JOINDER

The parties signing below are all your beneficial and legal owners. Each of these parties agrees that he or she is jointly and severally liable with each other and you for the timely and complete performance and payment of all your obligations under the Agreement and is bound by all the terms of the Agreement as if he or she were you under the Agreement (and is bound by all the terms provisions of the Agreement applicable to Restricted Parties under Article 17).

(signature)
Print Name: _____ Ownership Percentage _____ %

(signature)
Print Name: _____ Ownership Percentage _____ %

RESTRICTED PARTY JOINDER

Each of the parties signing below, being a "Restricted Party" under Article 17, ~~of the Agreement~~, agrees that he or she is bound by the terms of that Article and all other provisions in the Agreement on preserving our Confidential information and trade secrets, including those in Article 12.

(signature)
Print Name: _____

EXHIBIT A
Promissory Note

(See attached.)

PROMISSORY NOTE

\$ _____, 20__

- 1) Principal and Payment. FOR VALUE RECEIVED, the undersigned, _____ ("**Maker**"), promises to pay to KLJ Ventures, Inc. d/b/a Jan-Pro Cleaning Systems of Minneapolis, ("**Holder**"), at 1011 1st Street S., Suite 450, Hopkins, MN 55343 (or at any other place as Holder specifies in writing), without deduction, abatement or offset in lawful money of the United States of America, the principal amount of \$ _____, ~~together~~ with interest at the rate of 10% per year. Maker will pay Holder the principal and interest in _____ equal monthly installments of \$ _____, beginning on _____, 20__, and continuing on the last day of each consecutive month thereafter until _____, 20__, when this Note must be paid in full.
- 2) Franchise Agreement. This Note is being issued ~~together~~ with the Franchise Agreement by Holder, as franchisor, and Maker, as unit franchisee (the "**Franchise Agreement**"). Unless defined otherwise in this Note, capitalized terms ~~in this Note~~ have the meanings given them in the Franchise Agreement.
- 3) Guaranty. Payment and performance of Maker's obligations under this Note are secured by the written guaranty (the "**Guaranty**") signed by _____ ("**Guarantor(s)**")
- 4) Application of Payments. Holder may, in its sole discretion, credit any payment made under this Note (whether made when due or otherwise) first against any interest then due, and the remainder against the unpaid principal or any other amount due under this Note.
- 5) Default and Acceleration. Each of the following is an "**Event of Default**":
 - a) Maker fails to timely pay any amount due under this Note (including any principal or interest) or fails to timely perform any other obligation under this Note and that failure continues for 10 days after Holder ~~sends~~provides Maker with written notice of the failure;
 - b) Maker or any Guarantor fails to perform any of their respective obligations under the Franchise Agreement or Guaranty and this default continues beyond any ~~applicable~~ cure period;
 - c) Maker or any Guarantor transfers any direct or indirect interest in the Franchise Agreement ("**transfer**" and "**direct or indirect interest**" are defined in the Franchise Agreement);
 - d) Maker or any Guarantor becomes insolvent or makes a general assignment for the benefit of creditors;
 - e) a petition in bankruptcy is filed by Maker or any Guarantor or a petition is filed against or consented to by Maker or any Guarantor ~~and the petition is not dismissed within 45 days~~;

- f) ~~Maker or any Guarantor is adjudicated bankrupt;~~
- g) ~~a bill in equity or other proceeding for the appointment of a receiver of Maker or any Guarantor is filed and consented to by Maker or the Guarantor;~~
- h) ~~a receiver or other custodian (permanent or temporary) of Maker or any Guarantor's business or assets is appointed by any court of competent jurisdiction;~~
- i) ~~proceedings for a composition with creditors under federal or any state law is filed by or against Maker or any Guarantor;~~
- j) ~~a final judgment in excess of \$5,000 remains unsatisfied or of record for 30 days or longer (unless a supersedes bond is filed);~~
- k) ~~execution is levied against Maker or any Guarantor's operation or property, or suit to foreclose any lien against its assets is filed against Maker or any Guarantor and not dismissed within 45 days;~~
- l) a substantial portion of Maker's or any Guarantor's personal property used in the Franchise is sold after levy by any sheriff, marshal, or constable.
- g) ~~m) Maker or any Guarantor defaults in any of their respective obligations under the Franchise Agreement, subject to any cure period to which it may be entitled; or~~
- n) ~~at any time~~ when, in Holder's sole option, Maker's financial ability becomes impaired or unsatisfactory.

On ~~the occurrence of~~ an Event of Default, Holder may declare the entire principal balance of this Note, and all accrued interest, immediately due and payable. If Maker ~~pays no fails to pay any~~ principal or interest when due, interest accrues on the unpaid principal from the due date until paid in full at the maximum rate permitted by law (the "**Default Interest Rate**").

6) Miscellaneous Provisions.

- a) If Holder ~~exercises no fails to exercise any~~ remedy on ~~the occurrence of~~ an Events of Default, the failure does not affect Holder's right to exercise any remedies for any later defaults.
- b) Maker and all endorsers and Guarantors of this Note waive valuation and appraisalment, demand, presentment, notice of non-payment, dishonor and protest.
- c) If suit is brought for the collection of this Note, or if it is necessary to place this Note in the hands of an attorney for collection, whether or not suit is filed, Maker and all endorsers and Guarantors of this Note will pay to the Holder its reasonable attorneys' and paralegals' fees and other ~~expenses~~ for undertaking collection. Amounts due under this paragraph are treated as added to the principal amount due under this Note—with interest accruing thereon at the Default Interest Rate—and are due ~~and payable~~ on demand.
- d) The state and county where Holder's principal office is located on the date that the action is filed is the proper and exclusive jurisdiction and venue for any proceedings

arising out of this Note. Maker consents—and waives all right to object—to the jurisdiction and venue of the federal and state courts closest to this location. Holder, however, may pursue any remedies in any jurisdiction and venue in which Maker or any Guarantor is located. ~~This~~~~The provisions of this~~ Note ~~is~~~~are~~ to be construed according to the internal laws of the state where our principal office is located when the Franchise Agreement is originally signed, without regard to principles of conflicts of laws.

- e) This Note may be prepaid in whole or part without premium or penalty.
- f) This Note is “negotiable” which means that the Holder can sell or transfer collection rights to someone else.~~negotiable.~~ Holder may assign this Note to any assignee, who on assignment succeeds to the Holder’s rights and status.
- g) The following do not ~~in any way~~ release or affect Maker's or any Guarantor’s or endorser’s liability under this Note:
 - i) Holder grants Maker, or any other party any extension of time to pay any sums due under this Note or perform any obligation under this Note or in any other document securing the payment of this Note; or
 - ii) Holder releases Maker or any other party; agrees not to sue Maker or any other party; suspends the right to enforce this Note against Maker or any other party; discharges Maker or any other party; or takes or releases any collateral or security.
- h) This Note may not be amended or modified—nor may any waiver of any provisions of this Note be ~~effected—affected—~~except by a written instrument signed by Holder. Maker and all other persons signing this Note have signed this Note as a principal and not as surety or accommodation party.
- i) Time is of the essence ~~on~~~~as to~~ all dates in this Note.
- j) BY THEIR RESPECTIVE SIGNING AND ACCEPTING THIS NOTE, THE PARTIES MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A JURY TRIAL OF ANY CLAIMS MADE BETWEEN THEM-WHETHER NOW EXISTING OR ARISING IN THE FUTURE. THESE CLAIMS INCLUDE, WITHOUT LIMITATION, ANY CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS-CLAIMS, THIRD-PARTY CLAIMS AND INTERVENOR’S CLAIMS-WHETHER ARISING FROM OR RELATED TO THE NEGOTIATION, SIGNING AND PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS DOCUMENT RELATES. NONE OF THE PARTIES’ RESPECTIVE CLAIMS MAY BE LITIGATED ON A CLASS-WIDE BASIS, NOR JOINED WITH ANY THIRD-PARTY CLAIM.

MAKER:

By: _____

(signature)

Print Name:

Its: _____

EXHIBIT B

GUARANTY

This guaranty ("**Guaranty**") is signed by the undersigned guarantors (each a "**Guarantor**," and collectively, the "**Guarantors**") and delivered to K LJ Ventures, Inc. d/b/a Jan-Pro Cleaning Systems of Minneapolis ("**Franchisor**") as of _____, 20__.

In consideration of, and as an inducement to, Franchisor's accepting from _____ ("you") the promissory note you are issuing to Franchisor (the "**Promissory Note**") to evidence certain amounts you must pay Franchisor under the unit franchise agreement you and Franchisor are entering (the "**Franchise Agreement**"), each of the undersigned personally and unconditionally guarantees to Franchisor, and its successors and assigns, that:

- 1) You will pay and perform all your obligations under the Promissory Note (the "**Obligations**," which obligations include, without limitation, the obligation to pay all principal and interest due); and
- 2) he or she is ~~personally~~ bound by each of the Obligations as if he or she were the maker under the Promissory Note; and
- 3) he or she is personally liable for your breach of any of your Obligations.

Each of the undersigned waives:

- 1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings;
- 2) notice of demand for payment of any indebtedness or nonperformance of any obligation guaranteed under this Guaranty;
- 3) protest and notice of default to any party ~~regarding with respect to~~ the indebtedness or nonperformance of any Obligations;
- 4) any right he or she may have to require that an action be brought against you or any other person as a condition of liability; and
- 5) all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned agrees that:

- 1) his or her direct and immediate liability under this Guaranty is joint and several with each other guarantor, ~~if any,~~ under this or any other guaranty;
- 2) he or she must render any payment or performance required under the Promissory Note, on demand, if you fail or refuse to do so;
- 3) this liability is not contingent or conditioned on Franchisor's pursuing any remedy against you or any other person; and
- 4) any liability is not diminished, discharged, or otherwise affected by any extension of time, credit, or other indulgence that Franchisor may grant to you or to any other person (including, without limitation, the acceptance of any partial payment or performance, release of any collateral, or the compromise or release of any claims, none of which in ~~any way~~ modify or amend this guaranty).

This Guaranty is a guaranty of payment and not of collection. This Guaranty is irrevocable and continues in full force and effect until all of the Obligations are paid, performed and discharged. The Obligations are not considered fully paid, performed and discharged unless ~~and until~~ all payments by you, and any Guarantor, to Franchisor are no longer subject to any right ~~by on the part of~~ any person whomsoever—including, without limitation, to you, you as a debtor in possession or any trustee in bankruptcy—to disgorge any payments or seek to recoup ~~the amount of~~ any payments or any part of any payments.

This Guaranty continues to be effective if (i) any petition is filed by or against you or any Guarantor for bankruptcy, liquidation or reorganization, (ii) you or any Guarantor becomes insolvent or makes an assignment for the benefit of creditors or (iii) a receiver or trustee is appointed for all or any significant part of your or any Guarantor's assets.

In addition to the amounts guaranteed under this Guaranty, the Guarantors are jointly and severally obligated to pay (i) all of Franchisor's attorneys' and paralegal's fees and other expenses that Franchisor incurs to enforce this Guaranty and (ii) interest at the Default Interest Rate (as defined in the Promissory Note) on any of the Obligations not paid when due.

The state and county where Franchisor’s principal office is located on the date the action is filed are the proper and exclusive jurisdiction and venue for any proceedings arising out of this Guaranty. Each of the undersigned consents—and waives all right to object—to the jurisdiction and venue of the federal and state courts closest to this location. Franchisor, however, may pursue any remedies in any jurisdiction and venue in which any Guarantor is located. ~~This~~The provisions of this Guaranty ~~is~~are to be construed according to the internal laws of the state where Franchisor’s principal office is located when this Guaranty is signed, without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty on the date provided in the first paragraph of this Guaranty.

