

## FRANCHISE DISCLOSURE DOCUMENT

Cool Binz International, LLC  
A Michigan Limited Liability Company  
731 Fairfield Court  
Ann Arbor, MI 48108  
734-864-9799  
info@belfrangroup.com  
[www.cool-binz.com](http://www.cool-binz.com)



The franchise offered is for the establishment and operation of a business that leases a variety of portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and freezers, utilizing the COOL BINZ business system, and such business is referred to below as the “Franchise” or “COOL BINZ Business.”

The total investment necessary to begin operation of a COOL BINZ Business is between ~~\$734,84509,156~~ and ~~\$1,270,500,169,500~~. This includes ~~\$644,89527,156~~ to ~~\$1,043,900950,400~~ that must be paid to the franchisor or its 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.**

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 [your sales representative, Prakash Patel](#), 731 Fairfield Court, Ann Arbor, MI 48108, 734-864-9799.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make an informed decision. 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~~ ~~31, 2023, as amended September 28, 2023~~

## 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 Exhibits E and F.
<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 B 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 COOL BINZ 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 COOL BINZ franchisee?</b>	Exhibits E and F 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 C.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in Michigan. 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 Michigan than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
- ~~3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.~~
- 4.3. **Sales Performance Required.** 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.
- ~~5. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.~~
- 6.4. **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.
- 7.5. **Mandatory Minimum Payments.** You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.
- 8.6. **Supplier Control.** You must purchase all or nearly all of your opening inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

### ***ADDITIONAL DISCLOSURES FOR THE STATE OF MICHIGAN.***

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

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 franchisee 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 provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than five 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 six 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.
- (g) A provision which permits a franchisor to refuse to permit a transfer of 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 transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub franchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

(v) 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).

(vi) 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 ENFORCEMENT BY THE ATTORNEY GENERAL.**

If the franchisor's most recent financial statements are un-audited, and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

Any questions regarding this notice should be directed to:

State of Michigan  
Consumer Protection Division  
Attn: Franchise  
670 G. Mennen Williams Building  
525 West Ottawa  
Lansing, Michigan 48933  
(517) 373-7117  
miag@michigan.gov

***DISCLOSURES REQUIRED BY CONNECTICUT LAW***

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

Cool Binz International, LLC, March ~~29, 2024~~<sup>31, 2023</sup>, as amended ~~September 28, 2023~~

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- C – State Administrators/ Agents for Service of Process

D – State Addenda to the Disclosure Document  
E – List of Franchisees  
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## ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

### The Franchisor and its Parents.

The franchisor is Cool Binz International, LLC. Our principal place of business is 731 Fairfield Court, Ann Arbor, MI 48108. To simplify the language in this Disclosure Document, “we,” “us,” “our,” “Company”, and “COOL BINZ” means Cool Binz International, LLC. “You” or “your” means the person or persons to whom a COOL BINZ Business is awarded. If the COOL BINZ Business is awarded to a legal or business entity, “you” or “your” means the legal or business entity and the owners of the legal or business entity.

We were formed on September 29, 2022, as a Michigan Limited Liability Company, and have offered franchises since March 31, 2023. We do business under our business name and the name “COOL BINZ.” We do not do business under any other name. We do not conduct and have not conducted business in any other line of business. We do not and have not offered franchises in any other line of business. Our affiliate, COOL BINZ North America, LLC, operates one (1) business of the type that will be operated by franchisees. We do not operate any COOL BINZ Businesses.

Our agent authorized to receive service of process is listed in Exhibit D of this Disclosure Document.

Our parent, BELFOR Franchise Group, LLC (“BFG”) is a Michigan Limited Liability Company formed on July 3, 2007 and has a principal business address of 731 Fairfield Ct, Ann Arbor, MI 48108. BFG is a wholly owned subsidiary of BELFOR (USA) Group, Inc. (“BELFOR”), a Colorado corporation formed on June 9, 1995, and located at 185 Oakland Ave, Suite 150, Birmingham, MI 48009. BELFOR is a wholly owned subsidiary of BELFOR Holdings, Inc., a Delaware corporation incorporated on May 24, 2006 and located at 185 Oakland Ave, Suite 150, Birmingham, MI 48009. BELFOR offers property and electronic restoration, machinery refurbishment, data and document restoration, mold remediation, emergency and rapid response. ~~BELFOR does not currently operate any, nor has it offered, franchises in any line of business, although it reserves the right to do so in the future.~~ As of December 31, 2023~~2~~, BELFOR owns and operates 17469 locations in the United States and Canada. BELFOR also operates two (2) franchises of our affiliate, ZPlumberz.

BELFOR Holdings, Inc. is fully owned by ASP BF Intermediate Sub, LLC, a Delaware limited liability company formed on December 21, 2018. Its principal business address is 299 Park Avenue, 34th Floor, New York NY 10171. ASP BF Intermediate Sub, LLC purchased BELFOR Holdings, Inc. on April 4, 2019.

None of our parents, predecessor, or affiliates have offered or currently offer franchises in the type of business being offered under this Disclosure Document. Our affiliates that offer franchises in other lines of business are listed in Sections 1.6 below.

### Our Business and the Franchises Offered

We grant franchises for the establishment and operation of a business that offers to clients within a specific geographic area leasing of a variety of storage containers, devices and equipment designated or approved by us (collectively, “Portable Equipment”), including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and freezers (collectively, the “Services”). The COOL BINZ Business will be operated from a commercial or industrial park in a space of at least 500 square feet of office space on a minimum

of a one-half to 1 acre lot. You will operate your COOL BINZ Business under the trademarks, service marks, trade names, emblems, signs, slogans, insignia and copyrights we have designated for use in connection with a COOL BINZ Business (“Marks”).

~~Each COOL BINZ Business will be awarded a geographic territory (the “Territory”) where you may advertise, and solicit business, and where you may also perform services under certain conditions as described in Section 1 of the Franchise Agreement. Under certain conditions, other franchisee(s), Company Store(s) (as defined below), we and/or our affiliates (collectively referred to as “COOL BINZ Affiliates”) may also solicit and perform services in the Territory, but only as described in Section 1 of the Franchise Agreement. A “Company Store” refers to a COOL BINZ Business that is owned by us or any of our Affiliates. We grant franchises only in accordance with our Franchise Agreement (the “Franchise Agreement”). A copy of it is attached as Exhibit A-1.~~

The COOL BINZ Business includes a method of process and systems for providing leasing of a variety of temperature-controlled Portable Equipment, all of which we (or our affiliates) may improve, further develop or otherwise modify from time to time (collectively, the “System”). We intend to develop, promote, and award COOL BINZ Businesses to establish a franchised network of local owners across the United States which together with Company Stores will conduct the Services under the Marks using methods and operating systems as defined in our operations manual and other manuals or similar written materials. You must operate your COOL BINZ Business according to the System. We have no other business activities although they reserve the right to do so in the future.

#### Market and Competition

Following the System, you will market your COOL BINZ Business services directly to residential customers, commercial entities and governments/municipalities that require the Services. The market for portable storage equipment is ~~developed in most geographic areas. We encourage you to study potential markets and the competition that may already exist.~~ well-developed. You will experience competition ~~for~~ from other independent businesses and national franchisors that provide similar portable storage equipment rental services and products.

#### Laws and Industry Regulations

You must comply with all federal, state, and local laws and regulations that apply to business providing portable equipment leasing services in general. You should investigate these laws and regulations, and keep apprised of changes that are made in areas that you service. You are solely responsible to investigate and determine licensing requirements in the area you would like to service before signing the Franchise Agreement. It is your sole responsibility to investigate and comply with these laws and regulations.

#### Prior Business Experience and Predecessor.

On October 10, 2022, Cool Binz North America, LLC purchased the assets of our predecessor, Cool-Binz, LLC, a Florida limited liability company with an address of 5555 Taylor Road, Naples, Florida 34109. Cool-Binz, LLC owned and operated a business similar to a COOL BINZ Business, but did not offer franchises in this or any line of business.

#### Other Affiliates

BELFOR, or our parent, BFG, also owns the companies that offer franchises in the chart below. The franchising companies have offered franchises since their year of formation, only offer

franchises in the line of business in the chart, and have never offered franchises in any other line of business. All of the franchising companies in the chart below have the following principal business address: 731 Fairfield Court, Ann Arbor, MI, except the Canadian companies, which have the following principal business address: 3300 Bridgeway Street, Vancouver, British Columbia V5K 1H9.

Company	State/Type of Entity	Date of Formation	Number of Outlets	Franchise Offering
HOODZ International, LLC (“HOODZ”)	Delaware LLC	Oct. 3, 2008	128	Performing commercial kitchen exhaust system cleaning, inspection, maintenance and restoration services, offering franchises since 1/1/2009.
DUCTZ International, LLC (“DUCTZ”)	Michigan LLC	Mar. 30, 2004	<del>6687</del>	<del>HVAC system restoration, coil cleaning, and dryer vent services. HVAC restoration and duct cleaning services to various large volume, emergency, and rapid response projects, offering franchises since 3/30/2004.</del>
1 800 WATER DAMAGE International, LLC (“1 800 WD”)	Delaware LLC	Apr. 16, 2015	<del>178167</del>	Water damage restoration services, <del>carpet cleaning services</del> , mold remediation, odor removal, fire and smoke and related cleaning services, offering franchises since 10/15/2015.
PLUMBERZ International, LLC (“Z PLUMBERZ”)	Delaware LLC	Mar. 25, 2019	<del>27830</del>	Plumbing, sewer, and drain service to residential, commercial, and industrial buildings, offering franchises since 3/25/2019.
Patch Boys International, LLC (“THE PATCH BOYS”)	Delaware LLC	May 6, 2020	<del>308298</del>	Performing light restoration and reconstruction services in residential homes and commercial businesses, offering franchises since 6/4/2020.
PACKOUTZ International, LLC (“BLUE KANGAROO PACKOUTZ”)	Delaware LLC	August 29, 2019	<del>10322</del>	Contents restoration, packing, cleaning, and permanent climate-controlled storage, offering franchises since 8/29/2019.
RedBox+ International, LLC (“REDBOX+”)	Michigan LLC	May 28, 2021	<del>2707</del>	Dumpster and portable restroom rental services, offering franchises since 7/28/2021.
1-800 BOARDUP International, LLC*	Delaware LLC	July 8, 2022	<del>7590</del>	Emergency structural stabilization services
Safer Home Services International, LLC	Michigan LLC	September 29, 2022	<del>31</del>	Pest protection, termite control, rodent control, and other related services to residential and commercial markets, offering franchises since 3/31/2023
<a href="#">JunkCo+ International, LLC</a>	<a href="#">Delaware LLC</a>	<a href="#">January 25, 2024</a>	<a href="#">0</a>	<a href="#">Junk hauling and demolition services</a>
HOODZ Canada, Inc.	Federal company (Canada)	Oct. 4, 2011	1	Performing commercial kitchen exhaust system cleaning, inspection, maintenance and restoration services, offering franchises since 10/4/21

Company	State/Type of Entity	Date of Formation	Number of Outlets	Franchise Offering
DUCTZ Canada, Inc. (operating under the name "DUCTBUSTERS")	Federal company (Canada)	Jan. 12, 2018	2	<u>HVAC system restoration, coil cleaning, and dryer vent services.</u> HVAC restoration and duct cleaning services to various large volume, emergency, and rapid response projects, offering franchises since 1/12/2018
Patch Boys Canada, Inc.	Federal company (Canada)	Jan. 12, 2018	0	Performing light restoration and reconstruction services in residential homes and commercial businesses, offering franchises since 3/31/2023
<u>Winmar (Canada) International Ltd. ("Winmar") (predecessor is Winmar International, Inc.)</u>	<u>Federal company (Canada)</u>	<u>Dec. 7, 2018</u>	<u>91</u>	<u>Restoration services for residential and commercial properties across Canada that specialize in water damage, fire and smoke restoration services, mold inspection and removal as well as damage restoration and recovery.</u>

\* 1-800 BOARDUP International, LLC is a "fractional franchise" as it is defined in 16 CFR §436,2(d)(2007). In some states, 1-800 BOARDUP, International, LLC is not considered a franchise.

