

# FRANCHISE DISCLOSURE DOCUMENT

YESCO Franchising LLC  
a Utah limited liability company  
2401 Foothill Drive  
Salt Lake City, Utah 84109



(P) 801.464.4600  
(F) 801.483.0998  
franchising@yesco.com

[www.yesco.com](http://www.yesco.com)

As a franchisee, you will operate a sign and lighting service and maintenance business, in a specific geographic area, using our trademarks, copyrighted materials, operating procedures, marketing methods and materials for acquiring customer accounts. You will operate your franchise using our proprietary sign and lighting service processes and systems, customer reporting procedures, operating manuals and custom YESCO® Software, and other software solutions.

The total investment necessary to begin operation of a YESCO business will range from \$65,000 to \$432,200. This includes \$50,000 to \$50,150 that must be paid to the franchisor or an 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 Samuel Fisher at 2401 Foothill Drive, Salt Lake City, Utah 84109, 801.464.4600 or [sfisher@yesco.com](mailto:sfisher@yesco.com).

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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: March 29, ~~2024~~2025

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

Certain states require that the following risks be highlighted:

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

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

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

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

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

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

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

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

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

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

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

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

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

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

**The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.**

\* \* \* \*

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

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

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### EXHIBITS

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Exhibit B	Franchise Agreement
Exhibit C	Table of Contents of Manual
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## ITEM 1

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

To simplify the language in this Disclosure Document, “we,” or “us,” means YESCO Franchising LLC, the franchisor, and “you” means the person or entity that buys the franchise. If an entity is the Franchisee, “you” includes the Franchisee’s owners.

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

We are a Utah limited liability company, formed on December 20, 2010, and we conduct business under the following names: YESCO Franchising LLC, YESCO Franchising and YESCO. We do not conduct business under any other name. We maintain a principal office address at 2401 Foothill Drive, Salt Lake City, Utah 84109. Our telephone number is 801.464.4600.

We have no predecessors. Our affiliates are YESCO LLC (“**YESCO LLC**”), YESCO Financial Solutions LLC (“**YFS**”), and YESCO Administration LLC (“**YESCO Administration**”), all Utah limited liability companies (“**US Affiliates**”), and YESCO Canada ULC (“**YESCO Canada**”), an unlimited liability company formed in the Province of British Columbia, Canada (YESCO Canada and US Affiliates collectively referred to as “**Affiliates**”). Our Managing Member is Young Electric Sign Company (“**Young**”), a Utah corporation. Our US Affiliates and Young’s mailing address is 2401 Foothill Drive, Salt Lake City, Utah 84109. YESCO Canada’s mailing address is 65 Cascade St, Hamilton, Ontario L8E 3B7, Canada. Except as described below, neither our Affiliates nor Young have ever engaged in a business similar to the YESCO businesses we are franchising or offered franchises for any product or service.

Other than as described above, we have no parents, predecessor or affiliates that must be disclosed in this Disclosure Document.

Our agent for service of process in your state is disclosed in Exhibit A.

#### Prior Business Experience of Franchisor and its Affiliates

YESCO LLC and Young have developed a system for establishing, operating, and marketing a sign and lighting service and maintenance business (the “**System**”) under the YESCO service mark and other trademarks, service marks and trade names (the “**Marks**”). YESCO LLC currently operates 42 businesses in the United States similar to the YESCO businesses we franchise. These businesses are referred to as “Company-Owned Businesses” in ITEM 20, and as “affiliate-owned businesses” throughout the rest of this Disclosure Document. Our Affiliate, YESCO Administration owns the YESCO Software and the Marks and has licensed us the right to use and license others to use the YESCO Software, as well as other Marks as described in ITEM 13.

We began offering and selling YESCO franchises in the United States in March 2011, and began offering and selling YESCO franchises in Canada in February 2012.

Pursuant to an Asset Purchase Agreement between us and YESCO Canada dated July 1, 2020 (“**Purchase Agreement**”), we sold to YESCO Canada substantially all of the assets we used in the operation of our YESCO business in Canada, including without limitation the franchise agreements with all of our then-existing YESCO franchisees in Canada. As a result of the Purchase Agreement, as of July 1, 2020, YESCO Canada became the franchisor of the YESCO system in Canada, while we remain the franchisor of the YESCO system in the United States and elsewhere.

As of December 31, ~~2023~~2024, there were 50 franchised YESCO businesses open and operating in the United States under franchise agreements with us, and 7 franchised YESCO businesses open and operating in Canada under franchise agreements with YESCO Canada. We have never engaged in any business other than as the franchisor of the System. We have never offered franchises in any other line of business.

### **Franchised Business**

We grant you the right to operate a single franchised YESCO business (“**Business**”) which will operate in a specific geographic territory (“**Territory**”) under the terms of the YESCO franchise agreement (the “**Franchise Agreement**”) attached as Exhibit B to this Disclosure Document. You must operate your Business using our System and Marks. The Business will offer sign and lighting service and maintenance services to other businesses.

As a means of providing sign and lighting services to your customers, you may create relationships, via employment or subcontractor agreements, with various trades (“**Trades**”) that have the necessary skills and knowledge to provide the services and work required by your customers. The Trades are an important part of delivering sign and lighting services. The Trades shall include, but not be limited to: carpenters, electricians, mechanics, information technology professionals, permitting specialists, bookkeepers, accountants, painters, service sales specialists, and cleaning service providers. It is not a requirement that you have the skills of any of the Trades in order to operate this Business though it may prove helpful if you have some knowledge of these industries.

As described above and in ITEM 12, you will have the opportunity to execute an agreement with YESCO LLC. The terms of the agreement are set forth in Exhibit G of the Franchise Agreement.

### **Renewal Programs**

**Standard Renewal Program.** As further described in ITEM 17 and Section 6.2 of the Franchise Agreement, if you meet the all of the applicable renewal qualifications and conditions, you will have the option to renew your franchise rights for 2 additional 5-year terms (each a “**Successor Franchise**”), under the terms and conditions of our then-current YESCO franchise agreement as modified by our then-current standard renewal addendum. Our current form standard renewal addendum (the “**Standard Renewal Addendum**”) is attached as Exhibit J to this Disclosure Document. We refer to this as our “**Standard Renewal Program**”). Under the Standard Renewal Program, if eligible, you will: (i) pay us a \$15,000 “**Successor Franchise Fee,**” for each Successor Franchise as further described in ITEM 6; (ii) pay us the royalties, marketing fees and other fees set forth in the Successor Franchise Agreement (as defined below), as described in ITEM 6; and (iii) be eligible for a loan from us or our affiliate, YFS, to finance the Successor Franchise Fee at an interest rate of 3% per annum, as further described in ITEM 10, provided we or YFS are still offering such financing at the time of renewal.

**Early Renewal Program.** As of the issuance date of this Disclosure Document, we also offer an early renewal program (the “**Early Renewal Program**”) to our existing franchisees that are in compliance with their existing franchise agreements and meet certain qualifications and conditions. Under the Early Renewal Program, you will have the option to renew your franchise rights under all of your existing franchise agreements in advance of their applicable expiration dates, prior to the expiration of your first agreement, under the terms and conditions of our then-current YESCO franchise agreement as modified by our then-current early renewal program addendum. Our current form early renewal program addendum (the “**Early Renewal Program Addendum**”) is attached as Exhibit K to this Disclosure Document. If you qualify and elect to participate in the Early Renewal Program, prior to the expiration of your first franchise agreement, you will sign a separate copy of our then-current YESCO franchise agreement as modified by our then-current early renewal program addendum for the renewal of each of your existing franchise agreements.

The term “**Successor Franchise Agreement**” shall mean our then-current YESCO franchise agreement as modified by our then-current early renewal program addendum or standard renewal addendum, as applicable.

Under the current Early Renewal Program, if eligible, you will: (i) pay us a \$15,000 Successor Franchise Fee for each existing franchise agreement being renewed, as further described in ITEM 6; (ii) receive an extended 10-year renewal term under each of your existing franchise agreements beginning on the date of the expiration of each agreement’s current term (the “**Extended Successor Term**”), as further described in ITEM 17; (iii) participate in a tiered royalty program (“**Tiered Royalty Program**”) under each franchise agreement beginning with the Extended Successor Term of each agreement, as further described in ITEM 6, which may allow you reduce total monthly royalties; and (iv) be eligible for a no-interest loan from us or YFS to finance the Successor Franchise Fee due under each franchise agreement being renewed, as further described in ITEM 10, provided we or YFS are still offering such financing at the time of the early renewal. We reserve the right to discontinue, modify, or change the Early Renewal Program at any time.

### **Referral Program**

As of the issuance date of this Disclosure Document, we have established a referral program for our existing franchisees, subject to certain qualifications. Generally, if an existing franchisee refers a qualified candidate to us with whom we have not had previous communications and we execute a franchise agreement with that candidate within a certain period of time, we will pay the referring franchisee a referral fee we establish. We reserve the right to either modify or cancel this referral program at any time.

### **Competition**

The market for servicing and maintaining signs and lighting is well developed and very competitive. As such, you will be competing for customers with other individuals, companies and organizations who offer similar services. Competitors may include individuals and small companies, as well as similar franchise systems and large corporations.

### **Laws Affecting the Business**

You are responsible for obtaining all necessary licenses that are required by the city, county and state in which you will be operating your Business. You will also be required to conform to any taxation requirements of your locale.

There may be specific laws or regulations in your state or municipality regarding the operation of a Business (See Exhibit G). You should also familiarize yourself with federal, state, and local laws of a more general nature, which may affect the operation of your Business. You must comply with all applicable federal, state, and local laws relating to employment, health and safety, workers’ compensation, insurance, licensing, privacy, data security, data protection, direct marketing, consumer protection, and workplace privacy laws, and other similar and related laws, rules, requirements and regulations. The laws in your state or municipality may be more or less stringent. You should examine these laws before purchasing a franchise from us. Further, virtually all states will require that you and your Trades have licenses necessary to operate your Business.

[Remainder of page intentionally left blank.]

## ITEM 2

### BUSINESS EXPERIENCE

#### **Joshua M. Young, President**

Mr. Young has been our President since April 2016, and the Vice President of YESCO Canada since June 2021. He was previously our Vice President and General Manager from our inception in December 2010 to March 2016. Mr. Young also was employed by our Affiliates from 1999 until March 2010. He has held positions of 2007-2010 Safety Risk Manager, 2004-2007 Outdoor Account Executive and 1999-2002 Sign Patrol Specialist.

#### **Samuel Fisher, Senior Vice President**

Mr. Fisher has been our Senior Vice President and the President of YESCO Canada since June 2021. He was previously our Business Development Director from October 2014 to June 2021. Prior to joining us, Mr. Fisher was the Director of Business Development and Lighting Systems at SloanLED in Ventura, California from August 2009 until October 2014.

## ITEM 3

### LITIGATION

#### **Prior Action**

We issued a statement of claim before the Ontario Superior Court of Justice dated October 8, 2015, against 2261116 Ontario Inc. (“**226**”), 2470322 Ontario Ltd. (“**247**”), Wilf Goldlust and Gerald Patt alleging, inter alia, breach of contract and seeking an injunction to enjoin the defendants from engaging in a competitive business with us, from soliciting our customers, agents, suppliers and employers, and from using our proprietary and confidential information. 226 was our franchisee for the Province of Ontario pursuant to a franchise agreement dated November 7, 2012 (the “**226 Franchise Agreement**”). Wilf Goldlust was the principal owner and Gerald Patt was the primary operator of 226. We terminated the 226 Franchise Agreement on October 8, 2015, for, among other things, failure to pay the balance of initial franchise fees and royalty fees owing, and for breach of the restrictive covenants under the 226 Franchise Agreement. Gerald Patt is the director of 247, which we allege is operating a competitive business. We have proposed that the matter be tried in the City of Toronto, Ontario. As of the date of this Disclosure Document, 247 and Patt have served a Statement of Defence, which contained no Counterclaims. Wilf Goldlust and 226 have delivered a Statement of Defence and Counterclaim against us and certain of our current and former officers (i.e., Joshua Young and Michael Wardle) alleging, among other things, breach of contract, breach of the duty of good faith and fair dealing, misrepresentation and violations of the Arthur Wishart Act (Franchise Disclosure), 2000. In September 2016, we moved for summary judgment on our claim that 226’s counterclaims are barred by the applicable limitations period and on the merits of our other claims. In November 2016, 226 moved for summary judgment on its claims. In June 2017, the Court held a hearing on our and 226’s summary judgment motions. In July 2017, the Court granted partial summary judgment to us dismissing 226’s misrepresentation claims. In September 2017, our claims against Wilf Goldlust and 226 and the claims by Wilf Goldlust against us and our current and former officers were resolved. Our remaining claims against Gerald Patt and 247 were settled in August 2018. As part of the settlement, Gerald Patt and 247 agreed to refrain from operating a competitive business within Ontario for one year.

Other than this action, no litigation is required to be disclosed in this Item.

## ITEM 4

### BANKRUPTCY

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

## ITEM 5

### INITIAL FEES

The initial franchise fee (“**Franchise Fee**”) is typically \$50,000. If you are a qualifying, existing franchisee in good standing and are purchasing your second or subsequent YESCO business, we may offer you an opportunity to secure additional territory through our area development program. As of the issuance date of this Disclosure Document, our reduced Franchise Fee under this program ranges from \$25,000 to \$50,000. We have the right, however, to periodically decrease or increase the amount of any reduced Franchise Fee, or how we calculate it, and to discontinue our multiple business development program or any arrangements we negotiate.

The Franchise Fee must be paid in full in one lump sum, by wire transfer, when you sign the Franchise Agreement. Once you have signed the Franchise Agreement, no portion of the Franchise Fee is refundable to you, except in the event we determine that you are not qualified to manage the Business as outlined in Note #3 of ITEM 7. In that circumstance, we will refund 40% of the Franchise Fee, after payment of any fees or commissions that are not refundable. As described in ITEM 10, we or our Affiliate, YFS, may finance up to 66.67% of the Franchise Fee, 100% of Successor Franchise Fee due if you renew your Franchise Agreement under the Standard Renewal Program or Early Renewal Program, or the purchase of trucks or working capital relating to your Business. In connection with such financing, you will be assessed an origination fee not to exceed \$350.

Before you open for business, you must subscribe to our Internet site and enterprise software and email systems and are responsible for fees, which will, among other things, provide you with “yesco.com” email addresses for each employee and your contact information, on our Internet site, that provides the address, phone number, fax number and email address for your Business office in the Territory. Currently, we do not charge for the subscription for the enterprise email system, but reserve the right to right to charge you a nonrefundable fee of up to \$150 per email user and per archived email account per year.

During our 20232024 fiscal year (January 1, 20232024, to December 31, 20232024), YESCO franchisees paid us initial fees ranging from \$25,000 to \$50,000. Franchisees that paid us less than \$50,000 in initial fees during our 20232024 fiscal year generally were participants in our area development program.

[Remainder of page intentionally left blank.]

## ITEM 6

### OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty†	Greater of \$1,000 or 6% of Gross Revenue per month	Payable Monthly; Reporting of Gross Revenue must occur before the 5 <sup>th</sup> day of the month for the previous month. Royalties due on the 15 <sup>th</sup> of each calendar month for the previous month	See Note (1). Our fees will be automatically debited from your account.
Tiered Royalty† [ONLY APPLICABLE UNDER EARLY RENEWAL PROGRAM]	Greater of \$1,000 per existing franchise agreement or declining percentage of Gross Revenue, beginning at 6% and declining to 2% based on amounts exceeding the described tiers. However, if you fail to report Gross Revenue before the 5 <sup>th</sup> day of the month for the previous month or fail to remain in compliance with all existing franchise agreements, the royalty will be the greater of \$1,000 or 6% of Gross Revenue. See Note (2)	Payable Monthly; Reporting of Gross Revenue must occur before the 5 <sup>th</sup> day of the month for the previous month. Royalties due on the 15 <sup>th</sup> of each calendar month for the previous month	See Note (1). Our fees will be automatically debited from your account.  This program applies to franchisees that renew their franchise agreements under the Early Renewal Program and sign Successor Franchise Agreements that contain our then-current Early Renewal Program Addendum  Under the Early Renewal Program, you have the ability to decrease your monthly royalties under each Successor Franchise Agreement beginning with the Extended Successor Term of each agreement. See Note (2) for a table that describes the tiers for determining applicable, monthly royalties under each Successor Franchise Agreement based on Gross Revenue
Grand Opening (Advertising & Marketing)	\$1,000	Prior to opening your Business	See Note (2) and ITEM 11
National Advertising Fee†	When implemented up to 3% of Gross Revenue; not to exceed 3% of Gross Revenues total for both the National Advertising Fee and the Local Advertising Fee	Payable Monthly; Due on the 15 <sup>th</sup> of Each Calendar Month	See Note (4) and ITEM 11
Local Advertising Fee	2% of your Gross Revenue per year, may increase up to 3% of Gross Revenue upon 60 days' written notice; not to exceed 3% of Gross Revenue total for both the National Advertising Fee and the Local Advertising Fee	As incurred	See Note 5 and ITEM 11
National Lead Admin Fee	Up to 6% of amounts received from a National Lead	As incurred	See ITEM 12
Audit Fee†	If Gross Revenue is understated	On demand	See Note (6)

Type of Fee	Amount	Due Date	Remarks
	by 2% or more, you pay our cost to audit, (estimated to be \$3,000 to \$5,000), plus interest on understated amounts; you also must pay our costs of any audit that did not occur due to failure to produce your books and records (estimated to be the same as above)		
Transfer Fee†	Greater of \$5,000 or 4% of your Gross Revenue in the last year	Payable immediately at time transfer is approved.	See Note (7)
Successor Franchise Fee†	\$15,000	Payable immediately at time renewal is approved.	See Notes (8) and (9)
Late Fees or Interest on late payments†	Highest allowable rates by law or 1.5% per month, plus \$50 fee for each late payment or report.	Due on receipt of invoice	See Note (10)
Insurance	The annual premium, plus administrative fee of 15% of cost of insurance.	As incurred	We have the right to acquire insurance on your behalf if you fail to do so and charge you an administrative fee. See ITEM 7 and Note (11)
Fees on default and indemnity†	All costs associated.	On demand	See Note (12)
Additional Assistance or Additional Training; Cost †	<del>The then current fee which is now</del> \$800 per day, plus travel reimbursement.	3 days before visit	See Note (13) and ITEM 11. If you require or request additional assistance or training.
Management Services†	Cost of management services plus an administrative fee ( <del>currently</del> 15% of costs we incur).	On receipt of invoice	See Note (14)
YESCO Software Fees	<del>As of the issuance date of this Disclosure Document, first</del> 10 users at no cost; \$100 per user per month for each additional user	Payable Monthly; Due on the 15 <sup>th</sup> of Each Calendar Month	See ITEM 11.
Data Storage Fees	25¢ per gigabyte per month	Payable Monthly; Due on the 15 <sup>th</sup> of Each Calendar Month	See ITEM 11.
Email Subscription Fee†	<del>Currently,</del> \$150 per email user and per archived email account per year	On receipt of invoice	See ITEM 11.
Website Fee†	\$20 per month	Payable Monthly; Due on the 15 <sup>th</sup> of Each Calendar Month	See Note (15)
Territory Encroachment†	Varies depending on the circumstances	On receipt of invoice	See Note (16)

† Denotes fees which are imposed and payable to our Affiliates or us. All fees paid to us or our Affiliates are non-refundable under any circumstances once paid. Except as explained in the “Notes” below, all fees are uniformly imposed. Fees paid to vendors or other suppliers may or may not be refundable depending on your vendors and suppliers. We reserve the right to require you to pay fees and other amounts due to us via electronic funds transfer or other similar means, as described in the Franchise Agreement. If payments are required in this method, you must comply with our procedures and perform all acts and deliver and sign all documents, including authorization

(in the form attached to the Franchise Agreement as Exhibit C or any other form that we may accept) for direct debits from your business bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure you shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees, interest and/or other amounts payable to us. You shall make the funds available to us for withdrawal by electronic transfer no later than the payment due date.

**NOTES:**

- (1) The term “**Gross Revenue**” means the total aggregate amount of the total sales and receipts from the sales of all services and goods whether or not actually collected by you or by us, whether for cash, check, or credit, bartered or otherwise, at, from or in connection the Business or the Marks. Gross Revenue excludes any federal, state or municipal or other sales tax or any similar tax on the supply of goods and services collected from customers at the point of sale and paid by you to appropriate tax authorities. YESCO has the right to modify the royalty fee structure for any successor term.
- (2) Beginning with the Extended Successor Term of each Successor Franchise Agreement entered into under the Early Renewal Program, royalty due under that individual agreement will be calculated monthly on a tiered basis as follows:

	If the Monthly Gross Revenue for a given Successor Franchise Agreement Territory is between:			Then the corresponding monthly Royalty for that Successor Franchise Agreement is:
Tier 0	\$0	and	\$41,666	6%
Tier 1	\$41,667	and	\$62,500	4%
Tier 2	or if it is greater than		\$62,501+	2%

To be eligible for a reduction in monthly royalties as set forth in the table above, you must have reported your Gross Revenue under each Successor Franchise Agreement by the 5<sup>th</sup> calendar day after the end of each month, and be in compliance with your obligations under all existing franchise agreements between you and us (including, without limitation, compliance with territory restrictions, chart of account requirements, payments due and owing to us and/or YFS, and insurance requirements). If you fail to meet the preceding conditions, your monthly royalty due under all of the Successor Franchise Agreements will be 6% of aggregate Gross Revenue for all such agreements in effect during that month. In addition, if the aggregate monthly royalty due under all of your Successor Franchise Agreements for any given month is less than the number of all Successor Franchise Agreements in effect between you and us multiplied by \$1,000 (the “**Minimum Royalty Fee**”), then you agree to pay the Minimum Royalty Fee for that month.

- (3) You must spend at least \$1,000 to advertise and market the start-up (“**Grand Opening**”) of your Business. We must approve of the advertising used in this program, which will include an email campaign and direct mailing campaign to a list of business professionals in the Territory, as well as print media local advertising. Such expenditures are in addition to, not in lieu of, other advertising requirements described in this Disclosure Document and the Manuals.
- (4) Upon 30 days’ written notice, we can require you to contribute up to 3% of your Gross Revenue to our National Advertising Fund (“**National Advertising Fund**”). The amount you contribute (“**National Advertising Fee**”) is payable monthly together with and in the same manner as Royalties. The combined National Advertising Fee and Local Advertising Fee (referenced below under Note 5) will not exceed 3% of Gross Revenue.

- (5) We require that you spend at least 2% of your Gross Revenue annually for advertising and promotion of your business within your Territory. This advertising and promotion, (“**Local Advertising Fee**”) is in addition to the National Advertising Fee. We have the right to increase this amount to 3% of your Gross Revenue with 60 days’ prior notice. If you fail to spend the minimum amount required under this Section for any calendar year, we have the right to require you to pay us the difference between what you should have spent on approved local advertising and marketing during that year and what you actually spent on those items during that year. We will deposit any such amounts into the National Advertising Fund, if we have established one that includes the United States, or use them to cover the cost of advertising, marketing or promotional activities reasonably related to the System, if we have not established a National Advertising Fund that includes the United States. The combined National Advertising Fee (referenced above under Note 4) and Local Advertising Fee will not exceed 3% of Gross Revenue.
- (6) If you understate Gross Revenue by less than 2%, we will not charge for the audit but you must pay all fees and interest due on understated amounts. If you understate Gross Revenue by 2% or more, the fee will be the costs for the audit, which we estimate to be between \$3,000 and \$5,000 depending on the auditor, plus interest on the understated amounts.
- (7) The transfer fee is to defray expenses incurred by us in connection with the transfer, including, without limitation, training of the assignee, accounting fees, credit and other investigation charges and evaluation of the assignee and the terms of the transfer. You and the transferee must also comply with the other conditions for transfer in the Franchise Agreement.
- (8) Under the Standard Renewal Program, you must pay us immediately upon our approval of the renewal a \$15,000 Successor Franchise Fee for each 5-year renewal term for a total of \$30,000 for both renewal terms. In addition to this Successor Franchise Fee, you will be required, according to the terms for the extension of your rights under the Franchise Agreement to operate the Business, to make such changes and upgrades as outlined and bring your franchise up to the same standards as any new franchise being currently offered and to sign the then-current version of our general release of claims. If you qualify, we or our affiliate, YFS, will offer to finance the Successor Franchise Fee, provided we or YFS are still offering such financing at the time of the renewal (see ITEM10).
- (9) Under the Early Renewal Program, you must pay us a \$15,000 Successor Franchise Fee for each of your franchise agreements being renewed, which is due and payable upon the commencement of each Extended Successor Term. In addition to these Successor Franchise Fees, at our reasonable request, you will be required, according to the terms for the extension of your rights under each franchisee agreement being renewed to operate the respective business, to make such changes and upgrades as outlined and bring your franchise up to the same standards as any new franchise being currently offered. If you qualify, we or YFS will offer to finance all of the Successor Franchise Fees, provided we or YFS are still offering such financing at the time of the early renewal (see ITEM10).
- (10) All Royalties Fees, National Advertising Fees, amounts due for purchases by you from us or our Affiliates and other amounts which you owe to us or our Affiliates will bear interest after the due date at the highest applicable legal rate for open account business credit, or if there is no maximum at the rate of 1.5% per month. All sums to be paid and reports to be submitted under the Franchise Agreement shall be assessed a \$50 per day late fee, until paid in full, if not received in our offices on or before the due date.
- (11) If you do not purchase and maintain the insurance required by the Franchise Agreement and name us and our Affiliates as additional named insured’s, we may purchase the required insurance on

your behalf and charge you the premiums we paid for such insurance plus an administrative fee; ~~currently~~ of 15%. See ITEM 7.

- (12) You must indemnify and hold us harmless against, and reimburse us for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against us or any action in which we are named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness' fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which we may incur, or sustain by reason or arising from or in connection with your ownership or operation of your Business.
- (13) After opening the Business, we will provide training (subject to reasonable limitations prescribed by us as to frequency and time) to any new manager of the Business. We expect to offer annual training sessions. We have the right to assess reasonable charges for this training. We have the right to require that you and any managers attend supplemental and refresher training programs during the term of the Franchise Agreement, to be furnished at the time and place we designate. We currently charge \$800 per day for any additional training sessions held at our corporate offices in Salt Lake City, Utah and \$800 per day plus travel reimbursement for additional training sessions that may be held at your Business.
- (14) If your Business at any time is not being managed by you or your manager (who has successfully completed the training program) we are authorized, but are not required, to immediately appoint a manager to maintain the operations of the Business for and on your behalf. We have the right to charge a reasonable fee for such management services and to cease to provide such management services at any time. We estimate the cost of management services to be approximately 5 – 10% of monthly Gross Revenue. In the case of your death or permanent disability, we are authorized, but not required, to immediately appoint a manager to maintain operations. All other conditions outlined above apply.
- (15) You must pay this fee if you elect to have a separate landing page on our website that is unique to your Business.
- (16) You must comply with all policies and procedures we periodically establish regarding operation outside of your Territory, as set forth in the Manuals or otherwise in writing. You acknowledge and agree that these policies and procedures may require you to pay compensation and/or fees to us, our affiliates and other YESCO® franchisees if you violate them, including but not limited to disgorgement of any Gross Revenue received in connection with operation outside of your Territory, and reimbursement of our and our affiliates' administrative costs incurred in connection with your failure to comply with our Territory policies and procedures.

## ITEM 7

### ESTIMATED INITIAL INVESTMENT

#### YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payments is to be Made
Franchise Fee (1)	\$50,000	Lump sum	At signing	Us
Rent (2)	\$500 to \$5,000	Monthly	Before Opening	Your Landlord
Rental Improvements (2)	\$0 to \$20,000	Lump sum	At signing	Vendors and/or Landlord
Sign (2)	\$1,500 to \$6,000	Lump Sum	Before Opening	Vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payments is to be Made
Deposits (2)	\$0 to \$35,000	Lump sum	As incurred	Utilities and Landlord
Training Expenses (3)	\$500 to \$8,000	As incurred	During training	Airlines, Hotels, Restaurants
Furniture, fixtures, equipment, and software (4)	\$0 to \$12,000	As incurred	Before opening	Vendors
Computer hardware and software(5)	\$1,000 to \$8,500	As incurred	Before opening	Vendors
Grand Opening Advertising, Marketing and Supplies, Office Branding Package (6)	\$1,500 to \$7,700	As incurred	At open	Us; Vendors
Insurance (7)	\$1,000 to \$20,000	As incurred	When incurred	Insurance carrier
Professional Services (8)	\$500 to \$5,000	As incurred	When incurred	Attorneys, accountants and other professionals
Vehicles (9)	\$0 to \$185,000	As incurred	When incurred	Vendors
Inventory & Tools (10)	\$8,500 to \$20,000	As incurred	When incurred	Vendors
Additional Funds – 3 months (11)	\$0 to \$50,000	As incurred	As incurred	Various
<b>TOTAL</b>	<b>\$65,000 to \$432,200</b>			

This Table reflects your estimated initial investment for a single Business operated under a Franchise Agreement. Unless otherwise noted, all fees that you pay to us or an Affiliate are non-refundable. Third party lessors, contractors and suppliers will decide if payments to them are refundable.

**NOTES:**

- (1) The Franchise Fee is for a specific geographic territory. The Franchise Fee is earned upon payment, and there is no refund except as described in Note 3 below. The Territory will be determined by geographic, physical, and other boundaries before the Franchise Agreement is signed. Our Affiliate, YFS, may finance up to 66.67% of the Franchise Fee, as described in ITEM 10.
- (2) You may lease office space in industrial or commercial areas. The office may be of any size that you determine at any location within your Territory. Rent is an estimate only and will vary depending upon the market in your location, availability of space, and other factors. As part of leasing space, you may spend this amount, or more, for rental improvements, such as putting in new carpet or painting walls. As part of your lease requirements, you will also likely be required to pay deposits for the office space and deposits for utilities and suppliers. You may initially choose to operate the Business from a home office or out of a vehicle, therefore, the initial investment for rent, rental improvements and related deposits is \$0 until such time as you lease actual office space. You may not operate your office out of your home for more than 6 months.
- (3) Before opening your Business, your Primary Owner and Principal Operator (as defined in ITEM 15) must attend our initial training program on the operations of the Business. No fee is charged for your Primary Owner and your Principal Operator to attend the initial training program; however, you will be responsible for the compensation, travel, lodging and living expenses incurred in connection with the attendance at this initial training program or at any supplemental or refresher training programs. See ITEM 11 for additional information.

If, during any training program, we determine that any proposed Principal Operator is not qualified to manage the business, we will notify you and you may select and enroll a substitute Principal Operator in this training program. If, during the initial training program, we determine that you are not qualified to manage the Business, we will have the right to terminate the Franchise Agreement, effective upon delivery of written notice to you. Upon termination under these circumstances, we shall refund (without interest) 40% of the Franchise Fee you paid to us, after payment of any broker fees or commissions that are not refundable, so long as you and any other owners sign general releases, in form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents.

- (4) This includes a telephone, a fax machine, copier, scanner, printer, software (See ITEM 11), a desk, chair and filing cabinets. This amount will change depending on whether you already have these items. We have no specifications for the telephone or fax machine. The copier must have the ability to scan documents to a PDF file.
- (5) You will be required to have certain off-the-shelf computer hardware capable of supporting, without limitation, high-speed Internet connectivity and Google G Suite Basic Edition. You are also required to maintain a subscription to QuickBooks Online (Plus or Advanced). You may already have equipment that meets this need. You are required to have high-speed Internet accessibility. You are also required to subscribe to our enterprise software and email systems and pay data storage fees for your data. See ITEM 11.
- (6) You must spend at least \$1,000 on grand opening to announce the opening of your business. You must also purchase an Office Branding Package, which includes materials such as corporate letterheads, envelopes, business cards, signs, corporate brochures and multi-media presentations. You will also purchase from us or an approved vendor a marketing list (“**List**”) which includes but is not limited to: general contractors, architects, civil engineers, real estate developers, etc. that operate in your Territory. We will provide you with direction as to the items you will need. See ITEM 11.
- (7) You must purchase and maintain all insurance coverage for the Business as described in the Manuals. See ITEM 8.
- (8) You may need to employ an attorney, an accountant and other consultants as needed to assist you in establishing your Business. These fees may vary from location to location depending upon the prevailing rate of attorneys’, accountants’ and consultants’ fees.
- (9) You will need to acquire vehicle(s) that we approve. These vehicle(s) must be able to carry and secure the materials and equipment necessary to access signs and lighting. You may already have vehicle(s) that meet our requirements; if so, you may not have to make an investment in vehicle(s).
- (10) Equipment and materials inventory includes ballasts, lamps, wiring, various fasteners, vinyl, plexiglass, paint, etc., and the associated tools and equipment necessary for accessing and servicing signs and lighting.
- (11) The estimate of additional funds for the initial phase of your business is based on recurring expenses and operating expenses for the first three (3) months of operation. This estimate is based on our Affiliates’ over 90 years of experience operating similar businesses. The estimate of additional funds does not include an owner’s salary or draw or staff salaries. You may incur other or higher costs or fees. You may also need operating capital when running the Business that is in addition to what is estimated here.

## ITEM 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of services and products throughout the YESCO system, you must maintain and comply with our quality standards.

#### Designated Suppliers

We have the right to designate the specific brand and/or manufacturer of any of the Approved Supplies (as defined below), and we have the right to designate a single source or sources from whom you must purchase any Approved Supplies. We and/or our Affiliates may be that single source (if we only designate a single source) or one or more of the sources (if we designate more than a single source). Under all circumstances and without limiting the above, we have the right to designate, as applicable, the specific brand and/or manufacturer, and/or the single source of supply (which may be or include us or one of our Affiliates), of the following: (i) your computer system (and all components that make up the computer system, including without limitation designated software); (ii) signs for your Business, including interior way-finding signs; (iii) design professionals; (iv) media services; (v) standard attire and uniforms; and (vi) the Office Branding Package. We will periodically notify you of these requirements, and changes to these requirements, through the Manuals, an Approved Supplies List or an Approved Suppliers List, if any (as defined below), or other means.

As of the issuance date of this Disclosure Document, you must use the YESCO Software and our designated email account, and pay us any applicable fees. In addition, you must purchase from us or an approved supplier, and maintain an inventory of letterhead, envelopes business cards, signs and sales literature, including brochures, other promotional materials that contain our Marks, and supplies, materials, parts, tools and equipment needed for servicing and maintaining your customer's signs and/or lighting fixtures. In addition, you must purchase from us or approved suppliers all wireless communication equipment. In the future, we or one of our Affiliates may be the sole supplier for these and other items. You may purchase all other equipment from any source so long as it meets our minimum requirements.

#### Approved Supplies and Suppliers

You must offer or sell in connection with the Business all services and products, and only those services and products, we periodically approve as being suitable for sale from YESCO businesses and meeting our standards of quality and uniformity for the System, and may not offer or sell any other service or product in connection with the Business without our prior written approval (see ITEM 16). In addition, you must use the approved services and products, goods, equipment, advertising, marketing and promotional materials, and any other items we periodically approve and require as part of the operation of the YESCO businesses (collectively, “**Approved Supplies**”).

We have the right to provide you with a list of Approved Supplies (“**Approved Supplies List**”) and a list of approved suppliers (“**Approved Supplier List**”), however we currently do not do so. If we provide you with an Approved Supplies List or Approved Supplier List, we thereafter have the right to periodically revise such Approved Supplies List or Approved Supplier List, as we deem appropriate. We have the right to approve the brand, manufacturer, supplier and/or distributor of any of the Approved Supplies. We also have the right to require you to use approved suppliers. For some Approved Supplies and approved suppliers, however, we may only describe the specifications and/or standards they must meet, without reference to a particular brand, manufacturer, supplier and/or distributor. In addition, as further described above, we have the right to designate a single source or sources from whom you must purchase any Approved Supplies, and we and/or our Affiliates may be that single source or one or more of the sources. For certain Approved Supplies and other products and services, we, an Affiliate or a third party

manufacturer, supplier or distributor may be the only approved supplier even though we have not designated a single source of supply for those items. All products, services, inventory, materials and other items and supplies used in the operation of the Business that are not included in an Approved Supplies List or an Approved Supplier List must conform to any specifications and standards we periodically establish.

If we have not designated the brand and/or manufacturer, or the source or sources, of any of the Approved Supplies, you may request that we approve an alternative to that item, or an alternative supplier for that item. In that case, you must first notify us in writing and provide us (upon our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the alternative item complies with our specifications and standards, or the alternative supplier meets our approved supplier criteria. We will notify you in writing as to whether or not the proposed alternative item or supplier is approved within 30 days. We may develop procedures for the submission of requests for approved alternative items or suppliers, and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by approved suppliers). We will have the right to charge you and/or each proposed supplier a fee in reviewing a proposed alternative item or supplier. We may impose limits on the number of alternative items and/or suppliers to be used by you for the Business and/or in conjunction with the System. We have the right to revoke our approval of alternative items or suppliers.

We apply certain general criteria in approving (or revoking) a proposed supplier, including the supplier's quality and pricing of products/services, reputation, ability to provide products/services that meet our specifications, responsiveness, ability to provide products/services within the parameters required by the YESCO system, quickness to market with new items, financial stability and insurance coverage, credit program for franchisees, freight costs and the ability to provide support to the YESCO system. To the extent we make these general criteria available to franchisees, we will do so through the Manuals or other written communication.

### Insurance

You must purchase and maintain in full force and effect, at your expense, policies of insurance with the minimum coverage we periodically prescribe. As of the date of this Disclosure Document, this coverage consists of the following policies of insurance:

1. Comprehensive general liability insurance covering liability claims for bodily injury and property damage, personal and advertising injury and medical expense claimed by any person or organization arising from premises, on-going operations, independent contractors, and products-completed operations, and contractual liability coverage assumed under an insured contract (including the tort liability of another assumed in a business contract). The limits of liability will not be less than \$1,000,000 each occurrence, \$2,000,000 General Aggregate applicable separately to each project, \$2,000,000 Products/Completed Operations Aggregate, and \$10,000 Medical Expense. You also must agree to continue to procure and maintain product-completed operations coverage for a period of at least 7 years after expiration of the Franchise Agreement,;
2. Employers' liability insurance in an amount not less than \$1,000,000 each accident, \$1,000,000 each disease, and \$1,000,000 per occurrence;
3. Automobile liability insurance in reference to the vehicle or vehicles that are used in the operation of the Business: automobile liability coverage for owned, non-owned, scheduled and hired vehicles with a combined single limit of \$1,000,000;
4. Follow-form excess liability coverage for general, employers' and automobile liability in an amount of not less than \$4,000,000;

5. Worker's compensation insurance as required by state law in the state(s) where the Business is operated; and
6. Employment Practices Liability Insurance ("EPLI") coverage in an amount not less \$200,000.

Each of the required policies of insurance must comply the additional requirements we periodically prescribe. As of the date of this Disclosure Document, all required insurance policies must be provided by an insurance company rated A-VII or better by Best Insurance Ratings Service, provide primary, noncontributory coverage, provide us actual notification in case of material alteration, termination, non-renewal, cancelation, and/or your failure to make timely premium payments, waive subrogation rights against us, our Affiliates, and their officers, directors, employees, and agents, and be written on an occurrence basis. In addition, all required insurance policies must name us, our Affiliates, and us and our Affiliates' respective directors, officers, employees, and agents as non-contributory additional insureds on such policies (with the exception of workers' compensation insurance and EPLI) by a policy provision or an endorsement form we periodically prescribe, which as of the date of this Disclosure Document, must be an endorsement form at least as broad as Insurance Service Office (ISO) forms CG 2010 and CG 2037 for general liability insurance.

You must provide to us prior to commencing operations of the Business and thereafter at least 30 days prior to the expiration of any such policy or policies or upon our request, a copy of the actual policy or policies of insurance issued by the insurer, along with all certificates of insurance, endorsements and other proof of insurance we periodically prescribe evidencing compliance with all insurance requirements identified above. The policy limits identified above must be raised if we notify you in writing of the increase in such limits.

#### Miscellaneous

We and our Affiliates have the right to receive fees, payments, rebates, commissions or other consideration from third party manufacturers, suppliers and/or distributors which may or may not be reasonably related to services we or our Affiliates provide to these third parties. We and our Affiliates have the right to receive fees and payments from third party manufacturers, suppliers, and/or distributors of up to 10% or more of each of these third parties' sales of products, services, equipment, goods and supplies to YESCO franchisees. We and our Affiliates have the right to increase or decrease this percentage in the future. We and our Affiliates will retain and use any fees, payments, rebates, commissions or other consideration as we deem appropriate or as required by a particular manufacturer, supplier or distributor. During our last fiscal year ending December 31, ~~2023~~2024, we did not receive any revenue from required purchases of products and services by franchisees, as described in this ITEM 8. During this same period, our affiliate, YESCO LLC, received \$334,306 in National Lead Admin Fees from franchisees under the National Accounts Program, as further described Item 12.

We may negotiate prices for products or services for the benefit of the YESCO system, but not on behalf of individual franchisees. There is no purchasing or distribution cooperative. We will try to receive volume discounts for the YESCO system. Because we try to receive volume discounts for the benefit of the YESCO system as a whole, you are prohibited from forming buying groups, conglomerates, or pooling purchases of products or services with other franchisees in an effort to negotiate better pricing with suppliers. We do not provide material benefits to you because of your use of approved suppliers. During our last fiscal year ending December 31, ~~2023~~2024, YESCO LLC did not receive any rebates from vendors.

You can expect items purchased or leased in accordance with our specifications will represent approximately 70% to 85% of total purchases you will make to begin operations of the Business, and 20% to 60% of the ongoing costs to operate the Business.

One of our officers owns an interest in Young. Otherwise, there are no suppliers in which an officer of us owns a material interest.

## 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 Agreement(1)	Disclosure Document Item
(a) Site selection and acquisition/lease	2.3, 3.1 and Exhibit B	ITEM 7 and ITEM 11
(b) Pre-opening purchases/leases	3	ITEM 8
(c) Site development and other pre-opening requirements	3.1, 5.6, 7.2 and 9	ITEM 6, ITEM 7, and ITEM 11
(d) Initial and ongoing training	9 Training Liability Waiver (Exhibit H to Franchise Agreement)	ITEM 11
(e) Opening	3.1 and 5.6	ITEM 11
(f) Fees	3.4, 3.5, 4, 5, 6.2, 7.3, 9.3, 10, 11.3, 12.4, 16 and 19.4 Sections 2, 5, 6, 10 and 16 of Affiliate Services Agreement	ITEM 5, ITEM 6, and ITEM 7
(g) Compliance with standards and policies/Manuals	7 and 10 Sections 2-4, and 11-13 of Affiliate Services Agreement	ITEM 11
(h) Trademarks and proprietary information	8 Section 8 of Affiliate Services Agreement	ITEM 13 and ITEM 14
(i) Restrictions on products/services offered	10.2 Sections 2-4 of Affiliate Services Agreement	ITEM 11 and ITEM 16
(j) Warranty and Customer service requirements	10 Sections 2, 3, and 13 of Affiliate Services Agreement	ITEM 11
(k) Territorial development and sales quotas	2.5	ITEM 12
(l) On-going product/service purchases	10.2 Sections 2, 3 and 7 of Affiliate Services Agreement	ITEM 8
(m) Maintenance, appearance, and remodeling requirements	3 and 10.5	ITEM 11
(n) Insurance	19 Section 9 of Affiliate Services Agreement	ITEM 7 and ITEM 8
(o) Advertising	5	ITEM 6, ITEM 7, and ITEM 11
(p) Indemnification	16 Section 10 of Affiliate Services Agreement	ITEM 6

Obligation	Section in Agreement(1)	Disclosure Document Item
	Paragraph 1 of Training Liability Waiver	
(q) Owner's participation/management/staffing	9 and 10.9 Section 3 of Affiliate Services Agreement	ITEM 11 and ITEM 15
(r) Records/reports	4.5 and 10.1 Sections 3, 6, 7 and 12 of Affiliate Services Agreement	ITEM 11
(s) Inspections and audits	10.1	ITEM 6
(t) Transfer	11 Section 14 of Affiliate Services Agreement	ITEM 17
(u) Renewal	6.2 Section 17 of Affiliate Services Agreement Section 4 of the Standard Renewal Addendum Section 4 of the Early Renewal Program Addendum	ITEM 17
(v) Post-termination obligations	13 Sections 8, 10 and 18 of Affiliate Services Agreement	ITEM 17
(w) Non-competition covenants	17	ITEM 17
(x) Dispute resolution	18 Section 16 of Affiliate Services Agreement Paragraphs 5-7 of Training Liability Waiver	ITEM 17
(y) Other: Guaranty	Attachment to the Franchise Agreement	ITEM 15
(z) One year limitation of action	18.9	ITEM 17
(aa) Waiver of jury right	18.10 Paragraph 6 of Training Liability Waiver	ITEM 17

(1) Unless otherwise noted, Section references are to the Franchise Agreement.

## ITEM 10

### FINANCING

If you meet the then-current financial and credit qualifications, our Affiliate, YFS, may offer financing to you under the terms of a secured promissory note attached as Exhibit I (the "Note"), for up to 66.67% of the Franchise Fee. In addition, if you meet the then-current financial and credit qualifications, we or YFS may offer financing to you under the terms of the Note: (i) for up to 100% of the Successor Franchise Fee due if you renew your Franchise Agreement under the Standard Renewal Program or Early Renewal Program; or (ii) for the purchase of trucks or working capital relating to your Business.

For the Franchise Fee, you will be charged interest at the rate that will vary between 4-8 percentage points above the current prime rate of YFS's primary lender (currently, KeyBank) as of the date you sign the Note. You will pay principal and interest due to us under the Note in consecutive monthly installments. The term of the Note will vary between 12 and 60 months. In addition, you will be assessed an origination fee not to exceed \$350.

For the Successor Franchise Fee due under the Standard Renewal Program, you will be charged interest at a rate of 3% per annum on the unpaid balance of the principal beginning as of the date you sign the Note. You will pay principal and interest due to us under the Note in consecutive monthly installments. The term of the Note will be 36 months. In addition, you will be assessed an origination fee not to exceed \$350.

For all of the Successor Franchise Fees due under the Early Renewal Program, you will not be charged interest. You will pay principal due to us under the Note in consecutive monthly installments. The term of the Note will be a minimum of 36 months. The Note will be required to be signed concurrently with the Early Renewal Program Addendum, however, payment of the Successor Franchise Fee for each Successor Franchise will begin on the date of the commencement of the applicable Extended Successor Term. In addition, you will be assessed an origination fee not to exceed \$350.

For the purchase of trucks or working capital relating to your Business, you will be charged interest at an annual rate that will vary between 4-12 percentage points above the current prime rate of YFS's primary lender (currently, KeyBank) beginning as of the date you sign the Note; the actual interest rate depends on the purpose of the financing, the amount of the financing, the credit worthiness of the borrower and available collateral. You will pay principal and interest due to us under the Note in consecutive monthly installments. The term of the Note will vary, again depending on what is being financed and the amount of the financing. In addition, you will be assessed an origination fee not to exceed \$350.