GUARANTORS:

Print Name:

Signature

Print Name:

Signature

Print Name:

Signature

Exhibit B to the Franchise Disclosure Document

TABLE OF CONTENTS- OPERATING MANUAL

(See attached.)

JAN-PRO
FRANCHISE OPERATIONS MANUAL
TABLE OF CONTENTS

		Pages
Module 1		
A.	Introduction to Jan-Pro	4
B.	Customer Service Overview	2
C.	Policy and Procedures Manual	90
D.	Customer Service Assignment	2
Module 2		
	Recap of Module 1 with Customer Service questions	
A.	Franchise Owner-Duties, Roles, and Responsibilities	15
B.	Introduction to Cleaning Business	2
C.	Introduction to Equipment & Chemicals	32
D.	Room by Room	6
E.	Procedural Tasks	14
F.	Customer Service Assignment	3
Module 3		
	Recap of Module 2 with Customer Service questions	
A.	Account Loss Prevention	10
B.	Cleaning Schedule	2
C.	Flooring Type	17
D.	Room by Room	14
E.	Procedural Tasks	15
F.	Customer Service Assignment	2
Module 4		
	Recap of Module 3 with Customer Service questions	
A.	Cleaning the Efficient and Profitable Way	7
B.	Cleaning Schedule	2
C.	Types of Dirt and Soil	4
D.	Room by Room	13
E.	Procedural Tasks	20
F.	Study Questions Guide	5
Module 5		
	Recap of Module 4	
A.	Safety Training	58
B.	Review Study Questions and Final Exam	6
	Appendix – Additional Forms	60
	Total Pages	405

**JAN-PRO POLICIES AND PROCEDURES MANUAL
TABLE OF CONTENTS**

Subject	Number of Pages
(1) Compliance with Policies	1
(2) Your Legal Responsibilities	1
(3) Starting Up Your New Jan-Pro Franchise Business	2
(4) Insurance	2
(5) Financial Documentation	1
(6) Basic Training Program	1
(7) Fulfillment of Your Initial Franchise Plan	2
(8) Approved Supplies	1
(9) Advertising and Marketing Materials	1
(10) Standard Operating Procedures	3
(11) Staffing Procedures for Your Business	2
(12) Admin Service Your Jan-Pro Regional Office Can Perform	1
(13) Communication With Your Jan-Pro Regional Office	1
(14) Customer Billing and Collections	1
(15) Receiving Your Monthly Payment	3
(16) Special Services Performed For the Customer	1
(17) Sales and Marketing Fees	2
(18) Transfers and Exchanges of Customer Accounts	2
(19) Consequences for Poor Service	3
(20) Cancellations	2
(21) Absence From Your Business	1
(22) Safety	1
(23) Customer Sales Presentations By the Franchisee	1
(24) Assignment of Your Franchise Agreement	1
(25) Legal Entities	1

(26) Military Service	1
(27) The Conversion Franchise Plan	2
(28) Acknowledgement of Receipt	2
TOTAL PAGES	43

JANITORIAL SAFETY TRAINING MANUAL

TABLE OF CONTENTS

Topic	Number of Pages
General Information: Taking the Safest Approach	4
Hazard Communication Standards “Right to Know”	7
Material Safety Data Sheets	1
Methods to Prevent Slip and Fall Injuries	9
Bloodborne Pathogens	3
Exposure Control Plan	18
First Aid & CPR	7
Attachments, Receipts, Acknowledgements	
Safety Orientation Checklist & Acknowledgement of Receipt	1
Hepatitis B Vaccine – Employee Declination	1
O.S.H.A. Requirements for Accident Reporting	1
Accident Report	2

Exhibit C to the Franchise Disclosure Document

FINANCIAL STATEMENTS

ANY ATTACHED UNAUDITED FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANTS HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

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KLJ VENTURES, INC.
D/B/A JAN-PRO CLEANING SYSTEMS OF MINNEAPOLIS
FINANCIAL STATEMENTS

CONTENTS

	<u>PAGES</u>
Independent Auditors' Report	1
Financial Statements:	
Balance Sheets	2-3
Statements of Income and Stockholders' Equity	4
Statements of Cash Flows	5-6
Notes to Financial Statements	7-11

Ferland & Company CPAs

Richard Ferland CPA
Yafei Sun CPA

Independent Auditors' Report

To the Stockholder
KLJ Ventures, Inc.
d/b/a Jan-Pro Cleaning Systems of Minneapolis
Hopkins, MN

Report on the Financial Statements

We have audited the accompanying balance sheet of KLJ Ventures, Inc., d/b/a Jan-Pro Cleaning Systems of Minneapolis, which comprise of the balance sheets as of December 31, 2013 and 2012, and the related statements of income and stockholders' equity and cash flows for the three years in the period 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 from 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 included evaluating the appropriateness of accounting policies used and the seasonableness of the 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 presents fairly, in all material respects, the financial position of KLJ Ventures, Inc., d/b/a Jan-Pro Cleaning Systems of Minneapolis, as of December 31, 2013 and 2012, and the results of their operations and cash flows for the three years in the period then ended, in accordance with accounting principles generally accepted in the United States of America.



Pawtucket, RI
March 17, 2014

Richard: 17 Grand View Rd; Pawtucket, RI 02860
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KLJ VENTURES, INC.
D/B/A JAN-PRO CLEANING SYSTEMS OF MINNEAPOLIS

BALANCE SHEETS

December 31, 2013 and 2012

ASSETS

	2013	2012
Current assets:		
Cash	\$ 406,196	\$350,101
Accounts receivable, net of allowance for doubtful accounts of \$732 in 2013 and \$0 in 2012	170,924	255,651
Notes receivable, current portion, net (Note 2)	80,951	85,077
Equipment receivable	5,282	3,634
Inventory	13,187	12,940
Franchisee/employee advances	-	7,500
Prepaid expenses	16,095	23,855
Total current assets	692,635	738,758
Property and equipment:		
Computer equipment	29,500	26,434
Furniture and fixtures	19,157	19,157
Equipment	49,377	48,277
Motor vehicles	101,482	54,285
	199,516	148,153
Less accumulated depreciation	(89,968)	(126,611)
Net property and equipment	109,548	21,542
Other assets:		
Deposits	4,100	4,100
Notes receivable, long-term portion, net (Note 2)	25,787	24,664
Master franchise fee, net of accumulated amortization of \$156,083 in 2013 and \$137,083 in 2012	128,917	147,917
Total other assets	158,804	176,681
Total assets	\$ 960,987	\$936,981

See accompanying notes to financial statements

KLJ VENTURES, INC.
D/B/A JAN-PRO CLEANING SYSTEMS OF MINNEAPOLIS

BALANCE SHEETS (Continued)

December 31, 2013 and 2012

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

	<u>2013</u>	<u>2012</u>
Current liabilities:		
Current portion of long-term debt	\$ 12,778	\$ 17,454
Accounts payable, trade	296,154	344,442
Accrued expenses	45,228	65,554
Deferred revenue	45,636	22,964
Total current liabilities	<u>399,796</u>	<u>450,414</u>
Long-term liabilities:		
Long-term debt, net of current portion	67,061	-
Accrued expenses related to long-term assets	2,719	2,606
Note payable, shareholder	-	52,500
Total long-term liabilities	<u>69,780</u>	<u>55,106</u>
Total liabilities	<u>469,576</u>	<u>505,520</u>
Stockholders' equity:		
Common stock, .01 par value, 10,000 shares authorized, 1,000 shares issued and outstanding	10	10
Additional paid-in capital	154,990	154,990
Retained earnings	336,411	276,461
Total stockholders' equity	<u>491,411</u>	<u>431,461</u>
Total liabilities and stockholders' equity	<u>\$960,987</u>	<u>\$936,981</u>

See accompanying notes to financial statements

KLJ VENTURES, INC.
D/B/A JAN-PRO CLEANING SYSTEMS OF MINNEAPOLIS
STATEMENTS OF INCOME AND STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2013, 2012 and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Customer billing revenue:			
Customer billings for franchisees	\$ 4,077,569	\$ 3,861,661	\$ 3,471,873
Less: Franchise Expense	<u>(4,068,264)</u>	<u>(3,850,372)</u>	<u>(3,396,223)</u>
Net customer billing revenue	<u>9,305</u>	<u>11,289</u>	<u>75,650</u>
Supply revenue:			
Sale of janitorial supplies	203,693	173,373	165,103
Cost of sales	<u>(175,929)</u>	<u>(151,962)</u>	<u>(147,372)</u>
Net supply revenue	<u>27,764</u>	<u>21,412</u>	<u>17,731</u>
Franchise fee revenues:			
Interest on financing	4,408	6,948	10,048
Franchise fees	365,722	298,027	335,192
Royalty fees	407,227	384,836	339,530
Management fees	203,613	192,418	169,883
Insurance fees	272,994	258,343	227,461
Other fees and reimbursements	<u>108,549</u>	<u>104,985</u>	<u>83,249</u>
Total franchise fee revenues	<u>1,362,513</u>	<u>1,245,557</u>	<u>1,165,363</u>
Total revenue	<u>1,399,582</u>	<u>1,278,258</u>	<u>1,258,744</u>
Operating expenses:			
Corporate Royalties	168,228	160,998	148,318
Payroll and related expenses	565,972	536,525	629,462
Occupancy	48,875	49,426	53,568
Selling, general and administrative	<u>205,919</u>	<u>220,324</u>	<u>227,817</u>
Total operating expenses	<u>988,994</u>	<u>967,273</u>	<u>1,059,165</u>
Income from operations	<u>410,588</u>	<u>310,985</u>	<u>199,579</u>
Other revenues (expenses):			
Interest income	2,826	327	446
Gain on disposal of assets	22,000	1,092	-
Loss on investment	(10,374)	-	-
Depreciation and amortization	(36,642)	(42,784)	(43,604)
Interest expense	<u>(448)</u>	<u>(1,247)</u>	<u>(2,154)</u>
Total other expenses	<u>(22,638)</u>	<u>(42,612)</u>	<u>(45,312)</u>
Net income	387,950	268,373	154,267
Distributions	(328,000)	(205,000)	(105,000)
Retained earnings, beginning	<u>276,461</u>	<u>213,088</u>	<u>163,821</u>
Retained earnings, ending	<u>\$ 336,411</u>	<u>\$ 276,461</u>	<u>\$ 213,088</u>

See accompanying notes to financial statements

KLJ VENTURES, INC.
D/B/A JAN-PRO CLEANING SYSTEMS OF MINNEAPOLIS

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2013, 2012 and 2011

	2013	2012	2011
Operating activities:			
Net income	\$ 387,950	\$ 268,373	\$ 154,267
provided (used) by operating activities:			
Depreciation	17,642	23,785	24,604
Amortization	19,000	19,000	18,999
Net gain on sale of assets	(22,000)	(1,092)	-
Sales tax on new auto purchase	856	-	-
Bad debt allowance	(12,568)	14,816	(6,016)
(Increase) decrease in:			
Accounts receivable	83,995	(47,361)	(27,562)
Notes receivable	14,655	36,245	42,730
Employee advances	7,500	(7,500)	-
Prepaid expense	7,760	(8,122)	(2,947)
Inventory	(247)	(2,407)	647
Deposits	-	495	-
Increase (decrease) in:			
Accounts payable	(48,288)	41,629	39,792
Accrued expenses	(20,213)	1,459	(603)
Deferred revenues	22,672	1,034	13,590
	458,714	340,354	257,501
Net cash provided by operating activities			
Investing activities:			
Purchase of fixed assets	(4,665)	(935)	(1,500)
Proceeds from sale of fixed assets	-	7,500	-
	(4,665)	6,565	(1,500)
Net cash provided (used) by investing activities			
Financing activities:			
Repayment of bank loan	(17,454)	(16,655)	(26,979)
Repayment of stockholder loan	(52,500)	-	(17,500)
Stockholder distributions	(328,000)	(205,000)	(105,000)
	(397,954)	(221,655)	(149,479)
Net cash used by financing activities			
Net increase in cash	56,095	125,264	106,522
Cash, beginning of year	350,101	224,837	118,315
Cash, end of year	\$ 406,196	\$ 350,101	\$ 224,837