Our parent, BFG, also owns the following companies that do not currently have or offer franchises, but reserve the right to do so in the future, and may offer products or services to franchisees:

Company	State/Type of Entity	Date of Formation	Principal Address	Number of Outlets	Industry
<b>BFG</b>					
<del>1-800 WATER DAMAGE North America, LLC ("WDNA")</del>	<del>Delaware LLC</del>	<del>Sept. 28, 2015</del>	<del>731 Fairfield Court, Ann Arbor, MI 48108</del>	<del>0</del>	<del>Water damage restoration services, carpet cleaning services, mold remediation, odor removal, fire and smoke and related cleaning services.</del>
DUCTZ North America, LLC ("DZNA")	Delaware LLC	July 24, 2007	731 Fairfield Court, Ann Arbor, MI 48108	5 (company-owned DUCTZ Businesses)	<u>HVAC system restoration, coil cleaning, and dryer vent services.</u> HVAC restoration and duct cleaning services to various large volume, emergency, and rapid response projects.
HOODZ North America, LLC ("HZNA")	Delaware LLC	Nov. 12, 2009	731 Fairfield Court, Ann Arbor, MI 48108	6 (company-owned HOODZ Businesses)	Commercial exhaust hood system and oven cleaning, inspection, maintenance and restoration services.
PACKOUTZ North America, LLC ("BLUE KANGAROO PZNA")	Michigan LLC	March 25, 2019	731 Fairfield Court, Ann Arbor, MI 48108	1	Contents restoration, packing, cleaning, and permanent climate-controlled storage.
PLUMBERZ North America, LLC ("Z PLUMBERZ NA")	Michigan LLC	March 25, 2019	731 Fairfield Court, Ann Arbor, MI 48108	<del>7</del>	Plumbing, sewer, and drain service to residential, commercial, and industrial buildings.

Company	State/Type of Entity	Date of Formation	Principal Address	Number of Outlets	Industry
Safer Home Services North America, LLC	Michigan LLC	September 29, 2022	731 Fairfield Court, Ann Arbor, MI 48108	<del>82</del>	Pest protection, termite control, rodent control, and other related services to residential and commercial markets
Cool Binz North America, LLC	Michigan LLC	September 29, 2022	731 Fairfield Court, Ann Arbor, MI 48108	1	Portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and freezers
<a href="#">JunkCo North America, LLC</a>	<a href="#">Michigan LLC</a>	<a href="#">December 5, 2023</a>	<a href="#">731 Fairfield Court, Ann Arbor, MI 48108</a>	<a href="#">1</a>	<a href="#">Junk removal and demolition services.</a>
<a href="#">Hidrent, LLC (offering services as “Task Hero”)</a>	<a href="#">Delaware</a>	<a href="#">Jan 22, 2024</a>	<a href="#">731 Fairfield Court, Ann Arbor, MI 48108</a>	<a href="#">1</a>	<a href="#">A pioneering technology platform that connects off-duty fire fighters with residential or commercial customers in need of safe, trustworthy, and reliable handyman-type services.</a>
BHI Distribution, LLC (“BHI”)	Delaware LLC	Feb. 19, 2008	731 Fairfield Court, Ann Arbor, MI 48108	1	Procurement and distribution of vehicles, equipment and supplies for BELFOR USA and its affiliates and subsidiaries.
CS Holdings, LLC d/b/a Colman Wolf (“Colman Wolf”)	Michigan LLC	June 29, 2009	185 Oakland Ave, Birmingham, Michigan 48009	1	Procurement and distribution of equipment and supplies for BELFOR USA and its affiliates and subsidiaries; supplier of certain sanitary and paper products.
DRIPLOC, LLC	Delaware LLC	May 12, 2010	731 Fairfield Court, Ann Arbor, MI 48108	1	Grease containment, may provide equipment and related services to franchisees.
<del>Winmar (Canada) International Ltd. (“Winmar”)</del>	<del>Federal company (Canada)</del>	<del>Dec. 7, 2018</del>	<del>Stonaeh Crescent, London, ON N5V 3G5.</del>	<del>91</del>	<del>Restoration services for residential and commercial properties across Canada that specialize in water damage, fire and smoke restoration services, mold inspection and removal as well as damage restoration and recovery.</del>
<a href="#">BELFOR FRANCHISE GROUP UK LIMITED</a>	<a href="#">Private Limited Company (United Kingdom)</a>	<a href="#">Aug. 20, 1987</a>	<a href="#">Curzon Street Business Centre, Curzon</a>	<a href="#">3</a>	<a href="#">Commercial exhaust hood system and oven cleaning, inspection, maintenance and restoration services.</a>

Company	State/Type of Entity	Date of Formation	Principal Address	Number of Outlets	Industry
			Street, Burton On Trent, Staffs, DE14 2DH		

BFG Holdco, Inc. (“BFG Holdco” formerly known as HRI Holdings, Inc.), our affiliate, and a wholly owned subsidiary of BELFOR, also owns the following franchise companies that offer the franchise offerings in the chart below and that may also offer products or services to franchisees:

Company	State/Type of Entity	Date of Formation	Principal Address	Number of Outlets	Industry
Chem-Dry, Inc. (“CDI”) formerly Harris Research, Inc.)	Utah Corp.	March 1994  (originally a California Corp. formed in Nov. 1977)	3310 West End Ave., Suite 620, Nashville, TN 37203	1,294437 in the U.S. and 44 in Canada	Offers Chem-Dry franchises, which is a carpet cleaning and upholstery cleaning franchise, since 1978. Offered N-Hance franchises in the U.S. and Canada from May 2003 until August 2017.
NHance, Inc. (“NHI”)	Delaware Corp.	Dec. 31, 2012	1530 North 1000 West, Logan, UT 84321	288347  (plus 1 Master franchisee in Canada)	Wood cleaning, coating, protection and other wood care and renewal products and services for wood flooring, cabinetry, trim and other wood furnishings, offering franchises since 12/19/2012.
Devere International, Inc. (“DII”)	California Corp.	Sept. 1987	3310 West End Ave., Suite 620, Nashville, TN 37203	27951  Chem-Dry Master Franchisees	Offers Chem-Dry and N-Hance master franchises outside of the United States and Canada, since 1987.

## ITEM 2: BUSINESS EXPERIENCE

### President and Co-Founder: Ernie Padalino

Mr. Padalino, located in Naples, FL, currently serves as our President and has done so been our President since October 11, 2022. Previously, Mr. Padalino was Co-Founder and President of our Predecessor in Naples, FL, from 2017 through October 11, 2022. Mr. Padalino also serves as President of our affiliate, Cool Binz North America, LLC and has done so since September 29, 2022.

### Co-Founder: Kathy Padalino

Ms. Padalino, located in Naples, FL, is our Co-Founder and has been our director of training and operations since October 11, 2022. Previously, Ms. Padalino was Co-Founder and CEO of our Predecessor in Naples, FL, from 2017 through October 11, 2022. Ms. Padalino also serves as Vice President of our affiliate, Cool Binz North America, LLC, and has done so since September 29, 2022.

#### Chief Operations Officer and President of BELFOR Franchise Group, LLC: Rusty Amarante

Mr. Amarante has served as our Chief Operations Officer since October 11, 2022, and the President of BELFOR Franchise Group, LLC both located in Ann Arbor, MI from March 2012 to the present. Mr. Amarante ~~previously served also currently serves~~ as President of our affiliate Redbox+ International, LLC, located in Ann Arbor, MI, from September 2022 to ~~January 2024~~present. ~~Mr. Amarante also served as President of 1 800 WATER DAMAGE International, LLC, and 1 800 WATER DAMAGE North America, LLC, both located in Ann Arbor, MI from October 2015 to August 2018.~~ Mr. Amarante has served as Director of Operations for BELFOR USA Group, Inc., located in Birmingham, MI, from November 1999 to the present. Mr. Amarante also serves as Executive Chairman of BFG Holdco, located in Nashville, TN from July 2019 to the present.

#### Chief Executive Officer: Sheldon Yellen

Mr. Yellen has been our Chief Executive Officer since October 11, 2022, and Chief Executive Officer of HOODZ International, LLC, BELFOR Franchise Group, LLC and HOODZ North America, LLC, located in Ann Arbor, MI from October 2008 to the present. Mr. Yellen also has served as Chief Executive Officer for DUCTZ International LLC and DUCTZ North America, LLC, located in Ann Arbor, MI from July 2007 to the present. Mr. Yellen also serves as Chief Executive Officer of 1 800 WATER DAMAGE International, LLC and 1 800 WATER DAMAGE North America, LLC, located in Ann Arbor, MI, from April 2015 to the present. Mr. Yellen has served as Chief Executive Officer for BELFOR USA Group, Inc., located in Birmingham, MI, from April 2004 to the present. Mr. Yellen also has served as Director and CEO of BELFOR Holdings, Inc., in Birmingham, MI, since its inception in September 2006 to the present. Mr. Yellen also serves as Director of BFG Holdco, located in Nashville, TN from July 2019 to the present.

#### Treasurer and Secretary: Chris Jones

Mr. Jones has been Treasurer and Secretary of HOODZ International, LLC, BELFOR Franchise Group, LLC, and HOODZ North America, LLC, located in Ann Arbor, MI, from October 2008 to the present. Mr. Jones also has served as Treasurer and Secretary of DUCTZ North America, LLC and DUCTZ International, LLC, located in Ann Arbor, MI, from July 2007 to present. Mr. Jones also serves as Treasurer and Secretary of 1 800 WATER DAMAGE International, LLC and 1 800 WATER DAMAGE North America, located in Ann Arbor, MI, from ~~April~~September 2015 to the present. Mr. Jones has also served as Group Controller for BELFOR USA Group, Inc., located in Birmingham, MI, from July 2005 to the present.

#### Chief Financial Officer of Belfor Franchise Group: David Robertson

Mr. Robertson became Chief Financial Officer for BELFOR Franchise Group LLC, in Ann Arbor, MI, in October 2023. Prior to joining us, he was President of Lake's Lawn & Landscape, in Waterford, MI, from April 2023 through October 2023. From April 2018 through April 2022, Mr. Robertson was Senior Vice President and CFO of Altarum Institute in Ann Arbor, MI.

Senior Vice President of Legal and Franchise Administration: Melanie Parker

Ms. Parker has been the Senior Vice President of Legal and Franchise Administration for all brands owned by BELFOR Franchise Group, LLC since September 2019. Ms. Parker became the Vice President of Legal and Franchise Administration for CDI in October 2015, and serves in the same capacity for NHI, since October 2015, ~~and DDG, since March 2018.~~

Senior Vice President of Franchise Sales and Development: Doug Smith

Mr. Smith has been the Senior Vice President of Franchise Sales and Development for all brands owned by BELFOR Franchise Group, LLC since September 2019. Mr. Smith joined the management team at CDI in August 2015 as Senior Vice President of Franchise Sales and Development.

Senior Vice President of Marketing: Abigail Baker

Ms. Baker became the Sr. Vice President of Marketing in May, 2023 after serving as Vice President of Marketing for NHI and CDI in Nashville, TN beginning February 2021. Previously, she joined CDI and NHI in July 2016 as the Director of Marketing in Nashville, TN.

**ITEM 3: LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4: BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5: INITIAL FEES**

Initial Fees for Franchises

*Initial Franchise Fee*

Upon signing of the Franchise Agreement, you must pay an initial franchise fee of \$59,900 (the “Initial Franchise Fee”). The Initial Franchise Fee is deemed fully earned upon payment and non-refundable under any circumstances. The Initial Franchise Fee purchases a Territory that will encompass approximately 350,000 to 450,000 people to a maximum of 500,000 people (“Territory”).

For a Territory with populations greater than 450,000 people, the Initial Franchise Fee will equal the Initial Franchise Fee above, plus \$0.20 for each person over 450,000 (the “Additional Fee”).

