

# FRANCHISE DISCLOSURE DOCUMENT

OnAxis Franchising Group, LLC  
A Delaware limited liability company  
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We offer qualified individuals and entities the right to operate a business that offers indoor environmentally preferred solutions and services (“Franchised Business”). Currently, these services include Indoor Air Quality testing, mold testing, mold cleaning, odor management, encapsulation/vapor barrier/moisture services, air purification, duct cleaning, disinfection/sterilization, any preparation necessary to gain access to space for remediation, and other indoor air quality and remediation services that create and maintain healthy indoor environments. New services may continue to be added and the franchisees will be offered an opportunity to provide those services and products to their customers.

The total investment necessary to begin operation of a GREEN HOME SOLUTIONS Franchised Business is from \$102,095 to \$198,570. This includes ~~\$80,605~~~~56,535~~ to ~~\$105,250~~~~6,750~~ that must be paid to us or our affiliates.

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 government agency has verified the information contained in this document.**

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

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

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

ISSUANCE DATE: April 15, 2024

## Special Risks to Consider About *This* Franchise

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

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

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

**ITEM 2**  
**BUSINESS EXPERIENCE**

**Chairman of the Board and Chief Cultural Officer: Russell Weldon**

Mr. Weldon has been our Chief Cultural Officer and a Director since June 2022. Before that Mr. Weldon was the Chief Cultural Officer and a Director of JC Franchising Group, LLC from January 2014 through May 2022.

**President and Chief Executive Officer: Jeff Panella CFE**

Mr. Panella has been our CEO since June 2022. Before that Mr. Panella was the CEO of our predecessor, JC Franchising Group, LLC, from August 2017 through May 2022.

**Chief Development Officer – Tom Monaghan**

Mr. Monaghan has been our Chief Development Officer since October 2023. Before that Mr. Monaghan was International Chief Development Officer for Prosperity Brands (BNI and Corporate Connections) from August 2022 to October 2023 in Charlotte, North Carolina. Before that he was the Senior Vice President of Franchise Recruiting for CertaPro Painters from August 2020 to June 2022, in Audobon, Pennsylvania. Prior to that Mr. Monaghan was Chief Development Officer of Philly Pretzel Factory from March 2015 to August 2020 in Bensalem, Pennsylvania.

**Chief Science Officer: David Bloom**

Mr. Bloom has been our Chief Science Officer since June 2022. Before that Mr. Bloom was the Chief Science Officer of our predecessor, JC Franchising Group, LLC from July 2015 to May 2022. Since December 2007 he has also served as the President of NzymSys, Inc. in Manchester, Connecticut.

**Chief Operating Officer: Albert Winnick**

Mr. Winnick has been our Chief Operating Officer since June 2022. Before that Mr. Winnick was the Chief Operating Officer of our predecessor, JC Franchising Group, LLC, from January 2021 through May 2022. Before that Mr. Winnick was the Chief Operating Officer of TrueSpecEyeBar in New York, New York from January 2019 through October 2020. Before that Mr. Winnick was the National Sales Director for Zyloware Eyewear in Port Chester, New York from September 2017 to August 2019.

**Vice President of Legal and Administration: Traci Frey**

Ms. Frey has been our Vice President of Legal and Administration since June 2022. Before that she was Vice President of Legal and Administration and with the Legal Department of our predecessor, JC Franchising Group, LLC, from September 2017 through May 2022.

**Marketing Director: Justin Bailey**

Mr. Bailey has been our Marketing Director since February 2023. From August, 2022 to February 2023, Mr. Bailey was a Senior Marketing Specialist for Arosa in Raleigh, North Carolina. Before this, Mr. Bailey was a Marketing Consultant for Equivity in Las Vegas, Nevada from August 2021 to July 2022. From May 2013 to December 2020, Mr. Bailey was a principal at Carolina's Executive Limo Line in Charleston, South Carolina.

**Director: Karen Weldon**

Ms. Weldon has been a Director since June 2022. Before that Ms. Weldon was a director of our predecessor, JC Franchising Group, LLC from February 2018 through May 2022. Ms. Weldon has not been employed since June 2008.

### Specialized Sanitizing and Disinfecting Services

If you elect to offer hospital grade sanitizing and disinfecting services in your Franchised Business, then you must purchase an equipment package for that service, which currently costs between \$13,250 and \$16,000.