See accompanying notes to financial statements

KLJ VENTURES, INC.
D/B/A JAN-PRO CLEANING SYSTEMS OF MINNEAPOLIS

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended December 31, 2013, 2012 and 2011

	2013	2012	2011
Supplemental information:			
Interest paid	\$ 448	\$ 1,247	\$ 2,154
Loss on sales of assets			
Equipment sold	\$ -	\$ 1,500	\$ -
Financing auto purchase	(46,698)	-	-
Auto sold/trade-in	22,000	8,527	-
Auto loans	79,839	-	-
Sales tax on new auto purchase	(856)	-	-
Gross Proceeds	-	(7,500)	-
Accumulated Depreciation	(54,285)	(3,619)	-
Net loss on sale	\$ -	\$ (1,092)	\$ -

See accompanying notes to financial statements

KLJ VENTURES, INC.
D/B/A JAN-PRO CLEANING SYSTEMS OF MINNEAPOLIS

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

Nature of Business:

KLJ Ventures, Inc., d/b/a Jan-Pro Cleaning Systems of Minneapolis (a Minneapolis S corporation), was formed June 15, 2004 to engage in the business of selling cleaning service franchises. The company owns two master franchises purchased from Jan-Pro Franchising International Inc. The first was purchased June 15, 2004 and was granted the rights to operate in the Counties of Hennepin, Carver, Scott and the Western Half of Anoka County. The second was purchased on May 18, 2007 and was granted the right to operate in the Counties of Dakota, Ramsey, Washington and the Eastern half of Anoka County. All Counties are in the State of Minnesota. The company grants credit without collateral to its unit franchisees in the form of notes receivable.

Basis of Presentation:

Under FTC Rule 436 (Franchise Rule) the financial statements are presented in comparative format covering two years balance sheet and three years statements of income and retained earnings and cash flows for the periods included.

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, the company considers all temporary investments with an original maturity of three months or less to be cash equivalents. At December 31, 2013 and 2012, there were no cash equivalents.

Use of Estimates:

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

Accounts Receivable - Trade:

The company carries its accounts receivable at cost net of an allowance for doubtful accounts, if deemed necessary. Periodically the Company evaluates its receivable and establishes an allowance based on historical experience with bad debts and collections as well as current credit conditions.

Inventory:

Inventory is valued at the lower of cost or market on a first-in, first-out (FIFO) basis.

Income Taxes:

The company has elected under the Internal Revenue Code to be taxed as an S corporation. In lieu of corporate income taxes, the company's income or loss flows through to the shareholders. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

KLJ VENTURES, INC.
D/B/A JAN-PRO CLEANING SYSTEMS OF MINNEAPOLIS

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies: (continued)

Income Taxes: (continued)

On January 1, 2013, the company adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. Management believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect to the company's financial condition, results of operations or cash flows. Accordingly, the company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2013. The open years under IRS review are tax years 2010 through 2012.

Property and Equipment:

Property and equipment is stated at cost. Depreciation is provided by using straight-line methods over the estimated useful lives of the related assets.

Revenue Recognition:

In accordance with FASB ASC 952, Accounting by Franchisors, the company recognizes revenue from the sale of franchise territories, net of an allowance for uncollectible amounts, when all material services or conditions relating to the initial sale have been substantially performed or satisfied. For the company, this is normally during the first ninety days of operations of the new franchise. Unearned franchise fees results when all conditions of the initial sale have not yet been fulfilled. The company accrues the 10% royalty fee which is due to the Jan-Pro Franchising international in the year income is recognized.

Cleaning service revenue and expenses are recognized when services are performed by the unit franchisees. The company also recognizes royalties and other fees related to these services provided to the franchisees.

Intangibles:

The investment in the master franchise agreement is being amortized over a 15 year period with the Minneapolis territory beginning July 2004 and the St. Paul territory beginning August 2007.

2. Notes Receivable:

The company finances the sales of franchises to franchisees. At December 31, 2013 twenty-two notes were outstanding with interest at 10% with monthly installments ranging from \$60 to \$161 through December 2016. Notes receivable, initial sales, at December 31, 2013 and 2012 were \$49,887 and \$62,763, respectively. In addition, the company has thirty-nine franchisees with upgrade purchases financed with interest at 0% to 10% through December 2014. Notes receivable upgrades, at December 31, 2013 and 2012 were \$67,851 and \$71,278, respectively.

KLJ VENTURES, INC.
D/B/A JAN-PRO CLEANING SYSTEMS OF MINNEAPOLIS

NOTES TO THE FINANCIAL STATEMENTS

2. Notes Receivable: (continued)

The above referenced notes have scheduled maturities as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>	<u>Allowance</u>	<u>Net</u>	<u>2012</u>
2014	\$ 90,551	\$ (9,600)	\$80,951	\$85,077
2015	17,291	(900)	16,391	18,948
2016	<u>9,897</u>	<u>(500)</u>	<u>9,397</u>	<u>5,716</u>
	117,739	(11,000)	106,739	109,741
Less current portion	<u>90,551</u>	<u>(9,600)</u>	<u>80,951</u>	<u>85,077</u>
	<u>\$ 27,188</u>	<u>\$ (1,400)</u>	<u>\$ 25,788</u>	<u>\$24,664</u>

3. Concentration of Credit Risk:

Approximately 26%, 23%, and 27% of total revenue for the years ended December 31, 2013, 2012 and 2011, respectively, was derived from initial franchise and upgrade sales and 71%, 74%, and 66%, respectively, was derived from service revenue collected from franchisees.

The company finances sales of franchisees to its franchisees. An allowance for doubtful accounts is maintained at 5% of outstanding note balances which is based on estimates provided by Jan-Pro International which is reasonable throughout the industry.

The company keeps a majority of its cash with a financial institution that insures cash balances of up to \$250,000 through the Federal Deposit Insurance Corporation (FDIC). At different times of the year, the balance may exceed this amount. At December 31, 2013 and 2012, the company had uninsured cash of \$283,363 and \$209,555, respectively.

4. Advertising:

Advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2013, 2012 and 2011 amounted to \$47,759, \$39,979, and \$41,406, respectively.

5. Franchise Fee Revenues:

The company collects royalty fees, management fees, special cleaning fees and insurance reimbursements that range from 5% to 10% for acting as a pass through between the franchisees and cleaning customers. The fees are collected by netting the payout from the cleaning contract when the franchisees are paid. At December 31, 2013 and 2012, the total owed to the franchisees from the cleaning contracts was \$288,542 and \$329,000, respectively, which are included in accounts payable. Fee revenues relating to these payables have been accrued totaling \$69,944 and \$79,482 at December 31, 2013 and 2012, respectively, and are included in accounts receivable.

The company also sells cleaning franchises guaranteeing set monthly income from cleaning contracts of a specific gross monthly client billing amount to the franchisee within a specified time period referred to as initial business, and additional contracts above the initial business offered, referred to as upgrades. For the year ended December 31, 2011, there were twenty-five new franchise sales

KLJ VENTURES, INC.
D/B/A JAN-PRO CLEANING SYSTEMS OF MINNEAPOLIS

NOTES TO THE FINANCIAL STATEMENTS

5. Franchise Fee Revenues: (continued)

totaling \$147,655, of which \$21,930 was included in deferred revenues, and upgrades sold to fifty franchisees totaling \$233,948. For the year ended December 31, 2012, there were sixteen new franchise sales totaling \$97,210, of which \$22,964 was included in deferred revenues, and upgrades sold to sixty-one franchisees totaling \$201,850. For the year ended December 31, 2013, there were twenty-one new franchise sales totaling \$146,030, of which \$45,636 was included in deferred revenues, and upgrades sold to sixty-four franchisees totaling \$242,559.

There were one hundred sixteen active franchisees at December 31, 2013, of which four had not yet begun cleaning operations.

6. Commitment:

The company pays corporate royalties to Jan-Pro International, Inc. of 10% of franchise fees and financing revenue and 3% of customer's monthly billings reimbursed to the franchisees on two Regional Franchise Agreements through June 2019 and May 2022. Total royalty expense for the years ended December 31, 2013, 2012 and 2011 was \$168,228, 160,998, and \$148,318, respectively.

7. Note Payable, Bank:

Note payable, bank consists of the following	<u>2013</u>	<u>2012</u>
--	-------------	-------------

Note payable due to Wells Fargo, in the original amount of \$50,000, payable in monthly installments of \$1,492, including interest at 4.7%, maturing in December 2013. The note is secured by assets paid by the proceeds.	\$ -	\$17,454
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The company purchased two vehicles in December 2013. The Financed amount is \$44,368, in monthly installment of \$749, including APR at 3.89%, and \$35,471, in monthly installment of \$647, including APR at 3.54%.		79,839
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Future maturities of long-term debt are as follows:

For the Years Ended December 31,

2014	\$ 12,778
2015	14,454
2016	15,010
2017	15,588
2018	16,189
Years after then	<u>5,820</u>
	<u>\$ 79,839</u>

KLJ VENTURES, INC.
D/B/A JAN-PRO CLEANING SYSTEMS OF MINNEAPOLIS

NOTES TO THE FINANCIAL STATEMENTS

8. Operating Leases:

On April 1, 2010, the company renewed its lease agreement for office space through May 31, 2015. The lease required a base payment of \$1,423, increasing 3% annually each April. Also, as part of the agreement, the company is required to pay a pro-rated share of common area expenses adjusted annually. The rent expense for the years ended December 31, 2013, 2012 and 2011 was \$48,875, \$49,426, and \$53,568, respectively.

On October 22, 2008, the company entered into a lease for a copier through October 2013. However, the company terminated the lease in March 2013 and signed another new sixty-month copier lease. The new lease requires monthly base payments of \$501. The lease expense for the years ended December 31, 2013, 2012 and 2011 was \$6,650, \$9,349, and \$8,587, respectively.

The future minimum rents for the period ended December 31:

2014	\$ 24,524
2015	13,829
2016	6,012
2017	6,012
2018	<u>1,002</u>
	<u>\$ 51,379</u>

9. Related Party Transactions:

The company has a non-interest bearing loan payable to the stockholder of \$52,500 as of December 31, 2012. The loan is unsecured and was paid off in 2013.

The company collects financing payments from the franchisees for cleaning equipment purchased through installment sales. Those receipts are paid to a financing company owned and operated by the stockholder. The payments transferred for the years ended December 31, 2011 was \$8,166.

10. Subsequent Event:

In accordance to ASC 855-10, the company has analyzed its operations and did not have any recognized or non-recognized subsequent events after December 31, 2013, the date of the statement of financial position. Subsequent events have been evaluated through March 17, 2014, the date the financial statements were issued.

Ferland & Company CPAs

Richard Ferland CPA
Yafei Sun CPA

March 17, 2014

To the Stockholder
KLJ Ventures, Inc.
d/b/a Jan-Pro Cleaning Systems of Minneapolis
Hopkins, MN

We hereby consent to the use of our report dated March 17, 2014, on our audits of the financial statements of KLJ Ventures, Inc., d/b/a Jan-Pro Cleaning Systems of Minneapolis as of December 31, 2013 and 2012 and the statement of operations, stockholders' equity and cash flows for the three years in the period ended December 31, 2013 to be made part of the franchise disclosure document.