For example, the Initial Franchise Fee for a Territory with a population of 500,000 will be computed as follows:

$$\$59,900 + (50,000 \times .20) = \$69,900$$

As the Territories are generally defined by ZIP codes, we reserve the right not to charge the Additional Fee if we are unable to meet the 350,000 population count without exceeding due to highly populated areas. Each Territory will have a maximum of 500,000 people. The purchase of more than 500,000 in population in the aggregate at any time during the term of the Agreement will require the payment of an additional Initial Franchise Fee.

The Initial Franchise Fee offsets the expenses we incur in registering, marketing, awarding, training, and opening new franchises, and is non-refundable.

#### *Initial Equipment Package*

Upon signing of the Franchise Agreement, you must also pay a fee ranging from ~~\$579,995~~~~55,706~~ to \$9879,000 (“Initial Equipment Fee”) to us for the initial purchase of the truck, bins, mule, and other equipment needed for the operation of the COOL BINZ Business (the “Initial Package”). The Initial Equipment Fee varies based upon the number of containers you elect to purchase to service your Territory and the industry prices at the time you purchase your COOL BINZ Business. The Initial Equipment Fee is deemed fully earned upon payment and non-refundable under any circumstances and does not include shipping charges for delivery to your location. A full list of equipment being purchased in the Initial Package and the Initial Equipment Fee will be confirmed at least seven (7) days prior to execution of the Franchise Agreement.

#### *Container Assembly and Set-Up Fee*

Prior to opening your COOL BINZ Business, you must also pay a fee of \$54,000 for two days of initial assembly and set-up of the Equipment needed for the operation of the COOL BINZ Business (the “Container Assembly and Set-Up Fee”). The Container Assembly and Set-Up Fee is deemed fully earned upon payment and non-refundable under any circumstances.

#### *Initial Promotional Package Fee*

You must also obtain an initial promotional package (“Initial Promotional Package”) that will cost \$7,500 (the “Initial Promotional Package Fee”). This fee is fully earned upon payment and non-refundable under any circumstances. - The Initial Promotional Package includes supplies needed to begin operation which will include logo wear, stationery, the Kickstart digital marketing program, consumables, ~~and~~ promotional items and a \$749 convention allowance (“the Convention Allowance”) for the COOL BINZ convention (the “Convention”). The Convention Allowance covers the registration fee for one person to attend the first COOL BINZ Convention that is scheduled following your successful completion of our Business Manager and Technical Operations Training Program. The Convention Allowance cannot be used to offset any other expenses or requirements associated with your Business and is not refundable. If you do not attend the Convention, the Convention Allowance will be applied to the Convention Non Attendance Fee. ~~This fee is fully earned upon payment and non-refundable under any circumstances.~~

#### Discounts

If you wish to purchase multiple Territories at the time you sign your first Franchise Agreement with us, then we will reduce the Initial Franchise Fee for the second Territory to \$49,900 and the Initial Franchise Fee for the third Territory to \$39,900. The discount is only applicable if you purchase additional Territories at the same time as your initial Franchise purchase, and the discount will be applied to the Initial Franchise Fee for up to two additional Territories only. The discount cannot be combined with any other discount and will not be granted toward any future Territory expansions.

We provide a 20% discount on the Initial Franchise Fee for the first Franchise to veterans of U.S. Armed Forces who have been honorably discharged or otherwise meet the requirements of IFA’s VetFran program. We reserve the right to require proof that the applicant qualifies for this discount. This discount may not be used in conjunction with the First Responders or Related Franchisee discounts.

We also offer a \$2,500 discount on the Initial Franchise Fee on the first Franchise to first responders, which include sworn police officers, paid and volunteer firefighters, and paid and volunteer emergency medical technicians and paramedics. This discount may not be used in conjunction with the Veteran discount. We reserve the right to require proof that the applicant qualifies for this discount.

We also offer additional financing to those franchisees that meet our credit standards. Our financing is described in more detail in Item 10. From time to time, we may offer incentives of cash grants, equipment, product, or other items as an inducement to prospective franchisees when business circumstances warrant and in states where such incentives can be offered without restrictions. We reserve the right to change or cancel any offer at any time.

Related Franchisee Package

If you are currently a franchisee in good standing, as determined by us, with of one of our franchising affiliates (a “Related Franchisee”), then you may qualify to purchase a COOL BINZ Business with a discounted Initial Franchise Fee. The initial fees for a Related Franchisee will be twenty-five percent (25%) off of the then-current Initial Franchise Fee, and such discounted fee is limited to up to two (2) Franchises, which must be purchased at the same time.

A Related Franchisee cannot use any other discounts.

Renewals and Transfers

Upon the expiration and renewal of your franchise agreement, you will not be required to pay the Initial Franchise Fee or Initial Package Fee, but you must pay our then-current renewal term fee, and you may be required by us to purchase new or additional equipment, at your sole expense.

If you are acquiring your COOL BINZ Business via transfer, then (a) we currently waive the Initial Franchise Fee, (b) you or the seller must pay our then-current Transfer Fee, and (c) you may be required to purchase some or all of the Initial Package, in our discretion.

**ITEM 6: OTHER FEES**

Name of Fee (Note 1)	Amount	Due Date	Remarks (Note 1)
Royalty (Note 3 and 4)	The following percentages of Gross Sales, but no less than \$1,000 per month, 9% of Gross Sales	This fee is due by automatic debit each month by the 10 <sup>th</sup> (or another day we may designate) for Gross Sales generated	The minimum Royalty of \$1,000 begins in month 13 of operations. (Note 5)

Name of Fee (Note 1)	Amount	Due Date	Remarks (Note 1)
	If Gross Sales exceed \$500,000, then the Royalty rate is 8% of Gross Sales <u>for the remainder for the calendar year, plus the entire following calendar year.</u>	during the preceding month (Note 2)	
<del>National Marketing Brand Marketing</del> Fee	2% of Gross Sales	This fee is due by automatic debit each month by the 10 <sup>th</sup> (or another day we may designate) for Gross Sales generated during the preceding month	Your contribution to our <u>National Marketing Brand Marketing</u> Fund for the common benefit of System franchisees.
Technology Fee	Our then-current fee, which is presently \$350 per month	Deducted monthly	Fees for website hosting, required software licensing, 1-800 Cool Binz telephone service,, email hosting, and other required technology related expenses.
Software Fee	Our then-current fee, which is \$250 per month per location	Monthly	
<del>Annual</del> Convention, Regional Meetings and/or Additional Training	The then-current fee, we reserve the right to require you to attend an <del>Annual</del> Convention. The registration fee for this event will not exceed \$1,000 per person to attend	Before the start of the event	This is the fee to attend the convention, meeting or additional training, if they occurs. Does not include travel, lodging or all meals. Location varies, these fees are payable to and imposed and collected by third parties.
<del>Business Phone</del> Fee	<del>Our then-current fee, which is presently \$27.99 per month</del>	<del>Deducted monthly at the same time and in the same manner as the Royalty</del>	<del>Covers the cost of the business phone line you are required to maintain. We reserve the right to increase this fee as determined by vendor, and to include the cost to use our Call Center.</del>
Additional Training or Hosting Fee	\$250 per person, per day, of any training conducted at our headquarters, or our then-current fee, plus all travel, lodging, and meal expenses.	Due by automatic debit the following Friday (or any other day we may designate) after the completion of training	Initial Training to you or your Designated Manager and one other person is included with the franchise. You may designate, with our approval and on a “space available basis,” additional persons to attend

Name of Fee (Note 1)	Amount	Due Date	Remarks (Note 1)
			initial training for the Hosting Fee.
Transfer Fee	<del>Our then current fee, per Territory; presently, this is \$9,900 if transferred to a new franchisee, or \$3,000 if transferred to a current franchisee. 25% of the then-current Initial Franchise Fee</del>	Due upon <del>Franchisor drafting the transferee's the transferee signing the</del> new Franchise Agreement	Due upon transfer to a third party. There is no charge if the transfer is to an entity controlled by you. We reserve the right to increase this fee. These fees are non-refundable.
Transfer of Corporation/Change of Ownership Fee	\$500	Due upon signing transfer documents	Due if you change the legal entity that owns the Franchise more than once
Broker Fee - Resale	If you authorize us to enlist a third-party broker to locate the transferee, there will also be a broker fee, which currently 10% of the sales price or 25% of our then-current Initial Franchise Fee, whichever is greater	Due upon closing of the sale of the COOL BINZ Business	Payable only if the third party broker located the transferee. Payable to and imposed and collected by us if a broker fee was paid by us to the third party. Payable to and imposed and collected by the broker if we do not pay a broker fee to the third party.
<del>Outstanding Royalties, Support Fees, and other fees of Transferor</del>	<del>Will vary under circumstances</del>	<del>Due 6 weeks from the transferee's execution of is Franchise Agreement</del>	<del>In a transfer, the transferee promises to pay us at the time of closing the following fees if they are not timely paid by the transferor: Royalties, Referral Fees, amounts owed for purchases from us, Late Payment Fees, Late Report Fees, Interest Fees, NSF Fees and any other fees owed, plus interest, as well as any applicable broker fees.</del>
Renewal Term Fee	<del>Our then-current fee, which is presently, 10% of the then-current Initial Franchise Fee</del> 25% of the then-current Initial Franchise Fee	At the time you sign a Franchise Agreement for a renewal term	You will sign our then-current Franchise Agreement for the renewal term, which may include materially different terms, including the Royalty rate and/or Territory.

Name of Fee (Note 1)	Amount	Due Date	Remarks (Note 1)
Renovation, Refurbishing, and Remodeling Fees	Actual Costs	When incurred	We may require you to replace, renew, refurbish, or remodel your leased premises, truck, truck wrap, and equipment to meet our current System Standards and condition requirements at any time during the Term, in our sole discretion, and at your expense. You must maintain all trucks in good working condition at all times. <u>There are no financial limits on this obligation</u>
Late Report Fee	Our then current fee, which is presently \$50 per day that a report is late	Due by automatic debit the Friday (or any day we designate) after the report is late	Due for each day a report is late.
Late Payment Fee	Our then-current fee, which is presently \$50, or 5% per week, whichever is greater	Due by automatic debit on the Friday (or any day we designate) following the due date for each late payment	Due for any payment that is not paid when due.
Administrative Fee	Our then-current fee, which is presently \$500 per transaction.	As incurred	Due upon your request <del>or when we are required, due to your actions or request,</del> to amend the Franchise Agreement; when we must review and provide written consent to transactions or to services, for which a specific fee is not imposed elsewhere in this agreement or in the System Standards.
Collection Fee	Our then-current fee, which is presently up to <del>35</del> 40% of gross amounts collected on your behalf	As incurred	Due when we collect payment on your behalf for customers who are delinquent in their payment of 90 days or more
Management Fee	Our then-current fee, which is presently up to 10% of Gross Sales	As incurred	Due if and when we step in to manage your Franchised Business.

<b>Name of Fee (Note 1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks (Note 1)</b>
Non-Sufficient Funds (NSF) Fee	Our then current fee, which is presently \$50 per NSF	Due by automatic debit the Friday after the NSF occurs	Due if and when we debit your account for monies owed and there are insufficient funds available.
Convention Non-Attendance Fee	Our then current fee, which is presently \$1,000	Due to us if you fail to attend the <a href="#">Annual Convention</a> and did not receive our prior written permission.	See Note 6
Out of Territory Fee	The current fee for advertising or establishing an office outside of your Territory and in another franchisee's Territory without permission is the greater of \$1,000 or the cost of the job.	Due by automatic debit 30 days after written notice	Due after default of advertising or establishing an office outside of your Territory. See Note 7
Audit/Survey Fee	Due only if an inspection is necessary. Cost of inspection or audit, plus 100% of understated Royalty and interest, at the rate of 18% per annum or the maximum rate permitted by applicable law, whichever is greater, and all late fees, from the date originally due until the date of payment; if an understatement of Royalty is greater than 3%, you also must pay us an additional penalty fee equal to 10% of the total amount of the understated Gross Sales. In the case of a Survey, our costs of the survey.	Due by automatic debit 15 days after billing	Due if an inspection or audit is made necessary by your failure to (a) furnish reports, supporting records, or other information as required, (b) furnish these items on a timely basis, (c) use the COOL BINZ /Required Software for scheduling and invoicing, or if an understatement of Royalty is greater than 3% for any period reviewed. In the case of a survey, due if the results of the Survey fall less than the established standard.
Insurance	Cost of insurance; If you fail to maintain the required insurance, we have the right to procure insurance on your behalf and you must pay us, on demand, for the costs and premiums we incur.	As invoiced	You are required to maintain the types and amounts of insurance specified in Item 8 and, as more detailed, the Franchise Agreement.