### Pre-Paid Certifications and Fees

You must pay us between \$400 and \$4,000 for additional certifications, set up fees, and other fees, which may include any of the following items to be determined at our discretion: Point-of-Sale (POS) onboarding fee, website management onboarding fee, 1<sup>st</sup> year Annual Conference Fee, American Council for Accredited Certification (“ACAC”) certification, annual charitable contribution commitment. These fees also include optional items such as Duct Cleaning Certification (\$275 Air Systems Cleaning Specialist (“ASCS”) Member Rate or \$450 ASCS Non-Member Rate per attendee), our preferred call center setup fee (\$150) and Finance Management Training (\$200).

### Software

You must pay us a \$250 technology fee related to our assistance with the Customer Relationship Management Database (CRM) and POS software.

### Additional Services

Other additional services may be available to you initially or at other points during the operation of your Franchised Business. None of our equipment and product packages as listed in this Disclosure Document include the cost of shipping to your location(s). If we offer you the right to provide additional services, you and we may enter into an addendum to the Franchise Agreement for each new product or service offering. Each new product and service offering may require the payment of an additional initial fee, on-going fees or royalty payments, and minimum product purchase requirements.

Except as described above, we do not require you to pay us or any of our affiliates any fees for products or services you purchase from us or them before you open your Franchised Business.

### Opening Advertising

~~Although not paid to us, you are required to expend at least \$10,000 on advertising and promoting your Franchised Business for the first six (6) months after you sign the Franchise Agreement.~~

~~You must pay between \$295 to \$500 per month for website management provided by our approved and designated vendor for your specific landing page on our website as part of opening advertising during the first 90 days after signing the Franchise Agreement. We pay the vendor directly and invoice you for the cost.~~

Unless stated otherwise above, all the initial fees described in this Item 5 are uniformly imposed and collected and are non-refundable.

| Type of Fee <sup>1</sup>                 | Amount  | Due Date   | Remarks   |
|--|---|--|---|
| Assignment or Transfer Fees <sup>5</sup> | New owners or existing owners, in good standing for the previous 2 quarters, pay \$10,000 for the first transferred unit. If multi-units are transferred by same Transferor and Transferee within the same transaction, the first unit will be \$10,000; additional units will be \$5,000 each. | On any assignment, sale, or transfer of the franchise except to a spouse or child (over 18 years of age) on death or disability. | Due on transfer of your franchise, payable at signing.  |
| Renewal                                  | \$2,650 per unit  | No later than 30 days before the renewal date.   | If you are not in default in any of your obligations to us, and if you continue to meet our requirements for approving Franchisees, your Franchise Agreement is renewable for additional 10-year periods.   |
| <u>Website Management Fee</u>            | <u>\$295 to \$500 per month</u>   | <u>Upon invoice</u>  | <u>Paid to us and remitted to vendor by us for your landing page on our website</u>   |
| Insufficient Fund Fees                   | \$50 per occurrence   | Immediately on demand.   | Payable if any of your payments to us are not honored by your financial institution. If not remedied, additional \$50 charge every 15 days.   |
| Audit Fee                                | Our cost of inspection and audit  | On billing   | If the examination reveals a discrepancy of two (2%) percent or more of the amount that you should have paid or reported, or any other audit findings that reveal a breach of the Franchise Agreement, then you also must pay and reimburse us for all expenses connected with the examination. |
| Additional Certification                 | Currently there is no fee for the Certification Program, but we reserve the right to charge a fee in the future.  | On billing   | We also may offer additional or refresher certification programs, and continuing education which may be mandatory.  |

the above chart covers the time by which most franchisees are fully in operation but does not necessarily mean that you will have reached “break-even,” “positive cash flow,” or any other financial position. In addition, the estimates presented relate only to costs associated with the Franchised Business, and do not cover any personal, “living,” unrelated business or other expenses you may have, such as royalty payments, or debt service on any loans. Although we make no estimates regarding the financial performance of a Franchised Business, we recommend that, in addition to the additional funds shown, you have sufficient personal savings and/or income so that you will be self-sufficient and need not draw funds from your business for at least 6 months after start-up. We have relied on our experience in operating Franchised Business offices and the experience of our franchisees to compile these estimates.