Pawtucket, RI

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JAN-PRO FRANCHISING INTERNATIONAL, INC.
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2013, 2012 AND 2011
with
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors and Stockholders
Jan-Pro Franchising International, Inc.**

We have audited the accompanying financial statements of Jan-Pro Franchising International, Inc. (the "Company"), which comprise the balance sheet as of September 30, 2013, 2012 and 2011, and the related statements of operations, stockholders' 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.

Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 the 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 Jan-Pro Franchising International, Inc. as of September 30, 2013, 2012 and 2011, and the results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Related Party Transactions

As discussed in Notes 2, 6, 8 and 9, the Company has significant transactions with related parties.

Smith + Howard

January 2, 2014

JAN-PRO FRANCHISING INTERNATIONAL, INC.
BALANCE SHEET
SEPTEMBER 30, 2013, 2012 AND 2011

ASSETS

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current Assets			
Cash	\$ 1,151,525	\$ 559,232	\$ 466,079
Accounts receivable	195,894	100,254	125,915
Royalties receivable	856,873	837,486	787,543
Notes receivable, current portion	252,193	215,254	265,409
Prepaid expenses	136,238	23,500	83,246
Other current assets	<u>299,776</u>	<u>105,403</u>	<u>209,533</u>
Total Current Assets	2,892,499	1,841,129	1,937,725
Property and Equipment, Net	77,822	52,914	61,998
Other Assets			
Intangibles, net	56,935,188	59,394,888	64,697,463
Notes receivable, long-term portion	1,088,680	454,494	569,663
Due from affiliated companies	17,734	-	620,092
Other assets	<u>50,820</u>	<u>21,342</u>	<u>23,842</u>
	<u>58,092,422</u>	<u>59,870,724</u>	<u>65,911,060</u>
	<u>\$ 61,062,743</u>	<u>\$ 61,764,767</u>	<u>\$ 67,910,783</u>

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

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current Liabilities			
Accounts payable and accrued expenses	\$ 467,808	\$ 304,085	\$ 402,275
Deferred revenue on franchise sales	-	-	50,384
Deferred rent	81,860	34,304	41,845
Due to affiliated companies	-	<u>723,933</u>	-
Total Current Liabilities	549,668	1,062,322	494,504
Deferred Income Taxes Payable	13,835,191	14,715,291	15,701,791
Stockholders' Equity			
Common stock, \$1 stated value, 15,000 shares authorized, 1,000 shares issued and outstanding	1,000	1,000	1,000
Additional paid in capital	43,317,705	43,317,705	43,317,705
Retained earnings	<u>3,359,179</u>	<u>2,668,449</u>	<u>8,395,783</u>
	<u>46,677,884</u>	<u>45,987,154</u>	<u>51,714,488</u>
	<u>\$ 61,062,743</u>	<u>\$ 61,764,767</u>	<u>\$ 67,910,783</u>

JAN-PRO FRANCHISING INTERNATIONAL, INC.
STATEMENT OF OPERATIONS
YEARS ENDED SEPTEMBER 30, 2013, 2012 AND 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenue			
Master franchise fees	\$ 1,027,000	\$ 537,111	\$ 262,000
Franchise royalties and fees	9,790,191	9,036,692	8,485,275
Ancillary	<u>260,692</u>	<u>257,112</u>	<u>270,943</u>
	11,077,883	9,830,915	9,018,218
Operating Expenses	<u>5,658,162</u>	<u>5,454,320</u>	<u>6,090,261</u>
Income from Operations	5,419,721	4,376,595	2,927,957
Other Income (Expense)			
Depreciation and amortization	(2,480,465)	(2,483,665)	(2,482,139)
Interest income	28,139	238,449	57,121
Impairment of goodwill	-	(2,842,875)	-
Interest expense	<u>(22,047)</u>	<u>(13,516)</u>	<u>(56,347)</u>
	<u>(2,474,373)</u>	<u>(5,101,607)</u>	<u>(2,481,365)</u>
Income (Loss) Before Provision for Income Taxes	2,945,348	(725,012)	446,592
Provision for Income Taxes	<u>(974,070)</u>	<u>(660,500)</u>	<u>(179,300)</u>
Net Income (Loss)	<u>\$ 1,971,278</u>	<u>\$ (1,385,512)</u>	<u>\$ 267,292</u>

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

JAN-PRO FRANCHISING INTERNATIONAL, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
YEARS ENDED SEPTEMBER 30, 2013, 2012 AND 2011

	Common Stock	Additional Paid in Capital	Retained Earnings	Total
Balance, September 30, 2010	\$ 1,000	\$ 43,317,705	\$ 8,830,092	\$ 52,148,797
Dividends	-	-	(701,601)	(701,601)
Net Income	-	-	<u>267,292</u>	<u>267,292</u>
Balance, September 30, 2011	1,000	43,317,705	8,395,783	51,714,488
Dividends	-	-	(4,341,822)	(4,341,822)
Net Loss	-	-	<u>(1,385,512)</u>	<u>(1,385,512)</u>
Balance, September 30, 2012	1,000	43,317,705	2,668,449	45,987,154
Dividends	-	-	(1,280,548)	(1,280,548)
Net Income	-	-	<u>1,971,278</u>	<u>1,971,278</u>
Balance, September 30, 2013	<u>\$ 1,000</u>	<u>\$ 43,317,705</u>	<u>\$ 3,359,179</u>	<u>\$ 46,677,884</u>

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

JAN-PRO FRANCHISING INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2013, 2012 AND 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:			
Net income (loss)	\$ 1,971,278	\$ (1,385,512)	\$ 267,292
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,480,465	2,483,665	2,482,140
Credit for deferred income taxes	(880,100)	(986,500)	(1,021,400)
Bad debt expense	-	-	213,655
Impairment of goodwill	-	2,842,875	-
(Increase) decrease in:			
Accounts receivable	(95,640)	25,661	(239,821)
Royalties receivable	(19,387)	(49,943)	(14,128)
Notes receivable	(671,125)	165,324	695,238
Prepaid expenses	(112,738)	59,746	(41,579)
Other current assets	(223,851)	106,630	563,554
Increase (decrease) in:			
Accounts payable and accrued expenses	163,723	(98,190)	163,651
Deferred revenues	47,556	(57,925)	(100,132)
Net Cash Provided by Operating Activities	<u>2,660,181</u>	<u>3,105,831</u>	<u>2,968,470</u>
Cash Flows from Investing Activities:			
Purchases of property and equipment	(45,673)	(14,881)	(13,345)
Advances from (to) affiliated companies	(741,667)	1,344,025	(2,124,873)
Net Cash Provided (Required) by Investing Activities	<u>(787,340)</u>	<u>1,329,144</u>	<u>(2,138,218)</u>
Cash Flows from Financing Activities:			
Dividends paid	(1,280,548)	(4,341,822)	(701,601)
Net Cash Required by Financing Activities	<u>(1,280,548)</u>	<u>(4,341,822)</u>	<u>(701,601)</u>
Net Increase in Cash	592,293	93,153	128,651
Cash, Beginning of Year	559,232	466,079	337,428
Cash, End of Year	<u>\$ 1,151,525</u>	<u>\$ 559,232</u>	<u>\$ 466,079</u>
Supplemental Disclosures of Cash Flow Information			
Cash paid during the year for:			
Interest	\$ 22,047	\$ 13,516	\$ 56,347
Income taxes	\$ 64,767	\$ 548,314	\$ 756,755

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

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013, 2012 AND 2011**

NOTE 1 – DESCRIPTION OF BUSINESS

Jan-Pro Franchising International, Inc. d/b/a Jan-Pro Franchising Systems International, Inc. (the "Company") is a wholly owned subsidiary of Jan-Pro Holdings, Inc. ("Holdco").

The Company is engaged in the business of selling and supporting master cleaning service franchises in the United States and Canada. These master franchisees sell and support unit franchises within their territory and pay royalties to the Company on such operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation

The Company follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Intangible Assets

The Company's master franchise agreements and goodwill were assigned fair values based upon an appraisal obtained as part of a recapitalization during 2008 (the "2008 Recapitalization"). The value associated with the master franchise agreements is being amortized on a straight-line basis over 20 years.

The Company periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life of the master financing agreements as well as whether changes have occurred to determine if all intangible assets are recoverable.

Under GAAP, goodwill is not amortized, but is tested for impairment using a fair value approach. If the fair value of the reporting unit is less than its carrying value, or if the fair value of the goodwill has been diminished, an impairment loss would be recorded to the extent of that difference. The Company tests for impairment as of September 30 annually. Based on results of impairment testing during the year ended September 30, 2012, the Company determined that the carrying value of its goodwill exceeded fair value. The carrying value was computed using models of expected future cash flows. The Company concluded that a goodwill impairment loss was probable and recognized a loss of \$2,842,875 in the accompanying statement of operations for 2012. Management believes there has been no impairment of intangible assets for the year ended September 30, 2013.

Property and Equipment

Property and equipment are recorded at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost and accumulated depreciation for property and equipment sold, retired, or otherwise disposed of are relieved from the accounts, and resulting gains and losses are recognized currently. Minor maintenance, repairs, and renewals are expensed as incurred.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013, 2012 AND 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue from sales of master franchises ("Initial Franchise Fees") is recognized when substantially all significant initial services to be provided by the Company have been performed. When a master franchise is sold, the Company agrees to provide certain initial services, including advertising material, manuals and training aids, and three weeks of training and on-site assistance. Deferred revenue on franchise sales at September 30, 2013, 2012, and 2011 represent that portion of total revenue from master franchise sales attributable to service required to be provided by the Company that has not yet been performed.

Concentrations of Credit Risk

The Company grants credit to its master franchisees in the form of notes receivable collateralized by the master franchise. At September 30, 2013 the Company had nineteen master franchisee notes receivable totaling \$1,340,873, at September 30, 2012 the Company had thirteen master franchisee notes receivable totaling \$669,748, and at September 30, 2011 the Company had fifteen master franchisee notes receivable totaling \$835,072 (See Note 3). The Company routinely assesses the financial strength of its franchisees, and as a consequence, believes its receivable credit risk exposure is limited. Therefore, the Company has not deemed allowance for collection of receivables necessary at September 30, 2013, 2012, and 2011.

The Company maintains cash balances at financial institutions that, at times, including September 30, 2013, 2012, and 2011, are in excess of federally insured limits. The Company performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company's cash management strategy. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Income Taxes

The Company files consolidated federal and various state income tax returns with its parent, Holdco. The Company records its share of the consolidated federal and state income tax expense on a separate return basis and any income tax refundable or payable is included in the due to/from affiliated companies.

The Company accounts for income taxes in accordance with GAAP. This prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

The Company accounts for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. The Company utilizes a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if recognition has been satisfied. Under measurement, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. The term "more likely than not" is interpreted to mean that the likelihood of occurrence is greater than 50%. The Company recognizes penalties and interest accrued related to unrecognized tax benefits in income tax expense. At September 30, 2013, the Company has no unrecognized tax benefits, and there have been no significant income tax related penalties or interest recognized in 2013, 2012 and 2011.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013, 2012 AND 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Deferred income taxes are provided for differences in timing of income and expenses for financial reporting and income tax reporting purposes.