<b>Name of Fee (Note 1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks (Note 1)</b>
Interest Fee	18% per annum or the maximum permitted by law	Due by automatic debit each Friday	Due on all overdue amounts from the date the amounts were originally due.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims directly or indirectly arising out of your COOL BINZ Business's operation. Your obligation to indemnify us will survive the termination or expiration of your Franchise Agreement.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	See Note 8.
NORA Fee	None currently assessed; if we manage accounts through a national or regional accounts program you will pay up to 3% of Gross Sales	As incurred	See Note 9, and Section 1F of Franchise Agreement

**Notes:**

The preceding table describes other reoccurring or isolated fees or payments that you must pay to us or our affiliates, or which we or our affiliates may impose or collect on behalf of a third party, in whole or in part.

1. All fees, unless otherwise specified, are uniformly imposed and collected by and payable to us. All fees are non-refundable and deemed fully earned upon payment. All fees listed as "then-current" fee may change during the term of the Agreement, based on increases in Consumer Price Index, market and industry rates for the specific item, or other factors impacting the sufficiency of the fee to provide the service or product. Because these market conditions are unpredictable, there is no stated range for these fees.

2. Before opening the COOL BINZ Business, you must sign and deliver to us the prescribed form of authorization to debit the COOL BINZ Business's checking account automatically for all fees due us which is attached to the Franchise Agreement as Exhibit F.

3. You will pay the Royalty based on a percentage of your Gross Sales. Beginning the 13<sup>th</sup> month of operation, you will be required to pay at least the minimum monthly payment of \$1,000, if that sum is higher than the percentage Royalty, and you must generate minimum monthly gross sales as stated below in the below chart. There is no minimum level of Gross Sales or minimum monthly payment required for the first 12 months. For the following months, the minimum Gross Sales will be:

Month in Operation	Min. Monthly Gross Sales Requirement
0-12	none
13-24	\$9,750
25-36	\$10,500
37-48	\$12,600
48>	\$15,375

You must deposit all sales proceeds from the operation of your COOL BINZ business into one bank account within three days of receipt, including cash, checks, and credit card receipts.

4. For purposes of paying the Royalty, we follow the calendar month. You shall pay us a monthly Royalty equal to the greater of \$1,000 or 9% of your Gross Sales until your Gross Sales exceed \$500,000 in a calendar at which time your Royalty will decrease to 8% for the remainder of the calendar year, plus the entire following calendar year.- If you fail to achieve over \$500,000 in Gross Sales in the following calendar year, your Royalty will revert to 9%.

We will draft the Royalty from your bank account on the tenth (10<sup>th</sup>) day of the calendar month (or another day we may designate) for the preceding month. You must pay the Royalty by electronic funds transfer or by such other means as we may specify. We may periodically specify other dates for payment of the Royalty.

If you transfer the Franchise Agreement to a new owner, the Royalty for all jobs completed prior to the transfer must be paid on the day of closing, regardless of whether the invoice(s) is paid in full.

5. Royalties are payment for the use of the Marks, System, Territory, and Manuals. “Gross Sales” means all revenue generated from operating the COOL BINZ Business, whether in cash, in services in kind, from barter and/or exchange, or otherwise, less any sales tax or refunds for non-salvageable items. Commissions paid to lead sources may not be deducted from Gross Sales, and are subject to Royalty-are subject to the Royalty.

6. In the event an ~~an Annual~~ Convention is scheduled and you fail to attend, without our prior written permission, you must pay the Convention Non-Attendance Fee of \$1,000.

7. You may not advertise or establish an office location outside the Territory without our prior written consent. If you do so, then you must pay us a fee for each incident of unauthorized advertising (the “Out of Territory Fee”). This fee is in addition to, and not in lieu of, any other rights we have under the Franchise Agreement.

8. If you are in breach or default of any monetary or non-monetary material obligation under the Franchise Agreement or any related agreement between you and us or our affiliates, and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys’ fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of the Franchise Agreement, and your claim in such action is denied or the action is dismissed, we are entitled to recover our reasonable attorneys’ fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

9. We may provide services to national and/or regional accounts that require centralized overview and support, and for purposes of responding to requests and referrals for Services through our franchise system, managing those relationships, answering calls placed to our toll-free number or a national account on-line access system. In that case, we may charge you a National or Regional Accounts Fee (“NORA Fee”) of up to three percent (3%) of Gross Sales generated by the account. The purpose of this fee is to defray the cost of providing national/regional account management services to the franchise system. We do not plan to charge a fee for simple referrals where we do not directly manage the relationship with the customer, but we reserve the right to do so.

## **ITEM 7: ESTIMATED INITIAL INVESTMENT**

### **YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Low	High	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee <sup>1</sup>	\$59,950	\$569,900	Lump Sum	At Signing of Franchise Agreement	Us
Truck, Equipment, and Initial Containers <sup>2</sup>	\$57955,9957 06	\$8979,000	Lump Sum	Before Opening	Us
Container Assembly and Set-Up <sup>3</sup>	\$54,000	\$54,000	Lump Sum	Before Opening	Us
Transportation <sup>4</sup>	\$35,000	\$100,000	Lump Sum	Before Opening	Third-Party Providers
Computer Equipment and Software <sup>5</sup>	\$3,000	\$5,000	Lump Sum	Before Opening	Third-Party Providers
Rent <sup>6</sup>	\$0	\$22,500	As Incurred	Before Opening	Landlord
Leasehold Improvements <sup>7</sup>	\$0	\$20,000	As incurred	Before Opening	Third-Party Providers
Insurance Deposits and Premiums <sup>8</sup>	\$10,200	\$17,850	As required by the insurance provider; at minimum, annually	Before Opening	Insurance Company
Pre-Opening Travel Expense to Training <sup>9</sup>	\$1,000	\$3,000	As Incurred	Before Opening	Third-Party Providers (Airline/Hotel/Restaurant)
Professional Fees <sup>10</sup>	\$2,250	\$5,750	As Arranged	Before Opening	Third-Party Providers (Attorneys / Accountants)
Business Permits and Licenses	\$250	\$1,000	As Incurred	Before Opening	Federal, State and Local Government Agencies
Office and Small Equipment Supplies	\$750	\$1,500	As Incurred	Before Opening	Third-Party Providers
Initial Promotional Package <sup>11</sup>	\$7,500	\$7,500	As Incurred	Before Opening	Us
Grand Opening Advertising	\$5,000	\$7,500	As Incurred	Before Opening	Third-Party Providers
Additional Funds - 3 Months <sup>12</sup>	\$25,000	\$35,000	As Incurred	After Opening	Employees, Suppliers, etc.

<b>TOTAL ESTIMATED INITIAL INVESTMENT<sup>12</sup></b>	<b>\$<del>734,845</del><sup>09,</sup> <del>156</del></b>	<b>\$<del>1,270,500</del><sup>17</sup> <del>9,500</del></b>			
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**Notes**

Our estimate of your initial investment to develop one COOL BINZ Business is described in the table above. The estimate covers the period before the opening of your franchise and includes a category for additional expenses you may incur during the initial three-month phase after the opening of your franchise. The estimate does not include an owner’s salary or draw. The estimate also does not include cash requirements to cover operating losses or owner’s draw after the initial three-month phase of the franchise. You may need additional funds available, whether in cash or through unsecured credit lines or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial phase of your franchise. The estimates below also do not reflect an amount for investment in real estate, since it is assumed that you will lease your premises.

We will finance up to fifty percent (50%) of the Initial Franchise Fee, Initial Equipment Package (excluding the trucks), and the Initial Promotional Package if you meet our qualifications at a ~~ten-nine~~ percent (~~910~~%) interest rate and for a period of up to ~~thirty-six~~~~twenty-four~~ (~~3624~~) months. We require at least fifty percent (50%) down payment of the stated fees. The estimated loan payment will vary based upon how much you choose to finance and the length of the repayment schedule. See Item 10 for additional details.

In general, none of the expenses listed in the above charts are refundable, except security or utility deposits may be refundable.

1. See Item 5 for an explanation of the amount and refundability of the Initial Franchise Fee.

2. As stated in Item 5, the Initial Fee must be paid to us for the initial purchase of the truck (with vehicle wrap), mule, and equipment for the operation of the COOL BINZ Business. You must purchase all trucks from us or our approved vendor. All trucks must be maintained in good operating condition regardless of age of truck and must be rust and dent free. We reserve the right to inspect and approve all trucks used in your COOL BINZ Business, and we may require you to upgrade, refurbish or remodel your trucks such that they comply with our System Standards at any time. All truck wraps may only be performed by our authorized vendors.

3. As also stated in Item 5, you must pay to us the Container Assembly and Set-Up Fee \$~~54,000~~ for up to two days for the initial assembly and set-up of the Equipment needed for the operation of the COOL BINZ Business.

4. This includes the cost of transmitting the equipment to your location.

5. This includes operational and accounting software and computer equipment as described in Item 11.

6. The costs will vary depending on your area, and the whether you own or rent your premises. If you own the premises, you will not pay rent. You must operate your COOL BINZ Business from an industrial park or commercial space. We estimate that the average monthly rent for an industrial park space ranges from \$2,500 to \$7,500 per month, and Landlords typically require a security deposit of one or two months' rent. We will not evaluate the location of your commercial space. Your rent may be subject to escalation clauses based on inflation or other factors as provided in your lease. The annual rent amount may vary significantly depending on the area of the country, condition, location and size of the location and the demand for the location among prospective tenants. The rent could exceed the estimated amounts in major metropolitan markets. Your initial investment will be much greater if you purchase real estate and construct your premises and we do not have any estimate of those costs.

7. We require that you build your facility to our specific requirements and specifications, which will be more fully described in the System Standards. Currently, we require the following, which is subject to change in our discretion: (a) the lot must be a minimum of one half to one acre paved or hard surface (stone or gravel) lot with access to electric and water, with a minimum office space of 500 square feet, or a COOL BINZ office bin, and one COOL BINZ storage pod for supplies; (b) must include signage that meets our specifications and in accordance with local laws, rules and regulations; and (c) must have a 24-hour security system and fencing. These estimates include estimates for the above listed items, contractor and sub-contractor expenses, and an architect you may engage, if you choose to. The amount of leasehold improvements required will depend on the condition of the location you select. If the location that you choose already meets our requirements, then you will not be required to expend additional funds, which is why the low estimate in this Item is \$0.

8. You must procure, maintain and provide from our approved vendors, liability and other insurance policies for your trucks and your COOL BINZ Business as described in the Franchise Agreement. These costs will increase if you operate more than one Territory or if you choose to accept and perform National Account work. See Item 8 of this Disclosure Document for more information regarding our insurance requirements. Your truck lease may require higher limits or additional coverages. Each specified policy of insurance must meet the following requirements: (a) the policy must name us, BELFOR USA Group, Inc., and BELFOR Franchise Group, LLC (and any of our affiliates that we reasonably specify) as an additional insured; (b) the policy must not be subject to cancellation, modification or amendment except after 30 days written notice to us; (c) the insurance must be placed with an approved vendor and an insurance carrier with an AM Best's Rating of not less than A; and (d) the policy must provide that failure by you to comply with any term, condition or provision of the insurance contract, or other conduct by you, will not void or otherwise affect the coverage afforded us.