## **ITEM 8**

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

You must operate your Franchised Business according to our “System Standards.” System Standards may regulate, among other things, the service types, models and brands of required furnishings, equipment, signs, materials and supplies to be used in operating your franchise, required or authorized products and product categories and designated or approved suppliers of these items. You may not resell any of the products you use in customer treatments at wholesale or retail. You may only sell the products in conjunction with the application or services that you provide to your customers. We reserve the right to modify the standards and specifications to achieve our quality and uniformity goals.

#### **Designated and Approved Suppliers and Specifications**

You must purchase certain items, including computer hardware and software, safety equipment, marketing materials, and other products, supplies and equipment from designated or approved suppliers, which may be limited to us or our affiliates. You must maintain a mobile credit card processing solution to allow you to accept customer payments, as we approve. Although you do not receive any additional benefits from us for using the approved items, in order for us to protect and maintain our reputation and the goodwill of our System and our Marks, certain products, supplies, promotional items, apparel and equipment must be purchased from a supplier we approve as meeting our quality standards (“Approved Suppliers”) We will provide the list of Approved Suppliers, which we have the right to change, in the Brand Standards Manual. We or our affiliates may be an Approved Supplier or the only supplier of approved items.

Currently, we are the only approved supplier of the mold remediation and cleaning product that you must use in your Franchised Business. We will derive revenue and other material consideration on account of these purchases in the form of a mark-up. In addition, we may receive revenues from purchases by franchisees from designated suppliers in the form of a rebate, based on a % of revenue the supplier receives from the franchisees for their purchases or based on a fixed amount per item sold. This rebate can be paid directly to us or applied to a supplier invoice to reduce the amount owed. We also may receive revenue from a designated supplier in the form of a discounted unit price on equipment billed to us by the supplier that is shipped direct by them to the franchisee. During fiscal year 2023, we received \$870,483 based on franchisees’ purchases. Our total revenues during 2023 were \$4,242,852 and the revenues that we received from franchisee’s purchases (\$870,483) represents 21% of our total revenues. - David Bloom, our Chief Science Officer, owns an interest in NzymSys, Inc. which is our preferred provider of disinfectant and mold remediation products. Other than David Bloom and NzymSys, Inc., no franchise officer owns an interest in any other supplier.

As stated in Item 1, one of our affiliates, IAQ Solutions, LLC, is in the process of purchasing the assets of NzymSys, Inc. Upon such purchase by IAQ Solutions, LLC, other than this affiliate, no franchise officer will own any interest in any supplier. Our affiliates did not derive revenue from sales to franchisees during fiscal year 2023.

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

**Except as listed below, OnAxis Franchising Group, LLC is not required to provide you with any assistance.**

**Assistance Before Opening**

Before you open your Franchised Business, we will provide you with the following assistance:

1. **Protected Territory**: We will grant you a Protected Territory within which neither we nor any of our affiliates will sell, establish, or operate another Franchised Business (Franchise Agreement Sections 1.1).
2. **Site Selection**: You may operate your Franchise from a home office or from any reasonable location we approve within your Protected Territory. We do not assist you in selecting or reviewing a proposed location for your business or in negotiating any lease (Franchise Agreement Section 3.1.2).
3. **Confidential Brand Standards Manual**: After you sign your Franchise Agreement, and pay your Initial Franchise Fee, we will loan you or provide you with access to the electronic version of one copy of our Brand Standards Manual, which describes our methods of operation and includes other operational information. The Brand Standards Manual remains our property, and you must give all parts, reproductions, etc. back to us when and if you no longer own and/or operate your franchise. The Table of Contents of the Brand Standards Manual is attached as Exhibit F to this Disclosure Document (Franchise Agreement Sections 3.1.1). The total number of pages in the Brand Standards Manual is 157.
4. **Certification**: We will furnish you and your Manager with the Green Home Solutions Initial Certification program (Franchise Agreement Section 3.1.4). Any additional certifications will be communicated as they are formulated and made available.
5. **Specifications for Equipment and Supplies**: We will provide you with our mandatory specifications for the equipment and supplies you will need to operate your Franchised Business (Franchise Agreement Section 3.1.5).
6. **Opening Advertising**: We will advise you on your grand opening advertising program. We require that you expend at least \$10,000 on advertising and promoting your Franchised Business for the first six (6) months after you sign the Franchise Agreement. (Franchise Agreement Section 3.1.3).
7. **Internet Presence**: We will establish a web presence for your business (Franchise Agreement Section 3.1.6).