The Company files income tax returns in the U.S. federal and various state tax jurisdictions. In the normal course of business, the Company is subject to examination by the federal and state taxing authorities. In general, the Company is no longer subject to tax examinations for tax years ending before September 30, 2010.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

NOTE 3 – FRANCHISE SALES AND NOTES RECEIVABLE

The Company is financing the sales of nineteen franchises to the purchasers. The notes receivable at September 30, 2013, 2012 and 2011 contain interest rates up to 10% and mature at various dates through 2019. Outstanding principal balances under the notes receivable total \$1,340,873, \$669,748 and \$835,072 at September 30, 2013, 2012 and 2011, respectively, and are scheduled to mature for the years ending September 30 as follows:

2014	\$ 252,193
2015	294,785
2016	305,077
2017	172,072
2018	102,766
Thereafter	<u>213,980</u>
	<u>\$ 1,340,873</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at September 30:

	<u>Estimated Useful Life</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Computers and software	3-5 years	\$ 141,173	\$ 127,545	\$ 114,756
Furniture and fixtures	7 years	129,711	107,441	105,349
Equipment	5-7 years	32,436	30,791	30,791
Leasehold improvements	15 years	<u>16,185</u>	<u>8,055</u>	<u>8,055</u>
		319,505	273,832	258,951
Less: accumulated depreciation		<u>(241,683)</u>	<u>(220,918)</u>	<u>(196,953)</u>
		<u>\$ 77,822</u>	<u>\$ 52,914</u>	<u>\$ 61,998</u>

Depreciation expense was \$20,765, \$23,965 and \$22,440 for the years ended September 30, 2013, 2012 and 2011, respectively.

**JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013, 2012 AND 2011**

NOTE 5 – INTANGIBLES

Intangibles consisted of the following at September 30:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Franchise agreements	\$ 49,194,000	\$ 49,194,000	\$ 49,194,000
Less: accumulated amortization	<u>(12,298,500)</u>	<u>(9,838,800)</u>	<u>(7,379,100)</u>
	36,895,500	39,355,200	41,814,900
 Goodwill and franchise system	 <u>20,039,688</u>	 <u>20,039,688</u>	 <u>22,882,563</u>
	<u>\$ 56,935,188</u>	<u>\$ 59,394,888</u>	<u>\$ 64,697,463</u>

Amortization expense was \$2,459,700 for the years ended September 30, 2013, 2012 and 2011.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company was party to management and consulting agreements with certain members of equity groups holding ownership units of Holdco. Additionally, the Company's Board of Directors consists of members of management of certain of the equity groups holding ownership units in Holdco. Consulting and board fees incurred by the Company during 2013, 2011, and 2011 approximated \$421,000.

The Company has unsecured, interest bearing amounts due from an affiliated company, Jan-Pro Enterprises, LLC ("JPE") totaling \$17,734 at September 30, 2013. There were no amounts due to or from JPE at September 30, 2012 and 2011. Interest in the amount of \$13,516 and \$31,992 was paid to JPE during 2012 and 2011, respectively, and interest in the amount \$8,775 was received from JPE during 2013.

Substantially in conjunction with the 2008 Recapitalization and in conjunction with liabilities recorded to Holdco in connection with provisions for income taxes, the Company has amounts due to Holdco in the amount of \$723,933 as of September 30, 2012. As of September 30, 2011, the Company has amounts due from Holdco in the amount of \$620,092. There were no amounts due to or from Holdco at September 30, 2013. Net interest income recognized by the Company under the above mentioned amounts totaled \$204,754 and \$20,536 during the years ended September 30, 2012 and 2011, respectively. Interest expense incurred by the Company under the above mentioned amounts totaled \$22,047 and \$24,355 during the years ended September 30, 2013 and 2011, respectively.

During 2006, the Company sold a license agreement to JPE. Royalties at 4% of gross profit and other income of JPE of \$71,850, \$50,397 and \$121,837 were received by the Company during 2013, 2012 and 2011, respectively.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013, 2012 AND 2011

NOTE 7 – INCOME TAXES

The provision (credit) for income taxes consists of the following for the years ended September 30:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current:			
Federal	\$ 1,765,800	\$ 1,612,600	\$ 1,022,500
Foreign	28,550	24,400	-
State	59,820	10,000	178,200
	<u>1,854,170</u>	<u>1,647,000</u>	<u>1,200,700</u>
Deferred:			
Federal	(755,640)	(845,700)	(859,600)
State	(124,460)	(140,800)	(161,800)
	<u>(880,100)</u>	<u>(986,500)</u>	<u>(1,021,400)</u>
	<u>\$ 974,070</u>	<u>\$ 660,500</u>	<u>\$ 179,300</u>

Deferred income tax assets (liabilities) at September 30 consist of the following:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Intangibles	\$ (13,804,336)	\$ (14,717,724)	\$ (15,629,196)
Tax over book depreciation	(19,091)	(10,258)	(19,279)
Prepaid expenses and other current assets	(95,328)	(24,748)	(69,062)
Deferred rent	30,804	12,909	15,746
Foreign tax credit	52,760	24,530	-
	<u>\$ (13,835,191)</u>	<u>\$ (14,715,291)</u>	<u>\$ (15,701,791)</u>

The provision for income tax differs from the amount computed by applying the statutory federal income tax rate to pre-tax income primarily due to state income taxes and non-deductible items, including goodwill impairment.

NOTE 8 – PROFIT SHARING PLAN

The Company has an established profit sharing plan for the benefit of its employees and affiliated companies. The Plan provides for discretionary contributions by the Company as determined annually by the Board of Directors. No contributions were made to the Plan for the years ended September 30, 2013, 2012 and 2011.

JAN-PRO FRANCHISING INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013, 2012 AND 2011

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company has noncancelable operating leases covering certain facilities and other equipment which expire at various dates through September 2020. Future minimum lease payments for noncancelable operating leases with terms in excess of one year are as follows for years ending September 30:

2014	\$	129,493
2015		133,368
2016		137,372
2017		141,506
2018		145,769
Thereafter		252,391
		<u>\$ 939,899</u>

Rental expense under all operating leases for the year ended September 30, 2013 approximated \$136,000 and \$120,000 for the years ended September 30, 2012 and 2011.

Legal Contingencies

Certain legal actions, proceedings, and claims have been instituted or asserted against the Company. Litigation is subject to many uncertainties and the outcome of individual matters is not predictable with assurance. It is reasonably possible that some of the legal actions, proceedings, and claims could be decided unfavorably against the Company. The Company's policy is to accrue a liability if an unfavorable outcome is probable and the amount can be reasonably estimated. Based upon currently available information, it is the opinion of management and outside counsel that any such liability resulting from these matters will not materially affect the financial position, results of operations, or liquidity of the Company.

Loan Guarantees

The Company and various other affiliates commonly owned by Holdco have guaranteed the \$33,000,000 senior and subordinated credit facilities obtained by Premium Franchise Brands, LLC, an affiliate of the Company, as part of the 2008 Recapitalization. The facilities were refinanced during 2013. Total outstanding borrowings were approximately \$26,000,000 at September 30, 2013.

Letter of Credit

During 2013, 2012 and 2011, the Company provided JPE a letter of credit in the amount of \$500,000, as security for a portion of its insurance costs.

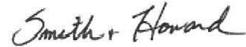
SMITH & HOWARD

Certified Public Accountants and Advisers

CONSENT OF INDEPENDENT AUDITORS

As independent auditors, we hereby consent to the use of our report dated January 2, 2014, included in this Franchise Disclosure Document for Jan-Pro Franchising International, Inc. It should be noted that we have performed no audit procedures subsequent to January 2, 2014, the date of our report. Furthermore, we have not audited any financial statements of Jan-Pro Franchising International, Inc. as of any date or for any period subsequent to September 30, 2013.

Additionally, we consent to the inclusion of our report dated January 2, 2014 in the Franchise Disclosure Documents of the master franchisees of Jan-Pro Franchising International, Inc. It should be noted that we have not observed the current Franchise Disclosure Documents or prior Uniform Franchise Offering Circulars of any of the master franchisees of Jan-Pro Franchising International, Inc. nor have we observed any of the master franchisees' financial statements. Therefore, no audit procedures have been performed by us on any of the master franchisees of Jan-Pro Franchising International, Inc.



January 2, 2014

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Exhibit D to the Franchise Disclosure Document