9. This estimate is based on the travel, lodging and meal expenses for up to two (2) people. Although we do not charge any additional fees for the Initial Training program for up to two people, you must pay ~~any~~ wages due to your employees (if any) as well as travel, food and lodging expenses incurred by you and your employees during Initial Training. The cost will depend on the distance you and your employees must travel and the type of accommodations you choose.

10. Your pre-opening expenses may include legal or accounting services or other professional services.

11. Initial Promotional Package. You must purchase from our Approved Supplier an Initial Promotional Package consisting of logo wear, stationery, digital marketing, consumables, and promotional items.

12. These estimates represent the additional funds necessary for the first three (3) months of your COOL BINZ Business operations, if you are developing one Territory. You will need more funds if you are developing more than one Territory. This item includes a variety of expenses and working capital items during your start-up phase such as payroll (if applicable), the cost of additional supplies, deposits usually required by electric, gas, water and telephone companies, and other miscellaneous costs, which may be incurred pre-opening or during the initial period after opening. This estimate does not include rent for the post-opening period, which is disclosed in a separate line above. We have relied on the actual expenses, costs, and experience of our affiliate-owned location in its start-up phase to formulating these estimates.

## ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

### Required Purchase of Initial Package and Equipment

We are the only supplier of the Initial Package, the Initial Promotional Package, and the Container Assembly and Set-Up. The Initial Package contains the truck, bins, mule, and other equipment you will need to operate your COOL BINZ Business. —We retain the right to derive revenue or other material consideration from required purchases and leases of products and services. We may also designate approved suppliers for these materials in the future.

There are currently no approved suppliers in which any of our officers owns an interest at this time.

### Standards and Specifications and Services

You must operate your COOL BINZ Business according to our standards, specifications, and operating procedures and the System. The various elements of the System are incorporated into the Operations Manual, online training modules and the COOL BINZ owner's intranet website (collectively, the "Operations Manual"). We also have a set of system standards that will contain mandatory and suggested specifications, standards, operating procedures, and rules (the "System Standards") that we prescribe periodically for the operation of a COOL BINZ Business, and information on your other obligations under the Franchise Agreement and related agreements. We may modify the Operations Manual and System Standards periodically to reflect changes in the System. Our standards and specifications may impose requirements for performance, reputation, quality, and appearance. ~~We may require you to remodel or refurbish your leased premises, trucks, Equipment, and other branded items to meet our then-current System Standards at any time during the Term, in our sole discretion. There are no contractual limits to this requirement over the term of the Franchise Agreement. Due to the confidential nature of our System Standards, we do not disclose them or the contents of the Operations Manual prior to execution of the franchise agreement, but the Table of Contents and chapters are disclosed as Exhibit I.~~

You must offer all of and may only offer the Services approved by us, as set forth in the System Standards, through your COOL BINZ Businesses. Unless otherwise stated in writing by us, you must use our Approved Suppliers for all purchases of equipment, inventory, and services you will use in the operation of your COOL BINZ Business. ~~We may continue to develop new Services. We are not obligated to develop or offer you the right to provide new Services, but if they are offered, we may impose requirements in addition to those described in this Disclosure Document, which may include, among others, completion of additional training, the purchase of additional equipment, payment of additional fees and the execution of additional agreements. You will be required to participate in these new Services as instructed by us. We may also discontinue services in our sole discretion and you would then be required to also discontinue offering such services.~~

### Truck Standards and Specifications

Currently, you are required to purchase or lease the initial truck from us. We reserve the right to require that you purchase all additional trucks through our approved supplier(s). COOL BINZ Businesses will use trucks for the COOL BINZ Business that meet our design and operating specifications for model type, color, trademark representation, and appearance. These specifications are included in our Manuals. All trucks purchased or leased for the COOL BINZ Business are to be, and maintained, in a “good” condition as defined by KELLEY BLUE BOOK (“good” condition means that the truck is free of any major defects). The paint, body and interior must have only minor (if any) blemishes, and there may not be any major mechanical problems. In states where rust is a problem, this should be very minimal. All trucks used in connection with the COOL BINZ Business are to be decaled as required by us and the decals are to be free of defects. We may require that you purchase/lease a new truck or remodel/refurbish your existing trucks to meet our then-current System Standards at any time during the Term, at your expense.

In addition, you may be required to install, use and maintain a GPS for your truck(s) and the bins, including payment of the then-current monthly fees to a designated GPS vendor in the future.

### Business Phone

We will provide you the business phone number to be used by the COOL BINZ Business. This number will be forwarded to any device(s) that you choose. In the future, COOL BINZ Businesses may be required to use the phone models and type from the supplier(s) that we designate.

### Purchase Arrangements

Aside from certain intangible benefits associated with group buying, you receive no material franchise benefits (for example, the award of additional franchises or a renewal term) for using an approved supplier. We do not currently have purchase agreements or arrangements with suppliers for the benefit of franchisees, but we may do so in the future.

### Email and Web Site

You must also maintain, on your business computer, an electronic mail account that must enable you to receive and send electronic mail and transfer computer files with us. You must also maintain a fiber-optic DSL, cable, ~~or~~ satellite, or other high speed internet connection. To enhance

the brand and the Marks, you must use an email name that we have approved that will have “@COOL-BINZ.com” as its suffix for all business-related correspondence.

We may, but are not obligated to, create interior pages on the website(s) that contain information about the COOL BINZ Business and other COOL BINZ Businesses. If we do create such pages, we may require you to prepare all or a portion of the page for the COOL BINZ Business, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting.

### Insurance

Before attending the Initial Training Program, you must purchase and maintain in full force and effect throughout the term of the Franchise Agreement and at your expense, insurance protecting you, your employees, and us, our officers, and our employees, against loss, liability, fire, personal injury, death, property damages, or theft arising from, or occurring in connection with, the operation and promotion of the COOL BINZ Business as specified in detail in the Franchise Agreement or otherwise in writing from us, including, but not limited to, a commercial umbrella liability insurance policy with a limit of at least \$2,000,000 general aggregate, \$2,000,000 products and completed operations aggregate, \$1,000,000 personal and advertising injury limit and \$1,000,000 per occurrence limit, automobile liability insurance with a combined single limit of at least \$1,000,000, workers’ compensation and employers’ liability insurance, Bailee insurance, inland marine insurance, pollution insurance and any other insurance as required by any state, county, local, or other municipal insurance requirements. You are required to use our approved vendor, Storage Protectors, as the supplier of container and contents insurance purchased by customers. We may modify the types and amounts of insurance you are required to purchase as we deem appropriate in our reasonable discretion. You acknowledge and agree that (a) the insurance you will maintain reflects the minimum amounts of coverage we require, (b) these minimums are not meant to reflect the actual needs you may have, and (c) it is your responsibility to carefully evaluate if these minimums will adequately meet your needs.

All policies will be written by an insurance company(ies) that is/are licensed in the state in which you are doing business, and that has an A.M. Best rating of “A” or better. Currently, you are not obligated by the terms of the Franchise Agreement to purchase your insurance from any specific provider, although we reserve the right to specify the specific provider that you must use in the future.

All general liability insurance policies will name us, BELFOR Franchise Group, LLC, BELFOR USA Group Inc., and our designated affiliates, employees, officers and directors (the “Indemnified Parties”) as additional insureds, and will contain no provision which in any way limits or reduces coverage for you if a claim is made by any one or more of the Indemnified Parties, and will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 30 days’ notice of any intent to cancel or materially alter any policy.

At least ten (10) days before attending Training, commencing the operation of the COOL BINZ Business, whenever a change is made to your policy, and before expiration of any insurance coverage, you must have your insurance provider send us a copy or certificate or other acceptable proof of such insurance.

### Approval of Alternative Suppliers

In the event you wish to purchase an unapproved item, including Portable Equipment, inventory, and/or acquire approved items from an unapproved supplier, you must provide us a proof of the materials you wish to order to us and a written request for approval. We will notify you in writing of our approval or disapproval within ten days of receipt of the materials and your written request. If you do not receive approval within ten days, you should consider the materials disapproved. All materials must meet the quality of our current suppliers, and correctly bear the Marks. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments and financial stability. Standards and specifications are updated periodically at our sole determination and are made available to you in our Manuals, other publications, and on our web site. You must reimburse us our actual reasonable costs and expenses if you ~~would~~ request that we approve an alternative supplier, regardless of if we subsequently approve your request.

Revenues from Franchisee Purchases

In the fiscal year ending December 31, 202~~32~~<sup>31</sup>, we and our affiliates derived \$0 from required purchases and leases. No designated suppliers make payments to the franchisor based on franchisee purchases at this time.

We estimate that the cost of the items purchased according to our specifications will be approximately 75% to 85% of the overall purchases in establishing the business and approximately 10% to 15% of the total purchases during the operation of the business.

We reserve the right to mark up and earn a profit from the products purchased from us, our affiliates, or our suppliers.

Cooperatives

As of the date of this offering, we do not have any purchasing or distribution cooperatives, but we reserve the right to establish them in the future.

Advertising

You must use our approved advertising and marketing materials or receive our written approval of any and all other advertising and marketing materials from us before their first use.

**ITEM 9: FRANCHISEE’S OBLIGATIONS**

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 1.D	Item 6 and 12
b. Pre-opening purchases/leases	Sections 2.A and 2.B	Items 6, 7 and 8
c. Site development and other pre-opening requirements	Sections 1.D, 2.F, 2.G and 3.A	Items 7 and 11
d. Initial and ongoing training	Section 3	Items 6, 7 and 11
e. Opening	Sections 2 and 3	Item 11

Obligation	Section in Franchise Agreement	Disclosure Document Item
f. Fees	Sections 2, 10.B, 11.D, 13.A, 15.C and 16	Items 5 and 6
g. Compliance with Standards and policies/operating manual	Sections 1.C, 2, 3, 4 and 7	Items 8, 9, 13, and 16
h. Trademarks and proprietary information	Sections 4, 5, 6, 13.B and 13.C	Items 8, 13, and 14
i. Restrictions on products/services offered	Sections 1.C, 1.E, 1.F, and 7	Items 8, 12 and 16
j. Warranty and customer service requirements	Section 7.A	None
k. Territorial development and sales quotas	Sections 1.D and 2.F	Item 6 and 12
l. Ongoing product/service purchases	Sections 2 and 7	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 7, 11.B and 11.C	None
n. Insurance	Section 7.C	Items 6, 7, and 8
o. Advertising	Sections 1.D, 1.E, 2.G, 3.B and 7.A	Items 6, 8 and 11
p. Indemnification	Section 14.C	Items 6, 8 and 12
q. Owner's participation/management/ staffing	Sections 1.C and 7.A	Items 11 and 15
r. Records/reports	Sections 2.D, 7.D and 8	Item 6 and 11
s. Inspections and audits	Section 8	Item 6, 11 and 17
t. Transfer	Section 10	Items 6 and 17
u. Renewal	Section 11	Item 6 and 17
v. Post-termination obligations	Sections 6 and 13	Item 17
w. Non-competition covenants	Sections 6 and 13.D	Item 17
x. Dispute resolution	Section 15.F	Item 17
y. Personal Guaranty	Exhibit D	None

## ITEM 10: FINANCING

### Initial Fee

We may offer you financing for a portion of the Initial Franchise Fee, Initial Equipment Package, and the Initial Promotional Package if you meet our qualifications. We do not offer financing for the purchase of the truck. The following table summarizes the financing we may offer you.