~~7. **Other than the foregoing, we will only provide additional assistance in our discretion. We do not provide assistance with conforming the premises to local ordinances and building codes, obtaining any required permits, constructing, remodeling, or decorating the premises, or hiring and training employees.**~~

**Site Selection**

We will not own or lease the site for your premises. You may operate your Franchised Business from the premises that you own or lease. You may operate the Franchised Business from a home office. You must locate your business within your Protected Territory. We will not unreasonably withhold our consent to your proposed location, but we will not provide any direct site selection assistance to you, and we will not review your lease. We do not provide any assistance to you with the construction, remodeling, or review of your plans for the construction or remodeling of the proposed site. We will evaluate your proposed location within 2 weeks of your submission to us of a complete site approval package (Franchise Agreement Section 3.1.2). The factors that we will consider in approving your site include: (i) whether the proposed location has sufficient space for your business including adequate storage for tools, equipment and chemicals, and parking for your Service Vehicle(s); (ii) whether the proposed site has sufficient capacity



criteria are not being met. Our Initial Certification Program is mandatory for you (if an individual, or if an entity, its controlling member or shareholder), or your manager.

You must pay for all the costs of travel incurred during your initial certification. During the Term, we may require you to attend additional or refresher training, and we may charge a fee for such training, at our then-current training fee. You must pay for all additional certification program fees plus all the costs of travel, lodging and meals incurred during any additional certification if you receive certification elsewhere. You must pay for all our costs of travel, lodging, meals and expenses incurred, plus any certification program fees, if we train you at your location (See Item 6, Franchise Agreement Section 6.5).

Our Certification Program is conducted by our employees and independent contractors. We may also use outside certification facilitators as we deem appropriate. The initial certification will include the following topics:

### **TRAINING PROGRAM**

| <b>Phase 1: Classroom Certification (6 Days)</b>    |                           |                                |  |
|---|---------------------------|--------------------------------|--|
| <b>Subject: Executive Certification</b>             | <b>Hours in Classroom</b> | <b>Hours in Field Training</b> | <b>Location</b>  |
| Introduction to Green Home Solutions/Company Vision | 2                         |                                | All classroom instruction will be conducted at either our corporate headquarters or near a major city of our choosing. Online or virtual classroom may be substituted at our discretion. |
| Mold Science & Remediation                          | 5                         |                                |  |
| Mold Pre-Testing & Post-Testing                     | 4                         |                                |  |
| Safety Protocols & PPE                              | 2.5                       |                                |  |
| Understanding Lab Results                           | 2                         |                                |  |
| Mold Inspection & Interpretation                    | 6                         |                                |  |
| Crawl Space Encapsulation                           | 3                         |                                |  |
| Duct Cleaning                                       | 1                         |                                |  |
| Odor Elimination                                    | 5                         |                                |  |
| Disinfection Program                                | 1                         |                                |  |
| Water Damage Restoration                            | 1                         |                                |  |
| Marketing Support and Best Practices                | 4                         |                                |  |
| <b>Total</b>  | <b>36.5</b>               | <b>0</b>                       |  |



| Phase 2: Designated Certification Location: (5 Days) |                    |                         |   |
|--|--------------------|-------------------------|---|
| Subject  | Hours in Classroom | Hours in Field Training | Location  |
| Mold Remediation                                     |                    | 6                       | All designated Certification will be performed at assigned Green Home Solutions field Certification facilitator's franchise facility or at approved location Operation Manager designates |
| Mold Inspection                                      |                    | 5                       |   |
| Pre-Testing/Post Testing                             |                    | 3                       |   |
| Bids & Site Surveys                                  |                    | 4                       |   |
| Safety Protocols & PPE                               |                    | 2                       |   |
| Combining Services                                   |                    | 2                       |   |
| Sales Process  |                    | 6                       |   |
| Best Practices Protocol                              |                    | 2                       |   |
| Marketing  |                    | 3                       |   |
| Networking   |                    | 3                       |   |
| Operational Certification                            |                    | 4                       |   |
| <b>TOTAL</b>   | <b>0</b>           | <b>40</b>               |   |

| Phase 3: Online Certification (4 Days) |                    |                         |          |
|--|--------------------|-------------------------|----------|
| ACAC Certification                     |                    |                         |          |
| Subject                                | Hours in Classroom | Hours in Field Training | Location |
| ACAC Certification                     | 30                 | 0                       | Online   |
| <b>TOTAL</b>                           | <b>30</b>          | <b>Hours</b>            |          |