REGIONAL MASTER FRANCHISEE'S LIST OF CURRENT FRANCHISEE OUTLETS

<u>Contact</u>	<u>Phone</u>	<u>Street1</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
<u>Aaron Wakefield</u>	<u>952-201-4648</u>	<u>10452 Kalland Lane NE</u>	<u>Hanover</u>	<u>MN</u>	<u>55341</u>
<u>Abdulazez Ebrahim</u>	<u>763-213-5974</u>	<u>6124 France Ave. N.</u>	<u>Brooklyn Center</u>	<u>MN</u>	<u>55429</u>
<u>Abdusalam A. Mussa</u>	<u>763-269-6870</u>	<u>6925 Meadowbrook Blvd.</u>	<u>St. Louis Park</u>	<u>MN</u>	<u>55426</u>
<u>Aberast Dare & Alhoubele Mamo</u>	<u>651-436-2055</u>	<u>659 Gateway Place</u>	<u>Woodbury</u>	<u>MN</u>	<u>55129</u>
<u>A-K Building Maintenance</u>	<u>763-420-9833</u>	<u>PO Box 2249</u>	<u>Maple Grove</u>	<u>MN</u>	<u>55311</u>
<u>Alfredo Ortiz & Jennifer Del Rio</u>	<u>651-785-4092</u>	<u>3307 53rd Ave N, Apt. 104</u>	<u>Brooklyn Center</u>	<u>MN</u>	<u>55429</u>
<u>Alvaro Cortes</u>	<u>651-447-9009</u>	<u>1116 Marion St.</u>	<u>St. Paul</u>	<u>MN</u>	<u>55117</u>
<u>Amanuel Weldemicael</u>	<u>651-227-9652</u>	<u>9659 Hames Ave S</u>	<u>Cottage Grove</u>	<u>MN</u>	<u>55016</u>
<u>Anandvelu Timahl</u>	<u>763-432-3002</u>	<u>7015 Brooklyn Blvd. Apt #208</u>	<u>Brooklyn Park</u>	<u>MN</u>	<u>55429</u>
<u>Anita Yang</u>	<u>763-416-3000</u>	<u>5012 71st Ave. N.</u>	<u>Brooklyn Center</u>	<u>MN</u>	<u>55429</u>
<u>Arturo Martinez</u>	<u>763-788-8314</u>	<u>4058 Reservoir Blvd</u>	<u>Heights</u>	<u>MN</u>	<u>55421</u>
<u>Augustus Okai</u>	<u>612-298-2148</u>	<u>7841 Zane Avenue North</u>	<u>Brooklyn Park</u>	<u>MN</u>	<u>55443</u>
<u>Avonte Williams</u>	<u>330-209-4333</u>	<u>1245 Shakopee Ave, Apt 226</u>	<u>Shakopee</u>	<u>MN</u>	<u>55379</u>
<u>Ayalenesh Kebede & Yohannes Atnafe</u>	<u>651-621-5508</u>	<u>3313 Hazel Trail, Unit B</u>	<u>Woodbury</u>	<u>MN</u>	<u>55129</u>
<u>Benito Jimenez</u>	<u>612-807-5739</u>	<u>7720 4th Ave S., #206</u>	<u>Richfield</u>	<u>MN</u>	<u>55423</u>
<u>Bobbie Bachan</u>	<u>612-702-3140</u>	<u>7321 Blaisdell Avenue South</u>	<u>Richfield</u>	<u>MN</u>	<u>55423</u>
<u>Brad Fitzsimmons</u>	<u>320-420-2791</u>	<u>3015 Crescent Ridge Trail</u>	<u>St. Cloud</u>	<u>MN</u>	<u>55301</u>
<u>Carlos Alvarez</u>	<u>952-903-5028</u>	<u>6469 Tanager Lane</u>	<u>Eden Prairie</u>	<u>MN</u>	<u>55346</u>
<u>Carlos F Holguin</u>	<u>952-906-0878</u>	<u>3721 Roseberry Place</u>	<u>Anoka</u>	<u>MN</u>	<u>55303</u>
<u>Carol Ives</u>	<u>612-788-0680</u>	<u>3554 Aldrich Ave N</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55412</u>
<u>Charles Semakula</u>	<u>952-938-5206</u>	<u>503 Shadyside Dr.</u>	<u>Hopkins</u>	<u>MN</u>	<u>55343</u>
<u>Claudia A. Aguilar</u>	<u>651-855-8798</u>	<u>2442 Rice St.</u>	<u>Roseville</u>	<u>MN</u>	<u>55113</u>
<u>David & Martha Flomo</u>	<u>612-382-1812</u>	<u>7732 Regent Ave N</u>	<u>Brooklyn Park</u>	<u>MN</u>	<u>55443</u>
<u>David Hicks</u>	<u>651-487-1468</u>	<u>1244 North Dale Street</u>	<u>St. Paul</u>	<u>MN</u>	<u>55117</u>
<u>Delia N Morocho</u>	<u>612-823-1630</u>	<u>1310 East 27th Street</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55407</u>
<u>Demetria Martinez</u>	<u>952-594-4115</u>	<u>4701 Flag Ave. N.</u>	<u>New Hope</u>	<u>MN</u>	<u>55428</u>
<u>Dwight Stewart</u>	<u>612-781-4072</u>	<u>5116 Emerson Ave N</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55430</u>
<u>Eliazer Campuzano</u>	<u>612-278-6318</u>	<u>218 West 62nd Street, #102</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55419</u>
<u>Elvis Joseph</u>	<u>612-205-2268</u>	<u>8216 Hampshire Avenue N</u>	<u>Brooklyn Park</u>	<u>MN</u>	<u>55445</u>
<u>Emmanuel Mbonde</u>	<u>952-314-4456</u>	<u>19096 Chennault Way</u>	<u>Eden Prairie</u>	<u>MN</u>	<u>55346</u>
<u>Eugenio Trejo Resendiz</u>	<u>952-994-4256</u>	<u>115 Michelle Ave</u>	<u>Chaska</u>	<u>MN</u>	<u>55318</u>
<u>Ever Magadan Montes</u>	<u>612-824-4195</u>	<u>3316 Stevens Ave S</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55408</u>
<u>Frank Roberts</u>	<u>612-227-5096</u>	<u>1501 Hawthorne Ave N APT 308</u>	<u>Minneapolis</u>	<u>MN</u>	<u>55403</u>
<u>Galindo Martinez Cruz</u>	<u>7632-267-2003</u>	<u>307 Mehigan St. NW</u>	<u>New Brighton</u>	<u>MN</u>	<u>55112</u>
<u>Ger Her</u>	<u>651-645-8679</u>	<u>1054 Lafond Ave.</u>	<u>St. Paul</u>	<u>MN</u>	<u>55104</u>
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<u>Hanan Bedru & Mikias Lulseged</u>	<u>510-435-9374</u>	<u>11499 Halstead Trail</u>	<u>Woodbury</u>	<u>MN</u>	<u>55129</u>
<u>Haresh Ramnandon</u>	<u>952-435-6167</u>	<u>16580 Joplin Path</u>	<u>Lakeville</u>	<u>MN</u>	<u>55044</u>
<u>Hector Orozco</u>	<u>612-986-8186</u>	<u>10155 Green Briar Rd, Apt. #307</u>	<u>Hopkins</u>	<u>MN</u>	<u>55305</u>
<u>Herbert Rivera</u>	<u>952-356-4527</u>	<u>1642 McAndrews Road West</u>	<u>Burnsville</u>	<u>MN</u>	<u>55337</u>
<u>Ivette & Juan Portillo</u>	<u>952-388-8615</u>	<u>12900 Penn Ave. S, #160</u>	<u>Burnsville</u>	<u>MN</u>	<u>55337</u>
<u>Jallah Kennedy</u>	<u>651-769-0597</u>	<u>7120 Goodview Ave. s.</u>	<u>Cottage Grove</u>	<u>MN</u>	<u>55016</u>
<u>Jamie Flores</u>	<u>651-686-8903</u>	<u>2050 Jade Lane</u>	<u>Eagan</u>	<u>MN</u>	<u>55122</u>
<u>Jay and S Cleaning</u>	<u>952-419-1909</u>	<u>9716 Mill Creek Drive</u>	<u>Eden Prairie</u>	<u>MN</u>	<u>55347</u>
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John Horton	763-202-7388	7944 Girard Ct N	Brooklyn Park	MN	55444
Jorge & Angel Brito	952-201-4120	1805 11th Ave S.	Minneapolis	MN	55404
Jorge Fleutero	763-503-5359	8004 Morgan Circle N.	Minneapolis	MN	55444
Jose Gonzalez Nieto	763-458-7351	2650 Humboldt Ave N	Minneapolis	MN	55411
Jose Reyes	612-702-0149	1012 W. Burnsville Pkwy. #245	Burnsville	MN	55337
Jose Rivera	651-788-1108	1510 Margaret St.	St. Paul	MN	55106
Joy Agbara	952-686-7570	121 Chaparrel Drive	Apple Valley	MN	55124
Juan Camacho	952-217-0357	1642 McAndrews Road West	Burnsville	MN	55337
Juan Carlos Morozan	763-843-6636	3663 Cardinal Way	Eagan	MN	55123
Juan Luis Diaz - Piiego	612-521-4385	2715 Fremont Ave N.	Minneapolis	MN	55411
Kaying Khang	763-528-0749	14833 Butternut Street NW	Andover	MN	55304
Khoua Khang	763-503-4886	1417 84th Ave N	Brooklyn Park	MN	55444
Kim F. Johnson	651-738-3384	1022 McClelland Street S.	Maplewood	MN	55119
La Xiong	651-342-7319	452 Charles Avenue	St. Paul	MN	55103
Laura Beckman	952-913-9883	10121 Upper 205th Street W.	Lakeville	MN	55044
Laura Soriano	763-516-8693	1400 Dowling Avenue North	Minneapolis	MN	55412
Lee Yang	651-808-3052	2175 McAfee Circle	Maplewood	MN	55109
Lieng Enterprises	612-462-3466	PO Box 202145	Bloomington	MN	55420
Lisbeth Gomeztagle	651-442-9974	8436 Savanna Oaks Alcove	Woodbury	MN	55125
Luis Alberto Dominguez	612-715-4555	15650 Galaxie Avenue, Apt. 215	Apple Valley	MN	55124
Luis Durazno	952-567-4501	1612 Alabama Avenue South	St. Louis Park	MN	55416
Luis Loja	612-729-5615	3115 13th Avenue South	Minneapolis	MN	55407
Luis Quintana	763-561-0107	6234 Bryant Ave N	Brooklyn Center	MN	55430
Lydia Whern	763-657-6486	5444 Smentana Dr.	Minnetonka	MN	55343
Mai Lee Chang	612-245-3855	2319 Ilion Avenue North	Minneapolis	MN	55411
Manuel Guiracocha	612-723-8544	2752 11th Ave. S. #1	Minneapolis	MN	55407
Margarito Saravia	651-698-0246	2537 Edgecombe Road	St. Paul	MN	55116
Maria Valazques Camacho	763-566-0584	7941 Florida Ave. N.	Brooklyn Park	MN	55445
Mario Splorzano	952-496-9827	9195 Dartmouth Avenue	Eden Prairie	MN	55347
Marisol Olivar	651-578-3164	2001 Minnehaha Ave.	St. Paul	MN	55119
Martin Gonzalez	612-822-1599	3725 5th Ave. S.	Minneapolis	MN	55409
Martin Sandoval	612-207-9679	5530 Irving Ave. N.	Brooklyn Center	MN	55430
Matthew Sanigular	612-522-3474	907 Van White Memorial Blvd	Minneapolis	MN	55411
Mauricio Onofre	763-218-1326	5300 Oliver Ave. N.	Brooklyn Center	MN	55430
Mee Yang Xiong	651-278-5843	1885 Sloan Street	Maplewood	MN	55117
Mei Lee Dang	952-220-7672	14191 Pennock Ave, #101	Apple Valley	MN	55124
Miguel A Murcia	612-703-1308	7329 Penn Avenue South	Richfield	MN	55423
Mohammad Hassan	612-532-5034	3340 74th Circle N	Brooklyn Park	MN	55443
Nathan Roalson	763-559-2213	6401 Berkshire Lane N	Maple Grove	MN	55311
Nayeli Diaz Perez & Armando Diaz Perez	612-600-1641	6200 65th Ave N	Brooklyn Park	MN	55429
Nazarene Deenanath	612-821-8281	3601 1st Ave. S.	Minneapolis	MN	55409
Nicolas M Lema	952-938-2158	1612 Alabama Avenue South	St. Louis Park	MN	55426
Nikone Wathanaphone	763-923-1062	4555 Nathan Lane, #106	Plymouth	MN	55442
Noe Escandon	612-825-2145	1612 Nokomis Court	Minneapolis	MN	55417
Norma Diaz	952-454-2609	697 Riesgraf Rd.	Carver	MN	55315
Norma Juarez	651-592-6024	2178 Garnet Pt	Eagan	MN	55122
Norma Salvador	651-690-3445	2537 Edgecombe Road	St. Paul	MN	55116
Omar Sherif	612-353-1029	3309 29th Ave. S.	Minneapolis	MN	55406
Oscar Benitez	651-216-0614	105 Carmel Ave #312	St. Paul	MN	55118
Paul Long & Nelva Paguay	612-889-2493	3325 Clinton Avenue South, #1	Minneapolis	MN	55408
Rabi Abdi	612-226-9126	PO Box 274	Hopkins	MN	55343
Ramon Ramos Rodriguez	612-874-6519	2115 1/2 5th Ave. S.	Minneapolis	MN	55404
Ramona Campuzano	612-275-8826	2630 Cedar Ave S	Minneapolis	MN	55407

Randy Dickhaus	651-210-3260	15688 Crystal Ct.	Rosemount	MN	55068
Rene Dipz - Barban	763-228-8528	5209 Xerxes Ave N Apt # 12	Brooklyn Center	MN	55430
Rina Delopez	763-267-9343	1079 North Circle NE	Fridley	MN	55432
Robert Borsay	612-250-3354	7716 Hampshire Ave N	Brooklyn Park	MN	55445
Robert Smith	763-551-1533	8090 Prairie Trail	Rockford	MN	55373
Rocio Polio	651-707-7014	10 2nd Avenue	St. Paul	MN	55128
RST Investments LLC	612-354-4929	19714 Hazelnut Ave	Lakeville	MN	55044
Sang Sihavong	612-913-2140	600 North Lilac Dr. #306	Golden Valley	MN	55422
Seedat Doobay	651-343-9645	15601 Foliage Ave, #138	Apple Valley	MN	55124
Seng Yang	651-307-6987	699 Short Street E	St. Paul	MN	55106
Sergey & Marina Dyachenko	509-768-6651	1123 Crosstown Blvd.	Chaska	MN	55318
Sergey Romochka & Viktoriya Gunderson	612-501-0004	1755 Philipp Drive	Shakopee	MN	55379
Silverio Rios	651-695-8849	PO Box 40536	St. Paul	MN	55104
Silvia Velasco	612-735-3683	9846 Blaisdell Ave S	Bloomington	MN	55420
Sirak Abebe	612-869-3917	7541 Colfax Ave	Richfield	MN	55423
Souksavanh Suphavong	612-384-3734	11624 Rodeo Drive	Burnsville	MN	55337
Stars Clean Services, LLC	612-499-4294	3412 Chicago Avenue South	Minneapolis	MN	55407
Steven Lyngdal	651-633-7536	1900 Serendipity Court	New Brighton	MN	55112
Tara McKerr	651-815-2268	451 Woodduck Place, Unit D	Woodbury	MN	55125
Tomas Nunez	612-655-3049	7708 Beard Ave N.	Brooklyn Park	MN	55443
Vang Yang	651-621-9890	885 E. Sims Ave.	St. Paul	MN	55106
Veronica Sosa	612-284-6409	5710 Bossen Terrace Apt 13	Minneapolis	MN	55417
Victoria Avwunuma	651-490-3147	1910 52nd St E. Apt 109	Inver Grove Heights	MN	55077
Voua Yang	651-773-4066	2095 Cowern Place East	North St. Paul	MN	55109
Vue Enterprises	763-843-0193	7933 Lad Parkway	Brooklyn Park	MN	55443
Wilbur Sanchez	763-350-5906	2442 Rice St, Lot 166	Little Canada	MN	55113
Xang Vue	612-886-8108	3539 N. 6th St.	Minneapolis	MN	55412
Xee Lee	651-214-8145	1651 Ross Avenue	St. Paul	MN	55106
Xee Vue	763-560-0506	8025 Idaho Circle N.	Brooklyn Park	MN	55445
Yee Leng Vang	612-741-2834	2422 Lyndale Ave N	Minneapolis	MN	55411
Yer Chang	651-772-8914	1848 Ames Avenue	St. Paul	MN	55119
Yevgeniya Serbinenko	651-249-1580	1204 Willow Tr.	Farmington	MN	55024
Contact	Phone	Street	City	State	Zip
Aaron Wakefield	952-201-4648	10452 Kalland Lane NE	Hanover	MN	55341