Source of Financing	Us
Amount Financed	Up to 50%
Down Payment	Minimum of 50%
Term (number of years)	Up to <del>36</del> 24 months
Rate of Interest plus Finance Charge	<del>9.10</del> %

Monthly Payment	Varies depending on amount financed and term.
Prepayment Penalty	None
Security Required	Personal Guaranty
Guaranty	Personal Guaranty
Liability upon Default	Termination or other loss of Franchise; you must also pay entire amount due and our attorneys' fees and court costs in collecting debt
Loss of Legal Rights Upon Default	You must waive presentation for payment, demand, notice of non-payment, protest, and all other demands and notices required by law (statutory or otherwise)

If you would like to finance a portion of the Initial Franchise Fee, Initial Package, and the Initial Promotional Package, and you meet our credit standards, you may do so through a promissory note (the "Note"), which is currently attached as Exhibit A-5 to the Franchise Agreement. You must make a down payment of at least fifty percent (50%) of the total fee you are financing. We currently charge an interest rate of ~~9.10%~~, and no finance charges. We will not adjust APR of the Note once your Franchise Agreement has been signed. A late fee of 5% or \$50, per week, whichever sum is greater, will be collected if you fail to make timely payments or your payments are returned to us with non-sufficient funds. The only security we require is a personal guaranty of the Note by you and by all the owners, as well as all respective spouses, of the Franchisee entity.

The term of the Note will be up to ~~36~~24 months, as agreed between you and us. You may prepay the Note without penalty at any time during its term. If you fail to make any payment, we can call the Note and demand immediate payment of the full outstanding balance. The Note requires you to waive notice of non-payment, protest, and all other demands and notices that may be required by law. We can also terminate your Franchise Agreement if you fail to make payments as agreed; however, before your Franchise Agreement can be terminated, you will receive a notice of default and have a ten-day period to cure the default. The Note shall survive termination of the Franchise Agreement. It is not our current practice or intent to sell, assign, or discount to a third party all or part of the financing arrangement.

Additional Information

Other than described above, we will not guarantee any notes, leases or obligation. We and our affiliates have no past practice or future intent of selling, assigning or discounting franchisees' financing arrangements to a third party, although we reserve the right to do so in the future. We and our affiliates do not receive any direct or indirect payments or any other consideration from any person for the placement of financing with the lender; however, we reserve the right to do so in the future.

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

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

Our Pre-Opening Obligations

Before you open your COOL BINZ Business, we will:

1. Designate the Territory for a COOL BINZ Business (Section 1.D and the Summary Page of the Franchise Agreement). We do not provide any assistance with (a) selecting a business site or negotiation of any lease or purchase of any site, (b) conforming the site to local ordinances and codes and obtaining any required permits, or (c) hiring and training employees (other than the required training discussed in Section 3.A of the Franchise Agreement). Your business site must be located within the Territory and must contain at least 500 square feet and a minimum lot size of 0.5 to 1.0 acre, and must adhere to our standards and specifications, which includes demographics, size, local traffic, whether there are complementary businesses or competitors in the area, and similar characteristics. Your COOL BINZ Business site must be approved by us, in our sole discretion, which we will not unreasonably withhold provided that the site meets our minimum specifications. —(Section 1.D of the Franchise Agreement). We will use commercially reasonable efforts to approve a suggested site in 30 days. Failure to find a site and commence operation of the COOL BINZ Business within eight (8) months of signing the Franchise Agreement may result in termination of the Franchise Agreement (Section 12.B of the Franchise Agreement). We do not generally (a) own the premises from which franchisees operate the COOL BINZ Business or (b) lease any premises to franchisees to operate the COOL BINZ Business.
2. Provide your Initial Equipment Package that includes the truck, bins, mule, and other equipment needed to operate the COOL BINZ Business and the Initial Promotional Package that includes logowear, digital marketing, consumables, and promotional items. The items in the Initial Equipment Package and the Initial Promotional Package are purchased from us. Other than providing the Initial Equipment Package and the Initial Promotional Package we do not provide, install or supply any signs, fixtures, equipment, opening inventory, signs, or other inventory or supplies, or assist in constructing, remodeling, or decorating the COOL BINZ Business.
3. Loan to you a copy of our copyrighted Operations Manual and System Standards, and other proprietary materials or manuals as we may publish and distribute to you periodically (Section 3.C of the Franchise Agreement).
4. Give prior approval for use of business forms, business stationery, business cards, advertising materials, permanent materials, and forms that you intend to use (Section 7.A of the Franchise Agreement). We will continue to do this after you open the COOL BINZ Business.
5. Give prior approval to all marketing, advertising, and promotional materials prepared by you within ten days of our receipt of the proposed materials for Franchises (Section 2.G of the Franchise Agreement). We will continue to do this after you open the COOL BINZ Business.
6. Specify minimum policy limits for certain types of insurance coverage (Section 7.C of the Franchise Agreement), and guidelines regarding pricing. You are responsible for setting your own prices, but we will provide recommendations. We will continue to do this after you open the COOL BINZ Business.

7. Provide you with a training program (described in more detail below) to (a) the Managing Owner, if they are managing the COOL BINZ Business, and (b) the Designated Manager, if applicable at no additional fee or other charge (Section 3.A of the Franchise Agreement).
8. Provide you with the business phone number to be used by the COOL BINZ Business. (Section 2.I. of the Franchise Agreement).

#### Franchisor's Obligations After the Opening of the COOL BINZ Business

Once you have opened your COOL BINZ Business, you will have access to information helpful to the operation of your COOL BINZ Business based on reports you submit to us and/or inspections that we make (Sections 7 and 8 of the Franchise Agreement). In addition, we or our designee will furnish guidance to you, to the extent we determine necessary in our sole discretion, regarding the following:

1. New products, services and methods that we may have discovered or have developed for the System (Sections 3 and 7 of the Franchise Agreement);
2. The purchase and use of supplies and products (Sections 3 and 7 of the Franchise Agreement);
3. The formulation and implementation of marketing, advertising, and promotional programs using the merchandising, advertising, and research data and advice as we may, periodically, develop for use in your local market (Sections 3 and 7 of the Franchise Agreement);
4. The financial and daily operation of the COOL BINZ Business including its accounting and record keeping functions (Sections 3 and 7 of the Franchise Agreement);
5. Other business and marketing advice (Sections 3 and 7 of the Franchise Agreement);
6. Support for our required franchise software management system, as defined in the Licensing Agreement (Exhibit B of Franchise Agreement);
7. A contact telephone number, which may be used by you for communications with us (Section 2.I of the Franchise Agreement);
8. Periodic modifications to the Operations Manuals and periodic modifications to the System Standards (Section 3.E of the Franchise Agreement); and
9. Periodic refresher training courses and conferences, not to exceed one per year. (Section 3.A of the Franchise Agreement).

#### Estimated Typical Length of Time to Open the COOL BINZ Business

The estimated typical length of time between the signing of the Franchise Agreement, and the opening of the COOL BINZ Business, is approximately 180 days. Factors affecting this length of time usually include normal business startup considerations, completion of training, the truck delivery date, whether or not you have an existing Office Site in the Territory, and whether or not you obtain outside financing.

### Local Marketing and Advertising

We are not required to conduct advertising for you or the System. We are not required to spend any particular amount in your Territory. It is at our discretion to determine how much to spend, and where to market, advertise and promote the System.

We may provide you with advertising, promotional or marketing materials for you to use in local advertising, but we are not obligated to do this. We will provide you, ~~at no charge,~~ the business phone number and fax number to be used by the COOL BINZ Business. This number will be forwarded to any device(s) that you choose.

Under the mandatory KickStart digital marketing program, which is included in your Initial Promotional Package, you will receive digital marketing assistance to promote the opening of your business.

You must also spend a minimum of 10% of Gross Sales annually on local advertising until your fleet of Portable Equipment containers is at least 80% rented and then, at that point, you are required to spend at least 5% of Gross Sales annual on local advertising. You must use our approved advertising and marketing materials, or receive our written approval of any and all other advertising and marketing materials before their first use. All advertising and marketing materials must meet our then-current standards and specifications. We may, in our sole discretion, offer and sell advertising, marketing, and promotional materials at any time. Certain items, such as your truck, must reference the COOL BINZ national toll free number. You may not alter or remove reference to the national toll free number. You have no obligation to purchase any of these materials or forms from us, but you may be required to purchase such materials from approved or designated suppliers, or participate in our local marketing programs, like our call center and/or direct mail solicitations at your expense. (Section 2.G of the Franchise Agreement).

We do not currently require you to participate in an advertising cooperative, however we reserve the right to implement cooperatives in the future, and require you to participate. The area of the cooperative will be determined on a regional basis depending on where our future franchisees operate. We, along with franchisees that are members of the cooperative will determine the amount contributed and each will contribute equally or on a pro-rata basis, as determined by the cooperative. Company Stores are not required to contribute, but may do so. We will administer the cooperatives and the cooperatives will operate from written governing documents that will be available for review to franchisees. If two or more COOL BINZ Businesses and/or Company Stores are serviced by the same telephone directory, we will require you to list all businesses under one COOL BINZ heading. Should this instance arise, you must pay your pro-rata share of the total expense of the joint listing. Any other forms of advertising that would also advertise to zip-codes both inside and outside of the Territory must be pre-approved by COOL BINZ in writing. We will notify you within ten days of our receipt of your written request. If we do not respond within ten days, the material is unapproved. Additionally, if we implement local marketing programs, like a call center and/or direct mail solicitations, you may be required to participate, at your expense.

### National Marketing Brand Marketing Fund

We have established and maintain a ~~bnationarandl~~ marketing fund (the “~~National Marketing Brand Marketing~~ Fund”) for the common benefit of System franchisees. You must contribute two percent (2%) of your Gross Sales monthly to the ~~National Marketing Brand Marketing~~ Fund (the “~~National Marketing Brand Marketing~~ Fee”) in the manner we prescribe. You must pay the ~~National Marketing Brand Marketing~~ Fee on a monthly basis. (Section 2.G of the Franchise Agreement).

We will use the National Marketing Brand Marketing Fees, in our sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in our sole judgment, the services offered by COOL BINZ franchisees. The advertising and marketing conducted through the National Marketing Brand Marketing Fund is a combination of in-house marketing materials and through national agencies. We have the sole right to determine contributions and expenditures from the National Marketing Brand Marketing Fund, or any other advertising program, and the sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend National Marketing Brand Marketing Fees in the general best interests of the System on a national or regional basis. We may use the National Marketing Brand Marketing Fund to satisfy any and all costs of maintaining, administering, directing, preparing, producing, and implementing advertising, including the cost of: (i) preparing, producing, and implementing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; (ii) public relations activities and advertising agencies; (iii) developing and maintaining an Internet website; and personnel and other departmental costs for advertising that we internally administer or prepare. Nevertheless, we acknowledge that not all System franchisees will benefit directly or on a pro rata basis from such expenditures, and we do not have any obligation to spend any amount on advertising in your Territory. While we do not anticipate that the National Marketing Brand Marketing Fund will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the National Marketing Brand Marketing Fund for public relations or recognition of the “COOL BINZ” brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.”

We may periodically assist COOL BINZ franchisees to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives (“Surveys”). The cost of such programs will be borne by the National Marketing Brand Marketing Fund. The cost of these programs may be charged directly to you if the results from a Survey fall below System established minimum standards for such Surveys.

We have the right to reimburse ourselves from the National Marketing Brand Marketing Fund for such reasonable costs and overhead, if any, that we may incur in activities reasonably related to the direction, management, and implementation of the National Marketing Brand Marketing Fund, which may include payments to employees who administer the Fund.

We may use a portion of the National Marketing Brand Marketing Fund or the weekly usage/support/upgrade fee to pay or reimburse ourselves for the costs incurred in connection with the development, maintenance and update of our website.

We and our affiliate-owned outlets are not required to contribute to the National Marketing Brand Marketing Fund. We may, but are not obligated to, advance money to the National Marketing Brand Marketing Fund to fund National Marketing Brand Marketing Fund programs. In the event that we advance monies to the National Marketing Brand Marketing Fund, we will determine, in our sole discretion, the manner and timing for the repayment, to us, of some, or all, of the funds we advance. All franchisees will contribute to the Brand Marketing Fund at the same rate.

We will prepare on an annual basis, within 120 days of the end of the fiscal year, and make available to you upon written request, a statement of contributions and expenditures for the National MarketingBrand Marketing Fund. The National MarketingBrand Marketing Fund does not have to be independently audited. If the National MarketingBrand Marketing Fees collected are not all spent in the fiscal year they are collected, we will carry over such funds to the following year to be spent on the National MarketingBrand Marketing Fund initiatives in the following year.