For each Note, you will pay your monthly installment via ACH (Electronic Funds Transfer) from your primary operating account. Additionally, all Note payments will be first applied to the accrued interest due under the Note (if applicable) and then applied to the principal of the Note.

The entire unpaid principal balance and all accrued but unpaid interest (if applicable) under the Note will be immediately due and payable as a balloon payment upon the earlier of: (1) the maturity date of the Note; (2) the termination of the Franchise Agreement or any Successor Franchise Agreement entered into under the Standard Renewal Program or the Early Renewal Program; or (3) if a transfer occurs (as defined in the Franchise Agreement or any Successor Franchise Agreement). You can prepay the Note at any time without penalty.

To secure the performance of your obligations under the Note, you will grant YFS or us a security interest in all of your business assets, including all insurance policies covering those assets. All individuals who guarantee your obligations under the Franchise Agreement or any Successor Franchise Agreements also must guarantee the Note. You are responsible for all costs of collecting and enforcing payment or performance of this Note, including YFS's or our costs and attorneys' fees.

Any default under the Franchise Agreement or any Successor Franchise Agreement is a default under the Note, and any default under the Note is a default under the Franchise Agreement or any Successor Franchise Agreement. In addition, if you default on any obligation to pay borrowed money that results in the acceleration of the maturity of such borrowed money, such default is also a default under the Note. If you default under the Note or the Franchise Agreement or any Successor Franchise Agreement and the default is not cured, the entire principal balance and accrued but unpaid interest under the Note will be immediately due and payable at our option. If your obligation to pay the principal is accelerated due to a default under the Note or the Franchise Agreement or any Successor Franchise Agreement, interest will

accrue on all unpaid amounts from the date of acceleration until the entire principal balance and accrued but unpaid interest is paid at the lesser of 18% per year or the maximum rate permitted by law.

You must notify us if you default under the Note or any event occurs that could result in a default under the Note. You waive certain defenses and other legal rights under the Note, including presentment, protest and demand, delinquency, notice of protest, demand and dishonor, and other notice requirements, and you agree that the Note (or any payment) may be extended or subordinated without affecting your liability.

We or YFS reserves the right to sell, assign or discount to a third party all or part of the Note and you may lose all your defenses against the assignee as a result of the sale or assignment.

Other than as described above, we and our Affiliates do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

YESCO® franchisees may be eligible for expedited Small Business Administration (the “SBA”) loan processing through the SBA’s Franchise Registry Program, [www.franchiseregistry.com](http://www.franchiseregistry.com).

## ITEM 11

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

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

#### **Before you open your Business:**

1. You will be assigned a Territory. (Franchise Agreement, Section 2).
2. We will provide you access to all of the Manuals that you will need to operate your Business (Franchise Agreement, Section 7.1). The Manuals are confidential and remain our property. We may from time to time modify the Manuals.
3. We will add your information to our website. (Franchise Agreement, Section 7.2).
4. We will approve your grand opening advertising. (Franchise Agreement, Section 7.2).
5. We will provide you with the initial training described below (Franchise Agreement, Section 9.1).
6. We have the right to provide you with a list of Approved Suppliers for all equipment, goods, and services. (Franchise Agreement, Section 10.2.4). As of the date of the Disclosure Document, except as described in Item 8, we do not directly provide you with any equipment, signs, fixtures, opening inventory, or supplies, but reserve the right to do so in the future.

#### **Continuing Assistance**

During the operation of your Business:

1. We may provide promotional materials and advertising programs from time to time as we deem appropriate (Franchise Agreement, Section 5.1).

2. Once established, we will manage and operate the National Advertising Fund. (Franchise Agreement, Section 5.2).

3. We will review all promotional and advertising materials you wish to use. We must approve it in writing no less than 15 calendar days before its use. If you do not receive written notice within 15 calendar days, it is deemed to be disapproved (Franchise Agreement, Section 5.1 and 7.3).

4. At our option, operate a National Accounts Program as described in ITEM 12. (Franchise Agreement, Section 5.4).

5. We will provide you with sales leads, if any, which originate in your Territory and which we obtain through our website (Franchise Agreement, Section 5.5).

6. We may provide on-going training, seminars, and refresher courses during the term of the Franchise Agreement. (Franchise Agreement, Section 7.3).

7. We will provide updates to the Manuals, the System, YESCO Software, and the Marks at a frequency which we will determine (Franchise Agreement, Section 7.1 and 7.3).

8. If requested by you, and if approved by us, we will provide additional training at a location determined by us. You will pay the travel, room, board, and the then-published daily fee for such services (Franchise Agreement, Section 7.3).

9. We may use secret shoppers periodically that will visit or contact your Business, and will use other methods to ensure that you and all other franchisees are delivering the quality of services and products that conform to the System (Franchise Agreement, Section 7.3).

10. We will provide your employees with “yesco.com” email addresses and YESCO Software (Franchise Agreement, Section 7.3).

11. We may sponsor an “Achievement Reward Program” which will consist of recognition programs for high-performance franchisees. We have the right to periodically change these awards and have the right to originate or eliminate them at any time. (Franchise Agreement, Section 7.3).

12. We will review all requests for alternative suppliers. (Franchise Agreement, Section 7.3).

[13. We have no obligation to assist you in establishing prices, such as setting minimum and/or maximum prices, at which you must sell products and services.](#)

### **Training**

Your Primary Owner and Principal Operator, and at least one other person of your choosing (if your Primary Owner and Principal Operator are the same person), are required to attend (and each such person must complete to our satisfaction) the initial training program. Prior to attending the Initial Training Program, each attendee must complete the pre-training self-study online program described below. Up to three individuals initially designated by you are eligible to participate in the Initial Training Program without charge of a tuition or fee. You and any others attending the training must sign the Confidentiality and Non-Competition Agreement and the Training Waiver of Liability and Hold Harmless Agreement (“Training Liability Waiver”) that are attached to the Franchise Agreement as Exhibits D and H. The initial training program will be conducted over a period of approximately 5-10 days. Training will typically be offered in Salt Lake City, Utah or Las Vegas, Nevada, but may be held elsewhere in the future at our discretion. You will be responsible for the expenses of travel, lodging and meals, as well as all other expenses incurred while

traveling to and from and while attending this training. In addition, to the extent we provide on-the-job training to you in your territory as part of the initial training program or any refresher or additional training program, we reserve the right to charge you for the travel and living expenses our trainers incur while conducting the on-the-job training.

In addition, we require you to spend the required amount of time to be trained to efficiently use the YESCO Software prior to opening your Business. This can occur either before or after you attend the initial training program.

We will determine whether each of your trainees has satisfactorily completed the initial training program. If your Primary Owner or Principal Operator, or any other person you have designated to attend the initial training program, fails to complete the program to our satisfaction, or if we determine that these persons cannot complete the program to our satisfaction, or if a Principal Operator ceases to hold his or her position at your Business, you must designate a replacement to promptly attend and complete to our satisfaction the initial training program, at your expense. You are responsible for all expenses incurred by you or your personnel who attend the initial training program and any other training programs, including, but not limited to, the cost of travel, lodging, meals and wages.

We intend to hold the initial training program approximately every other month, based on the number of people who have enrolled for the program. Your attendees must complete the initial training program to our satisfaction at least 30 days before you open your Business.

### TRAINING PROGRAM

Subject	Hours of Classroom/Online Training	Hours of On-The-Job Training	Location*
<b>Pre-Training Self Study:</b> Online self-study course Overview of marketing and sales, lead generation, business management and inventory control.	35-50	0	Online/Webinar
<b>Orientation:</b> Meet key YESCO personnel, Overview of the sign industry, Relationship between franchisor and franchisee, Define comprehensive time table for opening business, Required certification, Compliance with local, state and federal regulations, Legal issues, Overview of support systems, Website tour	4-8	0	Salt Lake City, Utah or Las Vegas, Nevada, U.S.A.
<b>Administration and Operations:</b> Physical requirements, Equipment and supplies, Vendors accounts, Trades relationships, Customer record keeping, Accounting, General office procedures, Franchise reporting and fees, Employee issues, Customer communication etiquette, Use of professional services, Risk Management, Site visits	4-8	0	Salt Lake City, Utah or Las Vegas, Nevada, U.S.A.
<b>Marketing:</b> Marketing basics, Understanding the industry market – target clients, Local and electronic marketing, Targeted marketing, Trade mark protection, Pitfalls to avoid, Local Market research	4-8	0	Salt Lake City, Utah or Las Vegas, Nevada, U.S.A.
<b>Strategic Planning:</b> Development of short and long-term business plans.	4-8	4-8	Salt Lake City, Utah or Las Vegas, Nevada, U.S.A.
<b>Sales:</b> Understand how to approach selling sign and lighting service, and lighting retrofits.	8-16	4-8	Salt Lake City, Utah or Las Vegas,

Subject	Hours of Classroom/Online Training	Hours of On-The-Job Training	Location*
			Nevada, U.S.A.
<b>Software:</b> Utilization of enterprise software, enterprise email, and Servizio <sup>SM</sup> and Servizio <sup>SM</sup> Mobile applications.	8-16	0-4	Salt Lake City, Utah or Las Vegas, Nevada, U.S.A.
<b>Technician Training:</b> Learn the basics of sign and lighting diagnostics. Basics of Electronic Message Center diagnostic. Safety procedures. Inventory stocking procedures. Warranty requirements. Truck & fleet maintenance.	4-10	1-4	Salt Lake City, Utah or Las Vegas, Nevada, U.S.A.
<b>General Management Program and On-site Certification</b>	5-20	8-24	Your Territory or a location we designate
<b>Total Hours</b>	<b>76-144</b>	<b>17-48</b>	

\*Training will typically be offered in Salt Lake City, Utah or Las Vegas, Nevada, but may be held elsewhere in the future at our discretion.

The instructional material includes our online Manuals, and may include webinars, and online information tutorials.

Ms. Madeline Christopher is our principal franchisee training instructor. Ms. Christopher has been our Training Development Director since July 2022. She has a Master of Science degree in Educational Psychology and has been in the training and curriculum development field for more than 5 years.

From time-to-time persons who are active in the operations and administrative side of our Affiliates, as well as support staff, may assist in the training. In addition, we also expect to draw upon the experience of management and personnel from Trades. We estimate that these individuals will have at least one year of experience in the subject that they teach and will have been employed by us or our Affiliates for at least one year.

We will require your Primary Owner or your Principal Operator to attend refresher or additional training programs, webinars, and seminars from time to time during the term of the Franchise Agreement. For all the programs, webinars and seminars, we will provide the instructors and training materials. At this time, we provide unlimited telephone and email support after our initial training course for all franchisees. Except as described above, all mandatory training will be offered without a tuition charge or fee. You will be responsible for all expenses, including travel, lodging, wages and meals that your attendees incur as well as the cost of the training materials we give them during any additional or refresher training. There is no schedule for additional or refresher training; we will provide these programs as we deem appropriate.

We may also hold an annual conference which, if held, will require attendance by all franchisees. The annual conference will be approximately 1 – 2 days in duration and will be held in either Salt Lake City, Utah or Las Vegas, Nevada, at a location in connection with sign industry trade shows, or another city we designate. The content will include updated policies and procedures, new training items, and recognition of new and outstanding franchisees. You will be responsible for the payment of all expenses for travel, accommodations, food, and other expenses incurred.

[You agree that you will be responsible for providing your employees with the technical and other training that is necessary or desirable for your employees to successfully perform their responsibilities and to](#)

prevent injury, loss, or damage to persons or property. You also agree that you will be responsible for establishing a safety program and designating a safety representative; both must implement and establish safety measures, policies, standards, and a related training program that conform to all applicable rules, regulations, and other lawful requirements established to prevent injury, loss, or damage to persons or property. Although we may provide you with recommended safety training materials, you agree that the obligation to provide all necessary safety training to your employees lies solely with you.

### **Advertising**

As of the issuance date of this Disclosure Document, we currently do not operate a National Advertising Fund for the United States or Canada. If established, the National Advertising Fund will be utilized to market and enhance the products and services provided by YESCO® Businesses across large geographic areas or targeted to customers or potential customers with a national presence.

We have the right to establish and operate separate National Advertising Funds for the United States and Canada, or a National Advertising Fund that is for both the United States and Canada. Upon 30 days' written notice to you, we may require you to participate in a separate National Advertising Fund for the United States or in a National Advertising Fund that is for both the United States and Canada, or to switch from one of these National Advertising Funds to the other. You will not, however, be required to participate in more than one National Advertising Fund at the same time. YESCO® businesses owned by us or our Affiliates in the United States and Canada will contribute to any National Advertising Funds we establish at the same respective amount as similarly situated franchised YESCO® businesses in the United States and Canada based on Gross Revenue for all products and services described in Section 10.2.2 of the Franchise Agreement. If at any time we decrease the rate of the National Advertising Fees franchised YESCO® businesses in the United States and Canada pay us, we have the right to make a similar respective decrease to the rate YESCO® businesses owned by us or our Affiliates in the United States and Canada contribute to the applicable National Advertising Fund.

Upon our 30-day written notice, you must pay us up to 3% of your Gross Revenue into the applicable National Advertising Fund as the National Advertising Fee. The National Advertising Fee will be due at the same time that the Royalty is due. The National Advertising Fees will be placed in an interest bearing checking account, savings account, or any other account of our determination. Any monies not used in any year will be carried to the next year. The National Advertising Fund will be administered by us at our sole discretion and may be used by us for all advertising expenditures reasonably intended to benefit some or all franchisees, including the cost of formulating, developing, and implementing marketing, advertising and promotional campaigns and materials and any other activities we determine, and for the payments to us or our Affiliates of costs related to administering the National Advertising Fund such as reasonable salaries and benefits paid to our and our Affiliates' employees, accounting expenses, administrative costs, costs allocated to any conferences, travel expenses, and overhead, payments to us or our designated website programmers for expenses related to maintenance of our website or websites, and payments to us or our Affiliates or designees for market research, surveys and testing, and for secret shopper programs.

We make no guarantee to you or to any other franchisee that advertising expenditures from the National Advertising Fund will benefit you or any other franchisee directly or on a pro rata basis. We will assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to the National Advertising Fund or with respect to maintaining, directing or administering the National Advertising Fund. We have no obligation to spend any amount on advertising in your Territory. Notwithstanding the above, if we establish and operate a separate National Advertising Fund for the United States, we will use National Advertising Fees paid to that Fund for advertising expenditures reasonably intended to benefit some or all franchisees located in the United States.

We reserve the right, upon 30 days' prior written notice to you, to allocate all or a portion of the National Advertising Fund to a regional advertising program for the benefit of Businesses located within a particular region. We have the right to determine the composition of all geographic territories and market areas for the implementation of such regional advertising and promotion campaigns and to require that you participate in such regional advertising programs as and when they may be established by us. If a regional advertising program is implemented on behalf of a particular region, we will only use contributions from franchisees within such region for the particular regional advertising program, to the extent reasonably calculable by us. Other than as described above, you are not required to participate in any local or regional advertising cooperative.

The National Advertising Fee will be used for the creation of various advertising and promotional products. The media in which such advertising may be disseminated may include, but is not limited to: targeted national email campaign, printed and electronic materials, posters, window clings, marketing danglers and door hangers, creation of radio, print, or outdoor advertising on a local or regional basis, and franchise incentive trips. The advertising will be produced by us, our Affiliates, or a national or international advertising agency. Any amounts not expended in any year may be carried over to and expended in a following year. Other than incidental amounts, we will not use any portion of the National Advertising Fee to solicit new franchisees.

Upon your prior written request, we will make available to you, no later than 120 days after the end of each calendar year, an annual unaudited financial statement for the National Advertising Fund for the previous fiscal year.

As of the issuance date of this Disclosure Document, we have established the YESCO Service Advisory Council ("**Council**") comprised of franchise owners and employees of our Affiliates. The Council serves in a purely advisory capacity on many matters, including advertising. We have the power to change or dissolve the Council at our sole discretion.

### ***Local Advertising***

You must spend at least 2% of your Gross Revenue on local advertising. We have the right to increase the amount you must spend on local advertising to up to 3% of Gross Revenue. We will provide you with a minimum of 60 days' notice before you are obligated to begin spending this additional amount. You may spend any additional amount on local advertising and such advertising may take any form; we must, however, approve all advertising before being placed. You must deliver the proposed advertising to us no less than 15 calendar days before its insertion into any medium. If you do not receive written notice within 15 calendar days, it is deemed to be disapproved.

You may not have a website that is separate from ours without our express written permission, which may be granted or denied for any reason or for no reason at all.

### ***Cap on Required National and Local Advertising Fees***

Although you may be required to spend up to 3% of your Gross Revenue on local advertising and up to 3% of your Gross Revenue on national advertising, the maximum combined local and national advertising fees we can require you to spend is 3% of Gross Revenue.

### ***Grand Opening***

Within the 30-day period before and the 30-day period after commencing operations of your Business, you will be required to hold a grand opening to advertise the startup of your Business. Some of the advertising programs and activities might include: Sending electronic and print media describing your

services to and visiting with General Contractors, Civil Engineers, Architects, Electrical Engineers, Real Estate Agents, Mechanical Engineers and Commercial, Retail and Industrial Property Owners. We must approve of the advertising used in this program.

### **Computer Equipment**

You will be required to purchase the following computer and related electrical equipment in order to operate your Business:

- a. A laptop computer from any manufacturer with the ability to operate the latest Windows personal computer operating system, Google G Suite Basic Edition as well as our software solutions.
- b. Each of the following: a high speed printer and copier and scanner;
- c. Cable, DSL or T-1 Internet Access;
- d. A smart mobile phone that has the ability to send and receive email remotely, take pictures, provide location information services, and that has access to the Internet. The device must be one of the devices on our approved device list, if have a then-current approved device list.
- e. A smart mobile phone with the latest version of the Android or iOS operating systems and the data feature enabled. This phone will be used for the sign patrol process and can be the smart mobile phone listed in item (d.) It is required that this phone has installed on it the Servizio Mobile<sup>SM</sup> Applications.
- f. An electronic tablet or smart mobile phone with the latest version of the Android or iOS operating systems that has the data feature enabled. This will be used for the Servizio<sup>SM</sup> Application.
- g. QuickBooks Online (QBO – Plus or Advanced) accounting software.

The cost to purchase this hardware and software if required may be between \$1,000 and \$8,500 and may require ongoing service charges. You will be required to maintain the software with all patches and material upgrades that may come from the manufacturer of the software. The annual cost for optional or required maintenance, updating, upgrading and support ranges from \$0 to \$1,000, including Internet service provider fees.

We will have independent access to the information and data generated by and stored in your computer system, your accounting system, the YESCO Software, and your “yesco.com” email accounts and we reserve the right to use such information and data in any way we choose, at our discretion, to benefit the System. You are responsible to pay for the data storage space that your data utilizes on the enterprise software systems. Currently the storage rate is twenty-five cents per gigabyte per month.

We do not now, but may in the future require you to purchase from us or our Affiliates proprietary software for use in the business. We will notify you in writing of this, and you will have a reasonable time (not to exceed 60 days) within which to purchase and install such software.

We have the right at any time to change or substitute hardware or software at your expense, however we will not require you to purchase a new computer more often than once every two years.

### **Location Selection**

You may operate the business out of your home or industrial or commercial office space. Home-based offices are acceptable for start-up purposes only (not to exceed six months), unless authorized

in writing by us. We do not select or approve the site for the office, however, the location must present a professional image and must be located in your Territory and we have the right at any time to inspect the office to insure that it meets these minimum specifications. If it does not, we reserve the right to require you to make the changes necessary to meet these specifications. If you are allowed to put up signage, the signs must contain only our Marks. We will not own the premises or lease it to you.

### **Schedule for Opening**

The typical length of time between signing a Franchise Agreement and opening for a Business is approximately 90 days. Factors affecting this length of time include financing arrangements, property lease terms, construction or conversion requirements, and scheduling and completion of the training program.

You will be required to open for business within 90 days of executing the Franchise Agreement. We may extend the required opening date for a reasonable time (not to exceed 30 days) in the event factors beyond your reasonable control prevent you from meeting the deadline, if you request an extension of time from us at least 30 days before the beginning of the opening date.

You must secure all necessary business permits and licenses; purchase or lease and have installed all of the equipment required; and obtain and provide evidence of the requisite insurance within the 90-day period described in the paragraph immediately above.

### **Table of Contents of Manuals**

The Table of Contents of the Manuals is found in Exhibit C to this Disclosure Document. The estimated number of pages devoted to each subject is set forth in Exhibit C. Each section of the Manuals will be provided as a separate electronic page, or series of pages, that may vary in size and number depending on the settings you select on your computer. As of the date of this disclosure document, we estimate that the Manuals have a total of 283 pages.

## **ITEM 12**

### **TERRITORY**

You will be assigned a Territory. The Territory will be non-exclusive as per Section 2.2.1 of the Franchise Agreement. Your Territory will usually be delineated by County lines, boundary streets, highways, city, county, state and/or United States Post Office Zip Code boundaries. A typical Territory will have approximately 10,000 businesses, however, in certain smaller markets the Territory may have a minimum of 1,000 businesses. In calculating the approximate number of businesses in your Territory we will rely on the “business density” of the particular geographic area. Business density will be based on 2012 U.S. Census information found at [www.census.gov](http://www.census.gov) for businesses with paid employees within the United States and Puerto Rico. Data is available on businesses at the national, state, and county levels. The data does not include statistics on self-employed businesses, employees of private households or most governmental activities. In an effort to limit the business density of a particular geographic area to only those businesses that are likely to have signage and lighting needs, we will eliminate from the total number of businesses within that area the following categories from the data: “Admin & support & waste mgmt & remediation svcs, Agriculture, forestry, fishing and hunting, mining, quarrying, and oil and gas extraction, industries not classified, and transportation & warehousing.”

While the number of businesses is the primary factor we will use to determine your Territory, we may also use other factors, including without limitation, population, economic strength, projected future growth of a geographic area, and the number of existing competitors. Once established, the boundaries of the Territory will not be adjusted without our written consent, regardless of whether the number of

businesses or the business density in the Territory increases or decreases, or other factors relating to the Territory change, over time, and we cannot unilaterally modify the Territory during the term of the Franchise Agreement. You may operate your Business only from the location approved according to your Franchise Agreement within your Territory. You will not receive an exclusive territory. You may face competition from other franchises, from businesses we and our Affiliates own, or from other channels of distribution or competitive brands that we control. You may not open or operate another Business or office at any other location inside or outside of your Territory unless we approve and you sign another franchise agreement with us. You have no right of first refusal to acquire additional Businesses inside or outside of your Territory.

Although the license granted by us to you is non-exclusive, so long as you are in compliance with all of your obligations under the Franchise Agreement, and subject to our reservation of rights, we will not establish another YESCO Business offering the products and services described in ITEM 16 in your Territory under the Marks or any other trademarks.

Continuation of your territorial rights is dependent upon achievement of a certain sales volume. See “Territory Sales Quota” below.

You may not advertise, conduct sign patrols, solicit business or otherwise operate the Business outside of your Territory including, without limitation, conducting sign patrols, direct mail solicitations and advertising which specifies areas outside of your Territory except under the following circumstances:

1. You have our prior written consent, which we have the right to withhold for any or no reason; or
2. You receive a Lead (as defined in the Franchise Agreement) from outside of your Territory that is not the result of advertising or solicitation of business by you, or you have an existing client that requires authorized products and services, and the work: (i) will be performed by you in the United States or Canada, (ii) is not within a territory that already has been assigned to another franchisee, us or our affiliates, (iii) does not require the use of a subcontractor, and (iv) does not require one-way travel time in excess of three hours.

You must comply with all policies and procedures we periodically establish regarding operation outside of your Territory, as set forth in the Manuals or otherwise in writing. As further described in ITEM 6, you acknowledge and agree that these policies and procedures may require you to pay compensation and/or fees to us, our affiliates and other YESCO® franchisees if you violate them.

You may not use other channels of distribution, such as the Internet.

You may relocate your business only within your Territory. You must notify us of the physical address of your location, including the physical address of any relocation site within your Territory, within 10 days of relocating your office.

We and our Affiliates currently have no plans to operate or franchise a business under a different trademark selling goods or services similar to those a YESCO Business will offer.

### **Territory Sales Quota**

You must produce a minimum of \$400,000 in Gross Revenue within the first 24 months of operation of your Business (“**Territory Sales Quota**” or “**TSQ**”) and a minimum annual TSQ of \$250,000 for each 12-month period thereafter. If you fail to meet your TSQ, we may reduce the geographic size of the Territory to an area we determine that you can appropriately service, sell an additional franchise in your Territory or terminate the Franchise Agreement.

### **Reservation of Rights**

We reserve the right for us and our Affiliates (without compensation to you), among others, to:

1. own and operate, and grant franchises or licenses to others to own and operate, YESCO businesses outside the Territory;
2. own and operate, and grant franchises or licenses to others to own and operate, YESCO businesses within the Territory if you fail to meet a TSQ, as described above;
3. own and operate, and grant franchises or licenses to others to own and operate, any business of any kind, other than a business located within your Territory selling the services and products described in ITEM 16 under the Marks or any names, trademarks, service marks, logos and other commercial symbols other than the Marks, at any locations within or outside your Territory;
4. use the Marks and the System to offer, sell or distribute or grant franchises or licenses to others to offer, sell or distribute any products or services (which may be similar to those that you will sell) through any alternate channels of distribution or other methods of distribution at any location within or outside of the Territory. “Other channels of distribution” mean any channels of distribution other than the operation of a YESCO business and include without limitation hardware stores, big box stores and other locations where products are sold. “Other methods of distribution” include without limitation wholesale, resale, the Internet (or any other existing or future form of electronic commerce, catalogs, mail order and television);
5. grant licenses or other rights to others to use the YESCO Software, or software similar to the YESCO Software, for purposes of operating businesses other than providing the approved products and services described in Section 10.2.2 of the Franchise Agreement in the Territory;
6. offer, sell, and distribute the products and services described in Section 10.2.2 of the Franchise Agreement in combination with other products and services;
7. acquire businesses that are the same as or similar to the Business or other YESCO businesses and operate such businesses regardless of where such businesses are located, and to be acquired by any third party which operates businesses that are the same as or similar to the Business or other YESCO businesses regardless of where such businesses are located;
8. advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks; and
9. service, or license or allow others to service, sales leads in your Territory under certain circumstances.

### **National Account Program**

Our Affiliate YESCO LLC operates a lead management system for national accounts in the United States and Canada (“**National Accounts Program**”). The National Accounts Program is designed to address the needs of National Accounts Program Customers. “**National Accounts Program Customers**” are customers who: (i) own (either themselves or through their Affiliates) or have the ability to impose purchasing requirements on (like a franchisor who has the ability to impose purchasing requirements on its franchisees) multiple facilities with sign and lighting service and maintenance needs; (ii) desire to negotiate a single agreement for the delivery of approved services and products offered by YESCO businesses to some or all of those facilities; and/or (iii) meet any other requirements we or YESCO LLC periodically prescribe.

YESCO LLC has the right to solicit and negotiate agreements with all current and potential National Accounts Program Customers, including without limitation current and potential National Accounts Program Customers with facilities located within your Territory, but neither YESCO LLC, we nor our other Affiliates are obligated to negotiate or enter into an agreement with any current or potential National Accounts Program Customers. YESCO LLC will manage the accounts and agreements with all National Accounts Program Customers. You may not negotiate agreements with current and potential National Accounts Program Customers within or outside your Territory.

You will be allowed to participate in the National Accounts Program, provided you satisfy, and continue to satisfy, our and YESCO LLC's qualifications for participation, which we and YESCO LLC have the right to further develop and periodically modify. Without limiting the preceding sentence or the other requirements in this Item, your participation in the National Accounts Program is conditioned upon you: (a) attending and completing to our or YESCO LLC's satisfaction all required training, (b) conducting sign patrols of National Accounts Program Customers within the Territory as frequently as we or YESCO LLC prescribe and in compliance with all sign patrol requirements set forth in the Manuals (c) meeting your Territory Sales Quota, (d) being in and remaining in compliance with all other terms, covenants and conditions of the Franchise Agreement (including the payment on a timely basis of all Royalty Fees, National Advertising Fees, and other fees), (e) being in and remaining in compliance with all of the terms, covenants and conditions of the Affiliate Services Agreement attached to the Franchise Agreement as Exhibit G, (f) not rejecting or failing to pursue more than two National Leads in any six-month period, and (g) properly providing requested services to National Accounts Program Customers in compliance with all customer requirements. We and YESCO LLC also have the right to require you to sign a national accounts program agreement with us or YESCO LLC, in the form we or YESCO LLC designate, as a condition of your participation, or continued participation, in the National Accounts Program. You understand that, for the National Accounts Program, we and/or YESCO LLC have the right to: (i) establish the rules under which you, other YESCO businesses, us and our Affiliates participate in it, including the compensation you and other participants will receive and circumstances under which compensation may be withheld, (ii) receive compensation for YESCO LLC's solicitation or management of it, (iii) negotiate pricing for it, and (iv) terminate or modify it at any time. In addition, without limiting the other requirements in this Item, we and YESCO LLC have the right to disqualify you from participation in the National Accounts Program if we or YESCO LLC have evidence that you negotiated, or attempted to negotiate, an agreement with a current or potential National Accounts Program Customer within or outside your Territory, without our or YESCO LLC's prior written consent. In such case, we or YESCO LLC may, upon notice to you, immediately disqualify you from participation in the National Accounts Program or terminate the Franchise Agreement.

There is no guaranty that you will satisfy or continue to satisfy our or YESCO LLC's qualifications for participation in the National Accounts Program. In addition, even if you qualify for and participate in the National Accounts Program, neither YESCO LLC, we nor our other Affiliates guaranty the number of National Accounts Program Customers you may have the opportunity to work with or the level or percentage of Gross Revenue you may receive from National Accounts Program Customers. Further, one franchisee may have more National Accounts Program Customers and receive a higher level and percentage of Gross Revenue from National Accounts Program Customers than another franchisee.

You must refer to YESCO LLC, as YESCO LLC or we direct, all sales leads from current or potential National Accounts Program Customers (a "**National Lead**"). If you refer a National Lead located within the United States that is not from a current National Accounts Program Customer to YESCO LLC, as YESCO LLC or we direct, you will receive our then-current lead referral fee (a "**National Lead Fee**"), which YESCO LLC or we have the right to periodically modify, for that referral. As of the issuance date of this Disclosure Document, the National Lead Fee for National Lead referrals described in the previous sentence was equal to 1% of the aggregate amount of the total sales and receipts collected, whether for cash, check, on credit, bartered or otherwise, and which arise from the sale of services or goods in connection with the particular National Lead you referred to YESCO LLC, as YESCO LLC or we directed, excluding any

federal, state or municipal sales tax or any similar tax collected from the sales lead and paid to the appropriate tax authorities, for a period of one year from the date of the National Lead referral.

YESCO LLC, at its option, will administer the sign and lighting service and maintenance work pursuant to such National Lead in accordance with the agreement that is executed between you and YESCO LLC in the form of Affiliate Services Agreement attached as an exhibit to the Franchise Agreement. YESCO LLC will pay you for such work at the then-current rates less an administrative fee of up to 6% on the amount received from any National Lead located within the United States (a “**National Lead Admin Fee**”).

If you receive a sales lead for a National Accounts Program Customer facility located within the Territory from YESCO LLC and (i) you are unable to service that lead because you are not a qualified participant in the National Accounts Program (or we or YESCO LLC have disqualified you from participating in it), (ii) you reject or fail to pursue that lead, or fail to properly provide requested services to that lead (even though you are a qualified participant in the National Accounts Program), or (iii) if a customer specifically requests that YESCO LLC or another YESCO franchisee or subcontractor service that lead, YESCO LLC has the right to service, or license or allow others (including without limitation other YESCO franchisees and subcontractors located within or outside of the Territory) to service that lead in your Territory.

### **Other Lead Referrals**

As of the issuance date of this Disclosure Document, the following applies to non-National Accounts Program Customer leads, except for those described in the paragraph above. You may refer non-National Accounts Program Customer leads to other franchisees, or to us or our Affiliates (as applicable) for potential sign and lighting service and maintenance work outside your Territory if the work is in the territory of another franchisee, us or our Affiliate. You also may receive non-National Accounts Program Customer leads from other franchisees, or from us or our Affiliates (as applicable) for potential sign and lighting service and maintenance work within your Territory. If we or our Affiliates generate a non-National Accounts Program Customer lead within your Territory, we will refer that sales lead to you at no charge. Similarly, you agree not to charge a fee if you refer a non-National Accounts Program Customer lead to us or our Affiliates. You may, however, negotiate the receipt or payment of lead fees for the referral of non-National Accounts Program Customer leads between you and other franchisees in accordance with this paragraph.

Notwithstanding the paragraph above, we have the right, upon 30 days’ written notice to you, to periodically develop, modify and discontinue voluntary or mandatory lead referral programs, which may require the payment of lead fees, through the Operations Manual or otherwise. You acknowledge and agree that you will participate in any mandatory lead referral programs we develop. You also acknowledge and agree that we have the right to develop different lead referral programs for YESCO businesses located in the United States (as opposed to YESCO businesses located in Canada and other countries) to take into account country-specific conditions, like the economy, culture, product and service availability and customs.

If you receive any Customer facility located within the Territory from us or our Affiliates or another YESCO franchisee and (i) you reject or fail to pursue that lead within a time frame we determine, (ii) you fail to properly provide requested services to that lead, (iii) you do not have the qualifications or resources to properly provide requested services to that Lead, or (iv) if a customer specifically requests that we or another YESCO franchisee, an Affiliate, or subcontractor service that Lead, we have the right to service, or license or allow others (including without limitation other YESCO franchisees not located within the Territory, our Affiliates, and third party subcontractors located within or outside the Territory) to service that lead in your Territory.

There is no guaranty that you will receive any sales leads from us, our Affiliates or our franchisees, or if you receive a sales lead that it will result in the generation of Gross Revenue. Further, we do not guaranty the number or frequency of any such sales leads, and one franchisee may receive more sales leads than another franchisee.

### ITEM 13

#### TRADEMARKS

Under the Franchise Agreement, we grant you the right to offer services and products using the Marks, which include the service mark YESCO, as well as other trade names, trademarks, service marks, logos, décor, trade dress, lay out, and commercial symbols and similar and related words or symbols, that we own or license and that we have designed or may in the future designate for us in the System or the Business. We may modify, discontinue, add to or substitute the Marks used in the System.

The Marks are owned by our Affiliate, YESCO Administration. YESCO Administration licensed us the right to use the Marks in the operation of our business and to license the Marks to our franchisees through a trademark license agreement dated March 31, 2011 (“**License Agreement**”).

Listed below are the Marks that YESCO Administration has registered with the United States Patent and Trademark Office (USPTO). All required affidavits and renewals have been filed.

Mark	Application/Registration Number	Application/Registration Date	Status/Register
YESCO	1045133	July 27, 1976	Principal
<b>EXPERT SIGN AND LIGHTING SERVICE.....IT'S WHAT WE DO</b>	4093512	January 31, 2012	Principal
	5674395	February 12, 2019	Principal
	4720401	April 14, 2015	Principal

We also license you the right to use the service mark “Servizio<sup>SM</sup>,” but we do not have a federal registration for this service mark. Therefore, this service mark does not have as many legal benefits and rights as a federally registered service mark. If our right to use the service mark is challenged, you may have to change to an alternative service mark, which may increase your expenses.

Under the License Agreement, YESCO Administration has licensed us the right to use the Marks, including the principal Marks listed above, and to sublicense the use of the Marks to operate Businesses,

until March 28, 2031. YESCO Administration may terminate the License Agreement if we declare bankruptcy, for an unauthorized transfer, or if we fail to cure a breach under it within 30 days of YESCO Administration's notice to us of that breach. Breaches under the License Agreement include our failure or refusal to perform a required duty under the License Agreement and our use of the Marks in a manner that violates YESCO's standards for use the Marks. If the license agreement is terminated, any then-existing sublicenses (franchises) will continue for the current term of the sublicenses, provided that the franchisees comply with all other terms of their franchise agreements. The License Agreement contains no other limitations.

You must follow our rules when you use the Marks. You are prohibited from using any name or Mark as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you). In addition, you may not use any name or Mark in connection with the sale of any unauthorized product or service or in any other matter not specifically authorized in writing by us.

There are presently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceeding respecting the Marks. In addition, there is no pending material federal or state court litigation regarding our or YESCO Administration's ownership of the Marks. Other than as described above, there are no currently effective agreements that significantly limit our rights to use or license the use of the Marks.

We have the right to control any administrative proceedings or litigation involving a Mark licensed by us to you. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We will take the action we deem necessary. We will not indemnify you for any action taken against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. We have no obligation to defend or indemnify you if the claim against you is related to your use of the Marks.

We have the right to require you to modify or discontinue your use of any of the Marks. If, we exercise this right, you must use the substitute Marks, at your expense, within 20 days after receipt of our written notice.

There may be infringing uses or superior previous rights that may materially affect your use of the Marks in the Territory and said infringement may materially impact the ability of the Business to continue to operate as a franchisee.

## **ITEM 14**

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

We do not own any patents or patent applications that are material to the franchise.

We do, however, own proprietary rights in a number of trade-secrets, among them being our software solutions, all information, knowledge, and know-how not generally known in the sign and lighting service business, standards, specifications, systems, procedures and techniques, including our Manuals, the YESCO Software, accounting and management techniques and systems. Any component of the System will be used by you only as described in the Franchise Agreement.

The System for operating a franchised sign and lighting service company is our Affiliate's proprietary, confidential, and trade secret information. The System includes, but is not limited to: forms, business procedures, techniques, the Marks; the manner and method of training that we deliver to you; the

software, operations and other manuals (“**Manuals**”); standards and procedures that you will use in the day-to-day operation of the Business; the methods you will use for finding Customers and Trades; the persons, corporations, or other entities which are, have been, or become our franchisees; the names and other identifying information of Trades who will participate in the System; the terms of, and negotiations relating to past or current Franchise Agreements; the economic and financial characteristics of the System; and, any copyrighted information owned by us or our Affiliates, including this Disclosure Document, the Franchise Agreement, and the Manuals. You must operate in accordance with the System. The Customer List and Trades List that you generate through the operation of the Business are also our sole and exclusive property.

We require that you maintain the confidentiality of each component of the System, YESCO Software, our Marks and our copyrighted materials, and that you adopt reasonable procedures to prevent unauthorized disclosure of any such information. For the avoidance of doubt, you may not use any such information for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence (“AI”) model, algorithm improvement, or similar data aggregation activities without our express written consent. Such uses shall not be deemed related to the performance of the Franchise Agreement and are expressly prohibited. You may not, without our prior written consent, input any such information into any generative AI platform, or disclose such information to any provider or source of generative AI services. You must opt out of allowing any provider or source of generative AI to utilize any such information for training of any AI model or for other purposes.

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

You may never during the term of the Franchise Agreement, or at any time after the termination or expiration of the Franchise Agreement, reveal any of component of our System to any person or entity, and you cannot use it for any other business. You may not copy any portion of the System, YESCO Software, or the Marks unless we specifically authorize it in writing. All persons affiliated with you must sign a “Confidentiality and Non-competition Agreement,” which is attached to the Franchise Agreement as an exhibit.

In operating your Business, you will create a list of names and other identifying information of persons and businesses that have used your sign and lighting services (“**Customer List**”). You will also create a list of the Trades (“**Trades List**”) that provide services to your customers.

You must agree that the Customer List and Trades List were obtained through the use of the System and the Marks. These lists must be maintained in the manner we direct. As a result, the Customer List and the Trades List are, and remain our sole and exclusive property. At the termination of the Franchise Agreement for any reason, these lists shall be our sole and exclusive property.

## ITEM 15

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

You must designate at least one person (the “**Primary Owner**”) who (i) has an ownership interest in you, (ii) serves as the Principal Operator for the Business or has the responsibility of hiring a qualified Principal Operator for the Business, (iii) oversees the general management and operations of the Business, and (iv) has authority to sign on your behalf all contracts and commercial documents. The Primary Owner must attend and successfully complete, to our satisfaction, all training we require. If you are a single individual, you must act as the Primary Owner. If you are made up of a number of individuals, one of you

must act as the Primary Owner. If you are a corporation, partnership, limited liability company or partnership, or some other entity, you must designate as the Primary Owner an individual that owns at least 51% (or some lower percentage we approve) of the corporation, partnership, limited liability company or partnership, or other entity.

The “**Principal Operator**” is the person who (i) has the authority to, and does in fact, act as the general manager of the Business, (ii) actively oversees the management and day-to-day operation of the Business and directs the delivery of sign and lighting repair and maintenance and services, and (iii) has authority to sign on your behalf on all contracts and commercial documents. The Principal Operator must attend and successfully complete, to our satisfaction, all training we require. Your Primary Owner and Principal Operator may be the same person.

Each of your “**Principal Owners**” (any person who directly or indirectly owns a 5% or greater interest in you, as further defined in Section 1.1.9 of the Franchise Agreement) must sign the form Guaranty and Assumption of Obligations attached to the Franchise Agreement. A spouse or future spouse of a Principal Owner and any other person we designate, including any person who co-signed a loan or was involved in obtaining financing for the Business, must also sign the form Guaranty and Assumption of Obligations attached to the Franchise Agreement. In addition, all of your Principal Owners must sign the Acknowledgment Addendum attached to the Franchise Agreement.

You, your Primary Owner, Principal Operator, Principal Owners, and any other of your owners, members, managers, and other employees and agents with access to Confidential Information, including anyone who attends our training programs on your behalf, must sign a nondisclosure and confidentiality agreement, in a form satisfactory to us. Further, we require you to obtain from your Primary Owner, Principal Operator, Principal Owner, holders of any ownership interest in you, your guarantors, officers, directors, members, managers and partners, as the case may be, and your key employees a signed non-competition agreement and/or a non-solicitation agreement in a form satisfactory to us. The nondisclosure and confidentiality agreement you sign may be similar to the form included as an exhibit to the Franchise Agreement.

## ITEM 16

### RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only provide those products and services approved by us and may not use the Business, Systems, or Marks for any other purposes. You may offer other services and products not approved only after you have obtained our express written permission to do so. You must only operate within your Territory. You are prohibited from providing any products and services to, or otherwise operating the Business in support of, any business that we, in our sole discretion, periodically determine may be detrimental to the goodwill associated with the System and the Marks, as further described in the Manuals or otherwise in writing.

We have the right to add, delete, change, or supplement the types of services that you provide, and there are no limits on our right to do so.

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You are able to provide the following goods and services:

1. **Sign Repair Services:** The non-structural repair of damaged or inoperable sign components, including face repair/replacement, lamp, ballast, or other sign lighting repair/replacement, painting, cleaning, neon repair/replacement, patching/repairing stucco or other non-structural components/finishes, reforming/repairing sign trim or other non-structural metal components, repair and maintenance of electronic displays, and replacing adhesive graphics.
2. **Lighting Repair Services:** The repair, maintenance, upgrade, and service of interior or exterior lighting components, including the replacement of ballasts, lamps, and transformers, and the repair/replacement of lighting trim and encapsulating devices.
3. **Energy Retrofits:** Providing energy efficiency upgrades (e.g., LED lighting, solar conversions, etc.) to signs and interior/exterior lighting.
4. **ADA Signs:** Sell, install, and maintain interior way-finding and room-identification signs using signs manufactured by YESCO's ADA Sign Division.
5. **Outdoor Advertising Displays:** The changing of billboard advertising messages and the nonstructural repair of billboard displays and billboard lighting.
6. **Media Services/Content Creation:** The sale of content creation services for electronic message displays.
7. **Installation of Interior Signs, Displays, and Lighting:** The installation of interior electric and non-electric signs, displays, electronic message displays, video display screens and devices, lighting and lighting effects, banners, decorative models and sculptures, adhesive graphics (including, without limitation, vinyl graphics), and other non-structural interior embellishments.

Except as described in ITEMS 1-7 above, you will not be allowed to provide any other goods and services using the System and the Marks without our prior written consent, which may be withheld for any or no reason. In no event will you be allowed to sell, manufacture, fabricate, install, or modify any structural component of any sign, lighting device, or other building component or fixture, utilize a crane, or sell any sign-related products or services other than those products incident to the repair of signs and lighting.

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ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement or Other Agreements(1)	Summary
a. Length of the franchise term	<p>6.1</p> <p>Section 17 of Affiliate Services Agreement</p>	<p>10 years unless terminated sooner</p> <p>Concurrent with term of Franchise Agreement unless terminated sooner</p>
b. Renewal or extension of the term	<p><u>Standard Renewal Program</u></p> <p>6.2 and Section 4 of the Standard Renewal Addendum</p> <p><u>Early Renewal Program</u></p> <p>6.2 and Section 4.2 of the Early Renewal Program Addendum</p> <p>Section 17 of Affiliate Services Agreement</p>	<p>2 additional 5-year Successor Renewal Terms if all obligations for Successor Franchise Agreement are met</p> <p>Each existing franchise agreement will be renewed for a period consisting of the remaining term under the agreement, plus an additional 10-year Extended Successor Term</p> <p>Concurrent with the term of any Successor Franchise Agreement</p>
c. Requirements for franchisee to renew or extend	<p><u>Standard Renewal Program</u></p> <p>6.2 and Section 4 &amp; 6 of the Standard Renewal Addendum</p>	<p>Notice, no material default or money owed; sign our then-current Successor Franchise Agreement; pay the Successor Franchise Fee for each Successor Renewal Term; and sign our then-current form of general release. You may be required to sign a contract with materially different terms and conditions than your original contract, and the boundaries of the Territory may change. Royalties, advertising fees and other fees</p>

Provision	Section in Franchise Agreement or Other Agreements(1)	Summary
	<p style="text-align: center;"><u>Early Renewal Program</u></p> <p>6.2 and Sections 4 &amp; 6 of the Early Renewal Program Addendum</p> <p>Section 17 of Affiliate Services Agreement</p>	<p>may be adjusted to conform with such fees then being charged to new franchisees.</p> <p>Must renew 120 days prior to the expiration of your first franchise agreement; must renew all existing franchise agreements by signing our then-current Successor Franchise Agreement for each agreement (which will become effective upon expiration of the term of that agreement); pay the Successor Franchise Fee for each franchise agreement being renewed; sign our then-current form of general release; and satisfy all renewal requirements under the first franchise agreement. As described above, you may be required to sign contracts with materially different terms and conditions than your original contracts, which will take effect at the beginning of each respective Extended Successor Term.</p> <p>You may be required to sign a contract with materially different terms than your original contract.</p>
d. Termination by franchisee	<p>6.2 and 12.3</p> <p>Section 18 of Affiliate Services Agreement</p>	<p>You may terminate upon expiration of Initial Term</p> <p>Terminates upon termination of Franchise Agreement</p>
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	<p>12</p> <p>Sections 16 and 18 of Affiliate Services Agreement</p>	<p>We can terminate if you do not cure certain defaults or commit non-curable defaults as described in g and h below.</p> <p>We can terminate if you do not cure certain defaults, or can delegate work to other third parties and stop referring work to you if you are in default.</p>
g. “Cause” defined – curable defaults	12.1	Includes failure to pay fees, <del>file reports</del> <a href="#">submit reports</a> , <a href="#">grant access</a> , comply with operational requirements; repeated breaches.
h. “Cause” defined – non-curable defaults	12.1	Includes filing bankruptcy, abandonment or intent to cease operations, felonies, unauthorized transfer, material representations, multiple defaults, falsification of records, failure to meet Sales Quotas, violation of non-compete.
i. Franchisee’s obligations on termination/non-renewal	13.1 and 13.2	Pay all fees and other sums, cease use of trademarks and proprietary information and disassociate from the System.