Abdulazez Ebrahim	763-213-5974	6124 France Ave. N.	Brooklyn Center	MN	55429
Abdusalan A. Mussa	763-269-6870	6925 Meadowbrook Blvd.	St. Louis Park	MN	55426
Aberash Dare & Alhoubele Mamo	651-436-2055	659 Gateway Place 1362 Wynne Avenue, Apt.	Woodbury	MN	55129
Aisha Kamundi	651-347-9348	18	St. Paul	MN	55108
A-K Building Maintenance	763-420-9833	PO Box 2249	Maple Grove	MN	55311
Alfredo Ortiz & Jennifer Del Rio	651-785-4092	3307 53rd Ave N, Apt. 104	Brooklyn Center	MN	55429
Alvaro Cortes	651-447-9009	1116 Marion St.	St. Paul	MN	55117
Amanuel Weldemicael	651-227-9652	9659 Hames Ave S 7015 Brooklyn Blvd. Apt	Cottage Grove	MN	55016
Anandvely Timahl	763-432-3002	#208	Brooklyn Park	MN	55429
Anita Yang	763-416-3000	5012 71st Ave. N.	Brooklyn Center	MN	55429
Arturo Martinez	763-788-8314	4058 Reservoir Blvd	Columbia Heights	MN	55421
Augustus Okai	612-298-2148	7841 Zane Avenue North 1245 Shakopee Ave., Apt	Brooklyn Park	MN	55443
Avonte Williams	330-209-4333	226	Shakopee	MN	55379
Bee Vang	763-559-5367	5737 Halifax Avenue North	Brooklyn Center	MN	55429
Bobbie Bachan	612-702-3140	7321 Blaisdell Avenue South	Richfield	MN	55423
Brad Fitzsimmons	320-420-2791	3015 Crescent Ridge Trail	St. Cloud	MN	55301
Carlos Alvarez	952-903-5028	6469 Tanager Lane	Eden Prairie	MN	55346
Carlos F Holguin	952-906-0878	3721 Roseberry Place	Anoka	MN	55303
Carol Ives	612-788-0680	3554 Aldrich Ave N	Minneapolis	MN	55412
Charles Semakula	952-938-5206	503 Shadyside Dr.	Hopkins	MN	55343
Consuelo Rios	612-423-5984	2133 4th Street N, #2 1349 E Maynard Dr., Apt	Minneapolis	MN	55411
Daniel Ghenremedhin & Mesfin Mehari	651-528-2399	508	St. Paul	MN	55116
David Castillo Gonzalez	612-386-6502	668 York Ave	St. Paul	MN	55106
David Hicks	651-487-1468	1244 North Dale Street	St. Paul	MN	55117
Delia N Morocho	612-823-1630	1310 East 27th Street	Minneapolis	MN	55407
Dwight Stewart	612-781-4072	5116 Emerson Ave N	Minneapolis	MN	55430
Edith Correz	651-278-2900	2086 Minnehaha Ave. E.	St. Paul	MN	55119
Eliazer Campuzano	612-278-6318	218 West 62nd Street, #102	Minneapolis	MN	55419
Elvis Joseph	612-205-2268	8216 Hampshire Avenue N	Brooklyn Park	MN	55445
Emmanuel Mbonde	952-314-4456	19096 Chennault Way 1501 Hawthorne Ave N APT	Eden Prairie	MN	55346
Frank Roberts	612-227-5096	308	Minneapolis	MN	55403
Galindo Martinez-Cruz	7632-267-2003	307 Mehigan St. NW	New Brighton	MN	55112
Ger Her	651-645-8679	1054 Lafond Ave.	St. Paul	MN	55104
Gerardo Galindo	612-554-3627	800 W. 65th Street, #205	Richfield	MN	55423
Hanan Bedru & Mikias Lulseged	510-435-9374	11499 Halstead Trail	Woodbury	MN	55129
Haresh Ramnandon	952-435-6167	16580 Joplin Path 499 South Snelling Avenue,	Lakeville	MN	55044
Hassan Hamid	763-744-6325	#206 10155 Green Briar Rd., Apt.	St. Paul	MN	55116
Hector Orozco	612-986-8186	#307 1642 McAndrews Road	Hopkins	MN	55305
Herbert Rivera	952-356-4527	West 7700 Bloomington Ave S,	Burnsville	MN	55337
Ismael Melgar	612-644-3275	#30	Richfield	MN	55423
Ivette & Juan Portillo	952-388-8615	12900 Penn Ave. S, #160	Burnsville	MN	55337
Jallah Kennedy	651-769-0597	7120 Goodview Ave. S.	Cottage Grove	MN	55016
Jamie Flores	651-686-8903	2050 Jade Lane	Eagan	MN	55122

Jay and S Cleaning	952-419-1909	9716 Mill Creek Drive	Eden Prairie	MN	55347
Jesus Borfil	612-437-3837	1134 3rd Ave W	Shakopee	MN	55379
Jesus Perez-Camacho	763-208-4603	13700 54th Ave. N, #410	Plymouth	MN	55446
Joe Zitzer	651-268-9529	4624 Ivanhoe Place NE	Columbia Heights	MN	55421
John Horton	763-202-7388	7944 Girard Ct N	Brooklyn Park	MN	55444
Jorge Flauteo	763-503-5359	8004 Morgan Circle N.	Minneapolis	MN	55444
Jose Gonzalez-Nieto	763-458-7351	2650 Humboldt Ave N 1012 W. Burnsville Pkwy.	Minneapolis	MN	55411
Jose Reyes	612-702-0149	#245	Burnsville	MN	55337
Jose Rivera	651-788-1108	1510 Margaret St.	St. Paul	MN	55106
Joy Agbara	952-686-7570	121 Chaparrel Drive 1642 McAndrews Road	Apple Valley	MN	55124
Juan Camacho	952-217-0357	West	Burnsville	MN	55337
Juan Carlos	763-843-6636	3663 Cardinal Way	Eagan	MN	55123
Kaying Khang	763-528-0749	14833 Butternut Street NW	Andover	MN	55304
Kim F. Johnson	651-738-3384	1022 McClelland Street S.	Maplewood	MN	55119
Komalrai & Michael Lawrence	763-670-0295	2928 Northway Dr Apt 102	Brooklyn Center	MN	55430
Kudirat Rahmon	651-702-0835	1667 Village Trail East	Maplewood	MN	55109
La Xiong	651-342-7319	452 Charles Avenue 10121 Upper 205th Street	St. Paul	MN	55103
Laura Beckman	952-913-9883	W.	Lakeville	MN	55044
Lieng Enterprises	612-462-3466	PO Box 202145	Bloomington	MN	55420
Liliya Mantsevich	763-497-2913	11365 79th Street NE	Otsego	MN	55301
Lisbeth Gameztagle	651-442-9974	8436 Savanna Oaks Alcove 15650 Galaxie Avenue, Apt.	Woodbury	MN	55125
Luis Alberto Dominguez	612-715-4555	215 1612 Alabama Avenue	Apple Valley	MN	55124
Luis Durazo	952-567-4501	South	St. Louis Park	MN	55416
Luis Loja	612-729-5615	3115 13th Avenue South	Minneapolis	MN	55407
Luis Quinsuna	763-561-0107	6234 Bryant Ave N	Brooklyn Center	MN	55430
Lydia Whern	763-657-6486	5444 Smentana Dr.	Minnnetonka	MN	55343
Mai Lee Chang	612-245-3855	2319 Ilion Avenue North	Minneapolis	MN	55411
Mandy Meyers	612-385-6559	PO Box 8994	Minneapolis	MN	55408
Manuel Guiracocha	612-723-8544	2752 11th Ave. S. #1	Minneapolis	MN	55407
Margarite Saravia	651-698-0246	2537 Edgcombe Road	St. Paul	MN	55116
Maria Valazques-Camacho	763-566-0584	7941 Florida Ave. N.	Brooklyn Park	MN	55445
Mario Solorzano	952-496-9827	9195 Dartmouth Avenue	Eden Prairie	MN	55347
Marisol Olivar	651-578-3164	2001 Minnehaha Ave.	St. Paul	MN	55119
Martin Gonzalez	612-822-1599	3725 5th Ave. S.	Minneapolis	MN	55409
Martin Sandoval	612-207-9679	5530 Irving Ave. N. 907 Van White Memorial	Brooklyn Center	MN	55430
Matthew Sanigular	612-522-3474	Blvd	Minneapolis	MN	55411
Mauricio Onofre	763-218-1326	5300 Oliver Ave. N.	Brooklyn Center	MN	55430
Mei Lee Dang	952-220-7672	14191 Pennock Ave, #101	Apple Valley	MN	55124
Michelle Jefferson	612-866-0744	6314 Thomas Avenue South	Richfield	MN	55423
Miguel A Murcia	612-703-1308	7329 Penn Avenue South	Richfield	MN	55423
Mohammad Hassan	612-532-5034	3340 74th Circle N	Brooklyn Park	MN	55443
Nasro Osman	763-439-7860	6427 5th St. NE	Fridley	MN	55432
Nathan Reilson	763-559-2213	6401 Berkshire Lane N	Maple Grove	MN	55311
Nayeli Diaz Perez & Armando Diaz Perez	612-600-1641	6200 65th Ave N	Brooklyn Park	MN	55429
Nazarene Deenanath	612-821-8281	3601 1st Ave. S.	Minneapolis	MN	55409
Nicolas M Lema	952-938-2158	1612 Alabama Avenue	St. Louis Park	MN	55426