There are currently no requirements for participation in an advertising council or any local or regional advertising cooperatives and, accordingly, you are not required to participate in one. However, we reserve the right to establish an advertising council or advertising cooperatives in the future and require your participation.

In the fiscal year ended December 31, 202~~32~~, we did not collect or spend any National MarketingBrand Marketing Fund contributions.

#### Computer Software, Internet, and Systems

We may develop “COOL BINZ Software”, which will consist of software program(s) which you must use to maintain customer records, bid on jobs, create estimates and operate the COOL BINZ business system. Until we do, you are required to use our designated software for business management, which will be detailed in the Operations Manual, System Standards or otherwise in writing, unless we approve an alternate software supplier. You are also required to use our then-current designated accounting software, which is currently QuickBooks Online, which is subject to change. In addition, you are required to follow our specified chart of accounts. We have the right to change these requirements at our discretion.

We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a compatible “back office” computer system that complies with our standards and specifications; (ii) a custom and proprietary point of sale system (the “POS System”), if we make such a POS System part of our proprietary operating system in the future; (iii) printers and other peripheral hardware or devices; (iv) archival back-up systems; (v) Internet access mode and speed; and (vi) physical, electronic, and other security systems (collectively, the “Computer System”). Currently, your Computer System must include a DSL or cable modem high-speed Internet connection located at your Office Site, and a computer that meets the requirements of the System Standards and for handling of our then-current COOL BINZ Software or other Required Software. We estimate the cost of the computer system to be between \$3,000 and \$5,000. Computer specifications for hardware and Internet connectivity are provided in Sections 2.H and 2.I of the Franchise Agreement.

During the term of the franchise agreement, we shall have the right, but not the obligation, to develop or designate: (i) computer software programs you must use in connection with any component of the Computer System, including the COOL BINZ Software, designated business management software and designated accounting software (the “Required Software”), which you shall install at your own expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which you shall install at your own expense; (iii) the tangible media upon which you record data; and (iv) the database file structure of the Computer System. You will be responsible for the payment of all fees associated with the Required Software (including the COOL BINZ Software), Computer System and POS System. Neither us nor our affiliates, or third parties have any obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System or Required Software.

At our request, you shall purchase or lease, and thereafter maintain, the Computer System, COOL BINZ Software, and the Required Software. We may require you to update or upgrade your Computer System at any time during the term of the franchise agreement. There is no limit on our frequency to do so, or the cost of your obligation to maintain, upgrade and update the Computer Systems in conformance with our requirements. We may also require you to use certain internet and cloud-based services or subscriptions as may become relevant as the System and technology changes, at your sole expense. ~~You agree to pay all fees associated with the use of COOL BINZ Software and any other Required Software, which may be payable to us or our approved or designated suppliers.~~

We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the COOL BINZ Business to us. We shall also have the right to, at any time without notice, electronically connect with your Computer System to monitor or retrieve data stored on the Computer System or for any other purpose we deem necessary. There are no contractual limitations on our right to independently access the information and data on your POS System, COOL BINZ Software, and Computer System. You shall deliver to us all access codes, static Internet protocol (“IP”) addresses and other information to facilitate our access to the data described in this Section within 30 days of opening the COOL BINZ Business. All client and customer data is our property and any data not accessible to us upon termination or expiration of the Franchise Agreement must be provided to us immediately.

During the term of the franchise agreement, you must maintain the computer hardware necessary to implement the COOL BINZ Software and any Required Software, and comply with all specifications and standards prescribed by us regarding the COOL BINZ Software and any Required Software as provided in the Operations Manuals, System Standards or otherwise in writing. We reserve the right to create additional proprietary software programs (to be included as part of the Required Software), which you must use in connection with the COOL BINZ Business. The Required Software, including the COOL BINZ Software, will be our proprietary product, and the information collected therefrom will be deemed our confidential information.

You are required to participate in any System-wide computer network, intranet system, or extranet system that we implement and may be required by us to use such computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the System Standards and Operations Manuals, including any updates or modifications thereto; (iii) download approved local advertising materials; (iv) communicate with us and other COOL BINZ franchisees; and (v) to complete any initial or ongoing training. ~~You agree to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the System Standards and/or Operations Manuals, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.~~

As technology advances, you may be required to upgrade your hardware to meet changing software requirements as we deem necessary. COOL BINZ Software is web-based and we do not charge you for software updates and upgrades at this time. We may require you to upgrade your computer hardware, software and web-based applications in our sole discretion and at your expense. We may require you to update or upgrade your Computer System at any time during the

term of the franchise agreement. There is no limit on our frequency to do so, or the cost of your obligation to maintain, upgrade and update the Computer Systems in conformance with our requirements.

You must subscribe to, maintain, and utilize a fiber-opticDSL, cable, or satellite high speed Internet connection and email network account with independent suppliers which periodically we approve. If you do not receive written approval within ten days of our written receipt of your request, such supplier will be considered disapproved. You must use an email name that we have approved that will have “@cool-binz.com” as its suffix for all business-related correspondence. You also must use, subscribe to, and pay for, as directed by us, a customized website connected to our website and managed by our website provider. You may not attempt to redirect the customized website. You also must subscribe to, maintain, and utilize the phone model, type and provider that we designate as well as the phone service from the company we designate. As technology advances and new discoveries are made, we have the right to require that you use other technological items, as well as to designate the specific companies, models and/or types that you must use for these technological services.

You also must use, subscribe to, and pay for, as directed by us, a customized website connected to our website and managed by our website provider. You may not attempt to redirect any traffic on the customized website. You may not implement a website or URL for the COOL BINZ Business either yourself or through a third-party provider. We have sole discretion and control over the website (including timing, design, contents and continuation).

We may, but are not obligated to, create interior pages on the website(s) that contain information about the COOL BINZ Business and other COOL BINZ Businesses. If we do create such pages, we may require you to prepare all or a portion of the page for the COOL BINZ Business, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting.

You agree to establish and maintain a separate profile, page or other presence on social media in connection with the COOL BINZ Business in accordance with the System Standards. Prior to establishing such social media page(s), you are required to obtain our prior written approval of the content to be posted on such social media page(s). If such approval is granted by us, you must: (i) establish and operate such social media page(s) in accordance with System Standards and any other policies we designate in the Operations Manuals or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). We recommend, but do not require, that you update the social media page(s) at least monthly.

### Reference Guides

~~We maintain Operations Manuals and System Standards that contain mandatory and suggested specifications, standards, operating procedures, and rules that we prescribe periodically for the operation of a COOL BINZ Business, and information on your other obligations under the Franchise Agreement and related agreements. We may modify the Operations Manual and System Standards periodically to reflect changes in the System and you will be required to follow the revised Operations Manual and System Standards.~~

The Operations Manuals and System Standards are specifically incorporated by reference into the Franchise Agreement, and you must comply with the Operations Manuals and System

Standards as essential aspects of your obligations under the Franchise Agreement. Failure to substantially comply with the Operations Manuals and/or System Standards may be considered a breach of the Franchise Agreement. Our Operations Manual is approximately 32 pages and the Table of Contents, with the chapter listings and page numbers for each chapter, is attached as Exhibit I.

*JumpStart Training and Initial Training (Section 3.A of the Franchise Agreement)*

You must successfully complete our JumpStart Initial Training program (hereinafter, “JumpStart,” Section 3.A of the Franchise Agreement) within ~~two-four~~ (42) months of signing the Franchise Agreement, before attending in-person business operations and managerial Training (hereinafter, “Initial Training”) and before the opening of the COOL BINZ Business. This includes our comprehensive preparation program that includes numerous pre-opening activities and may last up to ~~fifteen-sixteen~~ (156) weeks, depending on the pace you establish to complete activities. During the JumpStart training program, with guidance from our training team, along with training manuals and online modules, you must prepare a comprehensive financial plan, review the Operations Manuals, complete a territory review, coordinate your initial advertising program, acquire proper insurance, select and lease office space (if applicable), and acquire all permits, licenses, and approved trucks. Most JumpStart activities are conducted in your hometown with assistance from our home office staff. You begin JumpStart immediately upon your execution of the Franchise Agreement and payment of the Initial Franchise Fee. During JumpStart, we will schedule Initial Training for you to attend. Initial Training sessions are typically offered each month. Final confirmation of your scheduled classroom training may be contingent upon your successful completion of the JumpStart program and activities.

Initial Training takes place at a location in Naples, Florida, BFG headquarters in Ann Arbor, MI, or another location designated by us. It may be attended by you and the Managing Owner or, if applicable, the Designated Manager, at no additional fee. You may designate, with our approval and on a “space available basis,” additional persons to attend Initial Training for our then-current fee, which is currently \$250 per person, per day. The Managing Owner or, if applicable, the Designated Manager must complete the Initial Training to our satisfaction. Failure to do so will result in the termination of the Franchise Agreement. Initial Training will last up to four (4) days in duration and must be completed within six (6) months of signing the franchise agreement. Although we do not charge a fee for attending training, you will be responsible for all travel and living expenses that you and your employees/owners incur. Additional persons employed by you may attend on a space available basis, contingent upon our receipt of our training fee to offset the expenses we incur. All attendees who are not a party to the Franchise Agreement must sign our prescribed form of confidentiality and non-disclosure agreement (Exhibit A-2 of the Franchise Disclosure Document). After you return from Initial Training, you are ready to open for business.

Our Operations Manuals, videos, and other handouts comprise the instructional materials for our Initial Training. Initial Training will be led by Ernie Paladino ~~with the assistance of various Cool Binz and BFG staff and Ragan Neblett, but we may involve other employees of us or our affiliates or other industry experts from time to time.~~ Each training instructor will have a minimum of one month experience with us ~~or BFG.~~ Mr. Paladino is President and Co-Founder of Cool Binz and began working with us since our inception and in the portable storage industry for a period of ~~76~~ years. ~~Ms. Neblett joined us in October 2022 has over a decade of experience designing and conducting corporate and franchised training.~~

Listed below are the general modules and details of the Initial Training. We reserve the right to modify the Initial Training, including the training materials, training subjects, hours of training, and overall length of training at any time.

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
COOL-BINZ Business & Branding	<del>1</del> 2hrs	0 hrs	Naples, FL
<del>Mule &amp; Equipment</del> B2B Marketing	<del>2</del> hrs 1 hr	<del>4</del> 8 hrs	Naples, FL
Digital Marketing	2hrs	0hrs	<del>Naples, FL</del>
Operations —5 Step Process	2 6hrs	4 8hrs	Naples, FL
Sales & Marketing <del>Mule</del>	4 2hrs	0 8hrs	Naples, FL
Business Metrics & Finances	1 hr	0 hrs	Naples, FL
Pricing	<del>1</del> hr	0hrs	<del>Naples, FL</del>
Docket Software <del>It</del>	2 4hrs	0 hrs <del>1</del> hr	Naples, FL
TOTALS	11 7hrs	12 8hrs	Naples, FL

#### Additional Training

If this is a renewal term or if this is an additional COOL BINZ Business being awarded to you, and your Managing Owner or, if applicable, the Designated Manager, have already attended Initial Training, the requirement that you attend Initial Training is waived, except as with respect to the JumpStart online training modules and continuing training obligations. In such cases, if your Managing Owner or, if applicable, the Designated Manager do attend Initial Training, you will be assessed our then-current training fee, which is currently \$250 per person, per event. You will also be responsible for all travel and living expenses that you and your employees/owners incur while training.

The Managing Owner or, if applicable, the Designated Manager, must attend the Annual Convention every year that it is scheduled and pay our then-current fee, which is currently (a) ~~\$7491,000~~ maximum per person to attend the Annual Convention, and (b) \$0 to \$500 per person per event for Regional Meetings. The Managing Owner or, if applicable, Designated Manager also must attend periodic refresher training courses and conferences, not to exceed one convention/conference per year, at the times and locations we determine, and for which we may charge the fees described above, including \$0 to \$500 per person for additional training. We will determine the duration, curriculum, and location of any such sessions. You will be responsible for all travel and living expenses that are incurred by you or your employees/owners while attending such session. Some of these events may occur outside of your home state. We will determine the duration, curriculum, and location of any of these sessions. The curriculum for online training and these events can include, but is not limited to, technical training, business plan analysis, marketing, profitability, and maximizing your business opportunities. You must pay for all registration fees,

travel and living expenses that you incur while attending such sessions. Provided you are in full compliance with the Franchise Agreement you do not have to attend any refresher training courses or conferences more than once a year.