Provision	Section in Franchise Agreement or Other Agreements(1)	Summary
j. Assignment of contract by franchisor	11.1	All rights and obligations are fully assignable and transferable by us. We may go public, may engage in a private or other placement of some or all of our securities, may merge, or may acquire other entities or assets which may be competitive with the System, or not; and, we may be acquired by a competitor or other entity and/or may undertake any refinancing, leveraged buy-out, or other transaction.
k. "Transfer" by franchisee - defined	1.1.15 and 11.2  Section 14 of Affiliate Services Agreement	Sale, assignment, pledge or mortgage or any part of the Business by you or any Principal Owner  Delegation of duties or assignment of Affiliate Services Agreement
l. Franchisor approval of transfer by franchisee	11.3  Section 14 of Affiliate Services Agreement	We have the right to approve all transfers, but will not unreasonably withhold our approval if we determine you have satisfied all transfer conditions  We have the right to approve all transfers
m. Conditions for franchisor approval of transfer	11.3	Transferee has necessary background and financial resources and meets with us; you are in full compliance with Franchise Agreement, have paid all monetary obligations in full, submitted all reports and provided to us transfer terms in writing; transferee and its owners/guarantors agree to sign then-current form of agreement and guarantee; if transferee is a current franchisee, transferee and its owners and employees attend and complete to our satisfaction all required training; if the transferee is not an existing franchisee, the transferee and its owners and employees attend and complete to our satisfaction the Initial Training Program and pay tuition (if any), and we reserve the right to charge tuition for each owner/employee for the Initial Training Program; you pay then-current transfer fee, you and your Principal Owners and guarantors execute general releases, you and transferee work out a transition plan acceptable to us, and terms of transfer may not negatively the capability of the Business to profit after the transfer (See ITEM 6)
n. Franchisor's right of first refusal to acquire franchisee's business	11.7	30 days on same terms as bona fide offer.
o. Franchisor's option to purchase franchisee's business	14.1	Our option to purchase for fair value before you offer to third party.
p. Death or disability of franchisee	11.6	Heirs can operate if approved.
q. Non-competition covenants during the term of the franchise	17.1	You and your owners cannot operate a similar business.
r. Non-competition covenants after the franchise is terminated or expires	17.2	You and your owners cannot operate a similar business for 2 years within your Territory or the territory of any other franchisee.

Provision	Section in Franchise Agreement or Other Agreements(1)	Summary
s. Modification of the agreement	20.1	Only by both parties' written agreement, except for the Manuals, which we can unilaterally modify at any time
t. Integration/merger clause	<del>20.2</del> <a href="#">20.4.1</a>	Only the terms of the Franchise Agreement are binding (subject to federal and state law). Any representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	18.1  Section 16 of Affiliate Services Agreement	Except for injunctive relief or actions based on the Marks or non-compete, a face-to-face meeting is required before litigation and non-binding mediation may be completed before litigation is commenced.  Same as in Franchise Agreement
v. Choice of forum	18.4  Paragraph 6 of Training Liability Waiver  Section 16 of Affiliate Services Agreement	Face-to-face dispute resolution, mediation, and litigation must be in Salt Lake County, Utah, except as provided in a state specific addenda attached as Exhibit D.  Federal or state courts situated in Salt Lake County, Utah  Same as in Franchise Agreement
w. Choice of Law	18.6  Paragraph 6 of Training Liability Waiver  Section 16 of Affiliate Services Agreement	Utah law applies except as provided in a state specific addenda attached as Exhibit D.  Utah law  Same as in Franchise Agreement

(1) Unless otherwise noted, Section references are to the Franchise Agreement.

## ITEM 18

### PUBLIC FIGURES

There is no compensation or other benefit given or promised to any public figure arising from either the use of the public figure in the name or symbol of the Franchise, or the endorsement or recommendation of the Franchise by the public figure in advertisements. There are no public figures presently involved in our management.

## ITEM 19

### FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchise and/or franchisor-owned businesses if there is a reasonable basis for this 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 business 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.

The data presented in this ITEM 19 reflects information from the ~~53~~50 franchised YESCO® businesses (~~48~~44 in the United States and ~~5~~6 in Canada) that were open and continuously operated by franchisees during the period from January 1, ~~2023~~2024, to December 31, ~~2023~~2024 (the “**Franchised Businesses**”). Open and continuously operated is defined as achieving monthly Gross Revenue (see note #1 below) of \$1,000 or more in 10 or more of the 12 months during the period noted above. We excluded 2 franchised YESCO® businesses because they opened after January 1, 2024. We excluded ~~34~~ franchised YESCO® businesses because they did not meet the definition of being open and continuously operated during ~~2023~~2024. In addition, we combined the information of 2 franchised YESCO® businesses in Arkansas for purposes of this ITEM 19. The 2 franchised businesses have Territories which are contiguous, have the same Primary Owner and Principal Operator, and report consolidated financial statements. However, we list them as separate franchised YESCO® businesses in Item 20 and Exhibit H because they have different owner groups. No franchised YESCO® businesses closed during ~~2023~~2024 after being open less than 12 months.

As further described in ITEM 20, there were 57 franchised YESCO® businesses operating as of December 31, ~~2023~~2024 (50 in the United States and 7 in Canada). As further described in Item 1, the franchised YESCO® businesses located in Canada are operated under franchise agreements with our Affiliate YESCO Canada.

The term “**Franchised Business**” refers to each franchised YESCO® business that operates independently and provides financial reports to us as a single, consolidated operation. “**Territory**” means the specific geographic area within which a Franchised Business is granted the right to operate, with the understanding that a Franchised Business may consist of more than one Territory (see ITEM 12 and ITEM 20 and Exhibit H). As noted in Table 5 and Exhibit H of this Disclosure Document, a number of franchisees have multiple Territories. We have 2 Franchised Businesses with Territories in non-contiguous states as detailed in Notes #1 and #2 in ITEM 20.

Tables 1-7 below provide certain information relating to the Franchised Businesses for the ~~2023~~2024 calendar year.

All dollar amounts in Tables 1-7 below are in U.S. dollars. Revenue for the Franchised Businesses located in Canada has been converted from Canadian dollars to U.S. dollars based on the Bank of Canada daily close exchange rate ([www.bankofcanada.ca/rates/exchange](http://www.bankofcanada.ca/rates/exchange)). For weekends and holidays, the exchange rate for the first previous day with a reported daily close exchange rate was used.

Except as described above, the data in this ITEM 19 for the Franchised Businesses is based on information each respective franchisee reported to us. We have not audited or verified this information.

**TABLE 1 – Summary of Gross Revenue<sup>1</sup> by Quartile<sup>2</sup> – ~~2023~~2024**

Quartile	Business Count	Average Gross Revenue	Businesses At or Above Average		Minimum	Maximum	Median Gross Revenue
			Count	Percent			
Top	<del>14</del> 12	<del>\$2,150,742</del> <u>\$2,486,985</u>	<del>4</del> 5	<del>29%</del> 42%	<del>\$1,111,032</del> <u>\$1,436,094</u>	<del>\$4,047,406</del> <u>\$4,464,693</u>	<del>\$1,864,074</del> <u>\$1,973,614</u>
Second	13	<del>\$947,012</del> <u>\$1,031,269</u>	7	54%	<del>\$786,986</del> <u>\$806,339</u>	<del>\$1,092,911</del> <u>\$1,338,304</u>	<del>\$954,335</del> <u>\$897,182</u>
Third	13	<del>\$474,239</del> <u>\$472,735</u>	<del>7</del> 5	<del>54%</del> 38%	<del>\$351,400</del> <u>\$328,824</u>	<del>\$665,645</del> <u>\$747,576</u>	<del>\$450,468</del> <u>\$364,909</u>
Bottom	<del>13</del> 12	<del>\$200,879</del> <u>\$187,862</u>	6	<del>46%</del> 50%	<del>\$95,371</del> <u>\$92,304</u>	<del>\$327,943</del> <u>\$321,136</u>	<del>\$169,705</del> <u>\$124,556</u>
Total	<del>53</del> 50	<del>\$966,002</del> <u>\$1,033,005</u>	<del>20</del> 19	38%	<del>\$95,371</del> <u>\$92,304</u>	<del>\$4,047,406</del> <u>\$4,464,693</u>	<del>\$786,986</del> <u>\$776,958</u>

**TABLE 2 – Gross Revenue<sup>1</sup> from YESCO National Service<sup>3</sup> – ~~2023~~2024**

Business Type	YESCO National Service Gross Revenue	Gross Revenue	% of Gross Revenue
Franchised Businesses	<del>\$7,088,019</del> <u>\$7,974,585</u>	<del>\$51,198,086</del> <u>\$51,891,579</u>	<del>13.8%</del> <u>15.4%</u>

**TABLE 3 – Summary of Time in Business<sup>4</sup> by Quartile<sup>2</sup> – ~~2023~~2024**

Quartile	Business Count	Average Time in Business (Years)	Businesses At or Above Average		Minimum	Maximum	Median Time in Business (Years)
			Count	Percent			
Top	<u>12</u>	<u>14</u> <u>10.8</u>	<u>9</u> <u>38</u>	<u>96</u> <u>7%</u>	<u>3</u> <u>16.2</u>	<u>12.8</u> <u>13.</u> <u>3</u>	<u>10.5</u> <u>11.</u> <u>8</u>
Second	13	<del>8.4</del> <u>9.3</u>	7	54%	<del>3.6</del> <u>4.1</u>	<del>11.2</del> <u>13.8</u>	<del>8.8</del> <u>8.1</u>
Third	13	<del>7.3</del> <u>7.1</u>	<u>7</u>	<del>54</del> <u>6</u> <u>46%</u>	<u>2.2</u> <u>1.0</u>	<u>10.8</u> <u>10.</u> <u>3</u>	<u>6.7</u> <u>7.7</u>
Bottom	<del>13</del>	<del>6.5</del> <u>12</u>	<u>8</u> <u>7.8</u>	<del>62</del> <u>5</u> <u>42%</u>	<u>3.1</u> <u>4.1</u>	<u>11.4</u> <u>12.</u> <u>4</u>	<u>7.0</u> <u>6.5</u>
Total	<u>53</u> <u>50</u>	<u>7.9</u> <u>8.7</u>	<u>27</u> <u>26</u>	<u>51</u> <u>52%</u>	<u>2.2</u> <u>1.0</u>	<u>12.8</u> <u>13.8</u>	<u>8.3</u> <u>8.8</u>

**TABLE 4 – Summary of Territories by Quartile<sup>2</sup> – ~~2023~~2024**

Quartile	Business Count	Average Number of Territories	Businesses At or Above Average		Minimum	Maximum	Median Number of Territories
			Count	Percent			
Top	<u>14</u> <u>12</u>	<u>8.1</u> <u>8.7</u>	6	<del>43</del> <u>50%</u>	<u>4</u> <u>4.0</u>	<u>14</u> <u>15.0</u>	<u>7.5</u> <u>8.0</u>
Second	13	<del>4.1</del> <u>5.1</u>	5	38%	<u>2</u> <u>2.0</u>	<u>8</u> <u>8.0</u>	4.0
Third	13	1.8	8	62%	<u>1</u> <u>1.0</u>	<u>3</u> <u>3.0</u>	2.0
Bottom	<del>13</del> <u>12</u>	<del>1.4</del> <u>1.6</u>	<u>3</u> <u>4</u>	<del>23</del> <u>33%</u>	<u>1</u> <u>1.0</u>	<u>4</u> <u>4.0</u>	1.0
Total	<u>53</u> <u>50</u>	<u>3.9</u> <u>4.3</u>	<u>24</u> <u>18</u>	<u>45</u> <u>36%</u>	<u>1</u> <u>1.0</u>	<u>14</u> <u>15.0</u>	<u>2.0</u> <u>3.0</u>

**TABLE 5 – Summary of Daily Leads<sup>5</sup> by Quartile<sup>2</sup> – ~~2023~~2024**

Quartile	Business Count	Average Daily Leads	Businesses At or Above Average		Minimum	Maximum	Median Daily Leads
			Count	Percent			
<u>Top</u>	<u>12</u>	<u>104</u>	<u>5</u>	<u>42%</u>	<u>13</u>	<u>261</u>	<u>75</u>
<del>Top</del>	<del>14</del>	<del>80</del>	<del>6</del>	<del>43%</del>	<del>10</del>	<del>277</del>	<del>67</del>
Second	13	29	7	54%	<u>5</u> <u>10</u>	<u>74</u> <u>56</u>	<u>24</u> <u>21</u>
Third	13	<u>9</u> <u>13</u>	<u>5</u> <u>4</u>	<u>38</u> <u>31%</u>	0	<u>34</u> <u>63</u>	<u>6</u> <u>10</u>
Bottom	<del>13</del> <u>12</u>	<del>11</del> <u>9</u>	5	<u>38</u> <u>42%</u>	0	<u>43</u> <u>39</u>	<u>3</u> <u>2</u>
Total	<u>50</u> <u>38</u>	<u>16</u> <u>32%</u>	<u>53</u> <u>1</u>	<u>33</u> <u>26</u>	18	<u>34</u> <u>0</u>	<u>277</u> <u>17</u>

**TABLE 6 – Summary of Daily Sales Activities<sup>6</sup> by Quartile<sup>2</sup> – ~~2023~~2024**

Quartile	Business Count	Average Daily Sales Activities	Businesses At or Above Average		Minimum	Maximum	Median Daily Sales Activities
			Count	Percent			
<u>Top</u>	<u>12</u>	<u>130</u>	<u>3</u>	<u>25%</u>	<u>13</u>	<u>434</u>	<u>77</u>
<del>Top</del>	<del>14</del>	<del>109</del>	<del>6</del>	<del>43%</del>	<del>2</del>	<del>502</del>	<del>81</del>
Second	13	<del>2821</del>	<del>56</del>	<del>38%</del> <u>46%</u>	<del>01</del>	<del>11548</del>	<del>1016</del>
Third	13	<del>610</del>	<del>32</del>	<del>23%</del> <u>15%</u>	0	<del>3460</del>	<del>34</del>
Bottom	<del>1312</del>	<u>910</u>	4	<del>31%</del> <u>33%</u>	0	<del>3541</del>	<del>32</del>
Total	<del>5350</del>	<del>3942</del>	14	<del>26%</del> <u>28%</u>	0	<del>502434</del>	<del>814</del>

**TABLE 7 – Summary of Gross Revenue<sup>1</sup> per Invoice<sup>7,8</sup> by Quartile<sup>2</sup> – ~~2023~~2024**

Quartile	Business Count	Average Gross Revenue per Invoice <sup>10,11</sup> <sub>7,8</sub>	Businesses At or Above Average		Minimum	Maximum	Median Gross Revenue per Invoice <sup>118</sup>
			Count	Percent			
Top	<u>1412</u>	<del>\$1,546</del> <u>\$1,624</u>	<u>64</u>	<del>43%</del> <u>33%</u>	<del>\$941</del> <u>\$1,189</u>	<del>\$2,292</del> <u>\$2,617</u>	<del>\$1,493</del> <u>\$1,435</u>
Second	13	<del>\$1,351</del> <u>\$1,337</u>	<u>45</u>	<del>31%</del> <u>38%</u>	<del>\$830</del> <u>\$94</u>	<del>\$2,725</del> <u>\$2,276</u>	<del>\$1,286</del> <u>\$1,184</u>
Third	13	<del>\$1,343</del> <u>\$1,390</u>	6	46%	<del>\$802</del> <u>\$83</u>	<del>\$1,931</del> <u>\$2,122</u>	<del>\$1,250</del> <u>\$1,343</u>
Bottom	<del>1312</del>	<del>\$1,373</del> <u>\$1,357</u>	5	<del>38%</del> <u>42%</u>	<del>\$530</del> <u>\$56</u>	<del>\$2,814</del> <u>\$2,489</u>	<del>\$1,155</del> <u>\$1,223</u>
Total	<del>5350</del>	<del>\$1,406</del> <u>\$1,425</u>	<del>2321</del>	<del>43%</del> <u>42%</u>	<del>\$530</del> <u>\$56</u>	<del>\$2,814</del> <u>\$2,617</u>	<del>\$1,288</del> <u>\$1,322</u>

Notes to Tables:

- (1) Gross Revenue. “Gross Revenue” is calculated using the definition of Gross Revenue in ITEM 6 and is calculated on the financial information provided by the Franchised Businesses.
- (2) Quartile. The Franchised Businesses were divided into four categories based on the amount of Gross Revenue and are classified as: Top Quartile, Second Quartile, Third Quartile and Bottom Quartile. The reported average value for each of the categories was calculated by adding the value of all Franchised Businesses within each quartile and dividing by the total number of Franchised Businesses within such quartile. These same quartiles based on the amount of Gross Revenue described in Table 1 above also were used for Tables 3-7 above.
- (3) YESCO National Service. This is a division of the company focused on service and support of customers with physical locations in multiple franchised and/or affiliate-owned territories to centrally manage sign and lighting service for their locations. Bids are coordinated through YESCO National Service with input from the franchised and affiliate-owned businesses and awarded work is then directed to the respective locations.
- (4) Time in Business. “Time in Business” is measured in relation to the first complete calendar

month of operation with recorded Gross Revenue as a YESCO Franchised Business which is defined as “Month 1.” “Month 2” is the next consecutive calendar month after Month 1, and so forth. “Year 1” is defined as the total of the first twelve consecutive calendar months beginning with Month 1. “Year 2” is the next 12 calendar months after Year 1, and so forth.

- (5) Daily Leads. These figures are the total number of unique patrol records logged in a year for the same Franchised Business divided by 250 working days per year.
- (6) Sales Activities. A record denoting a scheduled or completed communication (including but not limited to phone, email, fax or written letter) associated with a lead or customer.
- (7) Average Gross Revenue per Invoice. These figures are calculated by dividing the yearly average Gross Revenue by the total number of Invoices produced in a year for the same Franchised Business.
- (8) Invoices. The total number of unique invoice records logged in a year for the same Franchised Business.

We recommend that you make your own independent investigation to determine whether or not to purchase this franchise, and consult with an attorney and other advisors before signing any Franchise Agreement. The information in the tables above do not reflect the following: (i) selling expenses like commissions, sign patrol or sales administration; (ii) office expenses like accounting, billing costs and postage; (iii) indirect operating expenses like building rental, utilities, and security expenses not directly related to operations; (iv) truck operation expenses like depreciation, fuel, registration, and truck repairs; (v) advertising and marketing costs; or (vi) other costs or expenses that must be deducted from Gross Revenue to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating the Business. You are responsible for developing your own business plan for the Business.

**Some Franchised Businesses have earned these amounts. Your individual results may differ. There is no assurance you'll earn as much.**

Written substantiation for the information provided in this ITEM 19 will be made available to you upon written request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised businesses. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing business, however, we may provide you with the actual records of that business. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Samuel Fisher at 2401 Foothill Drive, Salt Lake City, Utah 84109, 801.464.4600 or [sfisher@yesco.com](mailto:sfisher@yesco.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1  
SYSTEM-WIDE BUSINESS SUMMARY  
FOR FISCAL YEARS ~~2021~~2022 TO ~~2023~~2024

Business Type	Year	Locations at the Start of the Year	Locations at the End of the Year	Net Change
Franchised	<del>2021</del>	59	<del>60</del>	<del>+1</del>
	2022	60	59	-1
	2023	59	57	-2
	<u>2024</u>	<u>57</u>	<u>57</u>	<u>0</u>
Company-Owned <sup>(1)</sup>	<del>2021</del>	<del>42</del>	<del>42</del>	<del>0</del>
	2022	42	42	0
	<u>2023</u>	<u>42</u>	<u>42</u>	<u>0</u>
	<del>2023</del> <u>2024</u>	42	42	0
Total Businesses	<del>2021</del>	<del>101</del>	<del>102</del>	<del>+1</del>
	2022	102	101	-1
	2023	101	99	-2
	<u>2024</u>	<u>99</u>	<u>99</u>	<u>0</u>

Notes:

- (1) These businesses are operated by our affiliate YESCO LLC.

Table No. 2  
TRANSFERS OF BUSINESSES FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN THE FRANCHISOR)  
FOR FISCAL YEARS ~~2021~~2022 TO ~~2023~~2024

State	Year	Number of Transfers
Nebraska	<del>2021</del>	<del>0</del>
	2022	1
	2023	0
	<u>2024</u>	<u>0</u>
South Dakota	<del>2021</del> <u>2022</u>	0
	<u>2023</u>	<u>1</u>
	<u>2024</u>	<u>0</u>
<u>Kansas</u>	2022	0
	2023	<del>1</del>
	<u>2024</u>	<u>1</u>
Total	<del>2021</del>	<del>0</del>
	2022	1
	2023	1
	<u>2024</u>	<u>1</u>

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Table No. 3  
**STATUS OF FRANCHISED BUSINESSES**  
**FOR FISCAL YEARS ~~2021~~2022 TO ~~2023~~2024**

State	Year	Businesses at Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Businesses at End of the Year
Alabama <sup>2</sup> <sub>=</sub>	<del>2021</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>4</del>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Arkansas	<del>2021</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Delaware	<del>2021</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>4</del>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Florida <sup>2</sup> <sub>=</sub>	<del>2021</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>3</del>
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	<u>2024</u>	<u>3</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Georgia	<del>2021</del>	<del>4</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Illinois	<del>2021</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Indiana	<del>2021</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>4</del>
	2022	4	0	0	0	1	0	3
	2023	3	0	0	0	0	0	3
	<u>2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Iowa	<del>2021</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>4</del>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Kansas	<del>2021</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Kentucky	<del>2021</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>4</del>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Louisiana	<del>2021</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>4</del>
	2022	1	0	0	0	0	0	1

State	Year	Businesses at Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Businesses at End of the Year
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Michigan	<del>2021</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	<u>2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Minnesota	<del>2021</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>	<del>1</del>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Mississippi	<del>2021</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Missouri	<del>2021</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Nebraska	<del>2021</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
New Hampshire <sup>1</sup>	<del>2021</del> <u>2022</u>	1	0	0	0	0	0	1
	<del>2022</del> <u>2023</u>	1	0	0	0	0	0	1
	<del>2023</del> <u>2024</u>	1	0	0	0	0	<del>0</del> <u>1</u>	<del>1</del> <u>0</u>
New Jersey	<del>2021</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
New York	<del>2021</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
North Carolina	<del>2021</del> <u>2022</u>	<del>1</del> <u>2</u>	<del>0</del> <u>0</u>	0	0	0	0	2
	<del>2022</del> <u>2023</u>	2	0	0	0	0	0	2
	<del>2023</del> <u>2024</u>	2	0	0	0	0	0	2
Ohio	<del>2021</del>	<del>6</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>6</del>
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	2	0	4
	<u>2024</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>

State	Year	Businesses at Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Businesses at End of the Year
Oklahoma	<del>2021</del>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Pennsylvania	<del>2021</del>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
South Carolina	<del>2021</del> <u>20</u>	2	0	0	0	0	0	2
	<del>2022</del> <u>20</u>	2	0	0	0	0	0	2
	<del>2023</del> <u>20</u>	2	0	0	0	0	0	2
South Dakota	<del>2021</del>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Tennessee	<del>2021</del>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Texas	<del>2021</del>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	1	0	3
	<u>2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Virginia	<del>2021</del>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2022	2	1	0	0	1	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Wisconsin	<del>2021</del>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Alberta (CAN) (CAN)	<del>2021</del>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2022	2	0	0	0	1	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
British Columbia (CAN)	<del>2021</del> <u>20</u>	1	0	0	0	0	0	1
	<del>2022</del> <u>20</u>	1	0	0	0	0	0	1
	<del>2023</del> <u>20</u>	1	0	0	0	0	0	1
Ontario (CAN)	<del>2021</del> <u>20</u>	4	0	0	0	0	0	4
	<del>2022</del> <u>20</u>	4	0	0	0	0	0	4

State	Year	Businesses at Start of the Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Businesses at End of the Year
	<del>2023</del> 2024	4	0	0	0	0	0	4
Prince Edward Island (CAN)	<del>2021</del> 2022	0	<del>0</del> 1	0	0	0	0	<del>0</del> 1
	<del>2022</del> 2023	<del>0</del> 1	<del>1</del> 0	0	0	0	0	1
	<del>2023</del> 2024	1	0	0	0	0	0	1
<b>TOTALS</b>	<del>2021</del> 2022	<del>59</del> 60	<del>3</del> 2	<del>0</del> 0	<del>0</del> 0	<del>0</del> 3	<del>2</del> 0	<del>60</del> 59
	2023	59	1	0	0	3	0	57
	2024	<u>57</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>57</u>

Notes:

(1) A Franchised Business in Oklahoma acquired another Franchised Business in New Hampshire in December 2023. Operations continue in New Hampshire but effective January 2024, the New Hampshire Territories were combined with the non-contiguous State of Oklahoma for purposes of ITEM 19 and ITEM 20.

(2) A Franchised Business in Tennessee acquired Territories in Florida and Alabama in February 2020. Operations continue in Florida and Alabama but the Territories are combined with non-contiguous State of Tennessee for purposes of ITEM 19 and ITEM 20.

**Table No. 4  
STATUS OF COMPANY OWNED BUSINESSES  
FOR FISCAL YEARS ~~2021~~2022 TO ~~2023~~<sup>(1)</sup>2024<sup>(1)</sup>**

State	Year	Businesses at Start of Year	Businesses Opened	Businesses Reacquired From Franchisee	Businesses Closed	Businesses Sold to Franchisee	Businesses at End of Year
Arizona	<del>2021</del> 2022	<del>6</del> 6	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>6</del> 6
	2023	6	0	0	0	0	6
	<del>2023</del> 2024	<del>6</del> 6	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>6</del> 6
	2024	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
California	<del>2021</del> 2022	<del>9</del> 9	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>9</del> 9
	2023	9	0	0	0	0	9
	<del>2023</del> 2024	<del>9</del> 9	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>9</del> 9
	2024	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
Colorado	<del>2021</del> 2022	<del>4</del> 4	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>4</del> 4
	2023	4	0	0	0	0	4
	<del>2023</del> 2024	<del>4</del> 4	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>4</del> 4
	2024	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Idaho	<del>2021</del> 2022	<del>5</del> 5	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>5</del> 5
	2023	5	0	0	0	0	5
	<del>2023</del> 2024	<del>5</del> 5	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>5</del> 5
	2024	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>

State	Year	Businesses at Start of Year	Businesses Opened	Businesses Reacquired From Franchisee	Businesses Closed	Businesses Sold to Franchisee	Businesses at End of Year
Indiana	<del>2021</del>	0	0	0	0	0	0
	2022	0	0	1 <sup>(2)</sup>	1 <sup>(2)</sup>	0	0
	2023	0	0	0	0	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Montana	<del>2021</del>	<del>2</del>	0	0	0	0	<del>2</del>
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Nevada	<del>2021</del>	4	0	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
	<u>2024</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
New Mexico	<del>2021</del>	<del>1</del>	0	0	0	0	<del>1</del>
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Ohio	<del>2021</del>	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	2 <sup>(2)</sup>	2 <sup>(2)</sup>	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Oregon	<del>2021</del>	<del>1</del>	0	0	0	0	<del>1</del>
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Texas	<del>2021</del>	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	1 <sup>(2)</sup>	1 <sup>(2)</sup>	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Utah	<del>2021</del>	4	0	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
	<u>2024</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Virginia	<del>2021</del>	0	0	0	0	0	0
	2022	0	0	1	0	1	0
	2023	0	0	0	0	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Washington	<del>2021</del>	<del>5</del>	0	0	0	0	<del>5</del>
	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
	<u>2024</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Wyoming	<del>2021</del>	<del>1</del>	0	0	0	0	<del>1</del>
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Alberta (CAN) (CAN)	<del>2021</del>	0	0	0	0	0	0
	2022	0	0	1 <sup>(2)</sup>	1 <sup>(2)</sup>	0	0
	2023	0	0	0	0	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

State	Year	Businesses at Start of Year	Businesses Opened	Businesses Reacquired From Franchisee	Businesses Closed	Businesses Sold to Franchisee	Businesses at End of Year
<b>Totals</b>	<b>2024</b>	<b>42</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42</b>
<u>Totals</u>	2022	42	0	3 <sup>(2)</sup>	2 <sup>(2)</sup>	1	42
	2023	42	0	3 <sup>(2)</sup>	3 <sup>(2)</sup>	0	42
	<u>2024</u>	<u>42</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42</u>

Notes:

- (1) These businesses are operated by our affiliate YESCO LLC
- (2) We reacquired the rights under the franchise agreement from the franchisees of these businesses, but did not continue to operate the businesses.

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**Table No. 5**  
**PROJECTED OPENINGS AS OF DECEMBER 31, ~~2023~~2024**

State	Franchise Agreements Signed but Business Not Opened	Projected New Franchised Businesses in the Next Fiscal Year	Projected New Company Owned Businesses in the Next Fiscal Year
Florida	<del>1</del> 2	1	0
New York	0	1	0
Texas	0	1	0
Alberta (CA)	0	1	0
Quebec (CA)	0	1	0
<b>TOTALS</b>	<del>1</del> 2	5	0

Note to All Tables:

- (1) Tables 1-5 above include relevant information for both the United States and Canada. As further described in Item 1, the franchised businesses located in Canada are operated under franchise agreements with our Affiliate YESCO Canada.

Exhibit H to this Disclosure Document lists the names of all franchisees located in the United States and Canada, and the addresses and telephone numbers of their businesses, and their number of Locations and territories, as of December 31, ~~2023~~2024. Exhibit H to this Disclosure Document also lists the name, city, state and business telephone number (or, if unknown, the last known home telephone number) of every franchisee that had its franchise terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement in ~~2023~~2024, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

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

During the last 3 fiscal years, we have not signed confidentiality clauses with any current or former franchisees.

### Franchisee Associations

We created, sponsor and endorse the YESCO Service Advisory Council.

2401 Foothill Drive  
Salt Lake City, UT 84109  
(801)464-4600  
**[sfisher@yesco.com](mailto:sfisher@yesco.com)**

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## ITEM 21

### FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit F are our audited financial statements as of December 31, ~~2023~~2024, December 31, ~~2022~~2023, and December 31, ~~2021~~2022. Our fiscal year end is December 31.

## ITEM 22

### CONTRACTS

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

Exhibit B	Franchisee Agreement and all Exhibits
Exhibit D	State-Specific Addenda
Exhibit E	Sample Release of Claims
Exhibit I	Promissory Note
Exhibit J	Standard Renewal Addendum
Exhibit K	Early Renewal Program Addendum

## ITEM 23

### RECEIPT

Exhibit L of the Disclosure Document is a detachable document acknowledging receipt of the Disclosure Document by you. Please date and sign this document, keep a copy for yourself and return one originally executed copy to us immediately.

**EXHIBIT A**  
**STATE ADMINISTRATORS AND**  
**AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Secretary of State, Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	200 West Washington Street Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 212-416-8222
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Ave., 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	North Dakota Securities Department <a href="#">Securities Commissioner</a>	600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Division of Insurance Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501-3185
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Wisconsin	<del>Commissioner</del> <a href="#">Administrator</a> of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

*EXHIBIT B*

*FRANCHISE AGREEMENT*

YESCO FRANCHISING LLC

FRANCHISE AGREEMENT



*EXPERT SIGN AND LIGHTING SERVICE.....IT'S WHAT WE DO<sup>®</sup>*

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***YESCO FRANCHISING LLC  
FRANCHISE AGREEMENT***

This Franchise Agreement (“**Agreement**” or “**Franchise Agreement**”) is entered into and made effective as of the Effective Date (as defined in Section 20.6), by and between YESCO Franchising LLC, a Utah limited liability company having a principal place of business at 2401 Foothill Drive, Salt Lake City, Utah 84109 (“**We**,” “**Us**,” “**Our**”), and the “Franchisee” party identified on the signature page to this Agreement (“**You**,” “**Your**”). We or you may sometimes be referred to in the singular as a “Party” or jointly as the “Parties.”

**BACKGROUND**

1. Our affiliate, YESCO LLC, a Utah limited liability company (“**YESCO**”), and its predecessors, have developed a system for establishing, operating, and marketing a sign and lighting service and maintenance business that utilizes certain Marks (as defined below) and YESCO® Software (defined below) in connection with YESCO’s confidential and proprietary System (as defined below);

2. We are a licensee of the Marks and YESCO® Software from YESCO Administration LLC, a Utah limited liability company (“**YESCO Administration**”), and we are permitted by an agreement with YESCO Administration to license the Marks and YESCO® Software to you, subject to certain restrictions and obligations;

3. This Agreement permits you to operate, a Business (defined below) using the System, YESCO® Software and the Marks; and

4. You have fully investigated and familiarized yourself with the essential aspects and purposes of this opportunity and have been advised by counsel, or have had the reasonable opportunity to be advised by counsel chosen by you, of the terms and conditions of this Agreement.

In exchange for the mutual promises and agreements in this Agreement, the Parties therefore agree as follows:

## ARTICLE 1

### DEFINITIONS

#### 1.1 Definitions

As used in this Agreement, the following capitalized terms shall have the following meanings:

1.1.1 “**Affiliate**” means all entities under common control with us.

1.1.2 “**Authorized Products and Services**” means only the following products and services:

(a) **Sign Repair Services:** The non-structural repair of damaged or inoperable sign components, including face repair/replacement, lamp, ballast, power supplies, modular components, or other sign lighting repair/replacement, painting, cleaning, neon repair/replacement, patching/repairing stucco or other non-structural components/finishes, reforming/repairing sign trim or other non-structural metal components, repair and maintenance of electronic message and video displays of all kinds (including scoring displays, digital billboards, LED digital displays, and LCD displays), and replacing adhesive graphics.

(b) **Lighting Repair Services:** The repair, maintenance, upgrade, and service of interior or exterior lighting components, including the replacement of ballasts, lamps, power supplies, and transformers, and the repair/replacement of lighting trim and encapsulating devices.

(c) **Energy Retrofits:** Providing energy efficiency upgrades (e.g., LED lighting, solar conversions, etc.) to signs and interior/exterior lighting.

(d) **ADA Signs:** Sell, install, and maintain interior way-finding, warning, and room-identification signs using approved suppliers.

(e) **Outdoor Advertising Displays:** The changing of billboard advertising messages and the nonstructural repair of billboard displays and billboard lighting.

(f) **Media Services/Content Creation:** The sale of content creation, programming, and scheduling services for electronic message displays.

(g) **Printed Advertising Products:** The sale and installation of non-electrical, temporary, printed advertising and display products, including banners, window decals and clings, floor signs, lawn signs, A-frame floor signs, floor graphics, posters, vehicle and trailer graphics, wallscapes, canvas posters and wraps.

(h) **Installation of Interior Signs, Displays, and Lighting:** The installation of interior electric and non-electric signs, displays, electronic message displays, video display screens and devices, lighting and lighting effects, banners, decorative models and sculptures, adhesive graphics (including, without limitation, vinyl graphics), and other non-structural interior embellishments.

**1.1.3 “Business”** means the YESCO® business you develop and operate under this Agreement.

**1.1.4 “Competitive Business”** means any business which offers products or services that are the same as, or competitively similar to, a YESCO® business or the System.

**1.1.5 “Confidential Information”** means the methods, techniques, formats, technology, formulas, marketing and promotional techniques and procedures, specifications, information, materials, systems, processes, suggested and required pricing, know-how, and knowledge of and experience in operating and franchising a YESCO® business that we communicate to you in writing, verbally or through the Internet or other online or computer communications, or that you otherwise acquire in operating the Business under the System, including without limitation the Manuals, the YESCO® Software and related access identification and passwords, Customer Lists and Trades Lists (as defined in Section 8.6), and the terms of any agreements between you and us or between us and any other YESCO® business that you become aware of. “Confidential Information” does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you or your owners, employees or agents.

**1.1.6 “Manuals”** means our online ~~operations manual~~ [YESCO® University](#) and other written materials we designate as part of the Manuals, including without limitation information posted on our website(s) or enterprise software systems and information sent to or accessed by you in print or electronic form, manuals, written procedures, memoranda and their supplements we loan to you.

**1.1.7 “Marks”** means our or our Affiliates’ trade names, trademarks, service marks, logos, decor, trade dress, lay out, and commercial symbols, and similar and related words or symbols, that we own or license and that we have designated or may in the future designate, for use in the System or the Business with the understanding that we may at any time modify, discontinue, add to or substitute the Marks used in the System.

**1.1.8 “Primary Owner”** means the individual who (i) has an ownership interest in you, (ii) serves as the Principal Operator for the Business or has the responsibility of hiring a qualified Principal Operator for the Business, (iii) oversees the general management and operations of the Business, and (iv) has authority to sign on your behalf all contracts and commercial documents. The Primary Owner must attend and successfully complete, to our satisfaction, all training we require. If you are an individual operating as a sole proprietor, you must act as the Primary Owner. If you are a corporation, partnership, limited liability company or partnership, or some other entity, you must designate as the Primary Owner an individual that owns at least 51% (or some lower percentage we approve) of the corporation, partnership, limited liability company or partnership, or other entity. Your Primary Owner is identified on Exhibit A - Ownership and Management, which is by this reference integrated as a part of this Agreement.

**1.1.9 “Principal Operator”** means the person who (i) has the authority to, and does in fact, act as the general manager of the Business, (ii) actively oversees the management and day-to-day operation of the Business and directs the delivery of sign and lighting repair and maintenance and services, and (iii) has authority to sign on your behalf all contracts and commercial documents. The Principal Operator must attend and successfully complete, to our satisfaction, all

training we require. Your Principal Operator is identified on Exhibit A - Ownership and Management.

**1.1.10 “Principal Owner”** means any person or entity who directly or indirectly owns a 5% or greater interest in you. If any corporation, limited liability company or partnership, or other legal entity other than a partnership is a Principal Owner, a “Principal Owner” also will mean a shareholder or owner of a 5% or greater interest in such corporation, limited liability company or partnership, or other legal entity. If a partnership is a Principal Owner, a “Principal Owner” also will mean each general partner of such partnership and, if such general partner is a legal entity, each owner of a 5% or greater interest in such general partner. If you are an individual operating as a sole proprietor, you are the Principal Owner. You must have at least one Principal Owner. Your Principal Owner(s) are identified on Exhibit A - Ownership and Management. As used in this Agreement, any reference to Principal Owner includes all Principal Owners.

**1.1.11 “Successor Franchise Agreement”** shall mean the franchise agreement that you execute in connection with the acquisition of a Successor Franchise, which will consist of our then-current franchise agreement, as modified by the applicable version of our then-current renewal addendum.

**1.1.12 “System”** means the YESCO® system, including without limitation all related business techniques, software, methods, procedures and technology, services, equipment, supplies, the YESCO® Software, the Confidential Information, and the advertising, marketing and sales promotion programs and materials we authorize you to use in the operations of the Business, all of the components of which we and our Affiliates periodically may change, improve and further develop.

**1.1.13 “Territory”** means the geographic area identified in Exhibit B.

**1.1.14 “Trades”** means persons or entities that have the necessary skills and knowledge required to help you operate the Business and provide the services, skills and work required by your customers. Trades shall include, but not be limited to, carpenters, electricians, mechanics, information technology professionals, permitting specialists, bookkeepers, accountants, painters, service sales specialists, cleaning service providers and sign patrol specialists.

**1.1.15 “Transfer”** means the voluntary, involuntary, direct or indirect assignment, sale, gift, or other disposition by you (or any of your direct or indirect owners, if applicable) of any interest in: (1) this Agreement; (2) a certain percentage of your ownership over a period of time, if you are legal entity (as further described below); or (3) any assets of the Business (other than in the normal course of business). A Transfer shall also mean: a transfer resulting from divorce, insolvency, corporate or partnership dissolution, or proceeding otherwise by operation of law; or in the event of the death, transfer, or disposition by will or under the laws of intestate succession, declaration of, or transfer in trust, or the succession or change in appointment of trustee(s) of a trust; and any other direct or indirect assignment, sale, gift, pledge, mortgage, or the granting of any security interest encumbering the assets of the business. In addition, if you are a legal entity, any direct or indirect cumulative change in your ownership exceeding 25% or more over any given 36 month-period shall constitute a Transfer.

**1.1.16 “YESCO® Software”** means the proprietary software and intranet developed by YESCO Administration or other Affiliates in connection with the development of the System that is available as of the Effective Date of this Agreement and as may be modified from time to time, and includes the Servizio<sup>SM</sup> and Servizio Mobile<sup>SM</sup> software.

Capitalized terms not defined in this section shall have the meaning assigned to such terms in the applicable section of this Agreement.

## **ARTICLE 2**

### **GRANT OF FRANCHISE; TERRITORY RESERVATIONS OF RIGHTS; AND TERRITORY SALES QUOTA**

#### **2.1 Grant of Franchise**

Subject to the provisions in this Agreement, we grant to you, and you accept, the non-exclusive right to use the Marks, YESCO® Software, and System in connection with the establishment and operation of a Business within the Territory. You agree to use the Marks and the System as they may be changed, improved, and further developed by us and/or our Affiliates, only in accordance with the terms and conditions of this Agreement.

#### **2.2 Scope of Franchise Operations**

You will continuously use your best efforts to promote and operate the Business. You will utilize the Marks, System, and Manuals to operate all aspects of the Business in accordance with the methods and systems we develop and prescribe from time to time. As further described in Section 10.2, you will offer and sell from or through the Business the Authorized Products and Services. You are restricted from offering or selling any other products or services in connection with the Business, YESCO® Software, System or Marks unless previously approved by us in writing.

#### **2.3 Territory**

**2.3.1** The Parties agree on the non-exclusive Territory identified in Exhibit B. Once established, the boundaries of the Territory will not be adjusted without our prior written consent regardless of whether the number of businesses in the Territory increases or decreases, or other factors relating to the Territory change, over time. Except as described in Section 2.3.2, your Business will not be insulated or protected from competition from any other YESCO® businesses using the System.

**2.3.2** Although the license granted by us to you is non-exclusive during the Initial Term and any Interim Period, so long as you are in compliance with all of your obligations under this Agreement and subject to our reservation of rights described in Sections 2.4 and 2.5, we will not establish any company-owned or Affiliate-owned YESCO® businesses, or grant an additional franchised YESCO® business in the Territory, under the Marks or any other trademark for a business offering the Authorized Products and Services.

**2.3.3** You may not advertise, conduct sign patrols, solicit business or otherwise operate the Business outside your Territory except under the following circumstances:

(a) You have our prior written consent, which we have the right to withhold for any or no reason; or

(b) You receive a Lead (defined in Section 5.5 below) from outside of your Territory that is not the result of advertising or solicitation of business by you, or you have an existing client that requires Authorized Products and Services, and the work: (i) will be performed by you in the United States, (ii) is not within a territory that already has been assigned to another franchisee, us or our Affiliates, (iii) does not require the use of a subcontractor, and (iv) does not require one-way travel time in excess of three hours.

You must comply with all policies and procedures we periodically establish regarding operation outside of your Territory, as set forth in the Manuals or otherwise in writing. You acknowledge and agree that these policies and procedures may require you to pay compensation and/or fees to us, our affiliates and other YESCO® franchisees if you violate them.

**2.3.4** The license for the Territory granted to you under this Agreement is personal in nature. Except as stated in this Section 2.3, the license granted to you under this Agreement does not include the right to offer or sell any services or products identified by the Marks, or any other names, trademarks, service marks, logos or other commercial symbols outside the Territory, or through any “other channels of distribution” or “other methods of distribution” (as described in Section 2.4) within or outside the Territory.

**2.3.5** Except to the extent you may subcontract certain services you provide to your customers in accordance with the terms of this Agreement, you may not subfranchise or sublicense any of your rights under this Agreement.

**2.3.6** Except as stated in this Section 2.3, there is no exclusive right to any territory, and you acknowledge and agree that you do not have any right to exclude, control or impose conditions on our development of future franchised, company-owned or Affiliate-owned YESCO® businesses at any time or at any location.

## **2.4 Reservation of Rights**

We reserve any and all rights not expressly granted to you under this Agreement. Without limiting the preceding sentence, we (for ourselves and our Affiliates) specifically reserve the right, from any location at any time, without any compensation to you or any other franchisee and regardless of whether it competes with the Business to:

**2.4.1** own and operate, and grant franchises or licenses to others to own and operate, YESCO® businesses outside the Territory;

**2.4.2** own and operate, and grant franchises or licenses to others to own and operate, YESCO® businesses within the Territory if you fail to meet a TSQ, as further described in Section 2.5, or if you fail to pay Royalty Fees when due as described in Section 4.3;

**2.4.3** own and operate, and grant franchises or licenses to others to own and operate, any business of any kind, other than a business located within your Territory selling the Authorized Products and Services (except as described in Section 2.3.2 or otherwise in this Section 2.4), under the Marks or any names, trademarks, service marks, logos and other commercial symbols other than the Marks, at any locations within or outside your Territory;

**2.4.4** use the Marks and the System to offer, sell or distribute or grant franchises or licenses to others to offer, sell or distribute any products or services (which may be similar to the Authorized Products and Services) through any alternate channels of distribution or other methods of distribution at any location within or outside of the Territory. “Other channels of distribution” mean any channels of distribution other than the operation of a YESCO® business and include without limitation hardware stores, big box stores and other locations where products are sold. “Other methods of distribution” include without limitation wholesale, resale, the Internet (or any other existing or future form of electronic commerce, catalogs, mail order and television);

**2.4.5** grant licenses or other rights to others to use the YESCO® Software, or software similar to the YESCO® Software, for purposes of operating businesses other than providing the Authorized Products and Services in the Territory;

**2.4.6** offer, sell, and distribute the Authorized Products and Services in combination with other products and services;

**2.4.7** acquire businesses that are the same as or similar to the Business or other YESCO® businesses and operate such businesses regardless of where such businesses are located, and to be acquired by any third party which operates businesses that are the same as or similar to the Business or other YESCO® businesses regardless of where such businesses are located;

**2.4.8** advertise the System and the Authorized Products and Services on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of websites using the Marks;

**2.4.9** service, or license or allow others (including without limitation other YESCO® franchisees not located within the Territory and third party subcontractors located within or outside the Territory) to service any Lead (as described in Section 5.5 below) within the Territory that we or our Affiliates or other YESCO® franchisees provide to you that: (i) you reject or fail to pursue in a time frame that we determine; (ii) to whom you fail to properly provide requested services; (iii) you are unable to service because you lack the necessary qualifications or resources as we or our Affiliate determine (including, without limitation, lacking the necessary qualifications to participate in the National Accounts Program); or (iv) a customer specifically requests that we or another YESCO® franchisee, an Affiliate, or subcontractor service that Lead.