The Initial Certification Program will be conducted by our corporate certification facilitators, and as needed, third party training. The certification facilitators may include the below instructors. following: This list is subject to change as requirements dictate, however, each instructor will have at least six (6) months experience:

*David Bloom:* is our Chief Science Officer. David is a graduate of the University of Connecticut, with significant post graduate work in microbiology and building sciences. He has lectured throughout the United States on indoor air quality issues and remediation. David is an ACAC (American Council for Accredited Certifications) Certified Mold Investigator, and an active member of AOAC International (Association of Analytical Communities), ACGIH (American Conference of Governmental Industrial Hygienists), and IAQA (Indoor Air Quality Association). As President of NzymSys, Inc. since 2008, he

We do not currently do this, nor do we have any current plans to do this, but we reserve the right to in the future. -

(2) operate, and grant others the right to operate Franchised Businesses located anywhere outside your Protected Territory under any terms we deem appropriate and regardless of proximity to your business location.

(3) use alternate channels of distribution such as direct mail, catalogue sales, telemarketing, and the internet both within and outside of your Protected Territory to sell or distribute products under trademarks that are the same as or different than the Marks that you will use under the Franchise Agreement.

(4) acquire the assets or ownership interests of one or more businesses providing services similar to those provided by Franchised Businesses, and franchising, licensing, or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the Franchisees or licensees of these businesses) are located or operating (including in your Protected Territory).

(5) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided by Franchised Businesses, even if that business operates, franchises and/or licenses competitive businesses in your Protected Territory.

(6) periodically designate in the Brand Standards Manual or elsewhere, National Accounts. We will offer you the opportunity to service those accounts located within your Protected Territory, or if the location of the account is not within the Protected Territory of a Franchisee, then we may, in our discretion, offer the nearest Franchisee the opportunity to service the National Account. If you agree to service the account, it will be on the terms that we have negotiated. You are under no obligation to agree to provide services to a National Account. If you do not agree to provide services to a National Account then we may offer another Franchisee, or company or affiliate-owned unit the right to provide services to the National Account in your Protected Territory, without compensation to you.

(7) as we deem necessary, manage the resolution of any customer complaint, concern or service issue you cause. We reserve the right to require you to take all actions deemed necessary including potential monetary reparations to customers as well as assume all costs we incur in the resolution process.

We are not required to pay you if we exercise any of the rights stated above inside your Protected Territory.

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises. We will approve the relocation of the franchise if the proposed new location is within your Protected Territory. If you wish to acquire additional franchises, you must be in good standing. If you purchase a Territory that is larger than the minimum Protected Territory, you may be required to purchase a larger Initial Equipment and Inventory Package and you may be required to pay a higher Brand Development Fund Fee.

On renewal, your Protected Territory will not be modified without your consent.

Currently, there are no minimum product purchase requirements. Additional services may be offered from time to time, at our discretion. If you choose to offer any additional services, you and we will amend your Franchise Agreement to adjust the minimum royalty and/or purchase requirements. If you fail to meet any minimum purchase requirements, we may send you a notice of default, after which you will have 30 days to cure the default, otherwise we may terminate your Franchise Agreement.