		South			
Nikone Wathanaphone	763-923-1062	4555 Nathan Lane, #106	Plymouth	MN	55442
Noe Escandon	612-825-2145	1612 Nokomis Court	Minneapolis	MN	55417
Norma Diaz	952-454-2609	697 Riesgraf Rd.	Carver	MN	55315
Norma Juarez	651-592-6024	2178 Garnet Pt	Eagan	MN	55122
Norma Salvador	651-690-3445	2537 Edgcombe Road	St. Paul	MN	55116
Omar Sherif	612-353-1029	3309 29th Ave. S.	Minneapolis	MN	55406
Orlando Wilkerson	651-455-2376	162 E. Conver Street	W. St. Paul	MN	55118
Oscar Hernandez	651-748-8518	2637 Hayward Ave. N.	Oakdale	MN	55128
Pacome Yoman & Morel Boua	651-204-0714	1885 Wilson Ave, Apt # 301 3325 Clinton Avenue South,	St. Paul	MN	55119
Paul Long & Nelva Paguay	612-889-2493	#1	Minneapolis	MN	55408
Rabi Abdi	612-226-9126	PO Box 274	Hopkins	MN	55343
RST Investments LLC	612-354-4929	19714 Hazelnut Ave	Lakeville	MN	55044
Ramon Ramos Rodriguez	612-874-6519	2115 1/2 5th Ave. S.	Minneapolis	MN	55404
Randy Dickhaus	651-210-3260	15688 Crystal Ct.	Rosemount	MN	55068
Rene Diaz Barban	763-228-8528	5209 Xenex Ave N Apt # 12	Brooklyn Center	MN	55430
Rina DeLopez	763-267-9343	1079 North Circle NE	Fridley	MN	55432
Robert Borsay	612-250-3354	7716 Hampshire Ave N	Brooklyn Park	MN	55445
Robert Smith	763-551-1533	8090 Prairie Trail	Rockford	MN	55373
Rocio Polo	651-707-7014	10 2nd Avenue	St. Paul	MN	55128
Seedat Deobay	651-343-9645	15601 Foliage Ave, #138	Apple Valley	MN	55124
Semira Osman	612-823-5018	3708 Stevens Ave.	Minneapolis	MN	55409
Seng Yang	651-307-6987	699 Short Street E	St. Paul	MN	55106
Sergey & Marina Dyachenko	509-768-6651	1123 Crosstown Blvd.	Chaska	MN	55318
Sergey Remochka & Viktoriya Gunderson	612-501-0004	1755 Philipp Drive	Shakopee	MN	55379
Silverio Ries	651-695-8849	PO Box 40536	St. Paul	MN	55104
Silvia Velasco	612-735-3683	9846 Blaisdell Ave S	Bloomington	MN	55420
Sirak Abebe	612-869-3917	7541 Colfax Ave	Richfield	MN	55423
Souksavanh Suphavong	612-384-3734	11624 Rodeo Drive	Burnsville	MN	55337
Steven Lyngdal	651-633-7536	1900 Serendipity Court 1200 81st Avenue NE, Apt.	New Brighton	MN	55112
Tadesse Kenbo	763-464-2746	201	Spring Lake Park	MN	55432
Tara McKerr	651-815-2268	451 Woodduck Place, Unit D	Woodbury	MN	55125
Thayheng Xiong	651-488-7856	775 Minnehaha Ave W.	St. Paul	MN	55104
Tomas Nunez	612-655-3049	7708 Beard Ave N.	Brooklyn Park	MN	55443
Vang Yang	651-621-9890	885 E. Sims Ave.	St. Paul	MN	55106
Veronica Sosa	612-284-6409	5710 Bossen Terrace Apt 13	Minneapolis	MN	55417
Victoria Awunuma	651-490-3147	1910 52nd St E. Apt 109	Inver Grove Heights	MN	55077
Voua Yang	651-773-4066	2095 Cowern Place East	North St. Paul	MN	55109
Vue Enterprises	763-843-0193	7933 Lad Parkway	Brooklyn Park	MN	55443
Xang Vue	612-886-8108	3539 N. 6th St.	Minneapolis	MN	55412
Xee Lee	651-214-8145	1651 Ross Avenue	St. Paul	MN	55106
Xee Vue	763-560-0506	8025 Idaho Circle N.	Brooklyn Park	MN	55445
Yee Leng Vang	612-741-2834	2422 Lyndale Ave N	Minneapolis	MN	55411
Yer Chang	651-772-8914	1848 Ames Avenue	St. Paul	MN	55119
Yevgeniya Serbinenko	651-249-1580	1204 Willow Tr.	Farmington	MN	55024
Yvonne Velasquez	612-817-9049	3801 53rd Avenue North	Brooklyn Center	MN	55429

Exhibit E to the Franchise Disclosure Document

REGIONAL MASTER FRANCHISEE'S LIST OF FRANCHISEE OUTLETS TERMINATED, NOT-RENEWED, ETC.

Franchisee	Telephone	Address	City	State	Zip	Reason Franchise Left Business
Aisha Kamundi	651-347-9348	1362 Wynne Avenue, Apt. 18	St. Paul	MN	55108	Voluntarily ceased operations
Bee Vang	763-559-5367	5737 Halifax Avenue North	Brooklyn Center	MN	55429	Voluntarily ceased operations
Consuelo Rios	612-423-5984	2133 4th Street N, #2	Minneapolis	MN	55411	Voluntarily ceased operations
Daniel Ghenremedhin & Mesfin Mehari	651-528-2399	1349 E Maynard Dr., Apt 508	St. Paul	MN	55116	Voluntarily ceased operations
David Castillo Gonzalez	612-386-6502	668 York Ave	St. Paul	MN	55106	Voluntarily ceased operations
Edith Cortez	651-278-2900	2086 Minnehaha Ave. E. 499 South Snelling Avenue,	St. Paul	MN	55119	Voluntarily ceased operations
Hassan Hamid	763-744-6325	#206	St. Paul	MN	55116	Voluntarily ceased operations
Ismael Melgar	612-644-3275	7700 Bloomington Ave S, #30	Richfield	MN	55423	Voluntarily ceased operations
Jesus Perez-Camacho	763-208-4603	13700 54th Ave. N, #410	Plymouth	MN	55446	Voluntarily ceased operations
Joe Zitzer Komaldai & Michael Lawrence	651-268-9529	4624 Ivanhoe Place NE	Columbia Heights	MN	55421	Voluntarily ceased operations
Kudirat Rahmon	763-670-0395	2928 Northway Dr Apt 102	Brooklyn Center	MN	55430	Voluntarily ceased operations
Liliya Mantsevich	651-702-0835	1667 Village Trail East	Maplewood	MN	55109	Voluntarily ceased operations
Liliya Mantsevich	763-497-2913	11365 79th Street NE	Otsego	MN	55301	Voluntarily ceased operations
MaiSee Xiong	651-302-0690	1189 Norton St. #1	St. Paul	MN	55117	Voluntarily ceased operations
Michelle Jefferson	612-866-0744	6314 Thomas Avenue South	Richfield	MN	55423	Voluntarily ceased operations
Nasro Osman	763-439-7860	6427 5th St. NE	Fridley	MN	55432	Voluntarily ceased operations
Orlando Wilkerson	651-455-2376	162 E. Conver Street	W. St. Paul	MN	55118	Voluntarily ceased operations
Pacome Yoman & Morel Bouja	651-204-0714	1885 Wilson Ave, Apt # 301	St. Paul	MN	55119	Voluntarily ceased operations
Semira Osman	612-823-5018	3708 Stevens Ave. 1200 81st Avenue NE, Apt.	Minneapolis	MN	55409	Voluntarily ceased operations
Tadesse Konbo	763-464-2746	201	Spring Lake Park	MN	55432	Voluntarily ceased operations
Thaiyeng Xiong	651-488-7856	775 Minnehaha Ave W.	St. Paul	MN	55104	Voluntarily ceased operations
Yvonne Velasquez	612-817-9049	3801 53rd Avenue North	Brooklyn Center	MN	55429	Voluntarily ceased operations
Blanca Garcia	763-732-8908	164 Arch St.-E.	St. Paul	MN	55130	Voluntarily ceased operations
Cher Thao	651-762-2966	5832 Meadowview Dr.	White Bear Lake	MN	55110	Voluntarily ceased operations
Cynthia Barrientos	612-817-0551	6716 Zealand Ave	Brooklyn Park	MN	55428	Voluntarily ceased operations
Garcade Company	651-210-2516	PO Box 6761	St. Paul	MN	55106	Voluntarily ceased operations

Sergey & Irina Dobush	952-882-6183	2112 East 117th Street	Burnsville	MN	55337	Voluntarily ceased operations
Terry Marclin	612-727-3212	5821 42nd Avenue S.	Minneapolis	MN	55417	Sold Franchise
Travis Snyder	612-203-7516	100 South Fifth Street	Minneapolis	MN	55402	Sold Franchise

Exhibit F to the Franchise Disclosure Document

FRANCHISEE DISCLOSURE QUESTIONNAIRE

FRANCHISEE DISCLOSURE QUESTIONNAIRE

We need to make sure that you understand the terms of your Franchise purchase. You must honestly answer the below questions.

1. Have you personally reviewed your Franchise Agreement and each of its exhibits?

Yes No

2. Do you understand all of the Franchise Agreement and each of its exhibits?

Yes No

If “No”, what parts of the Franchise Agreement do you not understand?
(Attach additional pages, if necessary.)

3. Have you personally reviewed our Franchise Disclosure Document (“FDD”)?

Yes No

4. Do you understand all of the information in this FDD?

Yes No

If “No”, what parts of the FDD do you not understand? (Attach additional pages, if necessary.)

5. Have you discussed the benefits and risks of operating a Franchise with an attorney, accountant or other professional advisor and do you understand those risks?

Yes No

6. Do you understand that the success or failure of your business will depend mostly on your skills and abilities, competition from other businesses, labor and supply costs, and other economic and business factors?

Yes No

7. Has any employee or other person speaking for us made any statement or promise about your Franchise that is contrary to or different from the information in our FDD?

Yes No

8. Has any employee or other person speaking for us made any statement or promise about the amount of money or profit/revenue you may earn in operating your Franchise that is different from what is in Item 5 of our FDD?

Yes No

9. Has any employee or other person speaking for us made any statement, promise or agreement about the assistance that we will furnish to you that is different from the information in the FDD?

Yes No

If you have answered "Yes" to any of questions 7 through 9, please provide a full explanation of your answer in the following blank lines. (Attach additional pages if necessary and refer to them below.) If you have answered "No" to each of these questions, please leave the following lines blank.

10. Do you understand that our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us and not you and them?

Yes No

You understand that we will rely on your answers to these questions. By signing this Franchisee Disclosure Questionnaire, you are representing that you have honestly answered each question.

Name of Franchisee/Applicant

Date: _____, 20__

RECEIPT

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 KLJ VENTURES, INC. offers you a franchise, KLJ VENTURES, INC. 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.

If KLV VENTURES does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, or the authorized state administrator listed in Item 1.

Franchise Seller: _____

KLJ VENTURES' agent in this state authorized to receive service of process is listed in Exhibit D.

Issuance date: ~~June 3, 2014~~ April 10, 2015

I received a disclosure document dated ~~June 3, 2014~~ April 10, 2015 that included the following Exhibits:

- A - Franchise Agreement
- B - Table of Contents - Operations Manual
- C - Financial Statements (Regional Master Franchisee and Master Franchisor)
- D - List of Our Current Unit Outlets
- E - List of Our Terminated, Not-Renewed, Etc. Unit Outlets
- F – Franchisee Disclosure Questionnaire

Date: _____

Your Name (Please print) _____

Your signature: _____

You should return one copy of the signed receipt either by signing, dating, and mailing it to Kevin Johnson at 1011 1st Street S., Suite 450, Hopkins, MN 55343; or by faxing or emailing (as an attachment) a copy of the signed receipt to Kevin Johnson at (952)-933-5455. You may keep the second copy for your records.

RECEIPT

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 KLJ VENTURES, INC. offers you a franchise, KLJ VENTURES, INC. 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.

If KLJ VENTURES does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, or the authorized state administrator listed in Item 1.

Franchise seller: _____

KLJ VENTURES' agent in this state authorized to receive service of process is listed in Exhibit D.

Issuance Date: ~~June 3, 2014~~ April 10, 2015

I received a disclosure document dated ~~June 3, 2014~~ April 10, 2015 that included the following Exhibits:

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- F - Franchisee Disclosure Questionnaire

Date: _____ Your Name (Please print) _____

Your signature: _____

You should return one copy of the signed receipt either by signing, dating, and mailing it to Kevin Johnson at 1011 1st Street S., Suite 450, Hopkins, MN 55343; or by faxing or emailing (as an attachment) a copy of the signed receipt to Kevin Johnson at (952)-933-5455. You may keep the second copy for your records.