## **2.5 Modification of Territory; Territory Sales Quota**

You will be responsible for producing a minimum of \$400,000 in Gross Revenue within the first 24 months of operation, and a minimum of \$250,000 in Gross Revenue for each 12-month period thereafter (each minimum referred to as a “**Territory Sales Quota**” or “**TSQ**”). If you fail to meet a TSQ, we have the right to terminate this Agreement or, in our sole discretion, reduce the geographic size of the Territory to an area we determine that you can appropriately service, establish a company-owned or Affiliate-owned YESCO® business, or grant an additional franchised YESCO® business, in the Territory, and/or disqualify you from participation in the National Accounts Program. **THE INCLUSION OF THE TSQ IS IN NO WAY INTENDED TO IMPLY THAT YOU WILL EXPERIENCE GROSS REVENUE OF ANY PARTICULAR LEVEL.**

## ARTICLE 3

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### 3.1 **Business Office Location**

**3.1.1** You will operate the Business from office space located in a commercial/industrial area within the Territory (“**Office**”). The Office must comply with our office brand standards. Before opening your Office, you must purchase our then-current office branding package (“**Office Branding Package**”) through our marketing portal. You will pay the then-current fee for the Office Branding Package. The Office may be of any size that you determine at any location within your Territory. We or our designees have the right to inspect the Office to ensure that it meets these minimum standards. If it does not, we reserve the right to require changes. There are no other requirements for any such office space. Notwithstanding the above, you may locate your Office in your home for start-up period only, which period may not exceed six months after you commence operations of your Business.

**3.1.2** You agree that you have the sole responsibility for selecting the location of your Office and that we make no promise, warranty or guaranty of any kind about the Office location, or the success or profitability of the Business.

**3.1.3** You will prevent the use of the Office for illegal purpose or for any other purpose, business activity, use or function that is not expressly authorized by this Agreement. In addition, you agree to obtain, repair, maintain and replace all equipment, signs and other Office items at your sole cost.

**3.1.4** You must open the Office and begin operating your Business within 90 days of the Effective Date. We may extend this period if you request an extension of time (not to exceed 30 days) from us at least five days before the end of the 90-day period, but are not obligated to do so.

**3.1.5** If you fail to open or find an Office within the time provided in this subsection, we will have the right to terminate this Agreement.

### 3.2 **Relocation**

You may relocate the Business to another Office anywhere within the Territory. You must notify us of the physical address of your location, including the physical address of any relocation site within the Territory at least ten business days prior to relocating. Your new Office location must meet our then-current standards and specifications.

### 3.3 **Furniture, Fixtures, Signs, and Equipment**

You must purchase or otherwise obtain for use in the Business all equipment that complies with our standards and specifications. You acknowledge and agree that the type, quality, configuration, capability, and/or performance of the same are all standards and specifications which are a part of the System, and therefore each must be purchased, leased, or otherwise be obtained in accordance with our standards and specifications and only from us, our Affiliates, or suppliers or other sources designated or approved by us, all as may be more fully set forth in the Manuals or otherwise in writing.

You will ensure that the Office is wired for Internet access via a high-speed connection. You must maintain your Internet service at all times and must permit us the right to access your computers and network for any reasonable business purpose.

You will purchase signs for the Office. The signs shall be paid for by you and approved by us prior to purchase.

Your service vehicles must meet our standards as set forth in the Manuals. You will paint and mark all of your service and sign patrol vehicles in accordance with our vehicle graphic standards as set forth in the Manuals at your expense.

### **3.4 YESCO® Software, Third-Party Software, and Hardware**

**3.4.1** You are granted a license for the entire suite of applications comprising the YESCO® Software for up to ten users at no charge to you. You may assign each license to users that are employed by you. You may not assign any user licenses to subcontractors, independent contractors, or other third parties without our prior written consent, which we have the right to deny for any or no reason. You may not sublicense the YESCO® Software or allow any third-party to use the YESCO® Software.

**3.4.2** You may only use the YESCO® Software in connection with providing the Authorized Products and Services.

**3.4.3** You may not modify, decompile, alter, reverse engineer, or alter the YESCO® Software and you may not permit or assist anyone else in doing the same.

**3.4.4** We have the right to charge a per user subscription fee of up to \$100 per month for each YESCO® Software user in excess of ten users. Such fees shall be added to and paid according to the same terms as the Royalty Fee (defined below). We have the right to charge you \$150 per email user and per archived email account per year. We further have the right to charge you 25 cents per gigabyte per month of data storage that you use in connection with the enterprise software systems and the YESCO® Software. We reserve the right to increase these fees at the same rate that our third-party email and data storage providers increase their fees to us or our Affiliates and you will be liable for the additional increases upon 30 days written notice to you.

**3.4.5** You must purchase the equipment, computer systems, wireless devices, cell phones, and other hardware (“**Hardware**”) and other third-party software we require in order to operate the YESCO® Software and Business, as described in the Manuals. Although we do not now, we have the right to require you to purchase Hardware components from us, and we may receive certain fees and commissions from the vendor of the same, which we will disclose to you.

**3.4.6** You must maintain the YESCO® Software and third-party software with all updates, patches, and material upgrades.

**3.4.7** We do not now, but reserve the right in the future to require you to purchase from us new YESCO® Software applications for use in the Business. We will notify you in writing of the implementation of this requirement, and you will have a reasonable time (not to exceed 60 days) within which to purchase and install the same. We have the right to charge you a subscription fee for the new YESCO® Software on a per application or package basis at the rates set forth in our then current Franchise Agreement.

**3.4.8** We have the right at any time to change or substitute the Hardware, YESCO® Software, or the third-party software and will notify you in writing of the same after which you will have a reasonable amount of time (not to exceed 60 days) within which to make the changes at your expense; however, we will not require you to purchase a new computer any more often than once every two years.

**3.4.9** You will maintain current records of the Business as required under this Agreement, the Manuals, and applicable laws and regulations, and securely backup electronic files and records at least once a week.

### **3.5 Before you Commence Operations**

Before you commence operations of the Business, you must:

- (a) subscribe to our designated Internet website(s), enterprise software programs, and enterprise email system, which will, among other things, provide you with “yesco.com” email addresses for each of your employees, and which will provide you with the posting of your contact information, on the website or page, including your address, phone number, fax number and email address for your Office in the Territory. You will be solely responsible for all costs associated with this required subscription, including without limitation all user fees;
- (b) purchase corporate letterhead, business cards, corporate brochures and multi-media presentations prior to opening for business;
- (c) purchase, field test and deploy software solutions provided by us or third parties prior to opening for business;
- (d) purchase minimum levels of tools, parts, equipment, and service vehicle(s) as required by the Manuals;
- (e) successfully complete the Initial Training Program as set forth in Section 9.1; and
- (f) obtain our approval for commencing operations of your Business.

## **ARTICLE 4**

### **FEES AND PAYMENTS**

#### **4.1 Initial Franchise Fee**

You must pay to us an initial franchise fee (“**Initial Franchise Fee**”) of \$50,000, by wire transfer, when you sign this Agreement. You acknowledge and agree that the Franchise Fee has been fully earned by us by the grant of this franchise. The Initial Franchise Fee is not refundable, in whole or part, under any circumstances unless we terminate this Agreement because of a reason set forth in Section 12.1.14. We will notify you in writing that we are exercising our right to terminate this Agreement pursuant to Section 12.1.14, in which case we will refund to you 40% of the remaining Initial Franchise Fee, after we pay any fees or commissions that are not refundable, within 30 days of our notice of termination.

## 4.2 Gross Revenue

The term “Gross Revenue” means the aggregate amount of the total sales and receipts from the sale of all services and goods whether or not actually collected by you or by us, whether for cash, check, on credit, bartered or otherwise, at, from or in connection with the Business or the Marks, regardless of whether such services and goods are Authorized Products and Services. Gross Revenue excludes any federal, state or municipal or other sales tax or any similar tax on the supply of goods and services collected from customers at the point of sale and paid by you to appropriate tax authorities. For purposes of fees charged in this ARTICLE 4, a sale is made to a customer at the earlier of the customer’s payment for the services and goods (whether paid in full or in part) or when the services and goods are provided.

## 4.3 Royalty

You will pay us a royalty (“**Royalty Fee**”) of either \$1,000 per month or 6% of Gross Revenue, whichever is greater. The Royalty Fee is due and payable on or before the 15th day of each month based on the Gross Revenue for the previous month, pursuant to the method of payment we designate, as further described below in this ARTICLE 4.

## 4.4 Electronic Transfer of Funds

**4.4.1** You must sign the electronic funds transfer (“**EFT**”) Authorization Agreement for Preauthorized Payment Services authorization attached as Exhibit C, as well as any other documents we periodically designate or approve, to authorize your bank to transfer, either electronically or through some other method of payment we designate or approve, directly to our or our Affiliates’ account and to charge your account all amounts due to us or our Affiliates from you. Your authorization will permit us or our Affiliates to designate the amount to be transferred from your account. You must maintain a balance in your account sufficient to allow us and/or our Affiliates to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Section. You agree to sign all documents we designate in accordance with this Section no later than ten days prior to the date you commence operating the Business.

## 4.5 Computation and Remittances

**4.5.1** We will compute the amount of Royalty Fees due and owing to us at the end of each calendar month’s operation and collect these amounts from your account, electronically or through some other method of payment we designate, on the day the Royalty Fees are due. We may also collect from your account, electronically or through some other method of payment we designate, any other amounts that become due and owing to us under this Agreement, including without limitation National Advertising Fees, interest charges and services charges. All calculations will be based on figures you provide to us and/or we acquire electronically or otherwise. You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we require to verify the accuracy of amounts we collect from your account. If you do not provide us with required Gross Revenue reports as required under Section 10.1, we have the right to estimate the Business’ Gross Revenue for the missing period and collect from your account an amount equal to the Royalty Fees that would be due based on such estimation. In making our estimate, we may consider prior Gross Revenue reports that we received from you, any system-wide averages and other pertinent

information available to us. Further, if you are delinquent in the payment of any amounts owed to us, we have the right, without prejudice to any other rights or remedies we may have under this Agreement or any other agreements between us, to require you to prepay estimated Royalty Fees. We have the right to change the method of payment of Royalty Fees and any other fees due to us and our Affiliates under this Agreement at any time upon 30 days' written notice to you.

#### **4.6 Application of Payments**

We have the right to apply or cause to be applied against amounts due to us or any of our Affiliates any payments received from you or any indebtedness that we or our Affiliates owe to you. Notwithstanding any designation by you as to the application of your payment, we have the right to allocate any payments you make to us or our Affiliates first to any late fees and interest you owe to us and our Affiliates, then to any Royalty Fees or other fees or expenses which are past due, and then to the current Royalty Fees and other fees you owe. The allocation we make pursuant to this Section will not serve to postpone any payments that are due on any current or future due date.

We will also have the right to allocate in the same manner as stated above in this Section any payments or any credits from third-party vendors which are delivered to us or our Affiliates on your behalf. To the extent necessary to carry out the intent of this Section, you hereby appoint us and our Affiliates as your attorney-in-fact and grant us and our Affiliates a power of attorney for the sole purpose of allocating any such funds received. This power of attorney shall continue throughout the term of this Agreement, any extension thereof, and, if applicable, after the termination of this Agreement, but in the latter case, only to the extent that you still owe money to us or our Affiliates from your operation of the Business.

#### **4.7 Withholding Payments Unlawful**

You agree that you will not withhold payment of any Royalty Fees, National Advertising Fees or any other amount due to us or our Affiliates under this Agreement, and that the alleged non-performance or breach of any of our obligations under this Agreement or any other agreement does not establish a right at law or in equity to withhold payment to us of Royalty Fees or National Advertising Fees, or payment of any other amounts due to us or our Affiliates under this Agreement. In addition to our other rights and remedies available under this Agreement, we have the right to suspend any of our obligations under this Agreement in the event you fail to make a payment to us when due.

#### **4.8 Interest Charges; Late Payment Service Charges**

Any and all amounts that you owe to us or our Affiliates will bear interest at the rate of 1½% per month or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In addition to interest charges on late payments, you must pay to us a service charge of up to \$50 for each delinquent payment, due when the delinquent payment is due, and up to \$50 for each delinquent report, due when the delinquent report is due. We have the right to continue to charge a late fee for each day that each payment or report remains delinquent. A payment is delinquent for any of the following reasons: (i) we or our Affiliate do not receive the payment on or before the date due; or (ii) there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the date due. A report is delinquent if we do not receive it on or before the due date and remains delinquent for each day

until we receive it. The service charge is not interest or a penalty, it is only to compensate us for increased administrative and management costs due to late payment or reporting. You acknowledge and agree that this Section does not constitute our or our Affiliates' agreement to accept such payments after they are due or a commitment to extend credit to or otherwise finance the operation of the Business. The collection of any late fee and the acceptance of any late payment will not diminish our or our Affiliates' right to any other remedies available under this Agreement.

#### **4.9 Payment of Debts**

You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and our Affiliates, vendors, suppliers, manufacturers, distributors, landlords, lessors, federal, state and local governments, and creditors in connection with your Business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the operation of the Business; and (iii) all accounts and other indebtedness of every kind incurred by you in the operation of the Business. In the event you default in making any such payment, you must notify us within 30 days and we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

### **ARTICLE 5**

#### **ADVERTISING**

##### **5.1 Local Advertising**

**5.1.1** You must use your best efforts to promote and advertise the Business and must participate in all advertising and promotional programs we establish in the manner we direct. You must use only such advertising materials as we furnish, approve or make available, and the materials must be used in the manner we prescribe. In addition, any promotional activities you conduct in connection with the Business are subject to our approval. You must obtain our written approval of all marketing, advertising, and promotional materials before use. You must submit to us such materials 15 calendar days before use. If you do not receive written notice from us within 15 calendar days, it is deemed disapproved.

**5.1.2** In addition to your obligations described in Sections 5.2 and 5.6, you must spend at least 2% of your Gross Revenue each calendar year on approved local advertising and marketing activities ("**Local Advertising Fee**"). We reserve the right to increase the Local Advertising Fee up to 3% of the Gross Revenue, upon 60 days' written notice to you. We encourage you, however, to spend additional amounts on local advertising and marketing activities beyond the annual minimum amounts required under this Agreement. In calculating the applicable annual minimum amount, the Parties agree to use pro rata calculations for any partial calendar years. On or before January 31 of each year, you will provide us with an accounting of the funds that you have spent on approved local advertising and marketing activities for the preceding calendar year. If you fail to spend the minimum amount required under this Section for any calendar year, we have the right to require you to pay us the difference between what you should have spent on approved local advertising and marketing during that year and what you actually spent on those items during that year. We will deposit any such amounts in the National Advertising Fund, if we have established one, or use them to cover the cost of advertising, marketing or promotional activities reasonably related to the System, if we have not established a National Advertising Fund.

## 5.2 National Advertising

**5.2.1** We have the right to establish and operate separate National Advertising Funds for the United States and Canada, or a National Advertising Fund that is for both the United States and Canada (“**National Advertising Fund**”). Upon 30 days’ written notice to you, we may require you to participate in a separate National Advertising Fund for the United States or in a National Advertising Fund that is for both the United States and Canada, or to switch from one of these National Advertising Funds to the other. You will not, however, be required to participate in more than one National Advertising Fund at the same time. If we have not yet established a National Advertising Fund that includes the United States as of the date you open your Business, you will not be required to pay us a National Advertising Fee (as defined in Section 5.2.3 below) until a National Advertising Fund that includes the United States is established. We will provide you with 30 days’ written notice of our intent to establish a National Advertising Fund that includes the United States.

**5.2.2** If established, the National Advertising Fund will be utilized to market and enhance the products and services provided by YESCO® businesses across large geographic areas or targeted to customers or potential customers with a national presence. The National Advertising Fund will also be used for the creation of various advertising and promotional products. The media in which such advertising may be disseminated includes printed materials, outdoor advertising, posters, window clings, creation of radio and print on a local or regional basis. The advertising will be produced by us, our Affiliates, or an advertising agency.

**5.2.3** You must contribute up to 3% of Gross Revenue to the National Advertising Fund (“**National Advertising Fee**”). Unless we otherwise direct, the National Advertising Fee will be due and payable in the same manner as the Royalty Fee. All National Advertising Fees you pay to us will be placed in an interest-bearing checking account, savings account, or any other account of our determination that we own and manage. YESCO® businesses owned by us or our Affiliates in the United States and Canada will contribute to any National Advertising Funds we establish at the same respective amount as similarly situated franchised YESCO® businesses in the United States and Canada based on Gross Revenue for all Authorized Products and Services. If at any time we decrease the rate of the National Advertising Fees franchised YESCO® businesses in the United States and Canada pay us, we have the right to make a similar respective decrease to the rate YESCO® businesses owned by us or our Affiliates in the United States and Canada contribute to the applicable National Advertising Fund. The term “National Advertising Fund” shall mean the National Advertising Fund that you are required to participate in, if any.

**5.2.4** We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. We have the right to make disbursements from the National Advertising Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns and materials, and any other activities we, in our sole judgment, believe are appropriate to enhance, promote and protect the YESCO® brand. Disbursements may include without limitation payments to us or our Affiliates for the expense of administering the National Advertising Fund, including without limitation reasonable salaries and benefits paid to our and our Affiliates’ employees, accounting expenses, administrative costs, costs allocated to any conferences, travel expenses and overhead.

Disbursements also may include payments to us or designated website programmers for expenses relating to the maintenance of our website(s), and payments to us or our Affiliates or designees for market research, surveys and testing and for secret shopper programs.

**5.2.5** We make no guarantee to you or to any other franchisee that advertising expenditures from the National Advertising Fund will benefit you or any other franchisee directly or on a pro-rata basis. We assume no liability or obligation to you with respect to collecting amounts due to the National Advertising Fund or with respect to maintaining, directing or administering the National Advertising Fund. We have no obligation to spend any amount on advertising in your Territory. Notwithstanding the above, if we establish and operate a separate National Advertising Fund for the United States, we will use National Advertising Fees paid to that Fund for advertising expenditures reasonably intended to benefit some or all franchisees located in the United States. The National Advertising Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the National Advertising Fund.

**5.2.6** Upon your prior written request, we will make available to you, no later than 120 days after the end of each calendar year, an annual unaudited financial statement for the National Advertising Fund for the most recent calendar year. In addition, we have the right to spend in any fiscal year an amount greater or less than the aggregate contributions to the National Advertising Fund in that year and we or our Affiliates have the right to make loans to the National Advertising Fund bearing interest to cover any deficits of the National Advertising Fund and cause the National Advertising Fund to invest any surplus for future use by the National Advertising Fund. If we or our Affiliates make a loan to the National Advertising Fund, we may use any subsequent contributions to the National Advertising Fund to pay back the loan and any interest. Once established, we have the right to discontinue the National Advertising Fund, but will not do so until all of the monies in the National Advertising Fund have been expended or rebated to franchisees on a pro-rata basis.

**5.2.7** We reserve the right, upon 30 days' prior written notice to you, to allocate all or a portion of the National Advertising Fund to a regional advertising program for the benefit of franchisees located within a particular region. We have the right to determine the composition of all geographic territories and market areas for the implementation of such regional advertising and promotion campaigns and to require that you participate in such regional advertising programs as and when we may establish them. If a regional advertising program is implemented on behalf of a particular region, we will only use contributions from franchisees within such region for the particular regional advertising program, to the extent reasonably calculable by us.

### **5.3 Cap on Required National and Local Advertising Fees**

Although we have the right to require you to spend up to 3% of Gross Revenue on Local Advertising Fees and up to 3% of Gross Revenue on National Advertising Fees, the combined amount of Local Advertising Fees and National Advertising Fees we will require you to spend will not exceed 3% of Gross Revenue. We have the right to determine the allocation of advertising fees amongst Local Advertising Fees and National Advertising Fees at any time upon 60 days' written notice to you.

## 5.4 National Account Programs

Our Affiliate YESCO operates a lead management system for national accounts in the United States and Canada (“**National Accounts Program**”). The National Accounts Program is designed to address the needs of National Accounts Program Customers. “National Accounts Program Customers” are customers who: (i) own (either themselves or through their affiliates) or have the ability to impose purchasing requirements on (like a franchisor who has the ability to impose purchasing requirements on its franchisees) multiple facilities with sign and lighting service and maintenance needs; (ii) desire to negotiate a single agreement for the delivery of Authorized Products and Services offered by YESCO® businesses to some or all of those facilities; and/or (iii) meet any other requirements we or YESCO periodically prescribe.

YESCO has the right to solicit and negotiate agreements with all current and potential National Accounts Program Customers, including without limitation current and potential National Accounts Program Customers with facilities located within your Territory, but neither YESCO, we nor our other Affiliates are obligated to negotiate or enter into an agreement with any current or potential National Accounts Program Customers. YESCO will manage the accounts and agreements with all National Accounts Program Customers. You acknowledge and agree that you may not negotiate agreements with current and potential National Accounts Program Customers within or outside your Territory.

You will be allowed to participate in the National Accounts Program, provided you satisfy, and continue to satisfy, our and YESCO’s qualifications for participation, which we and YESCO have the right to further develop and periodically modify. Without limiting the preceding sentence or the other requirements in this Section, your participation in the National Accounts Program is conditioned upon you (a) attending and completing to our or YESCO’s satisfaction all required training, (b) conducting sign patrols of National Accounts Program Customers, within the Territory as frequently as we or YESCO prescribe and in compliance with all sign patrol requirements set forth in the Manuals, (c) meeting your Territory Sales Quota, (d) being in and remaining in compliance with all other terms, covenants and conditions of this Agreement (including the payment on a timely basis of all Royalty Fees, National Advertising Fees and other fees due hereunder and the requirements of Section 2.3.3), (e) being in and remaining in compliance with all of the terms, covenants, and conditions of the Affiliate Services Agreement attached as Exhibit G, (f) not rejecting or failing to pursue more than two National Leads in any six-month period, and (g) properly providing requested services to National Accounts Program Customers in compliance with all customer requirements.

We and YESCO also have the right to require you to sign a national accounts program agreement with us or YESCO, in the form we or YESCO designate, as a condition of your participation, or continued participation, in the National Accounts Program. You understand that, for the National Accounts Program, we and/or YESCO have the right to: (i) establish the rules under which you, other YESCO® businesses, us and our Affiliates participate in it, including the compensation you and other participants will receive and circumstances under which compensation may be withheld (ii) receive compensation for YESCO’s solicitation or management of it, (iii) negotiate pricing for it, and (iv) terminate or modify it at any time. In addition, without limiting the other requirements in this Section, we and YESCO have the right to disqualify you from participation in the National Accounts Program if we or YESCO have evidence that you negotiated, or attempted to negotiate, an agreement with a current or potential National Accounts Program

Customer within or outside your Territory, without our or YESCO's prior written consent. In such case, we or YESCO may, upon notice to you, immediately disqualify you from participation in the National Accounts Program or terminate this Agreement pursuant to Section 12.1.

There is no guaranty that you will satisfy or continue to satisfy our or YESCO's qualifications for participation in the National Accounts Program. In addition, even if you qualify for and participate in the National Accounts Program, neither YESCO, we nor our other Affiliates guaranty the number of National Accounts Program Customers you may have the opportunity to work with or the level or percentage of Gross Revenue you may receive from National Accounts Program Customers. Further, one franchisee may have more National Accounts Program Customers and receive a higher level and percentage of Gross Revenue from National Accounts Program Customers than another franchisee.

If you receive a Lead (as defined in Section 5.5) for a National Accounts Program Customer facility located within the Territory from us or YESCO and (i) you are unable to service that Lead because you are not a qualified participant in the National Accounts Program (or we or YESCO have disqualified you from participating in it), (ii) you reject or fail to pursue that Lead, or fail to properly provide requested services to that Lead (even though you are a qualified participant in the National Accounts Program), or (iii) a customer specifically requests that YESCO or another YESCO® franchisee, an Affiliate, or subcontractor service that Lead, YESCO has the right to service, or license or allow others (including without limitation other YESCO® franchisees and subcontractors located within or outside of the Territory) to service that Lead.

## 5.5 Referral of Leads and Fees

Our marketing efforts, or the marketing efforts of our Affiliates or other franchisees may result in sales leads that have the possibility of generating opportunities to provide the Authorized Products and Services to customers within your Territory. Likewise, your marketing efforts may result in the generation of sales leads that have the possibility of generating opportunities to provide the Authorized Products and Services in a territory assigned to us, an Affiliate or another franchisee. Such sales leads are individually referred to as a "**Lead**."

There is no guaranty that you will receive any Leads, or if you receive a Lead that it will result in the generation of Gross Revenue. Further, neither YESCO, we nor our other Affiliates guaranty the number or frequency of any such Leads, and one franchisee may receive more Leads than another franchisee.

You are required to refer to YESCO all Leads from current or potential National Accounts Program Customers (a "**National Lead**"). If you refer a National Lead located within the United States that is not from a current National Accounts Program Customer to YESCO, as we or YESCO direct, you will receive the then-current lead referral fee ("**National Lead Fee**"), which we and YESCO have the right to periodically modify, for that referral. As of the Effective Date of this Franchise Agreement, the National Lead Fee for National Lead referrals described in the previous sentence was equal to 1% of the aggregate amount of the total sales and receipts collected, whether for cash, check, on credit, bartered or otherwise, and which arise from the sale of Authorized Products and Services in connection with the particular National Lead you referred to YESCO, as YESCO or we directed, excluding any federal, state or municipal or other sales tax or any similar tax collected from the sales lead and paid to the appropriate tax authorities, for a period of one year from the date of the National Lead referral.

YESCO, at its option, will administer the sign and lighting service and maintenance work pursuant to any National Lead referrals it receives from you in accordance with the agreement that is executed between you and YESCO in the form of Affiliate Services Agreement attached as Exhibit G. YESCO will pay you for such work at the then-current rates, less an administrative fee of up to 6% on the amount received from any National Lead located within the United States (a “**National Lead Admin Fee**”).

As of the Effective Date of this Agreement, the following applies to non-National Accounts Program Customer Leads, except as described above. You may refer non-National Accounts Program Customer Leads to other franchisees, or to us or our Affiliates (as applicable) for potential sign and lighting service and maintenance work outside your Territory if the work is in the territory of another franchisee, us or our Affiliate. You also may receive non-National Accounts Program Customer Leads from other franchisees, or from us or our Affiliates (as applicable) for potential sign and lighting service and maintenance work within your Territory. If we or our Affiliates generate a non-National Accounts Program Customer Lead within your Territory, we will refer that Lead to you at no charge. Similarly, you agree not to charge a fee if you refer a non-National Accounts Program Customer Lead to us or our Affiliates. You may, however, negotiate the receipt or payment of lead fees for the referral of non-National Accounts Program Customer Leads between you and other franchisees in accordance with this paragraph.

Notwithstanding the paragraph above, we have the right, upon 30 days’ written notice to you, to periodically develop, modify and discontinue voluntary or mandatory Lead referral programs, which may require the payment of lead fees, through the Manuals or otherwise. You acknowledge and agree that you will participate in any mandatory Lead referral programs we develop. You also acknowledge and agree that we have the right to develop different Lead referral programs for YESCO® businesses located in the United States (as opposed to YESCO® businesses located in Canada and other countries) to take into account country-specific conditions, like the economy, culture, product and service availability and customs.

If you receive a Lead for a non-National Accounts Program Customer facility located within the Territory from us or our Affiliates or another YESCO® franchisee and (i) you reject or fail to pursue that Lead, (ii) you fail to properly provide requested services to that Lead, (iii) you do not have the qualifications or resources to properly provide requested services to that Lead, or (iv) a customer specifically requests that we or another YESCO® franchisee or subcontractor service that Lead, we have the right to service, or license or allow others (including without limitation other YESCO® franchisees not located within the Territory and third-party subcontractors located within or outside the Territory) to service that Lead.

## **5.6 Grand Opening Advertising**

Within the 30-day period before and the 30-day period after commencing operations of your Business, you must spend at least \$1,000 to advertise the start up (“**Grand Opening**”) of the Business. We must approve of the advertising used in this program, which will include an email campaign and direct mailing campaign to a list of potential customers in the Territory, as well as print media advertising. Such expenditures are in addition to, not in lieu of, other advertising requirements set forth herein.

## ARTICLE 6

### TERM AND SUCCESSOR FRANCHISE RIGHTS

#### 6.1 Effective Date and Term

**6.1.1** The initial term of this Franchise Agreement shall be for a period of ten years from the Effective Date, unless terminated earlier (“**Initial Term**”). If we are required by law to give you notice before the termination or expiration of this Agreement, and if we fail to do so, this Agreement will remain in effect until we have given the required notice.

#### 6.2 Successor Franchise Rights

At the end of the Initial Term you will have the option to renew your franchise rights for two additional five-year terms (each referred to as a “**Successor Franchise**”). If we continue to offer an early renewal program and you meet our then-current compliance, performance, and other qualifications for that renewal program, you will be able to renew this Franchise Agreement or any Successor Franchise Agreement according to the then-current early renewal program. Renewal of this Franchise Agreement, whether pursuant to the exercise of a five-year renewal term or pursuant to participation in the early renewal program is subject to the following conditions:

**6.2.1** We have not exercised our right to refuse to offer a Successor Franchise Agreement, as permitted under Section 6.3;

**6.2.2** You have remained in substantial compliance with all of the terms, covenants and conditions of this Agreement (including the payment on a timely basis of all Royalty Fees, National Advertising Fees, and other fees due hereunder) during the then-current term of this Agreement (the Initial Term or first Successor Franchise, as applicable);

**6.2.3** You exercise the option to enter into a Successor Franchise Agreement by giving written notice of such exercise to us not earlier than one year or later than 180 days prior to the scheduled expiration of the then-current term;

**6.2.4** You sign our then-current form of Successor Franchise Agreement that may contain materially different terms and conditions than this Agreement, including without limitation, higher Royalty Fees, National Advertising Fees, and other fees, and required guarantees of performance. In addition, we have the right in any Successor Franchise Agreement we offer to you to alter the boundaries of the Territory we granted to you during the then-current term in accordance with our then-current standards for granting territories, provided we will not, at the time of offering a Successor Franchise Agreement to you, decrease the size of your Territory to a geographic area that has a number of businesses less than the number of businesses at the time the original franchise was granted. You must sign and deliver the Successor Franchise Agreement to us no later than 45 days before the end of the then-current term. The Successor Franchise Term shall begin on the day following the end of the Initial Term, assuming we have signed it. If you do not deliver it to us, then you will be deemed to have withdrawn your decision to enter into a Successor Franchise Agreement, and such rights will thereafter no longer be available to you;

**6.2.5** You sign a general release in the form we require;

**6.2.6** You pay a Successor Franchise Fee of \$15,000 (“**Successor Franchise Fee**”) for each additional 5-year term. The Successor Franchise Fee is deemed to be earned when you pay it and is not refundable under any circumstances; and

**6.2.7** Your Primary Owner, Principal Operator and any other of your employees we designate, comply with our then-current training requirements, at your sole expense.

### **6.3 Conditions of Refusal**

We will not be obligated to offer you a Successor Franchise Agreement upon the expiration of this Agreement if you:

**6.3.1** have not remained in substantial compliance with all terms, covenants and conditions of this Agreement (including the payment on a timely basis of all Royalty Fees, National Advertising Fees, and other fees due hereunder) during the then-current term of this Agreement;

**6.3.2** fail to comply with any of the conditions necessary to obtain a Successor Franchise Agreement as described in Section 6.2;

**6.3.3** are in breach of this Agreement at the time that you attempt to exercise your right to enter into a Successor Franchise Agreement; or

**6.3.4** we have determined, in good faith and after using Reasonable Business Judgment, not to enter into a Successor Franchise Agreement with you.

In such event, we shall give notice of expiration at least 60 days prior to the expiration of the then-current term, and such notice shall set forth the reasons for such refusal to enter into a Successor Franchise Agreement.

### **6.4 Interim Period**

If you do not sign a Successor Franchise Agreement prior to the expiration of this Agreement and continue to accept the benefits of this Agreement after the expiration of this Agreement, then, at our option, this Agreement may be treated either as (i) expired as of the date of expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (“**Interim Period**”) until one Party provides the other with written notice of such Party’s intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all your obligations will remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

## ARTICLE 7

### MANUALS AND SERVICES PROVIDED TO YOU BY US

#### 7.1 Manuals

**7.1.1** We will provide you with access to the Manuals. The Manuals contain mandatory and suggested standards, procedures, techniques, management systems and other items relating to the operation of a YESCO® business. You will comply with the mandatory provisions of the Manuals as an essential aspect of your obligations under this Agreement, and your failure to substantially comply with the mandatory provisions of the Manuals will be considered by us to be a breach of this Agreement. Our mandatory specifications, standards and operating procedures exist to protect our interests in the Marks and the System and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. We have the right to periodically update the Manuals, and you must comply with any changes in every update within the time period provided in such updates. You must at all times ensure that your copy of the Manuals is kept current and up to date, and in the event of any dispute as to the contents of your copy of the Manuals, the terms of the master copy of the Manuals that we maintain is controlling. You acknowledge and agree that the Manuals and other system communications will be in the English language and may only be available on the Internet or other online or computer communications. You further acknowledge and agree that we have the right to vary the Manuals and other system communications between YESCO® businesses located in the United States and YESCO® businesses located in Canada and other countries to take into account country-specific conditions, like the economy, culture, product and service availability, customs and sourcing, and you agree to comply with the version of Manuals and other system communications we adopt for YESCO® businesses located in the United States.

**7.1.2** You will only use the Marks, the YESCO® Software, and System as specified in the Manuals. The Manuals are Confidential Information and are our sole property and shall be used by you only during the term of this Agreement and in strict accordance with the terms and conditions of this Agreement.

#### 7.2 Services Provided by Us Prior to Commencement of Operations

Prior to the commencement of the Business, we will provide the following services:

**7.2.1** Provide you with the Initial Training Program, as set forth in Section 9.1. The Initial Training Program is open only to three people that you designate, including your Primary Owner and Principal Operator. You and other persons participating in the training must sign the Confidentiality and Non-Competition Agreement that is attached to this Agreement as Exhibit D and the Training Waiver of Liability and Hold Harmless Agreement that is attached as Exhibit H.

**7.2.2** Provide you with access to all of the Manuals that you will need to operate the Business, which may include an Approved Supplies List and/or an Approved Supplier List, which, if included, we will periodically update for all services and products, goods and equipment.

**7.2.3** Add your information to our designated website(s) and establish yesco.com email addresses for each of your employees that need one.

**7.2.4** Approve your Grand Opening advertising and promotional program.

### **7.3 Services Offered by Us During Operation**

During the operation of your Business, we will provide the following services:

**7.3.1** Provide your employees with “yesco.com” email addresses and the YESCO® Software.

**7.3.2** Provide you with Leads which originate from within your Territory and which we obtain through our designated web page or pages.

**7.3.3** Offer additional seminars or programs, at a frequency that we have the right to determine, on various topics relevant to your Business. Some of these seminars or programs may be mandatory. There may be a tuition fee for these seminars.

**7.3.4** Provide updates to the Manuals, YESCO® Software, the System and the Marks, at a frequency which we have the right to determine.

**7.3.5** Review all promotional and advertising materials you desire to use. We will notify you of our approval or rejection of such promotional and advertising materials in writing no less than 15 calendar days before its release for publications into any medium. If you do not receive written notice within 15 calendar days, your materials are deemed to be not approved.

**7.3.6** If requested by you, and if approved by us, provide additional training at a location determined by us. You will pay our then-current fee for such services, along with all travel, room, board, salaries and benefits and other related expenses of your attendees. You and other persons participating in the training must sign the Confidentiality and Non-Competition Agreement that is attached to this Agreement as Exhibit D and the Training Waiver of Liability and Hold Harmless Agreement that is attached as Exhibit H.

**7.3.7** Use secret shoppers if and when we deem it appropriate to visit or contact the Business, or other methods to ensure that you and all other franchisees are delivering quality services and products that conform to the System.

**7.3.8** Provide promotional materials and advertising programs from time to time as we deem appropriate.

**7.3.9** Sponsor an “Achievement Reward Program” which will consist of recognition programs for high-performance franchisees. We have the right to change or eliminate this program at any time, or to choose not to have such a program at all.

**7.3.10** Review all requests for alternative supplies and suppliers in accordance with Section 10.2.

Except for the assistance described above, or as otherwise found in this Agreement, we are not required to offer any other pre-opening or post-opening assistance. You may request additional support, although we have the right to decide whether or not to provide it to you. You must pay to us any costs we incur in providing any requested additional assistance to you.

## ARTICLE 8

### MARKS, COPYRIGHTS, SYSTEM, AND CONFIDENTIAL INFORMATION

#### 8.1 Marks and Copyrights

**8.1.1** You agree that we or our Affiliates own each component of the System, including without limitation: the YESCO® Software, the Manuals, the standards and specifications necessary to operate the Business; the specifications for hardware and third-party software; marketing techniques; written promotional materials; advertising; and accounting systems. You acknowledge and agree that we and our Affiliates have valuable rights in and to each component of the System.

**8.1.2** You also agree that our Affiliate owns the Marks and YESCO® Software and has authorized us, as its exclusive agent, to license the Marks and YESCO® Software to you.

**8.1.3** We or our Affiliates further claim copyrights and copyright protection in and on all of the components of the System, including without limitation the Manuals and related materials, the YESCO® Software, training modules and techniques, our method of generating Leads, all advertisements in any medium including the Internet, and other promotional and written materials.

**8.1.4** Along with the Marks, each and every component of the YESCO® Software and the System is our or our Affiliates' proprietary trade secret and Confidential Information. Any component of the System will be used by you only as described in this Agreement.

**8.1.5** You and your Principal Owners and any other owners may never during the Initial Term or any Interim Period, or at any time after the termination or expiration of this Agreement, disclose any Confidential Information, including without limitation any component of the System or any copyrighted materials, to any person or entity, and you cannot use the Confidential Information for any other business.

**8.1.6** You will not copy any portion of the System, YESCO® Software, Marks, or any portion of the copyrighted materials unless we specifically authorize it in writing, and said authorization may be granted or denied for any reason or for no reason at all. If you are a business entity, then your officers, directors, Principal Owners and all other owners, Principal Operator, and all others who may take an active role in the operation of the Business must sign nondisclosure and confidentiality agreements and non-competition agreement, in the form we designate. A copy of our current form Confidentiality and Non-Competition Agreement is attached as Exhibit D, although we have the right to periodically modify this form document.

**8.1.7** You agree that you have not acquired and will not acquire in the future any right, title, or interest in any component of the System, YESCO® Software, Manuals, Marks or any portion of the copyrighted materials, except as permitted by this non-exclusive license.

**8.1.8** You will not: (a) directly or indirectly contest nor aid in contesting the validity of the ownership of the Marks or the YESCO® Software; (b) nor in any manner interfere with or attempt to prohibit our or our Affiliates' use of the Marks, the YESCO® Software, any component of the System or derivatives thereof, any of the copyrighted materials or any other name

that is or becomes a part of our System; or (c) interfere with the use of the Marks or the YESCO® Software by our other franchisees or licensees at any time.

**8.1.9** You may from time to time create, invent, fashion and otherwise propose changes to the Marks, the YESCO® Software or the System which will have the effect of improving the same (“**Improvements**”). You will notify us of all such Improvements and you agree that we and our Affiliates have the perpetual right to use and authorize others to use the Improvements without any obligation to you for royalties or other compensation. You also agree, upon our request, to assign to us or our Affiliates, as we designate, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any of the Improvements. We and our Affiliates have the right to make application for and own copyrights, patents, trade names, trademarks and service marks relating to any of the Improvements and you shall cooperate with us and our Affiliates in securing those rights. In return, we and our Affiliates will allow you to utilize any Improvements that other franchisees develop and we authorize for use in the System.

## **8.2 Infringement**

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

**8.2.2** You agree that we have the right to determine whether any action will be taken on account of any possible infringement or illegal use. We have the right to commence or prosecute such action in our own name and may join you as a party to the action if we determine it to be reasonably necessary for the continued protection and quality control of the Marks, YESCO® Software, and each component of the System. You must fully cooperate with us in any such litigation. In addition, there may be infringing uses or superior previous rights that may materially affect your use of the Marks in the Territory and said infringement may materially impact the ability of the Business to continue to operate as a franchisee.

## **8.3 Business Name**

You agree that we and our Affiliates have a prior and superior claim to each portion of the Marks. You will not use the phrase “YESCO,” “Expert Sign and Lighting Service.....It’s What We Do,” or any portion of the Marks in the legal name of your corporation, partnership, or any other business entity used in conducting the business provided for in this Agreement. You also agree not to register or attempt to register a trade name with a state division of corporations or similar state authority or register or attempt to register an internet domain name using the Marks or anything confusingly similar to the Marks in your name or that of any other person or business. You may do business as “YESCO” so long as this is only an unregistered “doing business as” or fictitious name and not part of the business entity or your name, and may not use another name without approval from us. You may list “YESCO” or the Marks as unregistered “doing business as” or fictitious names with your banking institution(s) for the purpose of authorizing your financial institution(s) to process payments for your YESCO® Business and for other banking purposes necessary for the operation of your YESCO® Business.

## **8.4 Use and Change of Marks**

**8.4.1** If we or YESCO Administration determines it necessary to modify or discontinue use of any proprietary Marks, the YESCO® Software or to develop additional or substitute marks or software, you will, within 20 days after receipt of written notice of such a modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

**8.4.2** You agree that we have the sole right to license and control your use of the names, Marks, the YESCO® Software, other logos, and copyrighted material associated with the System, including the Manuals and Marks. You also agree that you have not acquired any right, title, or interest in the Marks or the YESCO® Software or any of our intellectual property.

**8.4.3** Except for the limited instances described in Section 2.3.3, you have the right to use the Marks and the YESCO® Software only in the Territory and only for so long as you shall fully perform and comply with all of the conditions, terms, and covenants of this Agreement and the policies and procedures that we may periodically prescribe.

**8.4.4** All other use of the Marks in advertising must be with our prior written approval as set forth in this Agreement and in the Manuals.

**8.4.5** You further agree to execute any and all additional documents and assurances in connection with the Marks as reasonably requested by us and agree to fully cooperate with us or any of our other franchisees or licensees in securing all necessary and required consents of any state agency or legal authority for the use of the Marks or any other names that are or become a part of the System.

**8.4.6** Any and all goodwill associated with the Marks, the YESCO® Software and the System, including any goodwill that might be deemed to have arisen through your activities, shall inure directly, and exclusively to our and our Affiliates' benefit, except as otherwise provided herein or by applicable law.

## **8.5 No Use of Other Marks**

No marks, logotypes, trade names, trademarks or the like, other than specifically approved by us shall be used in the identification, marketing, promotion, or operation of the Business.

## **8.6 System**

**8.6.1** The System, including the YESCO® Software is our and our Affiliates' proprietary, confidential, and trade secret information. The System includes, but is not limited to: forms, business procedures, techniques, the Marks; the manner and method of training that we deliver to you; the software, operations, Manuals, and other related documentation, and standards and procedures that you will use in the day-to-day operation of the Business; the methods to be used by you for finding customers and the Trades; the names and other identifying information of Trades who will participate in the System; the economic and financial characteristics of the System; and any copyrighted information owned by us and our Affiliates.

**8.6.2** You must operate in accordance with the System. You agree that we own and control the distinctive plan for the establishment, operation, and promotion of the Business and all related systems and methods, which includes, but is not limited to, our standards and specifications for equipment, supplies, materials, technical equipment standards, customer relations, marketing techniques, written promotional materials, advertising, accounting systems, and each component of the Confidential Information, all of which constitute our confidential trade secrets and which have previously been identified as or is now added to the definition of the System. All of your Customer Lists and Trades Lists must be stored and maintained on our back office software application, subject to the requirements of applicable law.

**8.6.3** You acknowledge and agree that we have valuable rights in and to the System. You further agree that you have not acquired any right, title, or interest in the System, except that you have been granted a limited, non-exclusive license to use the System in the operation of the Business as it is governed by this Agreement, and that you are obligated to maintain the confidentiality thereof pursuant to this Agreement.

**8.6.4** You may not alter, change, or modify the System in any way without our prior written consent and approval, which we have the right to grant or deny for any or no reason.

## **8.7 Confidential Information**

You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Business pursuant to this Agreement, and that the use, duplication or reverse engineering of the Confidential Information in any other business constitutes an unfair method of competition. You agree that the Confidential Information is proprietary and is our trade secret and is disclosed to you solely on the condition that you agree that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any Confidential Information disclosed in written form; (iv) will adopt and implement all procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including without limitation restrictions on disclosure to Business employees; and (v) will sign a nondisclosure and confidentiality agreement, and will require the Principal Owners and all other owners, the Principal Operator, and any other managers, employees and agents with access to Confidential Information to sign a nondisclosure and confidentiality agreement, in a form we designate. For the avoidance of doubt, you may not use any Confidential Information for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence (“AI”) model, algorithm improvement, or similar data aggregation activities without our express written consent. Such uses shall not be deemed related to the performance of this Agreement and are expressly prohibited. You may not, without our prior written consent, input any Confidential Information into any generative AI platform, or disclose such information to any provider or source of generative AI services. You must opt out of allowing any provider or source of generative AI to utilize any Confidential Information for training of any AI model or for other purposes. In addition, we may require that you obtain nondisclosure and confidentiality agreements in a form we designate from your potential investors, financial institutions, and suppliers. You must provide executed copies of all of the agreements described above to us prior to commencing operations of the Business and following the addition of new or replacement owners, employees or agents. A copy of our current form Confidentiality and Non-Competition Agreement is attached as Exhibit D, although we have the right to periodically modify this document.

The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information, and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets in limited circumstances, as specified in the Manuals.

## **8.8 Ownership of Customer List and List of Trades**

In operating the Business, you will create a list of names and other identifying information of persons and businesses that have used your sign and lighting services (“**Customer List**”). You will also create a list of the Trades that provide services to your Customer List (“**Trades List**”). You must store, update, and maintain the Customer List and the Trades List using the YESCO® Software. You agree that the Customer List and Trades List are or were obtained through the use of the System and the Marks. As a result, the Customer List and the Trades List are and remain our sole and exclusive property. At the termination of this Agreement for any reason, said lists shall be our sole and exclusive property.

## **8.9 Restrictions on Internet and Website Use**

We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website or websites, and/or an intranet/extranet system or systems using the Marks. You will not register, as Internet domain names, any of the Marks now or hereafter owned by us or our Affiliates or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar. Further, you may not market, advertise or promote your Business or conduct any related business on the Internet without our prior written approval, including without limitation using social and professional networking sites to promote your Business. You acknowledge that we also may impose prohibitions on you posting or blogging comments about us, your Business or the System. The foregoing prohibition includes personal blogs, common social networks like Facebook, Instagram, TikTok, Twitter, Snapchat and Pinterest; professional networks, business profiles or online review or opinion sites like LinkedIn, Google Business Profile or Yelp; live-blogging tools like Twitter and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools.

## **8.10 Limitation on Business Operations**

Notwithstanding any other provision in this Agreement, you are prohibited from providing any Authorized Products and Services to, or otherwise operating the Business in support of, any business that we, in our sole discretion, periodically determine may be detrimental to the goodwill associated with the System and the Marks, as further described in the Manuals or otherwise in writing.