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

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the Agreements attached to this Disclosure Document.**

| <b>Provision</b>                           | <b>Section in Franchise Agreement</b> | <b>Summary</b>  |
|--|---------------------------------------|---|
| a. Length of the franchise term            | 2.1                                   | 10 years.   |
| b. Renewal or extension of the term        | 2.2                                   | If we are still franchising and you are not in default, you may renew your franchise for additional 10-year terms. On our grant of a renewal franchise, you will sign our then current Franchise Agreement, which may be materially different.  |
| c. Requirements for you to renew or extend | 2.2                                   | Give us timely notice; be in good standing under your current Agreement; fulfilled all monetary obligations to us; have been in substantial compliance with the Franchise Agreement for its initial and any renewal terms and are in compliance at the time you request to renew; sign a release of claims against us; pay the renewal fee; sign then-current Franchise Agreement which may be materially different from the original Franchise Agreement; and meet all then-current certification requirements. <u>“Renewal” means entering into a new franchise agreement with us for a new term of years, and such franchise agreement may contain materially different terms than your current franchise agreement.</u> |
| d. Termination by you                      | Not Applicable                        | You have no right to terminate, subject to state law.   |
| e. Termination by us without cause         | 13.8                                  | We have the right to terminate without cause following your completion of the Initial Certification Program but before your beginning operation of the Franchised Business. We must refund the Initial Franchise Fee. We have no other right to terminate without cause.  |
| f. Termination by us with cause            | 13                                    | We can only terminate the Franchise Agreement for good cause, subject to our right to terminate before beginning of operation.  |

| Provision   | Section in Franchise Agreement | Summary   |
|---|--------------------------------|---|
| r. Non-competition covenants after the franchise is terminated or expires | 11.4                           | For 24 months after termination or expiration of the Franchise Agreement, you may not engage in a Competitive Business in your former Territory, within 10 miles of the border of your former Territory, or within the Protected Territory of or within 10 miles outside of the border of any other Green Home Solutions Franchisee as of the termination date (same restrictions apply after transfer) |
| s. Modification of the agreement  | 9; 20.3                        | The Franchise Agreement may not be modified except by a written agreement that you and we sign. We can modify or change the System Standards through changes to the Operation Manual and you are bound by those changes.  |
| t. Integration/merger clause  | 24                             | Only terms of the Franchise Agreement are binding (subject to state law). Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we make in this Franchise Disclosure Document. Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.  |
| u. Dispute resolution by arbitration or mediation                         | 15                             | Except for certain claims, all disputes are subject to binding arbitration in State College, Pennsylvania or in the county of our principal office.   |
| v. Choice of forum  | 15.7                           | Subject to arbitration requirements. We have the right to seek injunctive relief and you agree to be subject to the exclusive jurisdiction of the Centre County, Pennsylvania Courts, or the U.S. District Court for the Middle District of Pennsylvania (subject to <b>applicable</b> state law).  |
| w. Choice of law  | 22                             | Except for the Federal Arbitration Act and other federal law, Pennsylvania law governs (subject to <b>applicable</b> state law).  |

A provision in your Franchise Agreement that terminates the Franchise Agreement on your bankruptcy may not be enforceable under Title 11, Businesses States Code Section 101 *et seq.*

## **ITEM 18** **PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

## **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 franchises and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about a possible performance at a particular location or under particular circumstances.

5. "Operating Expenses" are defined as including, but are not limited to, tools, equipment, office supplies, rent (if any), utilities, telephone, insurance, bank and credit card fees, computer costs, professional fees, taxes, training, vehicle expenses, etc. The median Operating Expenses for the reporting group is 19.1%.
6. "Royalties" and "Brand Marketing Fund" are as defined in Item 6 of this Disclosure Document. The median Royalties and Brand Marketing Fund for the reporting group is 9.3%.
7. "Marketing Expenses" includes any and all expenses related to direct marketing to the customers, whether residential or commercial, such as expenses for: printed materials, home shows, direct mail, all media including online, radio, TV, local networking programs, sponsorships, etc. The median Marketing Expenses for the reporting group is 8.6%.
8. "Operating Profit" is defined as Gross Profit minus the sum of Operating Expenses, Royalties and Brand Marketing Fund, and Marketing Expenses. This amount does not include interest, amortization, depreciation or taxes. The median Operating Profit for the reporting group is 27.5%.