## **8.11 Talent Release**

You, your Principal Operator, Primary Owner, Principal Owners, Guarantors and each of your employees agree that we and our Affiliates have the right and permission to use and publish

the photographs/film/videotapes/electronic representations and/or sound recordings made in connection with our training, marketing, and other materials utilized or developed in connection the System and we and our Affiliates are authorized to reproduce, copyright, exhibit, broadcast, and distribute the photographs/film/videotapes/electronic representations and/or sound recordings at our discretion without limitation and compensation.

## 8.12    Feedback

You may provide suggestions, comments or other feedback (collectively, “Feedback”) to us with respect to the System. Feedback is voluntary. You agree that we may use Feedback for any purpose without liability or compensation to you or obligation of any kind, and hereby grant us an irrevocable, non-exclusive, perpetual, fully-paid-up, royalty-free, world-wide license to use the Feedback in connection with any business activities conducted by us or our Affiliates.

## ARTICLE 9

### TRAINING

#### 9.1    **Initial Training Program**

9.1.1    Your Primary Owner and Principal Operator, and at least one other person of your choosing (if your Primary Owner and Principal Operator are the same person), are required to attend (and each such person must successfully complete) the initial training program, before you can commence operation of the Business (the “**Initial Training Program**”). The Initial Training Program consists of an online, self-study training curriculum and in-person training, which is offered by us at one of our designated training facilities or at another location we designate. Up to three individuals initially designated by you are eligible to participate in the Initial Training Program without charge of a tuition or fee. You will be responsible for any and all travel expenses, living expenses, and wages and benefits incurred by the people who attend the Initial Training Program. Training participants will not receive any compensation from us while attending our training. In addition, to the extent we provide on-the-job training to you in the Territory as part of the Initial Training Program or otherwise, we reserve the right to charge you for the travel and living expenses our trainers incur while conducting the on-the-job training.

9.1.2    You will be responsible for full compliance with the requirements taught at the initial and any other training program and as provided in the Manuals. You will cause your employees to be trained in those requirements with respect to performing their respective duties.

#### 9.2    **Seminar and Other Education Development Programs**

9.2.1    From time to time, we may present seminars, webinars, conventions, or continuing development programs, or we may conduct meetings for the benefit of all franchisees. Some of these programs may be optional and some may be mandatory. We have the right to require your Primary Owner and/or Principal Operator to attend any ongoing, mandatory seminars, conventions, programs, or meetings as may be offered by us. We will give you at least 60 days’ prior written notice of any ongoing seminar, webinar, convention, or program which is deemed mandatory. We shall not require that your Primary Owner and/or Principal Operator attend any national convention or ongoing training more often than once a year, but we may require participation in webinars or conference calls more frequently than yearly.

**9.2.2** We have the right to require your Primary Owner and/or Principal Operator, and other designated employees to attend a local or regional meeting up to four times per year. All mandatory training will be offered without charge of a tuition or fee, provided, however, you will be responsible for all traveling and living expenses that are associated with attendance at such mandatory regional training meetings.

### **9.3 Additional Training**

You may also request additional training, although we have the right to decide whether or not to provide it to you. All costs associated with such training will be your responsibility, including any fees that we charge to provide such services. Such services are more fully described in the Manuals, as are the current charges that we assess for our services.

## **ARTICLE 10**

### **SYSTEM STANDARDS**

#### **10.1 Records, Inspections and Audits**

**10.1.1** You agree to retain all computer records, charge account records, sales slips, orders, return vouchers, sales tax reports, and all of your other Business records and related background material for at least seven years following the end of the year in which the items were or should have been generated.

**10.1.2** You will deliver or provide us access to, in a form and manner and within the timeframe we specify, at your expense, reports and other information relating to the operation of the Business, including without limitation: (i) statements relating to Gross Revenue; (ii) upon our request, copies of your most recent sales tax return, monthly sales summary after the end of each calendar month; (iii) within 15 days of the end of each month, monthly balance sheet and statement of profit and loss, including without limitation a summary of your costs for labor, rent and other material cost items; (iv) within 90 days following each fiscal year, an annual balance sheet and profit and loss statement and all tax returns relating to the Business and each of the Principal Owners; and (v) upon our request, all such books and records to verify your Gross Revenue and to separate Gross Revenue created from the sale of Authorized Products and Services and Gross Revenue generated from other sources as we may require under our audit policies; such other sources include, without limitation, the books and records of your affiliates or any entity under common control with you or any Primary Owner. Further, you also must, at your expense, prepare and, upon our request, submit to us, in a form and manner and within the timeframe we specify, annual reports and other information, including without limitation a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year, prepared on an accrual basis and containing all adjustments necessary for fair presentation of the financial statements. We may require that these annual financial statements be reviewed by a certified public accountant. You must certify all reports to be true and correct. You agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees.

**10.1.3** We have the right to share any reports, financial statements and other information you provide to us with other YESCO® franchisees and to include your financial

information in our franchise disclosure document. Except for this right, we will keep your financial books, records, reports, financial statements and other information confidential, unless the information is: (i) requested by tax authorities; (ii) used as part of a legal proceeding; or (iii) included in a financial performance representation included in our franchise disclosure document.

**10.1.4** We or our authorized representative have the right to inspect the Office, and vehicles used in your Business at all times without prior notice to you for the purpose of making periodic evaluations and inspections of any aspect of the Business. During the course of such inspections, we may photograph or record electronically any part of the Business, regardless of whether or not you or your representatives are present. We may require you to remove any item which does not conform to our specifications and/or standards. If we determine that any condition of the Office, vehicles, or, your operation of the Business, presents a threat to customers, or public health or safety, we may take whatever measures we deem necessary, including without limitation requiring you to immediately cease offering services and products until the situation is remedied to our satisfaction. In addition, we have the right to inspect and evaluate the services you provide to your customers. Our inspections and evaluations may include contacting or soliciting information from your current or former customers, or, upon prior notice to you, accompanying you on customer visits. Our inspections and evaluations also may involve the use of secret shoppers. You agree to cooperate with us to allow us to conduct these inspections and evaluations. You acknowledge and agree that our inspections and evaluations may be conducted by our authorized representatives. Any audit or inspection we conduct is solely for determining your compliance with contractual obligations and does not constitute control over your day-to-day operation of the Business.

**10.1.5** You will allow us or our authorized representatives to access your Office, without prior notice, during regular business hours or at all times to inspect, audit, photocopy, and videotape your business operations and records, and to interview the Business' employees and current and prospective customers. Instead of or in addition to the foregoing, you will, upon our written request, make photocopies of all records we request and forward them to us or our authorized representatives at such address as we designate in writing at your cost. You agree that we shall have the right to examine your books and records, and to perform such audits, inspections, tests and other analyses as we deem appropriate to verify Gross Revenue. You also grant us permission to examine without prior notice to you, all records of any supplier relating to your purchases, and you hereby authorize such suppliers to release your purchase records to us at such times and places as we request. You must allow us electronic and manual access to any and all records relating to the Business, including your accounting software and related records.

**10.1.6** You will pay us, if we or our authorized representatives determine that you under-reported or failed to report any portion of Gross Revenue, the Royalty Fees and National Advertising Fee that were not paid, plus interest and service charges as provided in Section 4.8. We may estimate your Gross Revenue to determine whether you under-reported Gross Revenue. Unless any under-reporting is due to an error or omission caused or created by us, if reported Gross Revenue for any calendar year is less than 98% of the actual Gross Revenue for that period, you will reimburse us for all costs of the investigation, including without limitation salaries, outside accountant fees, outside attorneys' fees, travel, meals, and lodging. Unless any under-reporting is due to an error or omission caused or created by us, if reported Gross Revenue for any calendar year is less than 95% of the actual Gross Revenue for that period, we have the right to immediately terminate this Agreement. You agree to pay for all costs of any audit that did not occur due to your

failure to produce your books and records at the time of audit if we notified you in writing of the audit at least five days before the scheduled date. We reserve the right to collect any delinquent amounts that you owe to us under this Section by electronic funds transfer, in accordance with Sections 4.4 and 4.5.

## **10.2 Authorized Products and Services, Product Purchases, and Approval Method**

**10.2.1** You will offer or sell in connection with the Business, all services and products that we periodically approve as being suitable for sale from YESCO® businesses and meeting our standards of quality and uniformity for the System, and may not offer or sell any other service or product in connection with the Business without our prior written consent, which we have the right to withhold for any or no reason. If we determine that we will no longer approve a service or product as being suitable for sale from a YESCO® business, you must cease offering that service or product upon 30 days written notice from us.

**10.2.2** As of the Effective Date of this Agreement, you are only able to offer and sell the Authorized Products and Services. We have the right to add, delete, change, or supplement the Authorized Products and Services, as well as the distribution channels in which they are provided, and there are no limits on our right to do so.

**10.2.3** Except as described above, you and your subcontractors cannot provide any other services and products using the System and/or the Marks without our prior written consent, which we have the right to withhold for any or no reason. In no event will you or your subcontractors be allowed to sell, manufacture, fabricate, install, or modify any structural component of any sign, lighting device, or other building component or fixture, utilize a crane, or sell any sign-related products or services other than those products and services incident to the Authorized Products and Services without our prior written consent, which we have the right to withhold for any or no reason. At a minimum, our approval of the sale of products and services other than Authorized Products and Services will require that you are licensed, properly equipped, and insured to provide the product and/or service.

**10.2.4** You must use the approved services and products, goods, equipment, advertising, marketing and promotional materials, software, and any other items we periodically approve and require as part of the operation of the YESCO® businesses (collectively, “**Approved Supplies**”). We have the right to provide you with a list of Approved Supplies (“**Approved Supplies List**”) and a list of approved suppliers (“**Approved Supplier List**”). If we provide you with an Approved Supplies List or an Approved Supplier List, we have the right to periodically revise the Approved Supplies List or Approved Supplier List, as we deem appropriate. We have the right to approve the brand, manufacturer, supplier and/or distributor of any of the Approved Supplies. We also have the right to require you to use approved suppliers. In addition, we have the right to designate the specific brand and/or manufacturer of any of the Approved Supplies. Further, we have the right to designate a single source or sources from whom you must purchase any Approved Supplies, and we and/or our Affiliates may be that single source (if we only designate a single source) or one or more of the sources (if we designate more than a single source). Under all circumstances and without limiting the above, we have the right to designate, as applicable, the specific brand and/or manufacturer, and/or the single source of supply (which may be or include us or one of our Affiliates), of the following: (i) your computer system (and all components that make up the computer system, including without limitation designated software, including accounting

software); (ii) interior way-finding signs; (iii) design professionals; (iv) media services; and (v) wireless devices and related services; (vi) standard attire and uniforms; and (vii) the Office Branding Package. We will periodically notify you of these requirements, and changes to these requirements, through the Manuals, the Approved Supplies List or the Approved Supplier List, if any, or other means. For certain Approved Supplies and other services and products, we, an Affiliate or a third-party manufacturer, supplier or distributor may be the only approved supplier even though we have not designated a single source of supply for those items. All products, services, inventory, materials and other items and supplies used in the operation of the Business that are not included in an Approved Supplies List or an Approved Supplier List must conform to any specifications and standards we periodically establish.

You must timely pay all costs for products or services procured in accordance with the payment terms established by the product or service provider. Because we attempt to receive volume discounts for the benefit of the YESCO® system, you are prohibited from forming buying groups, conglomerates, or pooling purchases of products or services with other franchisees in an effort to negotiate better pricing with suppliers.

We reserve the right to designate different Approved Supplies and different designated and approved suppliers for YESCO® businesses located in the United States (as opposed to YESCO® businesses located in Canada and other countries) to take into account country-specific conditions, like the economy, culture, product and service availability, customs and sourcing, and you agree to comply with these designations.

If we have not designated the brand and/or manufacturer, or the source or sources, of any of the Approved Supplies, you may request that we approve an alternative to that item, or an alternative supplier for that item. In such case, you must first notify us in writing and provide us (upon our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the alternative item complies with our specifications and standards, or the alternative supplier meets our approved supplier criteria. We will notify you in writing as to whether or not the proposed alternative item or supplier is approved. We may develop procedures for the submission of requests for approved alternative items or suppliers, and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by approved suppliers). We will have the right to charge you and/or each proposed supplier a fee in reviewing a proposed alternative item or supplier. We may impose limits on the number of alternative items and/or suppliers to be used by you for the Business and/or in conjunction with the System.

ALTHOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE AND NON-INFRINGEMENT, WITH RESPECT TO ALL SERVICES, PRODUCTS, EQUIPMENT, VEHICLES, THE COMPUTER SYSTEM (AND ALL COMPONENTS THAT MAKE UP THE COMPUTER SYSTEM, INCLUDING THE COMPUTER SOFTWARE), SUPPLIES, THE YESCO® SOFTWARE OR OTHER ITEMS THAT ARE MANUFACTURED OR DISTRIBUTED BY AFFILIATES OR THIRD PARTIES AND THAT WE APPROVE FOR USE IN THE SYSTEM. WE MAKE NO PROMISES OR GUARANTEES AS TO THE EFFECTIVENESS OF ANY SERVICES AND PRODUCTS

PROVIDED UNDER THIS AGREEMENT, EITHER WITH RESPECT TO YOU OR ANY OF YOUR CUSTOMERS.

### **10.3 Customer Service**

You will give prompt, courteous, and efficient service to your customers and shall otherwise operate the Business in strict compliance with the System and the policies, practices and procedures contained in the Manuals (or otherwise communicated to us in writing) so as to preserve, maintain, and enhance the reputation and goodwill of the Business and the System. You must warrant your products and services against defects in materials and workmanship for a period of 90 days. We have the right to require you to expand and extend warranty terms.

### **10.4 Specifications, Standards and Procedures**

You acknowledge and agree that we have the right to establish quality standards regarding the appearance and operation of YESCO® businesses to protect the distinction, goodwill and uniformity symbolized by the Marks, the YESCO® Software, and the System. You also acknowledge and agree that each and every detail of the appearance and operation of the Business is important to us and other YESCO® businesses. You agree to maintain the highest standards of quality and service in the Business and agree to comply with all mandatory specifications, standards and operating procedures (whether contained in the Manuals or any other written or oral communication to you) we periodically establish relating to the appearance or operation of a YESCO® business. We reserve the right to periodically modify and add to these specifications, standards and operating procedures, and that you are obligated to conform to any mandatory modified or additional specification, standard or operating procedure. You also acknowledge and agree that any required specifications, standards and operating procedures exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you.

### **10.5 Modification**

We may reasonably change or modify the System, the Manuals, the YESCO® Software, and the Marks, and you agree to accept, be bound by, use, implement, and display any such changes to the System. You will make whatever expenditures are reasonably required to implement such changes or modifications. We shall have complete ownership and control of any changes, modifications, enhancements, or suggestions, whether made by you or us.

### **10.6 Disclosure**

We may disclose, in our disclosure document or otherwise, any information concerning you and the Business, including your name, address, telephone number, financial, and other information, during the Initial Term, any Successor Franchise Term, Interim Period or after the termination or expiration of this Agreement.

### **10.7 Variances**

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

## **10.8 Our Right to Operate the Business**

To assure protection of the public, the Marks and System for our benefit and the benefit of all other franchisees, you hereby make, constitute and appoint us, or our designee, as your true and lawful attorney in fact, with the powers set forth hereafter, which we may exercise if any of the following events occurs: (i) you are indicted for or charges are filed against you alleging that you committed a criminal act that could involve imprisonment for more than 30 days; (ii) charges are brought by any federal, state or local governmental authority that could affect any license of the Business; or (iii) you, your Primary Owner, or your Principal Operator die or become mentally or physically incapacitated. Upon the occurrence of any of the foregoing events, we have the right, but are not obligated, to take possession and control of and operate the Business for your benefit. Such right shall continue only for such period of time as the reason or reasons for our taking possession and control of the Business, as set forth above, continues. We shall act in a commercially reasonable manner in our actions hereunder. In furtherance of the foregoing, we may:

**10.8.1** collect any and all revenues due and payable to the Business and endorse your name on checks received;

**10.8.2** pay any and all expenses incurred to operate the Business including, but not limited to, wages, salaries and other compensation to your employees, to persons we employ on your behalf to manage the Business and to others for professional services;

**10.8.3** pay any amounts due to us or our Affiliates, including Royalty Fees, National Advertising Fees, amounts due for purchases of product and supplies and amounts due under any financing agreements;

**10.8.4** incur debts in the ordinary course of business for inventory, materials, supplies and other items needed for the operation of the Business;

**10.8.5** execute documents or instruments on your behalf;

**10.8.6** receive a reasonable fee for our services hereunder;

**10.8.7** institute legal or administrative proceedings on behalf of and defend actions brought against the Business; and

**10.8.8** take any other action we deem necessary or appropriate in furtherance of this provision.

We shall maintain separate books and records of our actions hereunder in accordance with the format required by the System. The net proceeds, if any, from our operation of the Business shall be deposited into a separate bank account or accounts under our direction and control as trustee for you. Upon our termination of the rights granted hereunder, such net proceeds, if any, shall be distributed to you or as you direct. We shall not be liable to you except to the extent of our willful misconduct or gross negligence. You shall indemnify, defend, and hold us harmless from and against any loss, claim, expense, damage, liability or other obligation of any nature, including legal fees and expenses arising from or in any manner connected with our actions hereunder, excepting only those to the extent caused by our willful misconduct or gross negligence. Your appointment of us as attorney in fact is irrevocable and is coupled with an interest.

## **10.9 Management of the Business**

You must have a Primary Owner at all times during the term of this Agreement. In addition, you must designate a Principal Operator at all times after you commence operation of the Business. Your Primary Owner and Principal Operator may be the same individual. The Primary Owner must ensure that the Business is operated in accordance with the terms and conditions of this Agreement, although this in no way relieves you of your responsibility to do so. The Primary Owner also must be readily and continuously available to us. Your Primary Owner and Principal Operator must attend and successfully complete, to our satisfaction, all training we require.

Your Principal Operator must devote his or her time, best efforts and constant personal attention to the day-to-day operation of the Business and must be present at the Office on a daily basis, excluding customary personal leave. In addition, your Principal Operator may not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or that otherwise may conflict with the Principal Operator's obligations. You acknowledge and agree that the selection of your Principal Operator is an extremely important decision and that this person will play a key role in the success of your Business. If your Primary Owner is not also your Principal Operator, your Primary Owner must be present at the Office a sufficient number of hours each week, as you determine, to allow your Primary Owner to oversee your Principal Operator and the Business. At all times, the Business must be under the direct supervision of your Primary Owner or Principal Operator.

If at any time the Primary Owner or Principal Operator is not managing the operations of the Business on a full-time basis, we have the right to immediately appoint a manager to manage the operations of the Business on your behalf. Our appointment of a manager of the Business does not relieve you of your obligations or constitute a waiver of our right to terminate the Agreement under ARTICLE 12. We are not liable for any debts, losses, costs or expenses you incur in operating the Business or to any creditor of yours for any products, materials, supplies or services purchased by the Business while it is managed by our appointed manager. We may charge a reasonable fee for management services and cease to provide management services at any time.

## **10.10 Participation in Websites, Intranet/Extranet Systems or Other Online Communications**

You must participate in our designated website(s), enterprise software programs, enterprise email systems, and any designated intranet/extranet systems we develop and maintain, including related YESCO® Software applications, in accordance with our written standards, which we have the right to periodically modify. We have the right to determine the content and use of our websites and any intranet/extranet systems and will establish the rules under which franchisees may or must participate. You may not separately register any domain name containing any of the Marks, and may not have a website for the Business other than websites or web pages that may be developed as part of our designated websites; if you do so, you will be required to assign such domain names or sites to us at no cost to us. In addition, without our prior written approval, you may not link or frame any of our websites, conduct any business or offer to sell or advertise any services or products on the Internet (or any other existing or future form of electronic communication) or use any email address which we have not authorized for use in operating the Business. We retain all rights relating to our websites, your websites or web pages, and any intranet/extranet systems, including without limitation all rights to the data stored therein, and may alter or terminate any of our websites, your

websites or web pages, or any of our intranet/extranet systems. We also have the right to access, at all times, all information and data contained on our websites and email system, including without limitation your separate websites or web pages that are part of any of our websites, and any intranet, extranet, or enterprise systems. Your general conduct on our websites and email system and any intranet, extranet, or enterprise systems or other online communications and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement. You acknowledge and agree that certain information related to your participation in our website(s), enterprise software programs, enterprise email systems, or any intranet, extranet, or enterprise systems may be considered Confidential Information, including without limitation access codes and identification codes.

### **10.11 Compliance - Local, State and Federal**

You must become familiar with and comply with all applicable laws, ordinances and regulations in operating your Business. You must obtain all licenses, registrations, authorizations or other permissions as required under federal, state, city, county and other local governmental laws, ordinances and regulations necessary to operate your Business in addition to complying with laws, ordinances and regulations that apply to businesses generally. You will also be required to conform to any taxation requirements relating to the Business. Further, virtually all state and local governments will have laws and regulations that require you and your Trades to have licenses necessary to deliver the services contemplated herein. You must abide by all federal, state and local governmental laws and regulations regarding the employment or independent contractor status of the Trades. You must comply with all federal, state, and local laws, ordinances and regulations relating to site location and building construction, waste management, health, sanitation and safety, including without limitation occupational safety laws, and the environment, including without limitation environmental laws relating to the collection and disposal of hazardous waste, such as lighting devices. You must comply with all federal, state, and local laws, ordinances and regulations relating to advertising, the collection, storage and use of email addresses, privacy, data security, data protection, direct marketing, consumer protection, and workplace privacy laws, employee and transactional information, payment card industry data security standards, wage, hour and employment laws, and other similar and related laws, rules, requirements and regulations.

You must continually research and comply with all laws, ordinances and regulations that apply to the operation of your Business.

You must notify us in writing within five days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award of decree, by any court, agency, or other governmental instrumentality which may adversely affect the operation or financial condition of you or the Business.

### **10.12 Employee Training and Safety**

You agree to provide your employees with the technical and other training that is necessary or desirable for your employees to successfully perform their responsibilities and to prevent injury, loss, or damage to persons or property. You agree to establish a safety program and designate a safety representative; both must implement and establish safety measures, policies, standards, and a related training program that conform to all applicable rules, regulations, and other lawful requirements established to prevent injury, loss, or damage to persons or property. You agree to

conduct routine training with your employees regarding safety practices, avoiding workplace hazards and injuries, and taking precautions to avoid personal injury or property damage. Although we may provide you with recommended safety training materials, you agree that the obligation to provide all necessary safety training to your employees lies solely with you.

### 10.13   **Employee Management**

You agree that we have no duty to provide training, handbooks, advice, or other materials regarding human resources, employment and labor law, or other matters affecting the employer/employee relationship. You further agree that you are solely responsible to develop an employee handbook in compliance with federal, state, and local laws.

### 10.14   ~~10.12~~ **Best Efforts**

You agree that during the term of this Agreement you will use your best efforts to promote the Business and to conduct the Business pursuant to the System.

### 10.15   ~~10.13~~ **No Unbecoming Acts**

You agree not to engage in any act that violates community standards or otherwise brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your or our reputation or the goodwill associated with any of the Marks or the Business.

## **ARTICLE 11**

### **TRANSFERS**

#### **11.1   Sale or Assignment by Us**

This Agreement and all rights and obligations hereunder are fully assignable and transferable by us and, if so assigned or transferred, shall be binding upon and inure to the benefit of our successors and assigns. We may be sold, or we may sell any or all of our intellectual property, including our Marks and the YESCO® Software, or other assets to any other entity, including to a competitor. In addition, we may go public, may engage in a private or other placement of some or all of our securities, may merge, or may acquire other entities or assets which may be competitive with the System, or not; we may be acquired by a competitor or other entity and/or may undertake any refinancing, leveraged buy-out, or other transaction. You waive all claims, demands, and damages with respect to any transaction allowed under this section or otherwise. You will fully cooperate with any such proposal, merger, acquisition, conversion, sale, or financing.

#### **11.2   Transfer by You**

**11.2.1** This Agreement is personal as to you and is being entered into in reliance upon, and in consideration of, the qualifications and representations of you and your Principal Owners, if you are an entity. Therefore, this Agreement, any of its rights or privileges, any equitable, capital, voting, non-voting or other interest in you, if you are an entity, or the Business may be marketed for sale, assigned, sold, transferred, or divided in any manner by you or any of your Principal Owners and other owners only after you have obtained our express prior written approval in accordance with the terms and conditions of this Agreement.

**11.2.2** Except as expressly allowed under this Agreement, any Transfer or attempted Transfer will constitute a material breach of this Agreement. In that event, we will have the right to terminate this Agreement upon written notice to you. We will not be bound by any attempted Transfer in any manner whatsoever, by law or otherwise, of any of your rights or interests under this Agreement and reserve the right to declare any such Transfer void upon written notice to you.

**11.2.3** If you are an entity, each stock certificate or other evidence of an ownership interest in your entity shall have endorsed upon its face, as set forth in Section 11.5.2(e), that any assignment or transfer thereof is subject to the restrictions of this Agreement. You and your Principal Owners and all other owners agree to provide us with a copy of each such certificate so that we can ensure compliance with this provision

**11.2.4** You may not place in or on the location of the Business, or in any communication media or any form of advertising, any information relating to the sale of the Business or the rights under this Agreement, without our prior written consent.

### **11.3 Conditions to Approval of any Transfer**

**11.3.1** To obtain our written approval to any Transfer, you will provide us with all documentation relating to the proposed transfer of the franchise or the Business. We will not unreasonably withhold our approval to a proposed Transfer, provided we determine that all of the conditions described in this Section have been satisfied.

**11.3.2** In determining the acceptability of the proposed transferee, we will consider, among other things, our then-current standards for new franchisees, including the net worth, credit worthiness, background, training, personality, reputation and business experience of the proposed transferee, the terms and conditions of the transfer, and any circumstances that would make the transfer contrary to the System.

**11.3.3** We have the right to meet and candidly discuss all matters relating to this Agreement and the Business with the potential transferee. In no case may you or a proposed transferee rely on us to review or evaluate any proposed Transfer. We will not be liable to you, your Principal Owners and all other owners or the transferee or any other person or entity relating to the Transfer.

**11.3.4** As a condition of any Transfer otherwise permitted under this Agreement, you agree as follows:

(a) You must be in full compliance with this Agreement and not be in default hereunder;

(b) All accounts payable and other monetary obligations to us or any of our any Affiliates must be paid in full prior to the Transfer;

(c) You must have submitted all required reports, financial statements, and other documents;

(d) The terms and conditions of the proposed Transfer must be provided in writing to us;

(e) The transferee must agree to sign the then-current form of franchise agreement and fully renovate the Business to the level required of new franchisees;

(f) If the Transfer is to one of our existing franchisees, the transferee and its owners and employees must complete any training that we require at its expense (including travel, room, and board at its expense), and if the Transfer is not to one of our existing franchisees, the transferee and its owners and employees, as we require, must attend and complete to our satisfaction the Initial Training Program and pay tuition (if any) that is then being charged to new franchisees (and travel, room, and board at its expense), and we reserve the right to charge tuition for each owner/employee for the Initial Training Program notwithstanding the tuition and fee waiver for the first three individuals as set forth in Section 9.1.1;

(g) You must pay the then-current transfer fee (which is currently the greater of \$5,000 or 4% of your Gross Revenue for the 12 months immediately preceding the effective date of the Transfer);

(h) You and each of your Principal Owners and guarantors must execute a general release;

(i) The transferee, or the stockholders, partners, members, or trustees and beneficiaries of a proposed entity transferee, must agree to each execute a personal guaranty of the transferee's franchise agreement, jointly and severally guaranteeing the performance of the proposed transferee's obligations;

(j) All restrictive covenants found in this Agreement, including any post-term covenant not-to-compete, any indemnification covenants, and confidentiality obligations and the provisions relating to dispute resolution will survive any Transfer;

(k) You and the transferee must work out a transition plan to address the needs of your current and prospective customers, which is acceptable to us;

(l) The purchase price and terms of the Transfer must not negatively impact the capability of the Business to profit after the Transfer; and

(m) You must have complied with any other conditions that we periodically require as part of our transfer policies.

## **11.4 Invalidity of Transfers**

**11.4.1** To the fullest extent permitted by law, involuntary transfers of this Agreement by you, such as by legal process including bankruptcy, assignment for the benefit of creditors, assignment as security for any financial or non-financial matter or otherwise, are not permitted, are not binding on us, and are grounds for the termination of this Agreement. You agree that using this Agreement as security for a loan, or otherwise encumbering this Agreement, is prohibited unless we specifically consent to any such action in writing prior to the proposed transaction.

## 11.5 Transfer Among Owners or to a Controlled Entity

**11.5.1** If a proposed Transfer is only among existing Principal Owners and your other owners, there will be no transfer fee, as set forth in Section 11.3.4(g), and we will not be entitled to exercise our “Right of First Refusal,” as set forth in Section 11.7. If a proposed Transfer is from existing Principal Owners and your other owners to new owner(s), and the total amount of ownership interest transferred is less than 25% of the outstanding equity in you (if you are an entity), then the transfer fee, as set forth in Section 11.3.4(g), will be reduced to \$2,500, and we will not be entitled to exercise our “Right of First Refusal,” as set forth in Section 11.7.

**11.5.2** Notwithstanding the requirements of Section 11.2 and 11.3, you may Transfer your rights and obligations under this Agreement without our consent, to an entity in which you own 100% of the outstanding equity, provided:

(a) You remain a party to the Agreement and the entity is added as a co-party and sign a Guaranty of this Agreement in the form attached to this Agreement as Exhibit F;

(b) You, or your Principal Operator approved by us, continues to devote his or her full time and best efforts to manage the daily operations of the Business;

(c) The entity’s activities are confined exclusively to operating the Business;

(d) The entity assumes joint and several liability with you of all obligations under this Agreement; and

(e) You will cause to be printed on each certificate or other document of ownership of the entity a legend referencing the restrictions contained herein, which will read substantially as follows:

The transfer of ownership in this company is subject to the terms and conditions of a Franchise Agreement with YESCO Franchising LLC. Reference is made to such Franchise Agreement and to the restrictive provisions contained in the organization documents of this company.

We may expand upon, and provide more details related to, the conditions for Transfer and our consent as described in this Section 11.5, and may do so in the Manuals or otherwise in writing.

## 11.6 Death or Incapacity

**11.6.1** Upon the death or Permanent Disability of your Primary Owner, the executor, administrator, conservator, guardian, trustee, or other personal representative of such person shall transfer your interest in this Agreement or such interest in your entity to an approved third party, who may be the heirs or successors of the deceased or disabled individual. Such Transfer shall be completed within a reasonable time, not to exceed 180 days from the date of death or Permanent Disability, and shall be subject to all terms and conditions applicable to Transfers contained in this ARTICLE 11 as though the transferee were being introduced to us by the deceased or disabled Primary Owner, provided, however, that for purposes of this Section 11.6 there shall be no transfer fee charged by us.

**11.6.2** Failure to transfer the interest in this Agreement or such interest in your entity within said period of time shall constitute a breach of this Agreement.

**11.6.3** For the purposes hereof, the term “**Permanent Disability**” shall mean a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent the Primary Owner from supervising the management and operation of the Business for a period of 120 days from the onset of such disability, impairment, or condition.

## **11.7 Right of First Refusal**

You agree that any Transfer is subject to our right of first refusal to purchase such rights, interest, or assets on the same terms and conditions as are contained in the written offer for the Transfer (“**Right of First Refusal**”), and the following additional terms and conditions shall apply:

**11.7.1** You must notify us of such offer by sending a written notice to us (which notice may be the same notice of the proposed Transfer as required by Section 11.3 above) and enclose a copy of the written offer from the proposed transferee;

**11.7.2** We shall have a period of 30 days to accept or not accept the terms of the Transfer and the transferee or exercise our Right of First Refusal;

**11.7.3** Such Right of First Refusal is effective for each proposed Transfer and any material change in the terms or conditions of the proposed Transfer shall be deemed a separate offer on which a new Right of First Refusal shall be given to us, as required by this Section 11.7;

**11.7.4** In lieu of the consideration or manner of payment offered by a transferee, we may purchase the interest that is proposed to be sold for the reasonable cash equivalent. If the Parties cannot agree within a reasonable time on the cash value of the consideration proposed to be paid by the transferee, we shall designate an independent appraiser, whose determination will be binding upon the Parties. All expenses of the appraiser shall be paid for equally between the Parties; and

**11.7.5** If we do not exercise our Right of First Refusal, you will be free to complete the sale, transfer, or assignment, subject to compliance with this ARTICLE 11. Our failure to reply to your notice of a proposed sale within the 30-day period is deemed a waiver of such Right of First Refusal. Such waiver shall not apply to any subsequent Transfer. In addition, our failure to exercise our Right of First Refusal under this Section 11.7 shall not affect our right to approve any Transfer under this ARTICLE 11.

## **ARTICLE 12**

### **DEFAULT AND TERMINATION**

#### **12.1 Termination by Us - Effective upon Notice**

We have the right, at our option, to terminate this Agreement and all rights granted to you hereunder without affording you any opportunity to cure any default (subject to any state laws to the contrary, where state law shall prevail) effective upon receipt of our written notice upon the occurrence of any of the following events:

**12.1.1** if you cease to operate the Business or otherwise abandon the Business for a period of seven consecutive days or any shorter period that indicates your intent to discontinue operation of the Business, unless and only to the extent that full operation of the Business is suspended or terminated due to acts of God, fire, flood, earthquake, or other similar causes beyond your control and not related to the availability of funds, or if you provide us verbal or written notice of any kind evidencing your intent to cease operation of the Business;

**12.1.2** if you become insolvent, as that term is commonly defined using generally accepted accounting principles, consistently applied; are adjudicated as bankrupt; if any action is taken by you or by others against you under any insolvency, bankruptcy, or reorganization act; or if you make an assignment for the benefit of creditors or a receiver is appointed for you. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 *et seq.*;

**12.1.3** if any material judgment or award (or several judgments or awards which in the aggregate are material) is (are) obtained against you and remain(s) unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); if execution is levied against the Business or any of the property used in the operation of the Business and is not discharged within five days; or if the real or personal property of the Business or the business which operates the Franchise shall be levied upon in accordance with the law of the state in which the Business is located;

**12.1.4** if you, your Principal Operator or any of your Principal Owners are convicted of, or plead no contest to, a crime (whether a petty offense, misdemeanor, or felony) involving moral turpitude; are convicted of, or plead no contest to, a felony of any nature; or are convicted of, or plead no contest to, any crime (whether a petty offense, misdemeanor, or felony) or civil offense that is reasonably likely, in our sole discretion, to materially and unfavorably affect the System, Marks, or the goodwill or reputation thereof, or if we have evidence that any such individuals have committed any of these crimes or offenses;

**12.1.5** if you fail to pay any Royalty Fees, National Advertising Fees, fees, payments, or any other amounts due to us, including any amounts which may be due as a result of any agreements between you and us or our Affiliates within five days after receiving notice that such fees or amounts are overdue;

**12.1.6** if you fail to submit when due required reports or financial statements to us, withhold our access to accounting and financial systems or data, revoke any electronic-funds transfer or direct debt authorization granted to us, or initiate any stop payments against us, and do not correct such failure within five days after receiving notice of such failure;

**12.1.7** ~~12.1.6~~ if you misuse or fail to follow our direction and guidelines concerning use of the Marks, the System and the use of the Confidential Information, and fail to correct the misuse or failure within ten days after notification from us;

**12.1.8** ~~12.1.7~~ if you intentionally or negligently disclose to any unauthorized person any component of the System, the Mark, or the Confidential Information;

**12.1.9** ~~12.1.8~~ if, during the Initial Term of this Agreement and any Interim Period (or during any Successor Franchise Term) you received four written notices of default as to any portion, term, covenant (or combination thereof) of this Agreement and are again in default of the

same or any other portion, term, or covenant of this Agreement, even if all prior breaches were timely cured;

12.1.10 ~~12.1.9~~ if you Transfer, or attempt to Transfer, this Agreement, an interest in this Agreement or the Business, a substantial portion of the assets of the Business, or the business which operates you, in violation of the terms of ARTICLE 11;

12.1.11 ~~12.1.10~~ if you violate any federal, state or local governmental law, ordinance or regulation that applies in any way to the Business or your activities under this Agreement, and you then fail to cure the same within any time to cure provided by the governmental entity which cited you;

12.1.12 ~~12.1.11~~ if you make any material misrepresentations relating to the acquisition of your rights under this Agreement;

12.1.13 ~~12.1.12~~ you violate any covenant or condition of Section 17;

12.1.14 ~~12.1.13~~ you fail to meet your Territory Sales Quota;

12.1.15 ~~12.1.14~~ your Principal Owner or Principal Operator fails to complete the Initial Training Program, and any additional training we periodically require, to our satisfaction;

12.1.16 ~~12.1.15~~ you negotiate or attempt to negotiate an agreement with a current or potential National Accounts Program Customer within or outside your Territory, without our prior written consent;

12.1.17 ~~12.1.16~~ you violate any other covenant or condition which contains its own cure provision and then fail to cure within the time period provided for such default;

12.1.18 ~~12.1.17~~ you violate Section 2.3.3 following the receipt of a prior written notice of default in connection with Section 2.3.3 even if such prior default was timely cured; or

12.1.19 ~~12.1.18~~ you violate any other covenant or condition in any other agreement between you and us and fail to cure such default according to the method provided for such default.

## **12.2 Termination by Us - Thirty-Days Notice**

**12.2.1** Except as described in Section 12.1, we will have the right to terminate this Agreement (subject to any state laws to the contrary, in which case such state law shall prevail) effective upon 30 days' written notice to you, if you breach any other term, covenant, or condition of this Agreement (including any matter pertaining to your use or misuse of the Marks, or any portion of the System), and fail to cure the default during such 30-day period.

**12.2.2** After the passage of said 30-day period without cure, this Agreement will terminate without further notice to you.

### **12.3 Expiration at the End of the Initial Term**

Unless it is terminated earlier, if you fail to elect to enter into a Successor Franchise Agreement, this Agreement shall expire at 5:00 PM Mountain Time on the last day of the Initial Term, subject to our rights described in Section 6.4 if you continue to accept the benefits of this Agreement after its expiration. If you enter into a Successor Franchise Agreement, then expiration shall be in accordance with the terms of the Successor Franchise Agreement.

### **12.4 Our Rights to Damages**

If you fail to cure any event of default within the time period specified above, or if no cure is provided, we have the right to proceed to enforce any or all of the following non-exclusive remedies or any other remedy, claim, cause of action, award, or damages allowed by law or equity, with the understanding that the pursuit of any one remedy shall not be deemed an election or waiver by us to pursue additional remedies as all remedies are cumulative and are not exclusive:

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

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

**12.4.3** Bring an action for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Agreement and otherwise stop you, your Principal Operator, Principal Owners and other owners, and Affiliates from engaging in actions prohibited hereby, including, without limitation: (a) improper use of the Marks or System; (b) unauthorized assignment of this Agreement; (c) violation of any of the restrictive covenants; and (d) your failure to meet or perform your obligations upon termination or expiration of this Agreement.

**12.4.4** Terminate this Agreement and proceed to enforce our rights under the appropriate provisions of this Agreement.

**12.4.5** If you operate the Business after Transfer, repurchase, termination or expiration; use any of the Marks or any aspect of the System; violate any restrictive covenant after any termination, or Transfer, then, in addition to any remedies provided above, and in addition to any other remedies in law or equity (all of which shall be cumulative and shall not be deemed to be an election of remedies to the exclusion of other remedies), our remedies will include, but will not be limited to, recovery of the greater of: (a) all profits earned by you in the operation of the business using our or our Affiliates' Marks or System after such Transfer, repurchase, termination, or expiration; and/or (b) all Royalty Fees, advertising contributions, and other amounts which would have been due if such Transfer, repurchase, termination, or expiration had not occurred; and/or (c) any other remedies available in law or equity.

**12.4.6** Further, you agree that, in the event you continue to operate or subsequently begin to operate any other business, you will not use any reproduction, counterfeit, copy, or colorable imitation of the Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our

exclusive rights in and to the Marks and the System, and you further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us or our Affiliates.

## **12.5 State or Federal Law Prevails**

IF ANY MANDATORY PROVISIONS OF GOVERNING STATE LAW PROHIBIT TERMINATION OF THE FRANCHISE AGREEMENT AS DESCRIBED HEREIN, OR IF THE SAME OTHERWISE LIMIT OUR RIGHTS TO TERMINATE BY IMPOSING DIFFERENT RIGHTS OR OBLIGATIONS AS ARE FOUND HEREIN, THEN SUCH MANDATORY PROVISIONS OF STATE LAW SHALL BE DEEMED INCORPORATED INTO THE AGREEMENT BY REFERENCE AND SHALL PREVAIL OVER ANY INCONSISTENT TERMS IN THE AGREEMENT. IF NO SUCH LAW EXISTS, OR IF SUCH LAW EXISTS BUT PERMITS YOU TO AGREE TO ABIDE BY THE TERMINATION PROVISIONS AS SET FORTH HEREIN INSTEAD OF THAT STATE LAW, THEN YOU AGREE THAT THE TERMS OF THIS AGREEMENT SHALL PREVAIL.

## **12.6 Action Against Us**

Subject to the limitations of actions as found in Section 12.5 that requires you to take any action before the expiration of the time limit found therein, prior to starting any legal action against us or any of our officers, agents, or employees, you agree to first give us 60 days' prior written notice and an opportunity to cure any alleged act or omission within that time period. If such act or omission cannot be cured within such 60-day period, and we are diligently continuing efforts to attempt to cure such alleged act or omission, you will give us such additional time as is reasonably necessary to cure, which time shall not exceed an additional 60 days. If we fail to complete such cure in a timely fashion, then you have such rights as are permitted in this Agreement.

# **ARTICLE 13**

## **YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION**

### **13.1 Obligations upon Termination or Expiration**

**13.1.1** Upon termination or expiration of this Agreement for any reason, your rights under this Franchise Agreement shall terminate and you shall:

(a) within five calendar days, pay for all product purchases, Royalty Fees, National Advertising Fees, and other charges and fees owed or accrued to us or our Affiliates;

(b) refrain from holding yourself out as a YESCO® franchisee and immediately cease to advertise or in any way use the System, the Marks, the YESCO® Software, any materials, designs, logos, methods, procedures, processes, and other symbols or promotional materials provided by or licensed to you by us or in any way connected with the Business;

(c) immediately take all necessary steps to disassociate yourself from the System and the Business, including, but not limited to, the removal of signs, destruction of

letterhead, assign and transfer of all telephone listings, telephone numbers and fax numbers, Internet sites, websites, web pages and the like from you to us. You agree that if you fail or refuse to do so, the telephone company and other listing agencies may accept this Agreement as evidence of our exclusive rights in and to such telephone number(s) and listing and your authority to direct their transfer and you appoint us as your attorney-in-fact for the above transfers;

(d) immediately modify the Business premises so that it will be easily distinguished from the standard appearance of a YESCO® business. You agree that if you fail or refuse to immediately complete such modifications, we or our designated agents have the right but not the obligation to enter the premises of the former Business to make such modifications, at your risk and expense, without responsibility for any actual or consequential damages to your property or others, and without liability for trespass or other tort or criminal act. You agree that your landlord and any other relevant parties may accept this Agreement as evidence of our right to effect such modifications and you appoint us as your attorney-in-fact for the above modifications;

(e) immediately modify the former Business vehicles(s) so that they are easily distinguished from the standard appearance of YESCO® vehicles. Such modifications include changing the color of the vehicle(s) so that they are no longer red, and removing any graphics associated with the Marks. You agree that if you fail or refuse to immediately complete such modifications, we or our designated agents have the right but not the obligation to tow and/or impound such vehicle(s) and make such modifications, at your risk and expense, without responsibility for any actual or consequential damages to your property or others, and without liability for trespass or other tort or criminal act. You agree that any relevant parties may accept this Agreement as evidence of our right to undertake such actions and effect such modifications, and you appoint us as your attorney-in-fact to undertake such actions and effect such modifications. ;

(f) immediately take such action as shall be necessary to amend or cancel any assumed name, fictitious name, or business name or equivalent registration which contains any trade name or Mark of our or our Affiliates', or in any way identifies you as being affiliated with the System;

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

(h) immediately pay in full all suppliers, utility providers, creditors, and other individuals that you owe for products purchased or services rendered prior to termination or expiration;

(i) within seven calendar days, return to us by first class, prepaid, certified, return receipt requested, United States Mail, all Manuals (including originals and any copies), all training, advertising, promotional aids, materials and all other printed materials pertaining to the operation of the Business and the Customer Lists and the Trades List;

(j) unless an earlier time is called for, in which case the earlier time prevails, furnish evidence satisfactory to us of compliance with this ARTICLE within 15 calendar days after the termination, expiration, or non-renewal of this Agreement; and

(k) cease using or availing itself of any of our or our Affiliates' software, hardware, or other proprietary technology.

### **13.2 Additional Matters**

Further, upon termination or expiration of this Agreement for any reason:

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

**13.2.2** no fees, charges, Royalty Fee, National Advertising Fees, or other Fees or payments of any kind from you to us will be refundable in whole or in part; and

**13.2.3** you will have no equity or other continuing interest in this Agreement.

## **ARTICLE 14**

### **RIGHT TO PURCHASE**

#### **14.1 Right to Purchase**

Except as otherwise provided in ARTICLE 11, which shall prevail in the instance of a Transfer, upon expiration or termination of this Agreement you hereby grant to us and our designees the right, but not the obligation, to acquire all or any part of your inventory, equipment, signs and accessories, and other personal property relating to the Business or this Agreement at the then-existing "Fair Market Value" (as below defined) of such item or items as of the date of expiration or termination of this Agreement.

**14.1.1** For purposes of this Agreement, "**Fair Market Value**" shall be deemed to be the value that a reasonable person who is under no duress or obligation would pay for the item that is being sold by a seller who is under no duress or obligation. If the Parties do not agree to the Fair Market Value, it will be established by an independent appraisal. The appraisal shall be done at our expense by an appraiser selected by us but who is independent and disinterested in the outcome of any such valuation.

**14.1.2** No goodwill shall be considered associated with the valuation of any item being sold under this ARTICLE 14.

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

## **14.2 Failure to Elect Option**

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

## **ARTICLE 15**

### **RELATIONSHIP BETWEEN THE PARTIES**

#### **15.1 Independent Contractor**

**15.1.1** In all matters as between you and us, or between you and the public, you are an independent contractor. Nothing in this Agreement or in the franchise relationship constitutes a partnership, agency, joint venture or other arrangement between you and us or our Affiliates. Neither Party is liable for the debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors, or omissions of the other.

**15.1.2** You are responsible for the management and control of the Business and this Agreement, including, without limitation, (i) the daily operations of the Business, (ii) locating, interviewing, hiring, managing, scheduling, supervising, directing, compensating, disciplining and firing all employees and salespersons of the Business, and (iii) paying all costs and expenses of the Business.

**15.1.3** The Parties agree not to hold themselves out by action or inaction, contrary to the foregoing.

**15.1.4** None of your employees shall be deemed our employee or subject to our supervision or control, and each employee shall be so notified by you. As used herein, “we” also means our predecessors, Affiliates, and our officers, directors, shareholders, employees, agents, or others whose conduct we are responsible for.

**15.1.5** Neither Party shall act or have the authority to act as agent for the other, and neither Party shall guaranty the obligations of the other or in any way become obligated for the debts or expenses of the other unless agreed to in writing in advance.

#### **15.2 No Fiduciary Relationship**

It is understood and agreed between us that this Franchise Agreement does not establish a fiduciary relationship between us or any of our Affiliates and you, and that nothing in this Agreement is intended to constitute either Party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever.

#### **15.3 Posting of Signs**

You agree to post promptly and maintain any signs or notices specified by us or by applicable law indicating the status of the parties as described above.

## ARTICLE 16

### 16.1 Indemnification INDEMNIFICATION

**16.1.1** You agree to and will indemnify and hold harmless us, our Affiliates, and their respective shareholders, directors, officers, managers, members, employees, agents, successors, and assignees (the “**Indemnified Parties**”), and to reimburse them for all “**Claims**” (as defined below), obligations, and damages, and any and all claims and liabilities directly or indirectly arising out of or relating to your operation of the Business or the Office; your ownership or possession of real or personal property; any negligent act, misfeasance or inaction by you or any of your agents, contractors, servants, employees, licensees or invitees; your use of the Marks and System, and, your performance or non-performance of this Agreement.

**16.1.2** For purposes of indemnification, “**Claims**” shall include any claim against us or any of the other Indemnified Parties arising out of or relating to your performance under this Agreement, the System, the Manuals and the Marks and will include, and not be limited to, any claim for breach of contract, premises liability, or claims arising from: your operation of the Business and the premises in which the Business is located; your performance under this Agreement; your performance under the System; your use of the Manuals; your use of the Marks; your obligations of indebtedness or other financial obligations, or any other damages, causes of action, tort claims, or any other claim in law or equity against us which may arise from or relate to your negligent or otherwise wrongful acts or omissions in connection with this Agreement or your operation of the Business, including without limitation any claims that you or your owners, employees, agents or independent contractors are our employees, agents or independent contractors or claims regarding violations of labor or employment laws or regulations or negligent or otherwise insufficient or improper training by you, us, or our Affiliates.

**16.1.3** Included in indemnification shall be the reimbursement or direct payment by you of any award, damage, consequential damages, and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants’, attorneys’ and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

**16.1.4** You are obligated to defend the Indemnified Parties against any Claims and we have the right to control any litigation or other proceeding arising out of any Claims against the Indemnified Parties. Notwithstanding your obligation to defend the Indemnified Parties, we have the right to hire counsel of our own choosing to represent our interests, the reasonable cost of which you shall pay.

**16.1.5** In any and all Claims against the Indemnified Parties by any of your employees, anyone directly or indirectly employed by you or anyone for whose acts you may be liable, the indemnification shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for you under workers’ compensation acts, disability benefit acts or other employee benefit acts.

**16.1.6** This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and shall continue for any applicable limitation of actions statute.

## ARTICLE 17

### RESTRICTIVE COVENANTS

#### **17.1 In-Term Covenant Not to Compete**

**17.1.1** The Parties share a common interest in avoiding situations where persons or companies who are, or have been franchisees within the System, operate or otherwise become involved with a similar competing business either during or after the termination of this Franchise Agreement for any reason.

**17.1.2** Therefore, during the Initial Term, any Interim Period and any Successor Franchise Terms, you agree that you, your Principal Operator and Owners, and all others in active concert or participation with you in the Business shall refrain in any capacity or at any location from: directly or indirectly owning, operating, leasing, franchising, conducting, consulting with, engaging in, having any interest in, assisting any person or entity engaged in for your own account, acting as an employee, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation engaged in a Competitive Business, except with our prior written consent, which we have the right to withhold for any or no reason. In addition, you shall not participate in conflicting enterprises or any other activities that would be detrimental to, or interfere with, the operations of the Business.

**17.1.3** You, your Principal Operator, and your Principal Owners and all other owners, as well as any agents, servants, employees and all others in active concert or participation with you in the Business shall execute a non-competition agreement, in the form we designate. A copy of our current form Confidentiality and Non-Competition Agreement is attached as Exhibit D, although we have the right to periodically modify this form document. Any Confidentiality and Non-Competition Agreements signed pursuant to this Agreement shall survive the termination or expiration of this Agreement.

#### **17.2 Post-Term Covenant Not to Compete**

**17.2.1** Upon termination or expiration of this Agreement for any reason, or upon the occurrence of any transfer, repurchase, or termination of your rights hereunder, and for a period of two years thereafter, you agree that you, your Principal Operator, your Principal Owners and all other owners, agents, servants, and employees, shall refrain from: directly or indirectly owning, operating, leasing, franchising, conducting, consulting with, engaging in, having any interest in, assisting any person or entity engaged in, for your own account, or acting as an employee, consultant, partner, officer, director, or shareholder of any other person, firm, entity, partnership, or corporation engaged in any Competitive Business which operates within the Territory, within 50 miles of the outer boundary of the Territory, or within 50 miles of the outer boundary of, the territory of any other YESCO® business owned by us, our Affiliate, or any other YESCO® franchisee. You agree that the two-year period described in this Section will not run during any period in which you are in breach of the covenant or any other period during which we seek to enforce this Agreement.

### **17.3 No Disclosure**

You, and your Principal Operator, and Principal Owners and all other owners, agree that during the Initial Term and any Successor Franchise Term or at any other time after the termination of this Agreement (or any Successor Franchise Agreement) for any reason, each will refrain from making any unauthorized disclosure or use of any component of the System or the Confidential Information.

### **17.4 Protection of Employees, Trades and Customers**

**17.4.1** During the Initial Term, any Successor Franchise Term, and after termination or earlier expiration of this Agreement for a period of the lesser of: (i) five years, or (ii) the maximum period allowed by applicable law:

(a) neither you, nor any employee, Principal Operator, or Principal Owner or any other owners will divert or attempt to divert any business or customer of the Business, or of any other YESCO® Business, to any business or entity that provides services similar to YESCO® business or our Affiliates by direct or indirect inducement or advertising or otherwise do or perform, directly or indirectly, any other act which is injurious or prejudicial to the goodwill associated with the System or the value of the Marks; and

(b) you, and your Principal Operator, and your Principal Owners and all other owners agree not to seek to induce the customer of any YESCO® business to a Competitive Business.

**17.4.2** You agree that any violation of this ARTICLE 17 would result in irreparable injury to us, our Affiliates and the System and that we would be without an adequate remedy at law. Therefore, you agree that in the event of a breach or threatened breach of this Agreement, we will not be required to prove actual or threatened damage from such breach in order to obtain a temporary or permanent injunction and a decree for specific performance of the terms of this ARTICLE 17. In addition to injunctive relief, we shall be entitled to any other remedies which we may have under this Agreement, at law or in equity.

**17.4.3** The Parties agree that each of these covenants will be construed as independent of each other and of any other covenant or provision of this Agreement. If all or any portion of a covenant in this ARTICLE 17 is held unenforceable by a court having valid jurisdiction, you expressly agree to be bound by the remaining portion of such covenant.

### **17.5 Survival**

The foregoing restrictive covenants shall survive the termination or expiration of this Agreement and shall apply regardless of whether this Agreement was terminated by lapse of time, by default of either Party, or for any other reason.

### **17.6 Reasonable Restriction and Savings Clause**

**17.6.1** The covenants found in this ARTICLE 17 are intended to be a reasonable restriction on you and those others identified above. The Parties agree that the purpose of these restrictions is to protect the entire franchise system from unfair competition and to protect the

goodwill, and time and effort spent by us in creating the Marks, the System, the YESCO® Software, and the Confidential Information. You acknowledge and agree that we would not have shared the System and Confidential Information with you unless you agreed to be bound by the terms of this ARTICLE 17.

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

**17.6.3** For purposes of interpretation of the covenants found in this ARTICLE 17, every location of a Business, every month of time, each mile of distance, or any other restriction shall be considered severable. In the event a court of competent jurisdiction interprets a spatial, temporal, or other limitation in any of the above restrictive covenants to be overly broad, then the court shall adjust the offending limitation, in the most limited manner possible, so as to fashion a reasonably enforceable covenant which upholds the restrictive nature of this ARTICLE to the fullest extent of the law.

**17.6.4** If you are a business entity of any nature and are otherwise not signing this Agreement individually, this ARTICLE 17 will apply to your Principal Operator and Principal Owners and all other owners, and all entities under common control with you, as well as all those acting in active consent or participation with you.

## **ARTICLE 18**

### **DISPUTE RESOLUTION**

#### **18.1 Resolution Before Litigation**

The Parties acting on behalf of their respective officers, directors, shareholders, members, managing members, and any holder of an equitable interest in any limited liability entity, as well as their agents, servants, employees, and all others participating with them believe that it is important to resolve any disputes amicably, quickly, cost effectively, and professionally and to return to business as soon as possible. The Parties agree that the provisions of this ARTICLE 18 support these mutual, practical business objectives, and, therefore, agree as follows:

**18.1.1** Except as described below, any litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever, including any claim for equitable relief and/or where you are acting as a “private attorney general” suing pursuant to a statutory claim, or otherwise, between or involving us (and/or any Affiliates of any Party) on whatever theory and/or facts-based, will be processed in the following manner:

(a) First, the Party complaining and the Party against whom the complaint is alleged agree to meet in a face-to-face meeting held within 15 days after any Party gives written notice to the other. In the event that either Party fails to have a face-to-face meeting for any reason within 15 days following written notice, then the complaining Party may file an action in accordance with the terms of this Agreement.

(b) Second, if the issues between the Parties cannot be resolved within the 15-day time period following written notice, with or without a face-to-face meeting, upon

the agreement of both Parties, the matter may be submitted to non-binding mediation, with each Party paying an equally proportionate amount of the cost. Any Party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding. The Parties shall agree upon the mediator. If the Parties cannot agree upon the mediator, or any Party is non-responsive to requests for mediation after 15 days written notice, then the complaining Party may file an action in accordance with the terms of this Agreement.

(c) If the mediation does not resolve the matter, or if any Party refuses to mediate, or fails to cooperate reasonably in mediating, or the Parties are unable to agree to mediate within three business days of an offer to mediate then the Parties to the controversy agree that the disagreement shall be submitted to and finally resolved by litigation, as set forth in Sections 18.2 through 18.10.

## **18.2 Litigation**

Any dispute not resolved by mediation or other negotiation may only be submitted to a court of competent jurisdiction for resolution in accordance with the limitations described in this ARTICLE 18.

## **18.3 Confidentiality**

The parties to any meeting/mediation/litigation will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

## **18.4 Venue and Jurisdiction**

Any meetings or mediations that arise pursuant to Section 18.1.1 will be conducted exclusively at a neutral location in Salt Lake County, Utah, unless the Parties mutually agree on another location in writing. Except as described in Section 18.5, any disputes, claims and controversies between the Parties not resolved by mediation or other negotiation may only be submitted for resolution to the federal or state courts situated in Salt Lake County, Utah, and the Parties hereby irrevocably submit to the jurisdiction of these courts. Notwithstanding the above, if any court determines that this provision is unenforceable for any reason, mediation or litigation (and any appeal) will be conducted at a location determined by the court, but within the State of Utah.

## **18.5 Disputes Not Subject to the Mediation Process**

The following claims are not subject to the mediation and litigation provisions of this ARTICLE 18:

**18.5.1** an action for injunctive relief and any related incidental damages;

**18.5.2** an action for disputes or claims related to or based on the Marks or the Confidential Information;

**18.5.3** an action arising from your notice of intent to cease operation of the Business;

**18.5.4** an action to enforce any covenant not to compete; and

**18.5.5** an action to prevent the disclosure of or misuse of Confidential Information or trade secrets.

Subject to the requirements of applicable law, either Party may bring a claim based on the foregoing in the federal or state courts situated in Salt Lake County, Utah, or in any other court of competent jurisdiction, and the Parties hereby submit to the jurisdiction of these courts. The Parties agree that the other may obtain such injunctive relief after posting a bond or bonds totaling no more than \$500. In event of the entry of such injunctive relief, the sole remedy of the enjoined Party shall be to seek the dissolution of such injunctive relief, if warranted, upon hearing duly had; provided, however, all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived.

**18.5.6** THE PARTIES BOTH AGREE TO WAIVE THE RIGHT TO A JURY TRIAL AND TO BE AWARDED EXEMPLARY, TREBLE, PUNITIVE, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES IN ANY ACTION BROUGHT IN REFERENCE TO THE RELATIONSHIP BETWEEN THE PARTIES OR THIS AGREEMENT. THIS WAIVER DOES NOT AFFECT, AND WILL NOT LIMIT IN ANY MANNER, THE DAMAGES THAT WE CAN SEEK UNDER THE DAMAGES PROVISION IN SECTION 12.4 AND THE INDEMNIFICATION PROVISIONS OF ARTICLE 16.

## **18.6 Governing Law and Waiver**

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 *et seq.*), the Federal Arbitration Act or other federal law, the Parties' rights under this Agreement, and the relationship between the Parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the State of Utah. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state where the Territory is located.

## **18.7 Our Rights**

Whenever this Agreement provides that we have a certain right, that right is absolute and the Parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

## **18.8 Our Reasonable Business Judgment**

Whenever we reserve or are deemed to have reserved discretion in a particular area or where we agree or are deemed to be required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include without limitation enhancing the value of the Marks, improving customer service and satisfaction, improving service or product quality, improving uniformity, enhancing or encouraging modernization and improving the

competitive position of the System. We are not required to consider any of your or any other franchisee's particular economic or other circumstances when exercising our Reasonable Business Judgment. Decisions we make using our Reasonable Business Judgment will not affect all franchisees equally, and some may be benefited while others are not. Neither you nor any third party (including without limitation a court of competent jurisdiction), shall substitute its judgment for our Reasonable Business Judgment.

As part of our use of Reasonable Business Judgment, and in order to timely respond to market conditions and the needs and wishes of customers to the Businesses, we reserve the right to vary any standard of the System, the Marks or the Manuals.

## **18.9 The Intentions of the Parties**

The Parties mutually agree, have expressly had a meeting of the minds, and expressly intend that notwithstanding any contrary provisions of state or other law, and/or any statements in the franchise disclosure document required by a state as a condition to registration or for some other purpose:

**18.9.1** all issues and disputes relating to litigation of issues (including whether or not any particular claim, the limitation of damages, venue, choice of laws, shortened periods in which to bring claims, jurisdiction, or the interpretation or enforcement of any of the dispute-resolution-related provisions of this Agreement) will be decided by the applicable court of competent jurisdiction;

**18.9.2** all provisions of this Agreement (including the language of this ARTICLE) will be fully enforced, including, but not limited to, those relating to dispute resolution, waiver of jury trial, limitation of damages, venue, choice of laws, and shortened periods in which to bring claims; and

**18.9.3** the terms of this Agreement (including, but not limited to, this ARTICLE) will control with respect to any matters of choice of law.

## **18.10 Mutual Waivers; Injunction Excepted**

**18.10.1** The Parties each agree that each specifically recognizes that each has the right to a trial by jury in a court and, being advised of the same, each hereby waives such right;

**18.10.2** The Parties each understand and agree that any matters concerning the relationship between each Party shall be done on an individual basis and shall not be brought as a class action, or with multiple unrelated franchisees (whether as a result of attempted consolidation, joinder, or otherwise).

**18.10.3** The Parties agree that the limitations of this Section are prudent from a business standpoint because: (a) the mediation and litigation procedures contemplated by this Agreement function most effectively on an individual case basis; (b) there are significant factors present in each individual Party's situation which should be respected; and (c) class-wide or multiple plaintiff disputes do not foster quick, amicable, and economic dispute resolutions.

**18.10.4** EACH PARTY AGREES THAT IT HAS THE RIGHT TO SEEK DAMAGES THAT ARE IN ADDITION TO THE ACTUAL MONETARY LOSS THAT CAN BE PROVEN, WHICH WOULD INCLUDE, BUT NOT BE LIMITED TO, SUCH DAMAGES AS CONSEQUENTIAL, EXEMPLARY, TREBLE, SPECIAL, INDIRECT AND PUNITIVE DAMAGES. BEING ADVISED OF THE SAME, EACH PARTY WAIVES SUCH DAMAGES THAT MAY BE IN ADDITION TO ANY ACTUAL MONETARY DAMAGES SUFFERED. THIS WAIVER DOES NOT AFFECT, AND WILL NOT LIMIT IN ANY MANNER, THE DAMAGES THAT WE CAN SEEK UNDER THE DAMAGES PROVISION IN SECTION 12.4 AND THE INDEMNIFICATION PROVISIONS OF ARTICLE 16.

**18.10.5** In any event, any federal, state or local governmental limitations on punitive, exemplary, multiple, or similar damages will apply, and any award by a court in excess of such limitations will be in excess of legal authority and void.

## **18.11 One Year Limitation of Action**

**18.11.1** Except for an alleged violation of the Marks (which may be brought at any time) and for actions described under Section 18.11.3, no litigation, action, or suit (whether by way of claim, counter-claim, cross-complaint, raised as an affirmative defense, offset, or otherwise) between us will be permitted, whether for damages, rescission, injunctive, or any other legal and/or equitable relief in respect of any alleged breach of this Agreement, or any other claim of any type, unless such Party commences such proceeding, action, or suit before the expiration of one year from the date on which the facts giving rise to the cause of action comes to the attention of, or using reasonable diligence should have come to the attention of, such Party. The one-year period will begin to run and will not be tolled merely because the claiming Party was unaware of legal theories, statutes, regulations, or case law upon which the claim might be based.

**18.11.2** Notwithstanding the foregoing, if any federal, state or local governmental law provides for a shorter limitation period than is described in this Section, then such shorter period will govern.

**18.11.3** This subsection will not apply to issues of nonpayment of royalties and other fees or indemnification and such actions under the indemnification covenant may be brought within the period provided by any limitation-of-action statute under the laws of the State of Utah.

## **18.12 Survival of Obligations**

Each provision of this ARTICLE 18 will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, rescission, or finding of unenforceability of this Agreement (or any part of it) for any reason.

# **ARTICLE 19**

## **INSURANCE**

### **19.1 Insurance is Required**

**19.1.1** Prior to commencing operation of the Business, you will purchase and maintain in full force and effect during the Initial Term of this Agreement and any Interim Period

an insurance policy or policies protecting the Parties, and the officers, directors, Principal Owners and all other owners, Affiliates and employees of each against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the operation of the Business.

## **19.2 Insurance Coverage**

You agree to obtain, before commencing operation of the Business, and will maintain in full force and effect during the Initial Term and any Interim Period, at your sole cost and expense, policies of insurance with the minimum coverage we periodically prescribe that include policies of insurance protecting the Parties against any and all loss, liability or occurrence, arising out of or in connection with the construction, condition, operation, use or occupancy of the Business, the Office and the Office premises, which as of the Effective Date, include the following:

**19.2.1** Comprehensive general liability insurance covering liability claims for bodily injury and property damage, personal and advertising injury and medical expense claimed by any person or organization arising from premises, on-going operations, independent contractors, and products-completed operations, and contractual liability coverage assumed under an insured contract (including the tort liability of another assumed in a business contract). The limits of liability will not be less than \$1,000,000 each occurrence, \$2,000,000 General Aggregate applicable separately to each project, \$2,000,000 Products/Completed Operations Aggregate, and \$10,000 Medical Expense. You agree to continue to procure and maintain product-completed operations coverage for a period of at least seven years after expiration of the Initial Term and any Interim or Period;

**19.2.2** Employers' liability insurance in an amount not less than \$1,000,000 each accident, \$1,000,000 each disease, and \$1,000,000 per occurrence;

**19.2.3** Automobile liability insurance in reference to the vehicle or vehicles that are used in the operation of the Business: automobile liability coverage for owned, non-owned, scheduled and hired vehicles having combined single limit of \$1,000,000;

**19.2.4** Follow-form excess liability coverage for general, employers' and automobile liability in an amount of not less than \$4,000,000;

**19.2.5** Workers' Compensation Insurance as required by state law in the states where the Business is operated; and

**19.2.6** Employment Practices Liability Insurance ("**EPLI**") coverage in an amount not less \$200,000.

## **19.3 Insurance Coverage Additional Requirements**

Each of the policies of insurance required by Section 19.2 must comply the additional requirements we periodically prescribe, which, as of the Effective Date, include the following:

**19.3.1** Be provided by an insurance company rated A- VII or better by Best Insurance Ratings Service;

**19.3.2** Provide primary, noncontributory coverage;

**19.3.3** Provide us actual notification in case of material alteration, termination, non-renewal, cancelation, and/or your failure to make timely premium payments;

**19.3.4** Waive subrogation rights against us, our Affiliates, and their officers, directors, employees, and agents;

**19.3.5** Be written on an occurrence basis; and

**19.3.6** Name us, our Affiliates, and us and our Affiliates' respective directors, officers, employees, and agents as non-contributory additional insureds on such policies (with the exception of workers' compensation insurance and EPLI) by a policy provision or an endorsement form we periodically prescribe, which as of the Effective Date, must be an endorsement form at least as broad as Insurance Service Office (ISO) forms CG 2010 and CG 2037 for general liability insurance.

#### **19.4 Policies, Endorsements, and Insurance Certificates**

Prior to commencing operations of the Business and thereafter at least 30 days prior to the expiration of any such policy or policies or upon our request, you shall deliver to us a copy of the actual policy or policies of insurance issued by the insurer, along with all certificates of insurance, endorsements and other proof of insurance we periodically prescribe evidencing the proper coverage with limits not less than those required in this Agreement. You agree that our acceptance of an insurance certificate that does not comply with our insurance coverage requirements does not constitute a waiver of our right to require your full compliance with this ARTICLE 19.

#### **19.5 No Limitations on Coverage**

Your obligation to obtain and maintain, or cause to be obtained and maintained, the above policy or policies in the amounts specified shall not be limited in any way by reason of any insurance that may be maintained by us, nor shall your performance of these obligations relieve you of liability under the indemnity provisions set forth herein. Your obligation to obtain and maintain insurance in accordance with this ARTICLE 19 shall not be limited in any way by reason of applicable workers' compensation statutes, nor any insurance that we may maintain. Your procurement of insurance will not relieve you of liability under the indemnification obligations described in ARTICLE 16. Your insurance procurement obligations under this ARTICLE 19 are separate and independent of your indemnification obligations. We do not represent or warrant that any insurance that you are required to purchase will provide adequate coverage for you. The requirements of insurance specified in this Agreement are for our protection. You should consult with your own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits we require.

#### **19.6 Subcontractor Coverage**

You agree that you will require all of your subcontractors and independent agents to maintain the same levels of insurance as is required by this Agreement.

### **19.7 We May Procure Insurance Coverage**

Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as described from time to time by the Manuals or otherwise in writing, we shall have the right and authority (but no obligation) to procure such insurance and to charge the same to you; said charges, together with a reasonable fee for our expenses in so acting, shall be immediately payable to us by you.

## **ARTICLE 20**

### **MISCELLANEOUS**

#### **20.1 Modification**

This Agreement may only be modified in a written agreement which is signed by all Parties to this Agreement. You acknowledge and agree that we have the right to modify our standards, specifications, and operating and marketing procedures, including those set forth in the Manuals, unilaterally and under any conditions and to the extent to which we deem necessary to protect, promote, or improve the Marks and the quality of the System in general, and the same shall be binding on you.

#### **20.2 Terms of Offer**

This Agreement describes the terms and conditions on which we currently offer YESCO® franchises to new franchisees. We may offer YESCO® franchises under different terms and conditions in order to enhance, build, and preserve the system and are not required to offer the same terms to you.

#### **20.3 Your Representations**

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

(a) You acknowledge and agree that you have received and have read this Agreement and all Exhibits attached hereto. Specifically, you have been advised by us to seek out and use professional counsel of your choosing in order to interpret any terms, covenants, or conditions of this Agreement and advise on the relationship overall. It is your sole and exclusive obligation to obtain such counsel, and we will not provide any legal, financial, or other counsel in reference to this Agreement.

(b) You have adequate funding to purchase and operate the Business and, as a result, are financially capable of undertaking the risks involved in the opening and operation of any business.

(c) All statements made by you in writing in connection with your application for this Agreement were true when made and continue to be true as of the date of this Agreement.

(d) Any training, support, advice, assistance or resources we provide to you in connection with the Business is solely for the purpose of protecting the Marks and goodwill associated with the System and assisting you in the operation of the Business, and not for the purpose of controlling or in any way exercising or exerting control over your decisions or the day-to-day operation of the Business, including your personnel-related decisions.

(e) You are not a party to any litigation or legal proceedings other than those which have been disclosed to us by you in writing. You know of no circumstances that would lead to litigation against you in the future.

(f) You and your Principal Owners and all other owners agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws. As a result, you and your owners certify, represent, and warrant that: (1) none of their property or interests is subject to being “blocked” under any of the Anti-Terrorism Laws and that you and your owners are not otherwise in violation of any of the Anti-Terrorism Laws; (2) none of them is listed in the Annex to Executive Order 13224; (3) you will refrain from hiring (or, if already employed, retain the employment of) any individual who is listed in the Annex; (4) you have no knowledge or information that, if generally known, would result in you, your owners, employees, or anyone associated with you to be listed in the Annex to Executive Order 13224; (5) you are solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities set forth in this Agreement pertain to your obligations under this subsection; and (6) any misrepresentation under this subsection or any violation of the Anti-Terrorism Laws by you, your owners, agents, and/or employees shall constitute grounds for immediate termination of this Agreement and any other agreement you have entered with us or any of our Affiliates.

For purposes of this Agreement, “Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations, and other regulations found at 31 CFR 515, 595, 597, and any laws which now pertain or which may in the future pertain to the matters of this Section.

## **20.4 Entire Agreement - Merger**

**20.4.1** This Agreement, including all exhibits and addenda, including without limitation the Closing Acknowledgment attached as Exhibit E, contains the entire agreement between the Parties and supersedes any and all prior oral, written, express, or implied agreements, statements or understandings concerning the subject matter hereof. However, nothing in this Agreement or any related agreement is intended to disclaim the representations we have made in the Franchise Disclosure Document we provided to you.

**20.4.2** You agree and understand that we will not be liable or obligated for any oral representations or commitments made prior to the execution hereof or for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments and that no modifications of this Agreement shall be effective except those in writing and signed by both Parties.

## **20.5 Delegation**

From time to time, we shall have the right to and will delegate the performance of any portion or all of our obligations and duties hereunder to a third party who is approved by us to deliver such services and perform such duties, whether the same are agents of us or independent contractors which we have contracted with to provide such services. You agree in advance to any such delegation by us of any portion or all of our obligations and duties hereunder.

## **20.6 Effective Date**

Even though you may have signed and delivered this Agreement to us, this Agreement shall not be effective and this will not be a contract between us and you until accepted by us as evidenced by dating and signing by an officer or manager of us (the “**Effective Date**”). We will list the Effective Date on the signature page of this Agreement once we have signed and dated it.

## **20.7 Review of Agreement**

Except for changes made as the result of negotiations you initiated, you acknowledge that you had a copy of this Agreement, and the exhibits and addenda attached hereto, in your possession for a period of time not less than seven days during which time you had the opportunity to submit same for professional review and advice by one or more professionals of your choosing prior to freely executing this Agreement.

## **20.8 No Waiver**

No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by either Party shall be considered to imply or constitute a further waiver by either Party of the same or any other condition, covenant, right, or remedy.

## **20.9 No Right to Set Off**

You shall not be allowed to set off amounts owed to us for Royalty Fees or other amounts due hereunder against any monies owed to you.

## **20.10 Invalidity**

If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element and, as so modified, such provision shall be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement shall not be affected by such modification.

## **20.11 Notices**

All notices and reports permitted or required to be given under this Agreement must be sent (i) by personal delivery, (ii) by Registered or Certified Mail, Return Receipt Requested, postage prepaid, or (iii) by a recognized overnight delivery service which requires a written receipt, addressed to receiving Party at the address set forth in the first section of this Agreement, or at such other addresses as either of us may designate from time to time. Any notice or report delivered as

described above in this ARTICLE will be deemed to have been given on the day of personal delivery, three days after it has been sent by Registered or Certified Mail, Return Receipt Requested, postage prepaid, or two days after it has been placed in the possession of a recognized overnight delivery service which requires a written receipt.

We may communicate with you, either by telephone or electronic means, about various matters including communications that might otherwise be prohibited by “do not call/text,” “do not fax” or similar laws. You consent to these communications without the need for any additional consent.

#### **20.12 Survival of Provisions**

Any provisions that, by their terms, extend beyond termination or expiration of this Agreement shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement.

#### **20.13 Notice of Potential Profit**

We and/or our Affiliates will periodically make available to you goods, products and/or services for use in the Business on the sale of which we and/or our Affiliates may make a profit. Further, we and/or our Affiliates may periodically receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. The consideration may or may not be related to services performed. You agree that we and/or our Affiliates are entitled to said profits and/or consideration.

#### **20.14 Governing Language; No Translation Duty**

This Agreement has been negotiated in the English language and the rules of construction and definitions of the English language will be applied in interpreting this Agreement. You represent that your Principal Operator and Primary Owner are fluent in English and have consulted with legal counsel to the extent necessary to understand the provisions of this Agreement. The English language version of this Agreement will be the official and binding Agreement between the Parties. All notices and communications required or permitted under this Agreement, including without limitation all meetings, mediations and litigation pursuant to ARTICLE 18, will be written in the English language. In addition, we will provide all services and materials under this Agreement, including without limitation the Manuals and all training programs, seminars, conventions, programs and meetings described in ARTICLE 9, in the English language and will not have a duty to provide any translation or interpreter services for any of your personnel. You will be solely responsible for the cost of any related translation or interpreter services.

#### **20.15 Guaranty**

Your Principal Owners and their respective spouses must sign the Guaranty of Franchisee’s Obligations, which is attached as Exhibit F, at the same time as you deliver this Agreement. You must not commence operation of the Business before we have received these documents. Any person or entity that at any time after the Effective Date of this Agreement becomes a Principal Owner (or a spouse of a Principal Owner) must sign the Guaranty of Franchisee’s Obligations, which is attached as Exhibit F. In addition, any other person we designate, including without

limitation any person who co-signed a loan or was involved in obtaining financing for the Business, also must sign the Guaranty of Franchisee's Obligations. In connection with the Guaranty of Franchisee's Obligations, we have the right to require you to provide us with additional information, including without limitation loan documents. You acknowledge and agree that it is your sole responsibility to have the individuals noted above execute the Guaranty and if you do not obtain executed Guaranties from said individuals, you will be held financially responsible for any actions or violations of said Guaranty.

YOU ACKNOWLEDGE AND AGREE TO YOUR WAIVER OF CERTAIN RIGHTS AND CLAIMS UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION YOUR RIGHT TO A JURY TRIAL (SECTION 18.10.1), YOUR RIGHT TO AND CLAIM FOR ANY CONSEQUENTIAL, EXEMPLARY, TREBLE, SPECIAL, INDIRECT AND PUNITIVE DAMAGES (SECTIONS 18.5.5 AND 18.10.4), YOUR RIGHT TO BRING CLAIMS WITHIN A CERTAIN PERIOD OF TIME (SECTION 18.11), AND YOUR RIGHTS AND PROTECTIONS UNDER LAWS OTHER THAN THOSE OF THE STATE WHERE THE PROTECTED TERRITORY IS LOCATED. (SECTION 18.6).

[Signatures on next page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates written below.

Effective Date: \_\_\_\_\_  
(To be completed by us)

**US (FRANCHISOR)**

**YESCO FRANCHISING LLC**  
**a Utah limited liability company**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**YOU (FRANCHISEE)**

Company: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

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

Principal Place of Business: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT A**  
**OWNERSHIP AND MANAGEMENT**

**You (Franchisee):** \_\_\_\_\_

**Trade Name** (if different from above): \_\_\_\_\_

Form of Ownership  
(Check One)

Individual(s)     
  Partnership     
  Corporation     
  Limited Liability Company     
  Other Legal Entity or Partnership

1. Principal Owner(s). You represent and warrant to us that the following person(s) or entity, and only the following person(s) or entity, will be your Principal Owner(s):

<u>NAME</u>	<u>HOME ADDRESS</u>	<u>PERCENTAGE OF INTEREST</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

2. Primary Owner. You represent and warrant to us that the following person, and only the following person, is your Primary Owner:

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>
_____	_____	_____

3. Principal Operator. You represent and warrant to us that the following person, and only the following person, is your Principal Operator:

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>
_____	_____	_____

4. Additional Information. You are a legal entity, you must provide us with the following additional information as applicable.

a. If a Partnership, indicate when and in which state in the partnership was formed, and attach a copy of the Partnership Agreement certified by partner of the Partnership that the copy provided is a true and accurate copy of the Partnership Agreement.

b. If a Corporation, indicate the state and date of incorporation, the names and addresses of each officer and director. Attach a copy of the Articles of Incorporation certified by the Secretary of State for the State in which the corporation was formed and a copy of the By-Laws of the Corporation certified by an officer or director of the Corporation that the copy provided is a true and accurate copy of the By-Laws of the Corporation.

c. If a Limited Liability Company or Partnership, indicate when and in which state the Limited Liability Company or Partnership was formed, and attach a copy of the Certificate of Organization certified by the Secretary of State for the State in which the Limited Liability Company or Partnership was formed, and a copy of the Operating Agreement of the Limited Liability Company or Partnership certified by a member or manager of the Limited Liability Company and Partnership that the copy provided is a true and accurate copy of the Operating Agreement of the Limited Liability Company or Partnership.

d. If some other legal entity, provide us with similar information and materials as we request.

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Attach additional sheets if necessary. Any and all changes to the above information must be reported to us in writing.

5. Change. You must immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information. Upon notification, we will issue to you another addendum for you to execute.

\_\_\_\_\_  
YESCO Initials

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

**EXHIBIT B**

**LOCATION and TERRITORY**

1. **Office.** The Office shall be located at the following address:

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2. **Legal Address.** The business address for any notices mailed under the Franchise Agreement (if different than the Office address above) shall be:

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3. **Territory.** Your Territory is described as follows:\*

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\* If your Territory is defined by zip codes, the zip code boundaries will be those recognized by the U.S. Census Bureau as provided in its 2012 U.S. Census information.

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YESCO Initials

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Franchisee Initials

**EXHIBIT C**

**AUTHORIZATION AGREEMENT  
FOR PREAUTHORIZED PAYMENT SERVICE**

I (or We if there are joint owners of the account referenced later in this agreement) authorize and request YESCO Franchising LLC (the “**Company**”) to obtain payment for all royalty amounts and other fees I (we) owe to the Company pursuant to the Franchise Agreement between the Company and me (us), as these amounts become due by initiating a payment entry to my (our) account. The account number, name of financial institution, payment amount, and date on or immediately after which payment should be deducted from the account are identified below. In addition, I (we) authorize and request the financial institution, now referred to as the Bank, to accept the payment entries presented to the Bank and to deduct them from my (our) account without responsibility for the correctness of these payments.

**Franchisee Information:**

Franchisee Name: \_\_\_\_\_ Franchisee Telephone No.: \_\_\_\_\_  
Payment Date: \_\_\_\_\_ Payment Frequency: \_\_\_\_\_

Your Bank Account Information:

Please attach a voided check and we will complete this information for you.	
Transit Routing Number: _____	Checking Account Number: _____

Bank Name: \_\_\_\_\_ Bank Address: \_\_\_\_\_

Your Name(s): \_\_\_\_\_  
(please print)

Signature(s): \_\_\_\_\_

Date Signed: \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_. Witness my official hand and seal.

\_\_\_\_\_  
Notary Public

## EXHIBIT D

### CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This Confidentiality and Non-Competition Agreement (“**Confidentiality Agreement**”) is entered into as of \_\_\_\_\_, and is by and between \_\_\_\_\_ (“**Franchisee**”) and \_\_\_\_\_ (“**Employee**”) residing at \_\_\_\_\_. Franchisee and the Employee may sometimes be referred to in the singular as a “Party” or jointly as the “Parties.”

#### RECITALS

WHEREAS, Franchisee has entered into a Franchise Agreement (the “**Franchise Agreement**”) with YESCO Franchising LLC, a Utah limited liability company (“**Franchisor**”), and as such, is the beneficiary of certain confidential and proprietary procedures, methods of operation, systems, techniques, pricing, accounting systems and procedures, specifications, products manuals, Manuals, business plans, customer lists, technical designs, or drawings that relate to Franchisee’s business, suppliers, marketing plans, and the like, developed and owned by Franchisor and made available to Franchisee (the “**Proprietary Information**”);

WHEREAS, for the purposes of this Confidentiality Agreement, the term “Employee” shall also include the family members of Employee;

WHEREAS, Employee, in the course of his or her employment with Franchisee, will have access to such Proprietary Information;

WHEREAS, all capitalized terms not otherwise defined in this Confidentiality Agreement shall have the meaning set forth in the Franchise Agreement;

NOW, THEREFORE, in consideration of the employment of the Employee by Franchisee, and for other good and valuable consideration, the adequacy of which is admitted by all Parties, it is agreed as follows:

#### COVENANTS

1. The Recitals are incorporated herein by this reference.
2. Employee acknowledges that, during the course of his or her employment with Franchisee, he or she has obtained or may obtain knowledge of the Proprietary Information, all of which is necessary and essential to the operation of the business of Franchisee and without which said information Franchisee could not efficiently, effectively, and profitably operate its Business. Employee further acknowledges that such Proprietary Information was not known to him prior to his employment.
3. Except as may be required in the performance of duties for Franchisee, Employee will not, during the course of his or her employment and thereafter, directly or indirectly, use or

disclose to any third party, or authorize any third party to use, any Proprietary Information relating to the business or interest of Franchisee or Franchisor. For the avoidance of doubt, Employee may not use any Proprietary Information for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence (“AI”) model, algorithm improvement, or similar data aggregation activities. Such uses shall not be deemed related to the performance of duties under the Franchise Agreement and are expressly prohibited. Employee may not input any Proprietary Information into any generative AI platform, or disclose such information to any provider or source of generative AI services. Employee must opt out of allowing any provider or source of generative AI to utilize any Proprietary Information for training of any AI model or for other purposes.

4. If Employee is a manager or is in a management position with Franchisee, Employee will not, during the course of his or her employment and for one (1) year thereafter, directly or indirectly, as an owner, officer, director, shareholder, partner, associate, employee, agent, representative, consultant or in some other similar capacity, without Franchisee’s prior written consent, engage in a business, or plan or organize a business, or have any financial interest in a business, that is competitive with, or substantially similar to, the business of Franchisor (a “**Competitive Business**”) located at or within a fifteen (15) mile radius of Franchisee’s place of business or any place of business conducted by a franchisee of Franchisor at the time of Employee’s termination of employment.

5. Notwithstanding the foregoing, the ownership of not more than two percent (2%) of the voting stock of a publicly-held corporation engaged in a Competitive Business shall not be considered a violation of the foregoing provision.

6. Employee, regardless of his or her position with Franchisee, will not, during the course of his or her employment and for one (1) year thereafter, directly or indirectly contact any customer of Franchisee for the purpose of soliciting from any such customer any business that is the same as, or substantially similar to, the business conducted between Franchisee and the customer.

7. At the termination of his or her employment, Employee agrees to deliver to Franchisee (and will not keep in his possession or deliver to anyone else) all Proprietary Information, including all Manuals and other Confidential Information, records, data, designs, photographs, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any such items belonging to Franchisee, its successors or assigns, which relate in any way to the operation of Franchisee’s business, and shall not keep any copies of any such documents or information.

8. Employee hereby acknowledges and agrees that any breach by him or her of this Confidentiality Agreement will cause irreparable damage to Franchisee, Franchisor and the Franchisor’s entire Business System. Accordingly, in addition to any other relief to which Franchisee or Franchisor may be entitled, either Franchisee or Franchisor shall be entitled to temporary, preliminary, or permanent injunctive relief for any breach or threatened breach of this Agreement by Employee without proof of actual damages that have been or may be caused.

9. If any portion of this Confidentiality Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement shall be considered valid

and operative, and effect shall be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine shall include the feminine and neuter, and the singular shall include the plural and conversely.

10. This Agreement shall bind the successors and assigns of Franchisee and the heirs, personal representative, successors, and assigns of Employee.

11. All covenants made in this Agreement by Employee shall survive the termination of this Confidentiality Agreement.

12. This Confidentiality Agreement may be amended in whole or in part only by an agreement in writing signed by the Parties.

13. This Confidentiality Agreement contains the entire understanding of the Parties in reference to the subject matter found herein. Any prior understanding or agreement, whether oral or written, shall be merged herein.

14. Any notice, request, demand, or other communication given pursuant to the terms of this Confidentiality Agreement shall be deemed given upon delivery, if hand-delivered, or three (3) days after deposit in the U.S. mail, postage prepaid, and sent Certified or Registered Mail, Return Receipt Requested, addressed to the addresses of the parties indicated below or at such other address as such Party shall have advised the other Party in writing.

15. EMPLOYEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR IS AN INTENDED THIRD-PARTY BENEFICIARY OF THIS AGREEMENT WITH THE RIGHT TO ENFORCE IT, INDEPENDENTLY OR JOINTLY WITH THE FRANCHISEE. ACCORDINGLY, FRANCHISOR SHALL HAVE THE RIGHT TO ENFORCE ITS RIGHTS UNDER THIS AGREEMENT DIRECTLY AGAINST EMPLOYEE IN THE EVENT OF EMPLOYEE'S BREACH OF THIS AGREEMENT.

**EMPLOYEE ACKNOWLEDGES THAT HE/SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.**

**EXECUTED AND AGREED AS OF THE DATE AND YEAR FIRST ABOVE WRITTEN.**

**FRANCHISEE**

Company: \_\_\_\_\_  
Signer's Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_

**EMPLOYEE**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT E**

**CLOSING ACKNOWLEDGMENT**

**This Closing Acknowledgment shall not apply to residents of Maryland or if the franchise is located in Maryland.**

Franchisee Name: \_\_\_\_\_

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

Name of individual responding to this Closing Acknowledgement on behalf of the Franchisee: \_\_\_\_\_

Franchise marketing representatives handling this sale: \_\_\_\_\_

**PLEASE RESPOND TO EACH PARAGRAPH. IN RESPONDING, PLEASE ANSWER EACH QUESTION AND PROVIDE ANY OTHER INFORMATION THAT IS REQUESTED OR IMPORTANT TO YOU.**

1. I received the Franchise Disclosure Document (“ <b>FDD</b> ”) from Franchisor at least 14 days before signing the Franchise Agreement. Yes_____ No_____	_____ _____ Initials
2. I received a fully completed copy of the Franchise Agreement (other than changes as a result of negotiations I initiated) at least seven days before I signed the Franchise Agreement. Yes_____ No_____	_____ _____ Initials
3. I had an opportunity to review the FDD and other agreements attached to the FDD and understand the terms, conditions, and obligations of these agreements. Yes_____ No_____. If no, please explain:	_____ _____ Initials
4. I had an opportunity to seek professional advice regarding the FDD, the Franchise Agreement, and all matters concerning the purchase of my franchise. Yes_____ No_____. If no, please explain:	_____ _____ Initials

<p>5. No promises, agreements, contracts, commitments, representations, understandings, “side deals,” or otherwise have been made to or with me with respect to any matter, including, but not limited to, any representations or promises regarding advertising (television or otherwise), marketing, site location, operational assistance, or other services, nor have I relied in any way on any such promises, agreements, contracts, commitments, representations, understanding, or “side deals,” except as explicitly set forth in the Franchise Agreement. Yes_____ No_____. If no, please explain:</p>	<p>_____</p> <p>_____</p> <p>Initials</p>
<p>6. No oral, written, or visual claim or representation, promise, agreement, contract, commitment, representation, understanding, or otherwise that contradicted or was inconsistent with the Franchise Disclosure Document or the Franchise Agreement was made to me. Yes_____ No_____. If no, please explain:</p>	<p>_____</p> <p>_____</p> <p>Initials</p>
<p>7. Except as provided in the Franchise Disclosure Document, no oral, written visual, or other claim, or representation, which stated or suggested any sales, income, profits, cash flow, tax effects, or otherwise was made to me by any person or entity representing Franchisor, and no person or entity representing Franchisor reviewed or commented on any completed or partially completed pro forma or business plan prepared by or for you. Yes_____ No_____. If no, please explain:</p>	<p>_____</p> <p>_____</p> <p>Initials</p>
<p>8. I acknowledge that no representations have been made to me or anyone representing me regarding the number of National Accounts Program customers I may have the opportunity to work with, and that no guarantees have been made to me or anyone representing me regarding the level or percentage of Gross Revenue I may receive from National Accounts Program customers, if any. Yes_____ No_____. If no, please</p>	<p>_____</p> <p>_____</p> <p>Initials</p>

<p>9. I have made my own, independent determination that I have adequate working capital to develop, open, and operate my Business. Yes_____ No_____. If no, please explain:</p>	<p>_____</p> <p>_____</p> <p>Initials</p>
<p>10. I understand that my investment in the franchise contains substantial business risks and that there is no guarantee that it will be profitable. Yes_____ No_____. If no, please explain:</p>	<p>_____</p> <p>_____</p> <p>Initials</p>
<p>11. I acknowledge that the success of my franchise depends in large part upon my ability as an independent business person and my active participation in the day-to-day operation of the business. Yes_____ No_____. If no, please explain:</p>	<p>_____</p> <p>_____</p> <p>Initials</p>
<p>12. I understand that Franchisor has Affiliates, including without limitation YESCO LLC, some of which operate similar businesses to the Business, and, except as provided in the Franchise Disclosure Document, I have not been provided with any financial or operating information about any Affiliate of Franchisor, nor have I relied upon any other information I may have obtained from any other source, including other franchisees, with regard to the financial or operating conditions of any Affiliate of Franchisor, except as provided in the Franchise Disclosure Document. Yes_____ No_____. If no, please explain:</p>	<p>_____</p> <p>_____</p> <p>Initials</p>

<p>13. I understand that any training, support, advice, assistance or resources Franchisor or its Affiliates provide to me in connection with the Business is solely for the purpose of protecting the Marks and goodwill associated with the System and assisting me in the operation of the Business, and not for the purpose of controlling or in any way exercising or exerting control over my decisions or the day-to-day operation of the Business, including my sole responsibility for locating, interviewing, hiring, managing, scheduling, supervising, directing, compensating, disciplining and firing my employees and salespersons, and all other employment and employee related matters? Yes_____ No_____. If no, please explain:</p>	<p>_____</p> <p>_____</p> <p>Initials</p>
<p>14. I understand that there may be no brand recognition of the Marks in the Territory and that no representations were made by any representative of the Franchisor regarding the value of the Marks. Yes_____ No_____. If no, please explain:</p>	<p>_____</p> <p>_____</p> <p>Initials</p>
<p>15. I have completed this Closing Acknowledgement and have disclosed any information that is contrary to any printed statement or have provided any other information that I deem to be important. I represent and warrant that no other person working with me as a potential franchisee (spouses, employees, owners, business partners, etc.), including without limitation all Principal Owners, would answer any of the foregoing questions differently than I have in this document. Yes_____ No_____. If no, please explain:</p>	<p>_____</p> <p>_____</p> <p>Initials</p>
<p>16. I understand that the Business may be impacted by other risks, including those outside your or our control such as economic, political or social disruption that can result from civil unrest, natural disasters, disease, pandemic, epidemic, quarantine, war, labor disruption, environmental disasters, and other causes. In addition, I understand that such disruptions often result in responsive actions from federal, state, and local government that may result in a period of business disruption, reduced customer</p>	<p>_____</p> <p>Initials</p>

<p>demand, and reduced operations. The extent to which these actions may impact the Business will depend on future developments which are highly uncertain and which we cannot predict. Yes_____ No_____. If no, please explain:</p>	
<p>I UNDERSTAND THAT MY ANSWERS ARE IMPORTANT TO FRANCHISOR AND THAT FRANCHISOR WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, I AM REPRESENTING THAT I HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.</p>	<p>_____</p> <p>Initials</p>

**NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.**

\*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

**FRANCHISEE:**

Company: \_\_\_\_\_  
Signer's Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED ON BEHALF OF FRANCHISOR:**

**YESCO FRANCHISING LLC**  
**a Utah limited liability company**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT F

### GUARANTY OF FRANCHISEE'S OBLIGATIONS

In consideration of the execution by YESCO Franchising, LLC (“we” or “us”) of a YESCO® franchise agreement and all related exhibits (collectively, the “Franchise Agreement”) with \_\_\_\_\_ (“Franchisee”), which has an Effective Date of \_\_\_\_\_, and for other good and valuable consideration, the undersigned (“Guarantors” and each a “Guarantor”), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by Franchisee, including without limitation the litigation and other dispute resolution provisions of the Franchise Agreement.