~~There is no assurance you will do the same. Not all businesses incur all of the expenses listed above. This table may not contain complete information concerning operating costs. Revenues and expenses may vary. In particular, the revenues and expenses of your business will be directly affected by many factors, such as: (a) geographic location, (b) competition in your area, (c) advertising and marketing effectiveness based on market saturation, (d) your services and their pricing, (e) prices on materials and supplies, (f) whether you act as an employee of the business, (g) whether you use subcontractors or hire employees, (h) employee salaries and benefits (if any) provided, (i) insurance costs, (j) ability to generate customers, (k) customer loyalty, (l) employment and economic conditions in the market, and (m) your business abilities and efforts.~~

We also recommend that you consult your financial/tax advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a business, as well as regarding depreciation and amortization schedules and the period over which the assets of your business may be amortized or depreciated.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting OnAxis Franchising Group, LLC Attn: Traci Frey, VP of Legal and Administration, 136 School Street, #286, Spring Mills, PA 16875; 800-SOLUTIONS, the Federal Trade Commission and any appropriate state regulatory agencies.

## **FOR THE STATE OF MINNESOTA**

1. Item 5/7 of the Disclosure Document is amended as follows: The Minnesota Commission of Commerce has required that we defer the collection of the Initial Franchise Fee until your franchise opens for business.

1.2. Item 13 of the Disclosure Document is amended as follows:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2.3. Item 17 of the Disclosure Document is amended as follows:

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

Item 17 will not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

The Franchise Agreement contains provisions that may be interpreted as liquidated damages clauses under Minnesota law. Certain liquidated damages clauses are unenforceable.

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.

Each provision of this addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the Disclosure Document.

| STATE               | AGENCY  | PROCESS, IF DIFFERENT   |
|---------------------|---|---|
| <b>Maryland</b>     | Office of Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360   | Maryland Commissioner of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020   |
| <b>Michigan</b>     | Michigan Attorney General's Office<br>Consumer Protection Division<br>Attn: Franchise Section<br>G. Mennen Williams Building, 1st Floor<br>525 W. Ottawa St.<br>Lansing, MI 48909<br>(517) 335-7567 |   |
| <b>Minnesota</b>    | Minnesota Department of Commerce<br>Securities Unit<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101<br>(651) 539-1638   | Minnesota Department of Commerce<br>Securities Unit<br>Commissioner of Commerce<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101 |
| <b>New York</b>     | NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, <u>21<sup>st</sup> Floor</u><br>New York, NY 10005<br>Phone: (212) 416-8222   | Secretary of State<br><br>99 Washington Avenue<br>Albany, NY 12231  |
| <b>North Dakota</b> | North Dakota Securities Department<br>600 Boulevard Avenue, State Capitol<br>Fifth Floor, Dept. 414<br>Bismarck, ND 58505-0510<br>(701) 328-4712  | Securities Commissioner<br>600 East Boulevard Avenue<br>State Capitol, Fifth Floor<br>Bismarck, ND 58505-0510                                     |
| <b>Rhode Island</b> | Securities Division<br>Department of Business Regulation<br>1511 Pontiac Avenue<br>John O. Pastore Complex – Bldg 69-1<br>Cranston, RI 02920-4407<br>(401) 462-9527                                 |   |
| <b>South Dakota</b> | Department of Labor and Regulation<br>Division of Securities<br>124 South Euclid, Suite 104<br>Pierre, SD 57501<br>(605) 773-3563   |   |
| <b>Virginia</b>     | State Corporation Commission<br>Division of Securities and Retail<br>Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, VA 23219-3630<br>(804) 371-9051                                   | Clerk of the State Corporation<br>Commission<br>1300 East Main Street<br>Richmond, VA 23219   |



## ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED FOR MINNESOTA FRANCHISEES

This Addendum to Franchise Agreement (“Franchise Agreement”) dated \_\_\_\_\_ between OnAxis Franchising Group, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being signed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; (b) Franchisee is a resident of the State of Minnesota; and/or (c) the Green Home Solutions Franchised Business will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Sections 2.2 and 13:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivisions 3,4, and 5 which require, except in certain cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement.

3. The following sentence is added to the end of Section 2.2 and 12.5:

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

4. The following sentence is added to end of Section 4.1: The Minnesota Commission of Commerce has required that we defer the collection of the Initial Franchise Fee until your franchise opens for business.

5. The following sentences are added to the end of Sections 15.3 and 15.8:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or the Franchise Agreement can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

~~5.~~ 6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

~~6.~~ 7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

(SIGNATURES CONTINUED ON FOLLOWING PAGE)