The Guarantors, individually and jointly, hereby warrant that all representations and acknowledgments made by or on behalf of Franchisee in the Franchise Agreement, including without limitation the Closing Acknowledgment contained in Exhibit E, are complete and accurate. In addition, each Guarantor represents and warrants that if he or she completed the Closing Acknowledgment on the Effective Date, his or her answers would not be different from the answers contained on the Closing Acknowledgment being signed on behalf of Franchisee as part of the Franchise Agreement.

Further, the Guarantors, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including without limitation the non-compete provisions contained in ARTICLE 17, and agree that this Guaranty will be construed as though each of the Guarantors executed a franchise agreement and all related exhibits containing the identical terms and conditions of the Franchise Agreement.

Each of the Guarantors waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (4) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability.

In addition, each of the Guarantors consents and agrees that:

(1) Guarantor’s liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, Franchisee and Franchisee’s other Guarantors;

(2) We may proceed against Guarantor and Franchisee jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor;

(3) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon demand if Franchisee fails to do so;

(4) Guarantor's liability hereunder will not be diminished, relieved or otherwise affected by Franchisee's insolvency, bankruptcy or reorganization of Franchisee or any assignee or successor, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to Guarantor;

(5) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims; and

(6) Guarantor will pay all attorneys' fees and all costs and other expenses we incur in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

It is further understood and agreed by the Guarantors that the provisions, covenants and conditions of this Guaranty will inure to the benefit of our successors and assigns.

FRANCHISEE: \_\_\_\_\_

FIRST INDIVIDUAL GUARANTOR

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State & \_\_\_\_\_  
Zip: \_\_\_\_\_  
Telephone: \_\_\_\_\_

SECOND INDIVIDUAL GUARANTOR

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State & \_\_\_\_\_  
Zip: \_\_\_\_\_  
Telephone: \_\_\_\_\_

THIRD INDIVIDUAL GUARANTOR

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State & \_\_\_\_\_  
Zip: \_\_\_\_\_  
Telephone: \_\_\_\_\_

FOURTH INDIVIDUAL GUARANTOR

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State & \_\_\_\_\_  
Zip: \_\_\_\_\_  
Telephone: \_\_\_\_\_

FIRST CORPORATE GUARANTOR

SECOND CORPORATE GUARANTOR

Entity Name: \_\_\_\_\_

Entity Name: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

City, State & \_\_\_\_\_

City, State & \_\_\_\_\_

Zip: \_\_\_\_\_

Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_

Telephone: \_\_\_\_\_

## EXHIBIT G

### AFFILIATE SERVICES AGREEMENT

This Affiliate Services Agreement (“**Agreement**”) is entered into as of \_\_\_\_\_ by \_\_\_\_\_ and \_\_\_\_\_ (“**Franchisee**”, “**You**”, “**Your**”) and YESCO LLC, a Utah limited liability company (“**YESCO**”). YESCO may be referred to in this Agreement as “**We**”, “**Us**”, “**Our**”. Each party to this Agreement may be referred to individually as a “**Party**” and collectively as the “**Parties.**”

#### RECITALS

WHEREAS, you entered into a Franchise Agreement (the “**Franchise Agreement**”) with YESCO Franchising LLC, a Utah limited liability company (“**Franchisor**”), and as such, are entitled to use the System in the Territory (all capitalized terms not defined in this Agreement shall have the meaning set forth in the Franchise Agreement);

WHEREAS, We are Affiliates of Franchisor, and desire to assign certain sign and lighting maintenance and repair work (“**Work**”) to you;

NOW, THEREFORE, in consideration of the mutual promises herein, and for other good and valuable consideration, the adequacy of which is admitted by all Parties, it is agreed as follows:

#### COVENANTS

##### 1. INDEPENDENT CONTRACTOR

An independent contractor relationship between you and us is created by this Agreement. The risk of loss and the conduct and control of the Work will lie solely with you. You acknowledge and agree that no tax withholding, worker’s compensation coverage, health insurance, or other benefits normally associated with an employer/employee relationship will be provided by us and that you are solely responsible for any such benefits or coverage as you desire. No Party is authorized to act as agent or bind another Party except as expressly stated in this Agreement.

##### 2. WORK

From time to time, we will delegate work to you by delivering a Work Order to you in the form established and approved by us. We are not required to delegate Work to you, unless it is specifically referenced and required in the Franchise Agreement. You agree to perform the Work with the standard of care and diligence normally exercised and provided in the sign and lighting industry. You agree that we will rely on the accuracy and completeness of the Work. Although it is unlikely, we may require you to provide a performance bond to secure your performance of the Work in order to satisfy requirements imposed on us, and you must provide such a bond at your expense.

### **3. GENERAL WORK STANDARDS AND PROCEDURES**

You will be required to perform the Work according to our standards and procedures, which we will designate to you in writing from time to time, which may be included in the Manuals. At a minimum, these standards and procedures include:

#### **3.1. Dispatch**

The Work will be dispatched to you by us sending you a Work Order. You must promptly respond, acknowledge, and perform the Work in accordance with the deadlines set forth in the applicable Work Order. You must also promptly respond with an estimated time to complete the Work and an estimate of when you expect to commence the Work when you receive the Work Order. You must also notify us when the Work is complete. If a situation arises where you cannot respond within the agreed upon time, you must contact us immediately, and we reserve the right to delegate the Work to a third party. You will be liable for all costs and damages incurred by us or our customers resulting from your untimely performance.

#### **3.2. Personnel**

Only one person should be dispatched per Work Order, unless otherwise specified in the Work Order. You must call us and receive written approval prior to dispatching additional personnel.

#### **3.3. Vehicle Inventory**

You are required to review all Work Orders prior to dispatch to ensure that the parts required for each service call are available on the service vehicle. A second trip travel charge will not be reimbursed for parts and supplies that listed as required items in the Manuals or are otherwise considered to be typical materials and supplies for the service provided. In the event a second trip becomes necessary, you must obtain written approval from us prior to dispatch.

#### **3.4. Materials and Equipment**

We may, but do not have to, provide you goods and equipment in connection with the Work. Any goods or equipment provided to you will remain our sole property. Upon receipt of goods or equipment, you will assume full responsibility of handling and safekeeping the same until the Work is completed and accepted. You must inspect the goods or equipment for damage and appropriate quantities and must provide us with a signed freight bill denoting such damage, defect, or shortage within twenty-four (24) hours of receipt. Shipping damages, while in transit, are the responsibility of the common carrier. Visible damage or incorrect quantities should be noted by you on the delivery receipt before accepting delivery. Concealed damage must be reported to the carrier within fifteen (15) days after receipt of shipment and a concealed damage report secured. If damage has occurred it is your responsibility to provide us with photos that clearly evidence the damage. Do not destroy or remove cartons and/or crates until the inspection has been completed. Your claim can be filed with the carrier and costs recovered from them. All damage must be repaired or corrected before the goods or equipment are dispatched. Upon acceptance of the Work, and remaining goods or equipment must be immediately returned to us.

### **3.5. Check-in/Check-out Procedures**

You will be required to follow certain procedures when accessing and leaving a Work location. These procedures will be designated in the applicable Work Order, the Manuals, or in writing from time to time.

### **3.6. Subcontracting**

Issuance of a Work Order shall constitute a binding agreement between us and you and shall remain in force until completion or other disposition is made. No Work associated with this Agreement is to be further subcontracted by you, except that portion which you are not equipped or licensed to perform. You must notify us in writing, provide us with a copy of the Subcontractors Insurance Certificate for the same coverage that is required of you, and obtain permission from us in writing before any subcontracting will be permitted under any circumstance.

### **3.7. Changes to the Work**

We have the right, by written change order, to modify the scope of the Work in a particular Work Order or to modify the General Work Standards in this section 3 in order to meet the demands of specific customers, or to improve the same. The Parties will use reasonable best efforts to determine the adjusted compensation resulting from such modification(s). Should the Parties be unable to agree as to the value of any work to be added, deleted or altered, you must proceed with the Work promptly upon written order from us, and the amount due for the disputed Work shall be resolved as provided herein.

### **3.8. Acceptance of the Work**

Upon completion of the Work pursuant to a Work Order, you must obtain the customer's acceptance of the Work. We may designate certain methods of acceptance to you in writing from time to time, which may be different depending on the customer. You must obtain acceptance from the Customer in the manner we designate. We may reject or revoke acceptance of any of your Work that is, in our sole discretion, defective and/or does not conform to the requirements set forth herein or does not conform to the terms of a particular Work Order.

### **3.9. Obligations to Owner**

You agree to assume all obligations and responsibilities that we assume to the Customer (including, without limitation, warranty obligations) pursuant to our agreements with the Customer, the ultimate beneficiary of the Work. Where a provision of such agreements between YESCO and the Customer are inconsistent with a provision of this Agreement, this Agreement shall govern, except in the case of warranty terms that exceed the terms of this Agreement. All agreements between us and the Customer are available to you upon written request; provided, however, that we may redact confidential information pertaining to such agreements in our discretion. You agree to obligate any of your permitted subcontractors to the provisions of this paragraph to the same extent that you are obligated to us and the Customer.

## **4. NON-SOLICITATION**

During the term of this Agreement you agree not to engage in any activity either independently, or by agreement, or by any arrangement with another person or entity in the solicitation of business or the direct solicitation of Work arising from any Work that we refer to you without our prior written consent, which we may withhold for any reason.

## **5. COMPENSATION**

We agree to pay you pursuant to the schedule of compensation set forth in the Manuals or as is designated in a particular Work Order. Unless otherwise set forth in the Manuals, the Work Order, or otherwise approved in advance and in writing, we won't be liable for any other compensation or reimbursements (including charges for shipping, packaging, storage, insurance, duties, regulatory fees and applicable taxes) relating to performance of the Work, including overtime charges. We may designate a dollar limit or NTE (not to exceed) amount in a Work Order. You are required to notify us to obtain prior written approval if the charge for Work pertaining to the Work Order is going to exceed the NTE amount. No additional payment will be made unless written approval is obtained, prior to service being rendered. We have the right to offset payment to you with reasonably estimated amounts resulting from your breach of this Agreement. We may also withhold or offset payments to you to account for instances of non-payment by National Accounts Program Customers or other customers, including without limitation any such customers' bankruptcy or insolvency, or withholding of payment in connection with performance issues.

We have the right to set off any payment owed to you under this Agreement against any obligation you may have to any Affiliate of Franchisor, including royalty fees and payments under any applicable promissory note.

## **6. INVOICES**

You will submit to us for approval a detailed monthly invoice of the services performed and the charges incurred. Each invoice must provide an itemized list the Work performed, the days, dates and hours worked, materials consumed, and any other charges in the compensation designated in the Manuals, the Work order, or otherwise as designated by us in writing. We have the right to approve or disapprove such invoices. We will pay approved invoices in accordance with our standard payment practices; otherwise, we will notify you that we disapproved, in whole or in part, the invoice(s) and the reasons for such disapproval. We may, in our sole discretion, deduct from the payment a late fee of \$50.00 per invoice in the event that the Work is not completed within the applicable deadline. Invoices submitted without the required documentation will not be considered received until all required documentation is submitted. The following must be included with your invoice:

- a. A copy of the Work Order(s) pertaining to the invoice. The Work Order must have a customer signature and/or stamp (if required).
- b. Photos of completed work (night and day, if lighted, including service work), if requested;
- c. Photos of damage, if applicable; and
- d. Copies of any required permit(s).

## **7. LIENS AND ENCUMBRANCES**

You must timely pay for all materials and labor used in conjunction with the Work, and must keep all personal property at the worksite(s) and all associated real property free and clear of all liens and encumbrances. In our discretion, we may require as a condition precedent to payment that you provide us partial and complete lien and claim waivers, releases, and affidavits, as applicable in a form reasonably acceptable to us, from you and also from all lower tier subcontractors and suppliers who have contributed to the Work.

## **8. CONFIDENTIALITY**

You agree that any information previously or hereafter obtained directly or indirectly from us, or as a result of this Agreement, is our confidential property. You agree not to disclose or use such information except to the extent the same can be shown, by documented evidence, to be in the public domain, generally known in the relevant trade, to have been in your possession prior to receipt from us, or to have been received from a third-party not having confidentiality obligations to us, or unless compelled by judicial process or a regulatory authority having legal jurisdiction.

## **9. INSURANCE**

You agree to comply at all times with the insurance requirements set forth in the Franchise Agreement, including naming us as an additional insured on the policies of insurance required therein.

## **10. INDEMNIFICATION**

You agree to indemnify, defend, and hold us harmless, and waive and release claims made against us to the same extent that you are required to do the same in favor of Franchisor in accordance with Article 16 of the Franchise Agreement, which is incorporated into this Agreement by this reference. Your obligations in this paragraph will survive the termination of this Agreement.

## **11. REGULATORY COMPLIANCE**

You agree and warrant that the Work will be performed in accordance with the applicable laws, regulations, rules, ordinances, actions, and industry standards that may be applicable to the Work. You specifically warrant that you will have the necessary contractors' licenses and other licenses necessary for performing the Work, and that the Work will be in compliance with all safety and environmental laws and regulations applicable to the Work.

## **12. SAFETY**

You are required to perform the Work in a safe and reasonable manner. You must establish a safety program and designate a safety representative; both must implement and establish safety measures, policies, and standards that conform to all applicable rules, regulations, and other lawful requirements established to prevent injury, loss, or damage to persons or property. You must immediately notify us in writing of any accident requiring medical attention beyond basic first aid or property loss exceeding \$500.00, which results from or relates to your performance of the Work. [You agree to perform the Work in compliance with YESCO's Workplace Safety Injury & Illness Protection Program which may be found at <https://www.yesco.com/terms/safety.pdf>.](https://www.yesco.com/terms/safety.pdf)

## **13. WARRANTY**

You warrant that all Work will be performed in professional, skillful, and workmanlike manner and goods and services provided will be free from defects in workmanship. You must repair and/or replace, at your expense, any defects in materials or workmanship which appear within a period of one (1) year from the date the Work is completed and must remedy any damage resulting therefrom at your sole expense.

#### **14. ASSIGNMENT**

You may not delegate your duties under this Agreement or assign this Agreement without YESCO's prior written consent. No assignment of rights or delegation of duties will relieve you from your obligations in this Agreement. Any assignment or delegation of rights not previously approved may be declared void in our discretion. The Parties acknowledge and agree that, in the event of a change in the controlling interest of YESCO, the entity whose controlling interest has changed or its successor in interest, as the case may be, shall have the right to cancel its respective obligations under this Agreement upon written notice to the other Parties.

#### **15. DEFAULT**

If you fail to meet any of your obligations under this Agreement, it shall constitute an event of default. In the event of default, we have the right to delegate the Work to a third party in our discretion, and we have the option of no longer referring Work to you. If we chose to refer Work to you after an event of default, it will not preclude us from withholding any subsequent Work. No failure or delay by us in exercising any right, power, or privilege under this Agreement will operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or privilege preclude any other or further exercise thereof.

#### **16. DISPUTES**

Any Dispute arising from this Agreement must be resolved in according to the dispute resolution provisions set forth in ARTICLE 18 the Franchise Agreement (including without limitation the provisions relating to mediation, litigation, venue and jurisdiction, and governing law and waiver), as if we were the Franchisor party in the Franchise Agreement. The prevailing party in any action arising under this Agreement is entitled to an award of its attorneys' fees and costs.

#### **17. TERM AND TERMINATION**

The term of this Agreement will run concurrently with the term of the Franchise Agreement. This Agreement must terminate at the expiration or earlier termination of the Franchise Agreement. In the event that the Franchise Agreement is renewed, we may, in our discretion, require you to sign a new Affiliate Services Agreement with materially different terms.

**18. CONTINUING EFFECT**

In the event that you furnish services or materials to us during the term of this Agreement, or after, not pursuant to this Agreement or another written agreement between the Parties, such services and materials so provided shall be subject to all of the terms and conditions in this Agreement. The terms of this Agreement shall control over any conflicting provision in a Work Order, purchase order, work authorization, or similar document issued in furtherance of this Agreement.

**19. INTERPRETATION**

Headings in this Agreement shall not be used to interpret the meaning of any provision hereunder and otherwise shall be given no legal effect.

**20. MISCELLANEOUS**

Invalidity or unenforceability of one or more provisions in this Agreement shall not affect the validity or enforceability of any other provision. No provision in this Agreement is to be construed for or against any party because that party drafted such provision.

**EXECUTED AND AGREED AS OF THE DATE AND YEAR FIRST ABOVE WRITTEN.**

**YESCO**

**YESCO LLC**  
**a Utah limited liability company**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE**

Company: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT H

### TRAINING WAIVER OF LIABILITY AND HOLD HARMLESS AGREEMENT

This Training Waiver of Liability and Hold Harmless Agreement (“**Liability Waiver**”) is entered into as of last date set forth below, and is made in favor of YESCO Franchising LLC, a Utah limited liability company (“**Us,**” “**We,**” “**Our,**” “**YESCO**”) and the undersigned individual (“**you,**” “**your,**” “**Trainee**”). You and we are sometimes be referred to in the singular as a “**Party**” or jointly as the “**Parties.**”

### RECITALS

WHEREAS, We entered into a Franchise Agreement (the “**Franchise Agreement**”) with a person or entity that employs or is otherwise associated with you, and as such, you are eligible to receive training from us in one or more areas involving the management and/or operation of a YESCO® business (the “**Training**”);

WHEREAS, the Training is intended to provide an overview of practices and techniques but is not considered or intended to cover all of the areas, practices, safety guidelines, legal compliance, or other material or curriculum that is necessary or desirable for the operation and/or management of a YESCO® business or which may be specific to you, your available equipment and resources, or your region;

NOW, THEREFORE, in consideration of the employment of the Training provided by us, and for other good and valuable consideration, the adequacy of which is admitted by all Parties, it is agreed as follows:

### COVENANTS

1. The Recitals are incorporated herein by this reference.
2. To the fullest extent permitted by law, you agree, on your own behalf and behalf of your personal representatives, executors, administrators, heirs, agents, and assigns (“**Your Representatives**”) to fully and unconditionally and indemnify, defend, hold harmless, and irrevocably waive, release, and forever discharge us our affiliated companies, and our and our affiliated companies’ employees, shareholders, investors, members, managers, executors, administrators, heirs, attorneys, agents, representatives, franchisees, and insurers, and their respective successors and assigns from an against all claims, contentions, debts, liabilities, demands, promises, agreements, costs, expenses (including, without limitation, attorneys’ fees), damages, actions or causes of action, of whatever kind or nature, whether now known or unknown, and whether based on contract, tort, statutory or other legal or equitable theory of recovery, whether liquidated or unliquidated, which you have, had, or may have in the future, which relate to, arise from, or are connected in any way to the Training. Your obligations in this paragraph include, without limitation, a waiver and release of liability for any loss, damage, injury or death resulting from our negligence, or any other cause or causes.
3. You agree that this Agreement has been read carefully, the Parties have been given the opportunity to consult with their respective attorney or other counsel of choice, have been advised to seek the advice of counsel (such advice being incurred at the sole cost and expense of

each Party), and have had the opportunity to ask any questions regarding this Liability Waiver. Each Party acknowledges that it fully understands the meaning and terms of this Liability Waiver. The Parties acknowledge that this Liability Waiver is being signed voluntarily.

4. You acknowledge that the Training may cover topics and activities that include inherent risks and dangers, including, without limitation, those of serious injury or death. You acknowledge that operating a YESCO® business may involve the use of ladders, bucket trucks, swing stages, hoists, ropes, scaffolding, cat walks to repair signs, lighting, and other devices and that in doing so you may be exposed to falls, electrocution, and other hazards that can result in mishap, serious injury, or possibly even death. You voluntarily and freely choose to incur any and all such risks and dangers.

5. To the fullest extent permitted by law, you agree, on your own behalf and on behalf of Your Representatives not to institute any suit or action at law or otherwise, against YESCO, nor to initiate or assist the prosecution of any claims for damages or course of an action which you and Your Representatives hereafter may have by reason of injury to you or your property arising from or related to the Training, and if you are married, you agree that you are executing this Liability Waiver on behalf you, your spouse, and the marital community which they compose.

6. You agree that this Liability Waiver may only be interpreted and/or enforced according to Utah law in the federal or state courts situated in Salt Lake County, Utah, and you and Your Representative irrevocably submit to venue in such courts for any lawsuit arising from or in connection with this Liability Waiver or the Training. **TO THE FULLEST EXTENT PERMITTED BY LAW, YOU AND YOUR REPRESENTATIVES AGREE TO WAIVE YOUR RIGHT TO A JURY IN ANY LAWSUIT ARISING FROM OR RELATING TO THIS LIABILITY WAIVER.**

7. **YOU AGREE THAT YOU ARE NOT AN EMPLOYEE OR AGENT OF YESCO OR ANY OF ITS AFFILIATES. YOU AGREE THAT THIS LIABILITY WAIVER IMPOSES NO DUTIES OR LIABILITY OF ANY KIND ON YESCO OTHER THAN TO PROVIDE TRAINING IN ACCORDANCE WITH THE TERMS OF THE FRANCHISE AGREEMENT AND SUBJECT TO THE TERMS OF THIS LIABILITY WAIVER.**

**YOU ACKNOWLEDGE THAT YOU HAVE CAREFULLY READ THIS LIABILITY WAIVER, FULLY UNDERSTAND ITS CONTENT AND IMPLICATIONS, AND SIGN IT OF YOUR OWN FREE WILL.**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

*EXHIBIT C*

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NOTE: Each section of the Manuals will be provided as a separate electronic file or folder, website URL, or third-party portal including a learning management system (LMS). The content may include audio or video and may vary in size and number of pages depending on the settings you select on your computer. As such, the page numbers provided above are estimates.

*EXHIBIT D*

*STATE-SPECIFIC ADDENDA*

**ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
YESCO FRANCHISING LLC**

1. The following is inserted at the end of the third state cover page of this disclosure document titled “**Special Risks to Consider About *This Franchise***”:

“The Risk Factors set forth above may be affected by Illinois law, 815 ILCS §§ 705/4 and 705/41.”

2. Illinois law governs the Franchise Agreement.

3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. [However, a franchise agreement may provide for arbitration to take place outside of Illinois](#)

4. Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

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

7. Any provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the franchisee may not be enforceable under Title 11, United States Code, Section 101.

**ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT  
YESCO FRANCHISING LLC**

This Addendum relates to franchises sold in Illinois and is intended to comply with Illinois statutes and regulations. In consideration of the execution of the Franchise Agreement, Franchisor and Franchisee agree to amend the Franchise Agreement as follows:

1. **Waiver.** In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of the Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

2. **Governing Law.** Illinois law governs the Franchise Agreement.

3. **Venue.** In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void.

4. **Termination and Non-Renewal.** Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. **Statute of Limitations.** Section 18.11 is deleted in its entirety.

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

7. **Construction.** In all other respects, the Franchise Agreement will be construed and enforced with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

**FRANCHISOR:**

**YESCO FRANCHISING LLC**

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

**INDIANA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
YESCO FRANCHISING LLC**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the state of Indiana.

As a supplement to the information disclosed in this disclosure document, the following additional paragraphs are added:

1. No release, waiver or estoppel language set forth in this document or the Franchise Agreement will relieve us from liability imposed by the laws concerning franchising in the state of Indiana.
  
2. Any provision in this Disclosure Document or in the Franchise Agreement which limits litigation brought for breach of the Agreement, including waiver of the right to a trial by jury, shall not be enforceable in the state of Indiana.

**INDIANA ADDENDUM TO THE FRANCHISE AGREEMENT  
YESCO FRANCHISING LLC**

This Addendum relates to franchises sold in Indiana and is intended to comply with the Indiana Deceptive Franchise Practice Act. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Application of Indiana Law. To the extent any provision of the Franchise Agreement conflicts with the laws of the State of Indiana, Indiana law shall apply.

2. Release. No release language stated in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana, provided, that this part will not bar the voluntary settlement of disputes.

3. Waiver. No waiver of rights in the Franchise Agreement, including the right to a trial by jury, will be enforceable to the extent they conflict with Indiana law.

4. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

**FRANCHISOR:**

**YESCO FRANCHISING LLC**

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

**MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
YESCO FRANCHISING LLC**

1. Item 17 of the Franchise Disclosure Document is amended as follows:

“The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101, et seq.)”

2. Items 17(c) and 17(m) of the Franchise Disclosure Document and the Franchise Agreement are revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17(v) of the Franchise Disclosure Document and the Franchise Agreement are modified by the insertion of the following:

“Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

4. Item 17 of the Franchise Disclosure Document and the Franchise Agreement are amended by the insertion of the following:

“Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.”

5. Notwithstanding the requirement in the Franchise Disclosure Document and Franchise Agreement that the franchisee must litigate with the franchisor only in Utah courts, a franchisee still can file a civil lawsuit in Maryland alleging a violation of the Maryland Franchise Registration and Disclosure Law.

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

**MARYLAND ADDENDUM TO FRANCHISE AGREEMENT  
YESCO FRANCHISING LLC**

This Addendum relates to franchises sold in Maryland and is intended to comply with Maryland statutes and regulations. In consideration of the execution of the Franchise Agreement, Franchisor and Franchisee agree to amend the Franchise Agreement as follows:

1. Release. To the extent that the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”) prohibits a release as a condition of assignment or renewal, Section 6.2.5 of the Franchise Agreement is amended to provide that any release required as a condition of assignment or renewal will not apply to liability under the Maryland Franchise Law. Further, all representations in the Franchise Agreement requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. Venue. To the extent that the Maryland Franchise Law prohibits a franchisor from requiring a Maryland franchisee to litigate outside Maryland, Section 18.2.1 of the Franchise Agreement is amended to provide that any litigation involving claims arising under the Maryland Franchise Law will be brought in Federal District Court in Maryland.

3. Statute of Limitations. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Provisions Amended. Background paragraph 4 and Sections 20.3 (a) and (b), 20.4.2 and 20.7 of the Franchise Agreement are hereby deleted in their entirety and replaced with the following language: “[Intentionally Deleted]”.

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

6. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

**FRANCHISOR:**

**YESCO FRANCHISING LLC**

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

**MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
YESCO FRANCHISING LLC**

As a supplement to the information disclosed in this disclosure document, the following additional paragraphs are added:

1. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks as described in Minnesota Statutes, Section 80C.12, Subd.1(g). We will indemnify you for damages for which you are held liable in any proceeding arising out of the use of the "YESCO" mark, provided you have used the Marks properly and have notified us of any claim against you within 10 days of your knowledge of the claim. We will have sole control of any litigation involving the Marks. Our indemnification obligation will not apply to any franchisee residing outside the state of Minnesota who purchases a franchise to be located outside of Minnesota.

2. Any release executed in connection with the Franchise Agreement shall not apply to any claims arising under Minnesota Statutes 1973 Supplement, Sections 80C.01 to 80C.22, providing that a franchisee cannot be required to assent to a release, assignment, or waiver that would relieve any person from liability imposed by such statutes; provided, however that this shall not bar the voluntary settlement of disputes. Item 17(c) and 17(m) are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.

3. With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statute Sec. 80C.14, subdivisions 3, 4 and 5 which require, except in certain specific cases, that we give you 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

4. Minnesota Statute Sec. 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the 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 a jury trial or any procedure, forum, or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

5. In the event you breach or threaten to breach any of the terms of this Agreement, we may seek an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as the Court makes a final decision. The Court will determine if a bond is required.

6. Item 13 is revised to include the following language:

"To the extent required by the Minnesota Franchise Act, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement."

7. Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than three years after the cause of action accrues.

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

**MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT  
YESCO FRANCHISING LLC**

This Addendum relates to franchises sold in Minnesota and is intended to comply with Minnesota statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Marks – Indemnification. Section 8 of the Franchise Agreement is amended to include the following language:

If you are a Minnesota franchisee, we will indemnify you for damages for which you are held liable in any proceeding arising out of the use of the “YESCO” Mark, provided that you have used the Mark properly and has notified us of any claim against you within ten (10) days of your knowledge of such claim. We will have sole control of any litigation involving the Marks. Our indemnification obligation will not apply to any franchisee residing outside the state of Minnesota who purchases a franchise to be located outside of Minnesota.

2. Application of Minnesota Law. Sections 17 and 18 of the Franchise Agreement are amended by adding the following sentences at the end of each Section: “Minnesota law provides franchisees with certain termination and nonrenewal rights. Minnesota Statutes Section 80C.14, subs. 3, 4 and 5 require, except in certain specified cases, that a Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for nonrenewal of the Franchise Agreement.”

3. Applicable Law and Wavier. Section 18.4 of the Franchise Agreement is amended by adding the following provision at the end of such Section: “Under Minnesota Statutes Section 80C.21, this section will not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes, Chapter 80C, including the right to submit non-arbitrable matters to the jurisdiction of the courts in Minnesota. Minnesota statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit a franchisor from requiring litigation to be conducted outside Minnesota.”

4. Release. No release language stated in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota, provided, that this part will not bar the voluntary settlement of disputes.

5. Injunctive Relief. Section 17.4.2 of the Franchise Agreement is amended by replacing the second sentence with the following:

It is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement the other party will forthwith be entitled to seek an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys’ fees and other costs incurred in obtaining said equitable relief, until such time as the Court makes a final decision. The Court will determine if a bond is required.

6. Limitations of Claims. Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than three years after the cause of action accrues.

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

8. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

**FRANCHISOR:**

**YESCO FRANCHISING LLC**

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

**NEW YORK ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
YESCO FRANCHISING LLC**

As a supplement to the information disclosed in this disclosure document, the following additional paragraphs are added:

1. The following information is added to the cover page of the disclosure document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OF PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added to the end of **ITEM 3**:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in **ITEM 2**, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of **ITEM 4**:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to

start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of **ITEM 5**:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

9. Any sale made must be in compliance with Section 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. Section 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**NEW YORK ADDENDUM TO THE FRANCHISE AGREEMENT  
YESCO FRANCHISING LLC**

This Addendum relates to franchises sold in New York and is intended to comply with New York statutes and regulations. In consideration of the execution of the Franchise Agreement, Franchisor and Franchisee agree to amend the Franchise Agreement as follows:

1. Sections 12 and 13 of the Franchise Agreement are amended to provide that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this provision that the applicable nonrenewal or termination provisions of the General Business Law be satisfied.

2. Section 18.6 of the Franchise Agreement is amended by adding the following sentence at the end of such Section: "The terms of this Agreement should not be considered a waiver of any right that either Franchisor or Franchisee may have under the General Business Law of the State of New York, Article 33."

3. Except as amended herein, the Franchise Agreement will be construed and enforced with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISOR:**

**YESCO FRANCHISING LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
YESCO FRANCHISING LLC**

The Securities Commissioner has held certain provisions in franchise agreements to be unfair, unjust or inequitable to North Dakota franchises (Section 51-19-09, N.D.C.C.). If any of the following provisions are in these franchise documents, the provisions may not be enforceable:

1. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 17c. and from any other place it appears in the Disclosure Document or in the Franchise Agreement.
2. Item 17r. is revised to provide that covenants not to compete, such as those mentioned in Item 17r. of the Disclosure Document are generally considered unenforceable in the state of North Dakota.
3. Any references in the Disclosure Document and in the Franchise Agreement and to any requirement to consent to a waiver of exemplary and punitive damages are deleted.
4. Any references in the Disclosure Document and in the Franchise Agreement to any requirement to consent to a waiver of trial by jury are deleted.
6. Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.
7. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.
- ~~8.~~ 8. Any references in the Disclosure Document and in the Franchise Agreement requiring franchisee to consent to termination penalties or liquidated damages are deleted.
- ~~9.~~ 9. —
- ~~10.~~ 10. Any reference in the Disclosure Document requiring the franchisee to consent to a limitation of claims is deleted. The statute of limitations under North Dakota law applies.
- ~~10.~~ 10. The North Dakota Securities Commissioner has determined that it is unfair, unjust, or inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota or to arbitration or mediation at a site that is remote from the site of the franchisee's business. Therefore, any references in Item 17(v) of the Disclosure Document and any requirement in the Franchise Agreement that the franchisee consents to the jurisdiction of courts located outside of North Dakota or to arbitration or mediation at a site located outside of North Dakota are deleted.
- ~~11.~~ 11. ~~10.~~ No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT  
YESCO FRANCHISING LLC**

This Addendum relates to franchises sold in North Dakota and is intended to comply with North Dakota statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Covenant Not to Compete. Section 17.2 of the Franchise Agreement is amended to provide that covenants not to compete upon termination or expiration of the Franchise Agreement may be unenforceable, except in certain circumstances provided by law.

2. Waiver. Any references in the Franchise Agreement and to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

3. Liquidated Damages. Any reference in the Disclosure Document requiring franchisee to consent to termination penalties or liquidated damages is deleted

4. ~~3-Release.~~ The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from any place it appears in the Franchise Agreement.

5. ~~4-Jury Trial.~~ Any references in the Franchise Agreement to any requirement to consent to a waiver of trial by jury are deleted.

6. Arbitration, Mediation. Pursuant to the North Dakota Franchise Investment Law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from your place of business.”

7. ~~5-Governing Law.~~ Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.

8. ~~6-Venue.~~ To the extent North Dakota laws prohibit a franchisor from requiring a North Dakota franchisee to litigate outside North Dakota, Sections 18.2.1 and 18.4 of the Franchise Agreement are amended to provide that any litigation involving claims arising under the North Dakota franchise law will be brought in federal district court in North Dakota.

9. Limitation of Claims. Any reference in the Disclosure Document requiring the franchisee to consent to a limitation of claims is deleted. The statute of limitations under North Dakota law applies.

10. Attorney’s Fees. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys’ fees

11. ~~7-~~No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

12. ~~8. Construction.~~ In all other respects, the Franchise Agreement will be construed and enforced with its terms.

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

**FRANCHISOR:**

**YESCO FRANCHISING LLC**

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

**RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
YESCO FRANCHISING LLC**

The following paragraph is added to the end of ITEM 17 of the disclosure document:

19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT  
YESCO FRANCHISING LLC**

This Addendum relates to franchises sold in Rhode Island and is intended to comply with Rhode Island statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Governing Law. Sections 18.4 and 18.6 of the Franchise Agreement are amended by the addition of the following sentence: “Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a ‘provision in a franchise agreement restricting jurisdiction or venue to a forum outside the state or requiring the application of the laws of another state is void respecting a claim otherwise enforceable under this Act.’”

2. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISOR:**

**YESCO FRANCHISING LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
YESCO FRANCHISING LLC**

This Addendum related to franchises sold in the state of Virginia and is intended to comply with Virginia statutes and regulations.

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

**WISCONSIN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
YESCO FRANCHISING LLC**

The following information applies to franchises and franchisees subject to the Wisconsin Fair Dealership Law. Item numbers correspond to those in the main body:

ITEM 17

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

**WISCONSIN ADDENDUM TO THE FRANCHISE AGREEMENT  
YESCO FRANCHISING LLC**

This Addendum relates to franchises sold in Wisconsin and is intended to comply with Wisconsin statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, Section 12 of the Franchise Agreement is amended as follows:

We will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between you and us inconsistent with the Law.

3. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

**FRANCHISOR:**

**YESCO FRANCHISING LLC**

By: \_\_\_\_\_

Its: \_\_\_\_\_

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

*EXHIBIT E*

*SAMPLE RELEASE OF CLAIMS*

**RELEASE OF CLAIMS**

**THIS IS A CURRENT FORM THAT IS SUBJECT TO CHANGE OVER TIME.**

For and in consideration of the Agreements and covenants described below, YESCO FRANCHISING LLC (“YESCO”) and \_\_\_\_\_ (“Franchisee”) enter into this Release of Claims (“Agreement”).

**RECITALS**

A. YESCO and Franchisee entered into a YESCO Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_.

B. [NOTE: Describe the circumstances relating to the release.]

C. Subject to the terms and conditions set forth below, YESCO and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

**AGREEMENTS**

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release.** Franchisee hereby releases YESCO, its officers, directors, shareholders, and agents, and their respective successors, assigns, heirs, and personal representatives, from all debts, representations, agreements, liabilities, actions, and causes of action of every kind and nature arising out of or relating to the Franchise Agreement between YESCO and Franchisee, the offer and sale of that franchise and the franchise relationship between the parties.

5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of Utah without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISOR:**

**YESCO FRANCHISING LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

*EXHIBIT F*

*FINANCIAL STATEMENTS*

**YESCO FRANCHISING LLC**

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

**December 31, 2024, 2023, and 2022**



**COMMITTED. EXPERIENCED. TRUSTED.**

**YESCO FRANCHISING LLC**  
**Consolidated Financial Statements**  
**and**  
**Independent Auditor's Report**  
**December 31, 2024, 2023, and 2022**

**HBME, LLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

# YESCO FRANCHISING LLC

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COMMITTED. EXPERIENCED. TRUSTED.

## INDEPENDENT AUDITOR'S REPORT

### PARTNERS

MICHAEL L. SMITH, CPA  
JASON L. TANNER, CPA  
ROBERT D. WOOD, CPA  
AARON R. HIXSON, CPA  
TED C. GARDINER, CPA  
JEFFREY B. MILES, CPA  
JESSE S. MALMROSE, EA  
JANICE ANDERSON, EA  
TROY F. NILSON, CPA

Member  
YESCO Franchising LLC

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of YESCO Franchising LLC, which comprise the balance sheets as of December 31, 2024, 2023, and 2022, and the related consolidated statements of income, member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of YESCO Franchising LLC as of December 31, 2024, 2023, and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

***ABMC, LLC***

March 28, 2025  
Bountiful, Utah

**YESCO FRANCHISING LLC**  
**Consolidated Balance Sheets**  
**December 31, 2024, 2023, and 2022**

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets:			
Cash and cash equivalents	\$ 652,733	\$ 699,447	\$ 719,275
Franchise royalties receivable, net of allowance for doubtful accounts of \$7,821, \$8,070, and \$0, in 2024, 2023, and 2022, respectively	290,772	290,848	258,984
Initial franchise fees receivable, no allowance for doubtful accounts considered necessary	110,000	-	-
Other receivables	44,500	72,200	-
Notes receivable, current portion	104,244	108,391	68,392
Prepaid expenses	44,799	98,292	71,802
Total current assets	<u>1,247,048</u>	<u>1,269,178</u>	<u>1,118,453</u>
Notes receivable	800,210	778,579	340,220
Loan receivable from affiliate	7,470,740	5,768,892	4,487,423
Prepaid expenses, long-term	14,335	18,143	25,759
Total assets	<u>\$ 9,532,333</u>	<u>\$ 7,834,792</u>	<u>\$ 5,971,855</u>
<u>LIABILITIES AND MEMBER'S EQUITY</u>			
Current liabilities:			
Trade accounts payable	\$ 524	\$ 279	\$ 7,712
Accrued expenses	304,892	276,400	240,184
Contract liabilities, current portion	200,244	226,369	166,675
Total current liabilities	505,660	503,048	414,571
Long-term liabilities			
Contract liabilities	856,710	864,579	425,198
Total liabilities	1,362,370	1,367,627	839,769
Member's equity	8,169,963	6,467,165	5,132,086
Total liabilities and member's equity	<u>\$ 9,532,333</u>	<u>\$ 7,834,792</u>	<u>\$ 5,971,855</u>

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

**YESCO FRANCHISING LLC**  
**Consolidated Statements of Income and Member's Equity**  
**For the Years Ended December 31, 2024, 2023, and 2022**

	2024	2023	2022
Operating revenues:			
Franchise fees	\$ 796,494	\$ 600,990	\$ 596,669
Royalty revenues	3,206,450	3,369,945	2,854,116
Total revenues	<u>4,002,944</u>	<u>3,970,935</u>	<u>3,450,785</u>
Operating expenses:			
Selling	195,725	221,400	269,926
Advertising	987	3,333	8,197
General and administrative	1,505,550	1,609,194	1,386,958
Affiliate allocations	-	361,062	296,884
Amortization	3,808	6,952	3,588
Total expenses	<u>1,706,070</u>	<u>2,201,941</u>	<u>1,965,553</u>
Operating income	<u>2,296,874</u>	<u>1,768,994</u>	<u>1,485,232</u>
Other income (expense):			
Interest income	15,229	9,214	621
Interest expense	(553)	(1,452)	-
Other	(28,572)	7,525	51,552
Contribution to profit sharing plan	(38,654)	(36,795)	(24,655)
Total other income, net	<u>(52,550)</u>	<u>(21,508)</u>	<u>27,518</u>
Net income before income taxes	2,244,324	1,747,486	1,512,750
Income tax provision	(541,526)	(412,407)	(377,431)
Net income	1,702,798	1,335,079	1,135,319
Member's equity, beginning of year	6,467,165	5,132,086	3,996,767
Member's equity, end of year	<u>\$ 8,169,963</u>	<u>\$ 6,467,165</u>	<u>\$ 5,132,086</u>

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

**YESCO FRANCHISING LLC**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2024, 2023, and 2022**

	2024	2023	2022
Cash flows from operating activities:			
Net income	\$ 1,702,798	\$ 1,335,079	\$ 1,135,319
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,808	6,952	3,588
(Increase) decrease in operating assets:			
Franchise initial fees receivable	(110,000)	-	-
Franchise royalties receivable	76	(31,864)	(14,561)
Other receivables	27,700	(72,200)	20,286
Prepaid expenses	53,493	(25,826)	(23,709)
Increase (decrease) in operating liabilities:			
Trade accounts payable and accrued expenses	28,737	28,783	40,218
Contract liabilities	(168,994)	(70,925)	(35,267)
Net cash provided by operating activities	1,537,618	1,169,999	1,125,874
Cash flows from investing activities:			
Proceeds from notes receivable	117,516	91,642	52,347
Net cash provided by investing activities	117,516	91,642	52,347
Cash flows from financing activities:			
Increase in loan receivable from affiliate	(1,701,848)	(1,281,469)	(717,160)
Net cash used by financing activities	(1,701,848)	(1,281,469)	(717,160)
Increase (decrease) in cash and cash equivalents	(46,714)	(19,828)	461,061
Cash and cash equivalents at beginning of year	699,447	719,275	258,214
Cash and cash equivalents at end of year	\$ 652,733	\$ 699,447	\$ 719,275
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 553	\$ 1,452	\$ -
Non-cash investing and financing activities:			
Income tax expense allocated	\$ 541,526	\$ 412,407	\$ 377,431
Issued notes for franchise fee contract renewals	\$ 135,000	\$ 570,000	\$ 247,440

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

**YESCO FRANCHISING LLC**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024, 2023, and 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Description of Business

YESCO Franchising LLC (the Company) is a privately held franchisor and a wholly owned subsidiary of Young Electric Sign Company (YESCO), which is the single managing member of the Company. The Company was founded in the year 2011 to further develop and franchise the service business model of the parent company, YESCO, which has been in business since 1920. The Company plans to build a national network of YESCO franchises that provide sign and lighting services to local businesses and national customers. The Company's mission is to provide franchisees with the best training, support, technology and materials so they in turn can provide their customers with signs and services of the highest quality and the greatest possible value.

Principles of Consolidation

The consolidating financial statements include the accounts of YESCO Canada ULC, which is a wholly owned subsidiary of YESCO. This entity was created in 2020 and all of its operations are related to franchising activities in Canada, so they have been consolidated with the Company to reflect its full operations.

Cash Equivalents

Cash equivalents consist primarily of money market accounts that have a maturity date at acquisition of less than 90 days. For the purposes of the statement of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Receivables

Trade accounts receivable are recorded at the invoiced amount and may or may not bear interest. Management, considering current information and events regarding the borrowers' ability to repay their obligations, considers a receivable to be uncollectible when it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the agreement. The Company does not accrue interest when a receivable is considered uncollectible. When a receivable is considered to be uncollectible, losses are included in the allowance for doubtful accounts through a charge to bad debt expense. The Company has not and does not intend to sell its receivables.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the asset. Upon retirement or other disposition, the cost and related accumulated depreciation and amortization are removed from the accounts. The resulting gain or loss is included in other income, net. Major renewals and betterments are capitalized while minor expenditures for maintenance and repairs are charged to expenses as incurred.

**YESCO FRANCHISING LLC**  
**Notes to the Consolidated Financial Statements (Continued)**  
**December 31, 2024, 2023, and 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Contract Liabilities

Contract liabilities include nonrefundable collections from customers for area development plans that have not been formalized into franchise agreements yet, collections from sponsors for the annual convention, as well as other contract obligations. As such, these liabilities represent unsatisfied performance obligations for the Company to fulfill based on time or purpose requirements. The revenue is recognized when the related service is rendered.

Revenue Recognition

Revenues from franchise fees and royalties are recognized when they are earned and due according to the franchise agreements. Revenues consist of initial fees, marketing fees, software license fees, and royalties calculated as a percent of revenue from franchisee operated branches. The majority, if not all, of the Company's revenue recognition is based on goods or services transferred over time.

Income Taxes

The Company is a one member LLC and is included in the consolidated tax return of YESCO. The Company does not pay income taxes directly, but is allocated its share of YESCO's total tax expense or benefit based on the Company's share of pre-tax income or loss. YESCO is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2021.

Use of Estimates

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

Advertising Costs

The Company expenses advertising costs as incurred as reported on the Statement of Income.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash, accounts receivable, accounts payable, and advances. The carrying amounts of these instruments as reflected in the balance sheet approximate the fair values due to the short-term maturities of these instruments.

**YESCO FRANCHISING LLC**  
**Notes to the Consolidated Financial Statements (Continued)**  
**December 31, 2024, 2023, and 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Leases

The Company follows the lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Company currently has no leases that qualify under this standard, and as such, no right of use asset or lease liability has been recorded by the Company.

2. FRANCHISING

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee, typically \$50,000. However, if a qualifying, existing franchisee in good standing desires to purchase a second or subsequent YESCO franchise through the Company's area development program, the initial franchise fee under this program ranges from \$25,000-\$50,000 depending on the existing business revenue. The Company has the right, however, to periodically decrease or increase the amount of any reduced franchise fee and to discontinue the multiple business development program. The franchisee is also required to pay continuing royalty fees based upon a percentage of sales, generally 6%, with a monthly minimum of \$1,000. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew its agreement upon its expiration. Direct costs of sales and servicing of franchise agreements are charged to general and administrative expenses as incurred. However, costs related to contract renewals may be capitalized to prepaid expenses, if significant, and then subsequently amortized over the renewal period.

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including training, systems implementation, and design of a quality control program. The Company recognizes initial fees as revenue when substantially all initial services required by the franchise agreement are performed, which is generally upon execution of the franchising agreement. Royalty fees are recognized as earned, with an appropriate provision for estimated uncollectible amounts charged to general and administrative expense. The Company recognizes renewal fees as a contract liability when a renewal agreement becomes effective and will subsequently recognize this fee ratably over the period of the renewal contract.

YESCO LLC, another wholly owned subsidiary of YESCO, represents both company-owned (affiliate) and franchised outlets to national customers desiring a single point of contact. A division referred to as YESCO National Service solicits these national customers, routes approved work to the appropriate outlet (or subcontractor if no outlet can fulfill the request), maintains customer communication, and invoices the customer on behalf of the local outlet.

**YESCO FRANCHISING LLC**  
**Notes to the Consolidated Financial Statements (Continued)**  
**December 31, 2024, 2023, and 2022**

2. FRANCHISING (CONTINUED)

Information about the number of company-owned and franchised outlet locations is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Company-owned outlets (affiliates):			
Purchased	-	-	-
In operation as of December 31	42 <sup>^</sup>	42 <sup>^</sup>	42 <sup>^</sup>
Franchised outlets **::			
Sold	1	2	3
Reacquired	-	3	-
Terminated or ceased operations	1	-	2
In operation as of December 31	57	59	60

\*\* Outlets represent number of franchisees (may purchase and operate multiple territories).

<sup>^</sup> Represents individually operated locations with a physical address presence, whereas locations operated and reported in the past may not have had a physical address.

3. FRANCHISE INITIAL FEES RECEIVABLE

The Company refers interested franchisees to an affiliated entity who can offer financing for the initial franchise fee based on the credit qualifications of the franchisee. The Company did not have any outstanding initial fees receivable for the years ended December 31, 2023 and 2022. However, at December 31, 2024, the Company had \$110,000 in outstanding initial franchise fees receivable, which had no special financing and were expected to be collected in early 2025.

Age and Interest Accrual Status of Financing Receivables

There were no initial franchise fees invoiced that were considered past due or on nonaccrual status.

4. RECEIVABLES

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's receivables. The Company determines the allowance based on a percentage of revenues, past due balances and specified amounts individually identified for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The activity in the allowance for doubtful accounts for the years ended December 31, 2024, 2023, and 2022 is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Allowance for doubtful accounts, beginning of year	\$ 8,070	\$ -	\$ 2,400
Additions charged to bad debt expense	7,821	-	-
Adjustments and write-offs charged to the allowance, net of recoveries	(8,070)	8,070	(2,400)
Allowance for doubtful accounts, end of year	<u>\$ 7,821</u>	<u>\$ 8,070</u>	<u>\$ -</u>

**YESCO FRANCHISING LLC**  
**Notes to the Consolidated Financial Statements (Continued)**  
**December 31, 2024, 2023, and 2022**

5. EMPLOYEE BENEFITS

The parent company, YESCO, has a qualified profit sharing 401(k) retirement plan and trust covering employees of the Company and employees that are leased to the Company from YESCO LLC, another wholly owned subsidiary of YESCO. The plan covers employees who are 20 ½ years of age or older who have completed six months of service. Plan participants may elect to make voluntary contributions to the plan up to a specified amount of their compensation. Contributions by the Company to the plan are discretionary. The Company made profit sharing and 401(k) match contributions to the plan of \$38,654, \$36,795, and \$24,655, respectively, for the years ended December 31, 2024, 2023, and 2022.

6. RELATED PARTY TRANSACTIONS

The Company has a loan receivable to an affiliated company, YESCO Administration LLC, which is non-interest bearing. The balance of the loan was \$7,470,740, \$5,768,892, and \$4,487,423 respectively, at December 31, 2024, 2023, and 2022. The Company transfers funds to the affiliate which acts as an agent in paying the bills and collecting some receivables of the Company.

7. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is involved in litigation and claims which are not considered unusual nor is the outcome expected by management, after discussion with legal counsel, to have a material impact on the Company's financial position, results of operations, or liquidity.

8. CONCENTRATIONS OF CREDIT RISK

The Company maintains cash balances at a financial institution located in Salt Lake City, Utah. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances (including outstanding checks) aggregate to \$304,818, \$354,816, and \$372,925 at December 31, 2024, 2023, and 2022, respectively.

9. CONTRACT BALANCES

Contract receivables and contract liabilities were as follows for the years ended December 31, 2024, 2023, 2022, and 2021:

	2024	2023	2022	2021
Contract receivables	\$ 400,772	\$ 290,848	\$ 258,984	\$ 244,423
Contract liabilities	\$ 1,056,954	\$ 1,090,948	\$ 591,873	\$ 379,700

10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 28, 2025, the date on which the financial statements were available to be issued.

*EXHIBIT G*

*SUMMARY OF  
INDUSTRY-SPECIFIC LAWS*

## SUMMARY OF INDUSTRY-SPECIFIC LAWS AND REGULATIONS PERTAINING TO THE BUSINESS

The operation of a YESCO Business is subject to all of the laws, codes and regulations (referred to below generally as “laws”) normally applicable to consulting businesses. These include: (1) federal, (2) state, and (3) in most instances, city, county, parish, borough, municipality or other local laws.

All franchisees are required to be generally familiar with the laws. As all of these laws change frequently, no attempt can be made to compile a current and comprehensive list. It is your responsibility to know the current laws and pending legislation that might affect the franchised business.

1. Federal. Examples of federal laws affecting many small businesses include wage and hour, occupational health and safety, health care, equal employment opportunity, taxes, hazardous materials, communication to employees, privacy of consumer, employee and transactional information, payment card industry data security standards, product-related advertising and labeling requirements, products liability, hazardous waste and environmental, Fair and Accurate Credit Transaction Act (FACTA), the Americans With Disabilities Act (ADA), Occupational Safety and Health Act (OSHA), the Family Medical Leave Act, the Patient Protection and Affordable Care Act, and the USA Patriot Act and Executive Order 13224 regarding certain issues related to fighting terrorism in the United States.

2. State. State laws may cover the same topics as federal laws. Examples of other state laws affecting many small businesses include products liability, environmental, occupational health and safety, fire, taxes, antidiscrimination, occupational and professional licensing, and health laws.

3. Local. Local laws may cover the same topics as federal and state laws. Examples of other local laws affecting many small businesses include health and sanitation and business licensing.

It is important to do a thorough check to determine if a contractor’s license is required to perform sign and lighting repair or other work. If it is, it may be necessary to obtain a contractor’s license or licenses before you advertise, give prices to do work, or perform work.

Some states do not require contractor’s licenses. Some states may not require a state license, but individual jurisdictions such as a city or county may require contractor’s licenses. In these cases the company doing the work obtains the license. Some states require the individual performing the work obtain a license.

Contractor’s License regulations often require that a person be designated as a “qualifier.” This is the person who has knowledge and may require some amount of experience. This person may be required to pass exams to become a qualifier. Frequently there is a business/law exam and a trade exam. Many jurisdictions allow one person to be the business/law qualifier and another person to be the trade qualifier.

Below is an example from the State of Florida. In Florida, a Sign Specialty Electrical Contractor License is required to perform sign repairs. A Lighting Maintenance Specialty Electrical Contractor may perform repairs on signs and lighting. Both of these are specialty contractors within the electrical contracting regulations.

Florida Administrative Code (FAC)  
61G6-7.001 Specialty Electrical Contractors

The following types of specialty electrical contractors may apply to be certified under the provisions of Part II, Chapter 489, F.S., and Chapter 61G6-5, F.A.C.,

above. In order to be admitted to a specialty contractor examination, the person must show 6 years of comprehensive training, technical education, or broad experience on the type of electrical or alarm system work for which certification is desired.

(1) Lighting Maintenance Specialty Electrical Contractor. The scope of certification of a lighting maintenance specialty contractor is limited to the installation, repair, alteration, or replacement of lighting fixtures in or on buildings, signs, billboards, roadways, streets, parking lots and other similar structures. However, the scope of the certification does not include the provision of, or work beyond, the last electrical supplying source, business, or disconnecting means.

(2) Sign Specialty Electrical Contractor. The scope of certification includes the structural fabrication including concrete foundation, erection, installation, alteration, repair, service and wiring of electrical signs and outline lighting. The scope of certification shall not include the provision of, or any electrical work beyond, the last disconnect mean or terminal points. However, a contractor certified under this section may provide the electrical entrance requirements for metering and main disconnect of remote billboards or signs which are independent of any structure or building and which require no more than twenty-five (25) kilowatts at two hundred fifty (250) volts maximum.

Again, the foregoing is intended to be only examples of some, but not all of the laws that may be applicable to the franchised business described in the Disclosure Document. The Franchise Agreement places the responsibility for complying with all applicable laws and regulations upon you, the franchisee. You should research these requirements before you invest in a YESCO Business.

*Exhibit H*

***EXISTING AND FORMER FRANCHISEES***

<u>Owner(s)</u>	<u>Business Name</u>	<u>Manager</u>	<u>Phone</u>	<u>Street Address</u>	<u>City</u>	<u>State/ Province</u>	<u>Zip</u>	<u>Territory Count</u>	<u>Month/Year Opened</u>
Robb Pittman, Judith Pittman	YESCO Birmingham	Robb Pittman	205-957-0050	210 Applegate Trace	Pelham	AL	35124	3	Sep-15
David & Tammy Hamilton	YESCO Arkansas Central	David Hamilton	501-623-3181	1231 Central Ave	Hot Springs	AR	71913	2	Jul-14
David & Tammy Hamilton, Ronny Skipper, Gilbert & Roxanne Garrett	YESCO Arkansas Northwest	David Hamilton	501-545-2626	1231 Central Ave	Hot Springs	AR	71901	2	Dec-15
David Eyler, Chad Eyler, Mary Stellato, Mike Hewitt	YESCO Mid-Atlantic	Chad Eyler	302-232-2100	200 Hadco Road	Wilmington	DE	19804	11	Nov-12
Dale Bohman	YESCO Orlando South	Dale Bohman	407-847-5565	929 W Oak St	Kissimmee	FL	34741	2	Apr-18
Roberto Hiller & Beatriz Cardona	YESCO Tampa North	Roberto Hiller	813-575-6699	1903 Passero Ave	Lutz	FL	33559	1	Sep-17
Jim Abbott	YESCO Orlando North	Grace Grant	407-322-1923	1490 Kastner Place	Sanford	FL	32771	2	Jul-15
<a href="#">Ron Zilkowski</a>	<a href="#">YESCO Fort Myers</a>	<a href="#">Ron Zilkowski</a>	<a href="#">239-594-8494</a>	<a href="#">5935 Taylor Road</a>	<a href="#">Naples</a>	<a href="#">FL</a>	<a href="#">34109</a>	<a href="#">2</a>	<a href="#">May-24</a>
<a href="#">Sneha Rodriguez</a>	<a href="#">YESCO Fort Lauderdale</a>	<a href="#">Carlos Rodriguez</a>	<a href="#">803-543-8714</a>	<a href="#">9566 Islamorada Terrace</a>	<a href="#">Boca Raton</a>	<a href="#">FL</a>	<a href="#">33496</a>	<a href="#">3</a>	<a href="#">Nov-24</a>
Peter & Yeanina Pankiewicz	YESCO Atlanta	Peter Pankiewicz	404-276-0919	2594 Flat Shoals Rd SE	Conyers	GA	30013	7	Dec-18
Marlene Spears	YESCO Augusta	Autumn Spears	706-733-8213	1902 Central Ave	Augusta	GA	30904	1	Feb-21
<a href="#">Kathy Evert</a>	<a href="#">YESCO Des Moines</a>	<a href="#">Kathy Evert</a>	<a href="#">515-216-1240</a>	<a href="#">1450 Ne 69th Pl Ste #55</a>	<a href="#">Ankeny</a>	<a href="#">IA</a>	<a href="#">50021</a>	<a href="#">1</a>	<a href="#">Jul-17</a>
Sam & Carmela Menna	YESCO Chicago	Carmela Menna	630-237-4397	1401 W Jeffery Drive	Addison	IL	60101	14	Jan-12
Chris Cochran & Shane Parker	YESCO Illinois Central	Chris Cochran	309-691-6500	8325 N Allen Road	Peoria	IL	61615	4	May-17
Sean Liechty, Eric Von Hoven	YESCO Indianapolis South	Sean Liechty	317-559-3374	<del>5312 N Keystone Ave</del> <a href="#">1260 Interchange Way Ste 2</a>	Indianapolis	IN	<del>46220</del> <a href="#">46239</a>	2	Nov-16
Huston Electric Inc	YESCO Indianapolis North	Corky Huston	765-482-1430	PO Box 904	Kokomo	IN	46903	2	Nov-14
Kevin McCord	YESCO Cincinnati-Dayton	Don Carson	812-537-5516	<del>4240</del> <a href="#">1090</a> W Eads Pkwy	Lawrenceburg	IN	47025	5	May-13

<del>Kathy Evert</del>	<del>YESCO Des Moines</del>	<del>Kathy Evert</del>	<del>515-216-1240</del>	<del>1450 Ne 69th Pl Ste #55</del>	<del>Ankeny</del>	<del>IA</del>	<del>50021</del>	<del>4</del>	<del>Jul-17</del>
John & Ann Hoins	YESCO Kansas City	Chris Hoins	913-651-5432	326 Choctaw St	Leavenworth	KS	66048	4	Jan-13
<del>John Lay</del> <u>Matt Roth</u>	YESCO Wichita	<del>Jeremy Johnson</del> <u>Matt Roth</u>	<del>316-262-0433</del> <u>316-832-1177</u>	<del>4016 N Waco Ave</del> <u>3611 N Broadway</u>	Wichita	KS	<del>67203</del> <u>67219</u>	1	Apr-15
Jason & Cynthia Brown	YESCO Louisville	Jason "JB" Brown	502-966-7200	4436 Dixie Hwy	Louisville	KY	40216	4	Dec-15
Stephen Sonnier	YESCO Lafayette	Beau Sonnier	337-981-1189	5725 Highway 90 E	Broussard	LA	70518	1	Jul-18
Lafe Schneider	YESCO Ann Arbor	Lafe Schneider	517-202-6795	9240 Willow Road	Saline	MI	48176	3	Mar-23
Dan Crannie	YESCO Flint-Lansing	John McCre	810-487-0000	4145 Market Place	Flint	MI	48507	2	Jun-13
Paul & Mary Ann Deters	YESCO Detroit / Grand Rapids	Mary Ann Deters	586-759-2700	11444 Kaltz Ave	Warren	MI	48089	7	May-11
Michael Dick	YESCO Twin Cities	Michael Dick	763-786-3825	6451 Mckinley St <del>Nw</del> <u>NW</u> Ste P	Ramsey	MN	55303	8	Apr-13
<del>Bob &amp; Nancy Reed</del>	<del>YESCO Mississippi</del>	<del>Nancy Reed</del>	<del>601-353-7714</del>	<del>337 Highway 80 West</del>	<del>Jackson</del>	<del>MS</del>	<del>39201</del>	<del>4</del>	<del>Nov-11</del>
Brian Miller, Bryan Zang	YESCO St. Louis	Brian Miller	314-771-2218	4610 Planned Industrial Dr	Saint Louis	MO	63120	5	Jul-13
<u>Bob &amp; Nancy Reed</u>	<u>YESCO Mississippi</u>	<u>Nancy Reed</u>	<u>601-353-7711</u>	<u>337 Highway 80 West</u>	<u>Jackson</u>	<u>MS</u>	<u>39201</u>	<u>4</u>	<u>Nov-11</u>
<u>Doug Waggoner</u>	<u>YESCO North Carolina East</u>	<u>Doug Waggoner</u>	<u>702-395-5887</u>	<u>330 Olive Branch Rd</u>	<u>Durham</u>	<u>NC</u>	<u>27702</u>	<u>7</u>	<u>Feb-21</u>
<u>Tony Hull, Judd Williams</u>	<u>YESCO North Carolina Central</u>	<u>Ginger Abdelhag</u>	<u>801-599-8966</u>	<u>213 Hillstone Drive</u>	<u>Jamestown</u>	<u>NC</u>	<u>27282</u>	<u>7</u>	<u>Dec-13</u>
David Cagley	YESCO Omaha	David Cagley	402-616-7690	11067 W Maple Rd	Omaha	NE	68164	2	Mar-18
<del>Chris Nichols</del>	<del>YESCO Concord Nashua</del>	<del>Rick Nichols</del>	<del>603-238-6988</del>	<del>322 West Main Street Suite 127</del>	<del>Filton</del>	<del>NH</del>	<del>3276</del>	<del>4</del>	<del>May-17</del>
Bob & Brianna Persichetti	YESCO New Jersey Central & South	Bob Persichetti	609-949-0047	1208 Columbus Rd, Ste F	Burlington	NJ	<del>8016</del> <u>08016</u>	7	Oct-12

Ermias Gobena	YESCO New Jersey North	Ermias Gobena	646-280-6477	999 Tabor Rd Ste LL1	Morris Plains	NJ	<del>7950</del> <u>079</u> <u>50</u>	1	May-20
Mike Ziccardi & Dawn Tritter-Bent	YESCO Suffolk County	Mike Ziccardi	631-424-2077	<del>403 Oakwood Rd</del> <u>20 Railroad St</u>	Huntington	NY	11746	1	Oct-12
<del>Doug Waggoner</del>	<del>YESCO North Carolina East</del>	<del>Doug Waggoner</del>	<del>702-395-5887</del>	<del>330 Olive Branch Rd</del>	<del>Durham</del>	<del>NC</del>	<del>27702</del>	<del>7</del>	<del>Feb-21</del>
<del>Tony Hull, Judd Williams</del>	<del>YESCO North Carolina Central</del>	<del>Ginger Abdelhaq</del>	<del>801-599-8966</del>	<del>213 Hillstone Drive</del>	<del>Jamestown</del>	<del>NC</del>	<del>27282</del>	<del>7</del>	<del>Dec-13</del>
Tim & Judy Sheehy	YESCO Columbus	Teryl Fox	614-279-7698	3200 Valleyview Drive	Columbus	OH	43204	2	Sep-15
Matt Childers, Heather Daley, Nate Colatruglio, Brian Spallinger	YESCO Lima	Todd Fincher	800-542-6636	5560 Bellefontaine Rd	Lima	OH	45804	1	Jun-16
Brian Chase	YESCO Toledo	Brian Chase	419-407-6581	5924 American Road E	Toledo	OH	43612	3	Dec-15
Melinda Arko	YESCO Cleveland	Melinda Arko	440-942-1500	38348 Apollo Pkwy Ste 1	Willoughby	OH	44094	4	Jan-14
David McNabb	YESCO Oklahoma / New England South	David McNabb	410-489-9978	108 E 9 <sup>th</sup> St	Paden	OK	74860	8	Jan-19
Bud Barton	YESCO Pennsylvania South Central	Bud Barton	717-689-0816	147 E. Harrisburg Ave	Elizabethtown	PA	17022	1	Jan-21
Chad & Christina Ridgeway	YESCO Greenville / Asheville	Chad Ridgeway	864-225-5351	104 Parkside Drive	Anderson	SC	29621	5	Aug-20
Jason Mounteer, Brendan Campbell	YESCO Myrtle Beach / Charleston	Brendan Campbell	843-236-7446	6511 Dick Pond Rd Suite #A	Myrtle Beach	SC	29588	2	Nov-18
Tony Bianchi-Rossi	YESCO South Dakota East	Tony Bianchi-Rossi	612-203-0918	311 4th St	Brookings	SD	57006	1	Sep-20
Chris Lerback	YESCO Rapid City	Kim McRae	<del>605-348-874</del> <u>4605-391-7269</u>	<del>1740 E North St</del> <u>3731 Arizona St</u>	Rapid City	SD	57701	1	Jul-16

Mark Allison	YESCO Nashville / Florida Panhandle	Jonathan Allison	615-859-5095	603 N Main Street	Goodlettsville	TN	37072	9	Apr-14
<del>Frank Balton Sign Company Inc.</del>	<del>YESCO Memphis</del>	<del>Alan Gilmer</del>	<del>901-388-1212</del>	<del>5385 Pleasant View Rd</del>	<del>Memphis</del>	<del>TN</del>	<del>38134</del>	<del>4</del>	<del>Dec-14</del>
Grant Barnby	YESCO Texas Central	Grant Barnby	979-776-5001	10187 State Highway 30	College Station	TX	77845	9	May-13
Robb Pittman	YESCO Dallas North	Robb Pittman	972-939-7446	2860 Exchange Blvd Suite 160	Southlake	TX	76092	2	May-13
Don Klumbach	YESCO Houston South / Dallas South	Don Klumbach	281-265-6220	12919 Southwest Fwy Ste #150	Stafford	TX	77477	10	May-16
Josh Barnett, Terry Harris	YESCO Hampton Roads / Richmond	Josh Barnett	757-875-0509	719 Industrial Park Dr Ste B	Newport News	VA	23608	7	Jul-17
Barnebas Temesgen	YESCO Virginia North	Barnebas Temesgen	703-222-5670	3166 Golansky Suite 102	Woodbridge	VA	22192	2	May-22
Dee Burkhardt	YESCO Wisconsin Central	Dee Burkhardt	920-921-7181	N5228 Miranda Way	Fond Du Lac	WI	54937	5	Apr-14

**Canada:**

<u>Owner(s)</u>	<u>Business Name</u>	<u>Manager</u>	<u>Phone</u>	<u>Street Address</u>	<u>City</u>	<u>State/ Province</u>	<u>Zip</u>	<u>Territory Count</u>	<u>Month/Year Opened</u>
Ryan Nix	YESCO Calgary	Ryan Nix	403-250-8030	4-4451 58 Ave Se	Calgary	AB	T2C 1Y3	2	Dec-14
Jason Philipchuk	YESCO Surrey	Jason Philipchuk	604-856-6256	25-26157 Fraser Hwy	Aldergrove	BC	V4W 2W8	1	Sep-19
Mark Hogben, Brenden McNeely	YESCO Vaughan	Mark Hogben	416-560-2140	Unit 7-273b Bowes Rd	Concord	ON	L4K 1HB	1	Nov-18
David Carley	YESCO Ontario Southwest	David Carley	905-639-1832	65 Cascade St Suite 100	Hamilton	ON	L8E 3B7	6	Jul-17
Brian MacArthur	YESCO Ontario East	Brian MacArthur	613-384-0861	495 O'Connor Dr	Kingston	ON	K7P 1J9	1	Jul-17
Brian Wick	YESCO Whitby	Brian Wick	905-430-7939	1-105 Industrial Dr	Whitby	ON	L1N 5Z9	1	Jul-17
Dunstan Carroll	YESCO Prince Edward Island	Don Roper	902-367-7100	15 Walker Dr	Charlottetown	PE	C1A 8S5	1	Jun-22

**YESCO Franchisees Who Signed a Franchise Agreement But Not Yet Begun Operating Their Businesses as of December 31, ~~2023~~2024:**

**United States:**

None

<u>Location Name</u>	<u>Owner</u>	<u>Address</u>	<u>Phone</u>	<u>Territories</u>
<u>YESCO Jacksonville</u>	<u>Patrick &amp; Rhea Mency</u>	<u>25 N Market St Jacksonville, FL 32202</u>	<u>904-537-0322</u>	<u>3</u>
<u>YESCO Saint Petersburg</u>	<u>Roopa Palakkat</u>	<u>2235 16<sup>th</sup> Ave. North St. Petersburg, FL 33713</u>	<u>813-919-9797</u>	<u>2</u>

**Canada:**

None

**YESCO Former Franchisees as of December 31, ~~2023~~2024**

**United States:**

<u>Location Name</u>	<u>Owner</u>	<u>Address</u>	<u>Phone</u>	<u>Territories</u>
<u>YESCO Memphis</u>	<u>Chris Balton</u>	<u>5385 Pleasant View Rd Memphis, TN 38134</u>	<u>901-388-1212</u>	<u>1</u>
<u>YESCO Wichita</u>	<u>John Lay</u>	<u>1016 N Waco Ave Wichita, KS 67219</u>	<u>316-261-0433</u>	<u>1</u>
<u>YESCO Concord-Nashua</u>	<u>Chris Nichols</u>	<u>322 West Main St Suite 127 Tilton, NH 03276</u>	<u>603-238-6988</u>	<u>4</u>
<del>YESCO Ohio Southeast</del>	<del>David Mattingly</del>	<del>135 Muskingum Ave Zanesville, OH 43701</del>	<del>740-452-6804</del>	<del>1</del>
<del>YESCO Ohio East / Pittsburgh</del>	<del>Craig LeMasters</del>	<del>936 Greenbriar Parkway Kent, OH 44240</del>	<del>330-678-1724</del>	<del>4</del>

<del>YESCO Rapid City</del>	<del>Ron Conrad</del>	<del>4252 Redrock Canyon Rd Rapid City, SD 57702</del>	<del>605-348-8744</del>	<del>4</del>
<del>YESCO El Paso</del>	<del>Caeique Service Corp.</del>	<del>422 S. Old Pueblo Rd. El Paso, TX 79907</del>	<del>915-539-3451</del>	<del>4</del>

**Canada:**

None

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

*Exhibit I*  
**PROMISSORY NOTE**

SECURED PROMISSORY NOTE

\$ \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_\_\_  
("Note Date")

The undersigned ("You," "Your"), for value received, jointly and severally promise to pay to the order of **YESCO Financial Solutions LLC**, a Utah limited liability company ("We," "Us," "Our"), at 2401 Foothill Drive, Salt Lake City, Utah 84109 or at such other place as the holder of this Promissory Note ("Note") periodically may designate in writing, the principal sum of \$ \_\_\_\_\_, together with interest computed at the rate of \_\_\_% per annum on the unpaid balance of the principal, beginning as of the date hereof, until fully paid. Principal and interest are due and payable in \_\_\_\_ consecutive monthly installments of \$ \_\_\_\_\_.

**Installments will commence on \_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_.** The Note payments will be first applied to the accrued interest under this Note and then applied to the principal of the Note. The Note payments must be made via electronic funds transfer, as described in Section 4.4 of the Franchise Agreement (as defined below). You agree to pay a processing fee of \$ \_\_\_\_\_ due on the Note Date.

The entire unpaid principal balance and all accrued but unpaid interest under this Note will be immediately due and payable as a balloon payment upon the earlier of: (1) the termination of the Franchise Agreement; or (2) a "transfer" occurs (as defined in the Franchise Agreement).

You may prepay this Note in whole at any time or in part from time to time, in multiples of \$100.00 without penalty, provided that such prepayments are made on dates when installments of principal are due. Each such prepayment will be applied first against accrued interest and the balance, if any, to the reduction of principal. Our failure or delay to exercise any right or remedies hereunder or afforded by applicable law will not operate as a waiver thereof. Such failure or delay will not be construed as a bar to or waiver of such right or remedy on a future occasion.

You agree to pay all costs of collecting or enforcing payment or performance under this Note, together with reasonable attorneys' fees and legal expenses at any time paid or incurred by the holder hereof, whether suit be brought or not.

You waive presentment, protest and demand, delinquency, notice of protest, demand and dishonor, and any other notice otherwise required to be given by law in connection with the delivery, acceptance, performance, default, enforcement or collection of this Note, and expressly agrees that this Note or any payment hereunder, may periodically be extended or subordinated, without affecting your liability.

You acknowledge that the principal amount of this Note arose under and remains due under the YESCO® Franchise Agreement between you and **YESCO Franchising LLC**, dated \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement"), and that our acceptance of this Note does not represent a cure, satisfaction, or discharge of any of your obligations under the Franchise Agreement, and does not represent a waiver or relinquishment of any rights or remedies that we may have under the Franchise Agreement.

Any default by you under the Franchise Agreement after the date of this Note will constitute a default under this Note. Any default under this Note will constitute a default under the Franchise Agreement. Any default by you in the obligation to pay borrowed money that results in the acceleration of the maturity of such borrowed money shall also constitute an event of default under this Note. If any default by you occurs under this Note, or any default by you occurs under the Franchise Agreement and such default is not cured under the terms thereof, the entire principal balance and accrued but unpaid interest under this Note will immediately become due and payable at our option. Upon any acceleration of the principal balance under this Note due to a default under the Note or the Franchise Agreement, interest will accrue on all unpaid amounts from the date of acceleration at a rate of 18% per annum or the maximum rate permitted by law, whichever is less, until the entire principal balance and all accrued but unpaid interest is paid.

You agree to notify us in accordance with the notification procedures set forth in the Franchise Agreement upon any event of default under this Note or any occurrence that could reasonably be expected to mature into an event of default under this Note.

We reserve the right to sell, assign or discount to a third party all or part of the Note and you may lose all its defenses against the assignee as a result of the sale or assignment.

To secure your payment of the Note and your performance of its obligations hereunder, you grant to us a security interest in and to your accounts receivable, inventory, chattel paper, equipment, general intangibles, furniture, fixtures, machinery and all other business assets; whether owned now or acquired later; and all additions, located at or arising from transactions related to the Business as defined in the Franchise Agreement, all policies of insurance covering such assets and all proceeds thereof. This Note may not be amended or modified, and no waiver of any provision hereof will be effective, except by an instrument in writing signed by the party against whom enforcement of any amendment, modification, or waiver is sought. If you consist of two or more individuals, the liability of each individual will be joint and several.

This Note is governed by the laws of the State of Utah.

You have caused this Note to be made and executed as of the date first above written.

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

This Note is guaranteed pursuant to a Guarantee of Franchisee's Obligations (the "Guaranty") provided by \_\_\_\_\_ (the "Guarantors") upon the execution of the Franchise Agreement. The Guarantors acknowledge that this Note is guaranteed by the Guaranty.

PERSONAL GUARANTOR(S):

\_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*Exhibit J*  
**STANDARD RENEWAL ADDENDUM**

**STANDARD RENEWAL ADDENDUM  
FOR  
SUCCESSOR FRANCHISE TERM**

This Standard Renewal Addendum for Successor Franchise Term (“**Addendum**”) is entered into concurrently with the execution of a New Franchise Agreement (defined below) between the undersigned franchisee (“**You**”, “**Your**”) and YESCO Franchising LLC, a Utah limited liability company (“**YESCO**”). YESCO may be referred to in this Addendum as “**We**”, “**Us**”, “**Our**”. Each party to this Addendum may be referred to individually as a “**Party**” and collectively as the “**Parties.**”

**BACKGROUND**

1. On \_\_\_\_\_, 20\_\_ you entered into a Franchise Agreement between you and us (the “**Original Franchise Agreement**”) for the following described Territory:

[Describe territory]

2. On \_\_\_\_\_, 20\_\_ you exercised your first five-year Successor Franchise pursuant to Article 6 of the Original Franchise Agreement and entered into a Successor Franchise Agreement between you and us.

3. You desire to exercise your right to the [first]/[second] five-year Successor Franchise pursuant to Article 6 of the Original Franchise Agreement.

4. In connection with your exercise of your [first]/[second] five-year Successor Franchise, you are executing a new Franchise Agreement that will apply for the five-year Successor Franchise term (the “**New Franchise Agreement**”).

5. We desire to clarify that the term of the New Franchise Agreement is the [first]/[second] five-year Successor Franchise of the Original Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual promises herein, and for other good and valuable consideration, the adequacy of which is admitted by you and us, it is agreed as follows:

**AGREEMENTS**

**1. BACKGROUND**

The above background is an integral part of this Addendum and are not merely recitals.

**2. APPLICABILITY OF THIS ADDENDUM**

The terms of this Addendum amend and supersede the terms and conditions of the New Franchise Agreement.

**3. ORIGINAL FRANCHISE AGREEMENT REMAINS IN EFFECT UNTIL EXPIRATION**

If the Initial Term or a Successor Franchise term of the Original Franchise Agreement remains in effect as of the date of the New Franchise Agreement, the Effective Date of the New Franchise Agreement shall commence concurrently with the last day of the Initial Term or Successor Franchise term of the Original Franchise Agreement, as the case may be.

#### **4. SPECIAL TERMS APPLICABLE TO THE NEW FRANCHISE AGREEMENT**

Upon the commencement of the New Franchise Agreement, the following terms and conditions supersede any conflicting terms set forth in the New Franchise Agreement:

##### **4.1. Successor Term**

The New Franchise Agreement is a Successor Franchise Agreement. The term of the New Franchise Agreement is limited to the [first]/[second] five-year Successor Franchise term of the Original Franchise Agreement.

##### **4.2. Waiver of Initial Franchise Obligations**

So long as you are in compliance with your obligations under the Original Franchise Agreement, you have no obligation to fulfill the following initial commencement obligations: (i) payment of the Initial Franchise Fee, (ii) purchasing an Office Branding Package, (iii) purchasing a sign; and (iv) any obligations in connection with a Grand Opening, including incurring Grand Opening advertising expenditures. Your Office must be open on the Effective Date of the New Franchise Agreement and we waive our right to approve the commencement of your operations. You agree that we have no obligation to provide the services set forth in Section 7.2 of the New Franchise Agreement.

##### **4.3. Successor Franchise Fee**

You agree to pay us a \$15,000 Successor Franchise Fee no later than the Effective Date of the New Franchise Agreement.

#### **5. DISPUTES**

Any Dispute arising from this Addendum must be resolved in according to the dispute resolution provisions set forth in ARTICLE 18 the applicable Current Franchise Agreement or Successor Franchise Agreement (including without limitation the provisions relating to mediation, litigation, venue and jurisdiction, and governing law and waiver). The prevailing party in any action arising under this Addendum is entitled to an award of its attorneys' fees and costs.

**6. GENERAL RELEASE**

To the fullest extent permitted by law, you and your successors and assigns release and forever discharge us, our successors, assigns, affiliates, directors, officers, owners, and employees, of and from any claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action of every nature, whether known or unknown, vested or contingent, which the you may now or in the future own or hold, arising on or before the effective date of this Addendum.

**7. INTERPRETATION**

Headings in this Addendum shall not be used to interpret the meaning of any provision hereunder and otherwise shall be given no legal effect. Capitalized terms not defined herein shall have the meaning as set for in the applicable Current Franchise Agreement or Successor Franchise Agreement, as the case may be.

**8. MISCELLANEOUS**

Except as modified by this Addendum or any other amendment or addendum signed by you and us, the New Franchise Agreement remains unmodified.

IN WITNESS WHEREOF, the Parties have executed this Addendum as of the dates written below, which shall be effective as of the date signed by us.

**US (FRANCHISOR)**

**YESCO FRANCHISING LLC**  
**a Utah limited liability company**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**YOU (FRANCHISEE)**

Company: \_\_\_\_\_  
Signer's Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

[4889-5731-5231, v. 2](#)  
[4922-1690-6275, v. 1](#)

*Exhibit K*  
**EARLY RENEWAL PROGRAM ADDENDUM**

**EARLY RENEWAL PROGRAM ADDENDUM  
FOR  
[FIRST] SUCCESSOR FRANCHISE TERM**

This Early Renewal Program Addendum for [First] Successor Franchise Term (“**Addendum**”) is entered into as of the date set forth below between the undersigned franchisee (“**You**”, “**Your**”) and YESCO Franchising LLC, a Utah limited liability company (“**YESCO**”). YESCO may be referred to in this Addendum as “**We**”, “**Us**”, “**Our**.” Each party to this Addendum may be referred to individually as a “**Party**” and collectively as the “**Parties**.”

**BACKGROUND**

1. You are currently a YESCO Franchisee pursuant to the following franchise agreement(s), together with all exhibits, addenda, and/or amendments applicable to each (collectively, the “**Current Franchise Agreement(s)**”):

<b>Current Franchise Agreement(s)</b>			
<b>Effective Date</b>	<b>Territory</b>	<b>Current Term* Commenced</b>	<b>Current Term* Ends</b>

\* Current Term refers to the Initial Term or, Extended Successor Term, or Successor Franchise term, as the case may be.

2. We have established an early renewal program that provides favorable terms to those franchisees who qualify for and desire to participate in such program (the “**Early Renewal Program**”).

3. You have expressed a desire to participate in the Early Renewal Program according to the terms of this Addendum. Accordingly, you are executing the following renewal franchise agreement(s) with the following terms (collectively, the “**Renewal Franchise Agreement(s)**”) concurrently with the signing of this Addendum:

<b>Renewal Franchise Agreement(s)</b>			
<b>Effective Date</b>	<b>Territory</b>	<b>[First] Extended Successor Term Commences</b>	<b>[First] Extended Successor Term Ends</b>


4. We have determined that you are eligible to participate in the Early Renewal Program and desire to apply the benefits of the program to the Renewal Franchise Agreement(s).

NOW, THEREFORE, in consideration of the mutual promises herein, and for other good and valuable consideration, the adequacy of which is admitted by you and us, it is agreed as follows:

**AGREEMENTS**

**1. BACKGROUND**

The above background is an integral part of this Addendum and are not merely recitals.

**2. APPLICABILITY OF THIS ADDENDUM**

The terms of this Addendum amend and supersede the terms and conditions of each and all of the Renewal Franchise Agreement(s).

**3. ORIGINAL FRANCHISE AGREEMENT(S) REMAIN IN EFFECT**

Although you are concurrently signing the Renewal Franchising Agreement(s), the Original Franchise Agreement(s) remain in full force and effect until the Initial Term, Extended Successor Term (defined below), or Successor Franchise term (for each, if there are more than one) expires. If more than one Current Franchise Agreement(s) are in effect, each Franchise Agreement will expire on the applicable term end date, which may result in one or more Current Franchise Agreement(s) expiring at different times than the other Current Franchise Agreement(s). The terms of this Addendum will not be effective with respect to any given Renewal Franchise Agreement until the corresponding Current Franchise Agreement expires, and the Extended Successor Term (defined below) of the corresponding Renewal Franchise Agreement commences.

**4. SPECIAL TERMS APPLICABLE TO RENEWAL FRANCHISE AGREEMENT(S)**

The Renewal Franchise Agreement(s) are Successor Franchise Agreement(s). Upon the commencement of the Extended Successor Term of a Renewal Franchise Agreement term, the following terms and conditions supersede any conflicting terms set forth in the Renewal Franchise Agreement:

**4.1. Extended Successor Term**

Pursuant to the Original Franchise Agreement(s), you are entitled to the option of two, five-year Successor Franchise terms. Upon the commencement of the applicable Renewal Franchise Agreement(s), this Addendum combines both terms into a single 10-year Extended Successor Term (the “**Extended Successor Term**”). All references to the Initial Term and Successor Franchise terms in the Renewal Franchise Agreement are replaced with this single, 10-year Successor Term.

#### 4.2. Expiration of the Extended Successor Term

At the end of the Extended Successor term, you will have the option to participate in the then-current Early Renewal Program if you qualify to do so; if you do not so qualify, you will have the right to renew each Successor Franchise Agreement(s) for two additional five-year terms according to the terms and conditions set forth in Section 6.2 of each Renewal Franchise Agreement.

#### 4.3. Tiered Royalty Fees

The Royalty Fees for each Renewal Franchise Agreement will be calculated monthly based on a tiered basis for each individual Successor Franchise Agreement as follows:

	If the Monthly Gross Revenue for a given Renewal Franchise Agreement Territory is between:			Then the corresponding monthly Royalty Fee for that Renewal Franchise Agreement is:
Tier 0	\$0	and	\$41,666	6%
Tier 1	\$41,667	and	\$62,500	4%
Tier 2	or if it is greater than		\$62,501+	2%

Notwithstanding the foregoing, if (i) you fail to report your Gross Revenue for any Successor Franchise Agreement by the 5<sup>th</sup> calendar day after the end of the month, or if (ii) you are not in compliance with your obligations under any franchise agreement between you and us (including, without limitation, compliance with Territory restrictions, chart of account requirements, payments due and owing to us and/or YESCO Financial Solutions, and insurance requirements), you agree to pay a flat 6% Royalty Fee on the aggregate Gross Revenue for all Successor Franchise Agreement(s) in effect during that month. In addition, if the aggregate Royalty Fees for any given month are less than the number of all Franchise Agreement(s) in effect between you and us multiplied by \$1,000 (the “**Minimum Royalty Fee**”), then you agree to pay the Minimum Royalty Fee for that month.

#### 4.4. Waiver of Initial Franchise Obligations

So long as you are compliant with your obligations under the Current Franchise Agreement(s), you have no obligation to fulfill the following initial commencement obligations: (i) payment of the Initial Franchise Fee; (ii) purchasing an Office Branding Package; (iii) purchasing a sign; and (iv) any obligations in connection with a Grand Opening, including incurring Grand Opening advertising expenditures. Your Office must be open on the Effective Date of the applicable Renewal Franchise Agreement(s) and we waive our right to approve the commencement of your operations. You agree that we have no obligation to provide the services set forth in Section 7.2 of the Renewal Franchise Agreement(s).

#### 4.5. Successor Franchise Fee

You agree to pay us a \$15,000 Successor Franchise Fee for each Renewal Franchise Agreement no later than the date the applicable [First] Extended Successor Term commences.

**5. DISPUTES**  
Any Dispute arising from this Addendum must be resolved in according to the dispute resolution provisions set forth in ARTICLE 18 the applicable Current Franchise Agreement or Successor Franchise Agreement (including without limitation the provisions relating to mediation, litigation, venue and jurisdiction, and governing law and waiver). The prevailing party in any action arising under this Addendum is entitled to an award of its attorneys' fees and costs.

## **6. GENERAL RELEASE**

To the fullest extent permitted by law, you and your successors and assigns release and forever discharge us, our successors, assigns, affiliates, directors, officers, owners, and employees, of and from any claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action of every nature, whether known or unknown, vested or contingent, which the you may now or in the future own or hold, arising on or before the effective date of this Addendum.

## **7. INTERPRETATION**

Headings in this Addendum shall not be used to interpret the meaning of any provision hereunder and otherwise shall be given no legal effect. Capitalized terms not defined herein shall have the meaning as set for in the applicable Original Franchise Agreement or Successor Franchise Agreement, as the case may be.

## **8. MISCELLANEOUS**

Invalidity or unenforceability of one or more provisions in this Addendum shall not affect the validity or enforceability of any other provision. No provision in this Addendum is to be construed for or against any party because that party drafted such provision.

Except as modified by this Addendum or any other amendment or addendum signed by you and us, each Successor Franchise Agreement remains unmodified.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have executed this Addendum as of the dates written below, which shall be effective as of the date signed by us.

**US (FRANCHISOR)**

**YESCO FRANCHISING LLC**  
**a Utah limited liability company**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**YOU (FRANCHISEE)**

Company: \_\_\_\_\_  
Signer's Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

| [4868-1055-2479, v. 2](#)  
[4930-5819-1651, v. 1](#)

*Exhibit L*  
**STATE EFFECT DATES AND  
RECEIPTS**

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	March 29, <del>2024</del> <a href="#">2025</a>
Indiana	<del>March 31, 2024</del> <a href="#">Pending</a>
Maryland	Pending
Michigan	March 29, <del>2024</del> <a href="#">2025</a>
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	<del>April 3, 2024</del> <a href="#">Pending</a>
South Dakota	March 29, <del>2024</del> <a href="#">2025</a>
Virginia	<del>April 4, 2024</del> <a href="#">Pending</a>
Wisconsin	March 29, <del>2024</del> <a href="#">2025</a>

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## 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 YESCO Franchising LLC (“YESCO”) offers you a franchise, YESCO must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, YESCO or an affiliate in connection with the proposed franchise sale. Iowa and New York require that YESCO give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that YESCO gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If YESCO does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit A**. The issuance date is not the effective date for registration states. See the effective states page at the beginning of the document for effective dates for each registration state.

The franchisor is YESCO Franchising LLC, located at 2401 Foothill Drive, Salt Lake City, Utah 84109. Its telephone number is 801.464.4600.

Issuance Date: March 29, ~~2024~~2025

The name, principal business address and telephone number of each franchise seller offering the franchise: Samuel Fisher, YESCO Franchising LLC at 2401 Foothill Drive, Salt Lake City, Utah 84109, or is listed below (with address and telephone number) or will be provided to you separately before you sign a franchise agreement:

---

YESCO authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a Disclosure Document dated March 29, ~~2024~~2025, that included the following Exhibits:

<u>Exhibit A</u>	State Administrators/Agents for Service of Process	<u>Exhibit G</u>	Summary of Industry-Specific Laws
<u>Exhibit B</u>	Franchise Agreement	<u>Exhibit H</u>	Existing and Former Franchisees
<u>Exhibit C</u>	Table of Contents of Manual	<u>Exhibit I</u>	Promissory Note
<u>Exhibit D</u>	State-Specific Addenda	<u>Exhibit J</u>	Standard Renewal Addendum
<u>Exhibit E</u>	Sample of Release of Claims	<u>Exhibit K</u>	Early Renewal Program Addendum
<u>Exhibit F</u>	Financial Statements	<u>Exhibit L</u>	State Effective Dates and Receipts

Date: \_\_\_\_\_  
(Do not Leave Blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Printed Name

**KEEP THIS 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 YESCO Franchising LLC (“YESCO”) offers you a franchise, YESCO must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, YESCO or an affiliate in connection with the proposed franchise sale. Iowa and New York require that YESCO give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that YESCO gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If YESCO does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit A**. The issuance date is not the effective date for registration states. See the effective states page at the beginning of the document for effective dates for each registration state.

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YESCO authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

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<u>Exhibit D</u>	State-Specific Addenda	<u>Exhibit J</u>	Standard Renewal Addendum
<u>Exhibit E</u>	Sample of Release of Claims	<u>Exhibit K</u>	Early Renewal Program Addendum
<u>Exhibit F</u>	Financial Statements	<u>Exhibit L</u>	State Effective Dates and Receipts

Date: \_\_\_\_\_  
(Do not Leave Blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Printed Name

You may return the signed receipt either by signing, dating, and mailing it to YESCO Franchising LLC at 2401 Foothill Drive, Salt Lake City, Utah 84109, or by faxing a copy of the signed and dated receipt to YESCO Franchising LLC at 801.483.0998.

**THIS COPY IS FOR OUR RECORDS.  
PLEASE SEND TO YESCO AS DESCRIBED ABOVE.**

~~4853-7557-6223, v. 8~~  
4906-3847-1971, v. 7