## **ITEM 12. TERRITORY**

### *The Territory*

You will operate the COOL BINZ Business from a location within the Territory that we approve and that will be identified in Summary Page to the Franchise Agreement. Your “Territory” will consist of specific zip-code(s) that have been awarded to you. We identify your Territory zip codes as determined by Census Bureau statistics.

A Territory will have approximately 350,000 - 450,000 people to a maximum of 500,000 people. As of the date of this Disclosure Document, we are utilizing data that has been collected by a national demographics company to determine the number of people in each Territory.

You will not receive an exclusive Territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You will receive certain protected rights in your Territory. No other COOL BINZ Business may establish an office location within your Territory. No other COOL BINZ business may advertise in your Territory in print, media, door-to-door, mass electronic communication, or direct web-based advertising within your Territory. You may experience some indirect/carry-over advertising from other franchisees in media where the reach of advertising is difficult to restrict to zip codes, such as radio or indirect web-based advertising. If and when developed by us, you will receive NORA (defined below in Section 12.4) referrals for your assigned zip codes in accordance with the NORA program requirements. We cannot guarantee your participation in these programs. If you are not compliant with your Franchise Agreement, program requirements, or fail to perform program work adequately, we may direct NORA referrals to another franchisee or ourselves. You will receive Call Center leads for your assigned zip codes. If you are not compliant with your Franchise Agreement, we may direct these leads to another franchisee or ourselves.

You may relocate the Office Site within the Territory at your sole discretion but must immediately notify us of the change in address. During the term of the Franchise Agreement, we will not allow you to relocate the Territory; however, the exact boundaries of the Territory may change in the future, as future zip code changes are made by the United States Postal Service or Census Bureau.

Entering into a franchise agreement does not give you any options to purchase additional franchises, rights of first refusal or any similar rights to obtain additional franchises.

We reserve the right, as we deem appropriate, to:

~~1. establish, and allow other COOL BINZ franchisees to establish, COOL BINZ Businesses at any location outside of the Territory on any terms and conditions, but subject to the same marketing restrictions upon their servicing in the Territory that you are subject to when servicing in their Territory; under no circumstances will another COOL BINZ Business or Company Store advertise in print, media, door to door, mass electronic communication, or direct web based marketing in the Territory, without your prior written consent, except only as provided in the Franchise Agreement;~~

12. establish solicit, market to and build regional and national account relationships, whose offices may be located in the Territory as is further outlined in the Franchise Agreement;

23. offer and sell services and products anywhere that do not comprise a part of the System and, in connection with this right, to exploit our Marks, name, reputation, and know-how. We reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within your Territory, under trademarks different from the ones you will use under the franchise agreement;

~~4. —solicit and perform leasing of Portable Equipment or the Services in any geographic market;~~

35. acquire businesses providing services similar to those provided under the System and to be acquired by such a business; and

~~6. —use and license to engage in any other activities not expressly prohibited in the Franchise Agreement.~~

47. sell products under the Marks ~~within and outside the Territory~~ through other channels of distribution. This includes the Franchisor using the Internet, catalogues, telemarketing, direct marketing, etc. to make sales within your Territory using the Marks or other trademarks. You may not use alternative distribution channels to make sales ~~outside or inside the Territory~~ and you will not receive compensation for Franchisor's sales of products using the Marks through alternative distribution channels.

58. make sales within the Territory of products or Services under trademarks different from the Marks you will use under the Agreement. We do not currently do so, nor do we have plans to in the future, but we reserve the right to.

At this time, we do not have plans to operate or franchise a business under a different trademark selling similar goods and services as provided by a COOL BINZ Business.

#### Advertising and Servicing of Customers for Franchises

You may not advertise or establish an office outside your Territory without our prior written consent. Within the Territory, you have the right to advertise, market, solicit and service any customer desiring COOL BINZ services except as described in this section. Advertising, soliciting customers, or establishing an office location outside of your Territory without our written consent is a default under the Franchise Agreement, and we may require that you pay to us the Out of Territory Fee.

Should you not be in full compliance with your Franchise Agreement, we have the right to allow other compliant COOL BINZ franchisees or Company Stores to advertise in your Territory.

There are no Territory protections related to providing services to customers located within your Territory. Other COOL BINZ franchisees, or outlets we own, may accept jobs and service

customers in your Territory without restriction or limitation. You are not entitled to compensation for the services we or other franchisees provide to customers within your Territory.

Although we have not done so, we and our affiliates may sell products under the Marks within and outside the Territory through any method of distribution, although within your Territory it may not be through a COOL BINZ Business. This includes sales through such channels of distribution as the Internet, catalog sales, telemarketing, or other direct marketing sales (collectively, the “Alternative Distribution Channels”). You may not use Alternative Distribution Channels to solicit, make sales, or accept orders outside or inside the Territory. You may not receive compensation for our sales through Alternative Distribution Channels. .

We and our affiliates may use Alternative Distribution Channels to make sales within the Territory of products or services under trademarks different from the Marks you will use under the Franchise Agreement.

#### National or Regional Accounts (“NORAs”)

We have the exclusive right to negotiate and enter into agreements or approve forms of agreement to provide services to National or Regional Account (“NORA”) customers. The term NORA includes any customer which on its own behalf or through agents, licensees, or other third parties owns, manages, controls or otherwise has responsibility for a business in more than one (1) location, including but not limited to national insurance companies, third-party administrators, and other similar organizations, for the benefit of the System, and regardless of the aggregate contract amount of the services to be performed. Any dispute as to whether a particular customer is a NORA shall be determined by us in our sole discretion and our determination shall be final and binding. Following the execution of a contract with or the acceptance of a bid by a NORA customer which contemplates the provision of services to one (1) or more NORA customers who are located in your Territory, we may, if you are qualified to perform the services and conditioned upon your substantial compliance with the terms of the Agreement and any other applicable agreements, provide you the opportunity to perform such services pursuant to the terms and conditions of the NORA contract or on such terms and conditions as we, at our sole discretion, determine are appropriate. You agree to provide services to all NORA customer referrals within your Territory. You further agree to provide all services in strict adherence to the COOL BINZ performance and process standards and all service guidelines and performance standards of the NORA. You may be required to enter into a service agreement to participate in certain NORA programs.

If you are not able or not willing to provide services to a NORA customer in conformity with the terms and conditions of the NORA contract, or fail to make an election within the time we specify after being offered the opportunity, we have the right, exercisable in our sole discretion, to (i) provide, directly or through any affiliate or other franchisee or Managing Operator, services to the NORA customer; and/or (ii) contract with another party to provide such services to the NORA customer. In either event, neither you nor the Business shall be entitled to any proceeds from the provision of Services provided to the customer of a NORA.

#### Restrictions

Any project or enterprise undertaken jointly by two or more COOL BINZ franchisees will be known as “Co-Venturing”. Co-Venturing with other franchisees must be managed through us and you may not negotiate directly with other COOL BINZ franchisees without our prior written approval.

### Additional Franchises and Expansions

Upon your request, we may, but are not obligated to, award you an additional COOL BINZ Business or an additional Territory, but any decision to do so will be in our sole discretion and judgment. At a minimum, to be considered for an additional Franchise you must be in compliance with your Franchise Agreement and have sufficient capital, and equipment to market and service both your Territory and the additional Territory.

If you are approved for an expansion territory, ~~thyou must sign a new Franchise Agreement and pay the appropriate fee in full within 14 days of receiving the documents.~~ The Initial Package Fee may be waived for franchisees who qualify to expand; however, you need to pay the Initial Franchise Fee and sign a new Franchise Agreement, which may contain materially different economic terms than the initial Franchise Agreement you sign. You may not, without our prior written permission, solicit or perform services for customers geographically located within the proposed Territory until you have purchased the Territory and signed a then current Franchise Agreement.

### Minimum Portable Equipment Requirement

You must maintain the following minimum levels of Portable Equipment containers based on the number of Territories that you have:

<b>Minimum Bin Requirements</b>	
<b>Territory Count</b>	<b>Minimum Bin Count</b>
1	60
2	75
3	90

At no time can your number of Portable Equipment bins fall below the levels in the above chart. Also, we reserve the right to (a) require additional containers at an 80% utilization rate and (b) require additional containers at the time of the renewal of the Franchise Agreement and at the time your Franchise Agreement or your COOL BINZ Business is transferred.

Beginning on thirteenth month of operations and continuing each month thereafter, you must pay the greater of (i) the Royalty due or (ii) the Minimum Monthly Royalty of \$1,000.

For the following months, the minimum Gross Sales requirements are:

<b>Month in Operation</b>	<b>Min. Monthly Gross Sales Requirement</b>
0-12	none
13-24	\$9,750
25-36	\$10,500
37-48	\$12,600
≥ 48	\$15,375

If the COOL BINZ Business fails to achieve the required Minimum Gross Sales Requirement and/or fails to achieve the minimum number of Portable Equipment containers during any consecutive three-month period, we reserve the right to terminate the Franchise Agreement. You agree that any franchise or Company Store we designate may provide Services in the Territory. Neither the franchise, Company Store nor we are liable or obligated to pay you any compensation for doing so, and neither the franchise nor we will be considered in breach of any provision of this Agreement or any other agreement between you and us regardless if minimum sales are achieved in the future.

If this is a renewal term, you will be required to meet the Minimum Gross Sales requirement for the greater than ~~4861~~ month level for the first year of the Renewal Term. For all subsequent years of the Renewal Term, you must achieve Minimum Gross Sales growth of at least three percent (3%) per year, each year.

Once a Royalty Fee is paid, it is neither refundable nor applied to any future or past fees owed.

### ITEM 13: TRADEMARKS

Our affiliate, COOL BINZ North America, LLC owns the common law trademarks, service marks, trade names, logotypes, and numerical symbols listed below and licensed us the right to use such marks for promotion, use, license, and sale throughout the United States, its territorial possessions, and the District of Columbia. The Franchise Agreement grants to you the license to operate the System under the COOL BINZ name and logo and under any other trade names, trade dress, indicia, trademarks, service marks, and logos currently used or that may be used in the operation of the System.

The following trademarks, service marks, trade names, logotypes, or other commercial symbols have been applied for with the United States Patent and Trademark Office (“USPTO”), and such applications are still pending, and all required affidavits have been filed unless otherwise noted:

MARK	<u>REGISTRATION/ SERIAL NUMBER</u>	<u>REGISTRATION DATE/ APPLICATION DATE</u>	REGISTER
	<del>7,307,630</del> <u>90658283</u>	<del>April</del> <u>Registered</u> <del>20,</del> <u>February</u> 20, <del>2024</del>	Principal
	97699750	December 1, 2022 <u>(pending)</u>	Principal
COOL-BINZ	97648353	October 26, 2022 <u>(pending)</u>	Principal
Park. Pack. Plug!	97632075	October 14, 2022 <u>(pending)</u>	Principal
As easy as Park. Pack. Plug!	97632077	October 14, 2022 <u>(pending)</u>	Principal

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

We or our parent have filed all required affidavits and renewals with respect to these registrations, and there are no pending infringement, opposition or cancellation proceedings.

We or our parent intend to commence an on-going practice of registering new trademarks for promotional or related advertising activities.

No state trademark registrations have been filed.

Except for the registrations of the above Marks, there are no other effective determinations of the USPTO or of the trademark administrator of any state or court. There are no pending infringement, opposition, or cancellation proceedings or material litigation involving Marks that are relevant to their use.

There are no agreements currently in effect that significantly limit our rights within the United States, to use, or license the use, of the above-mentioned Marks in any manner material to the Franchise.

You will follow our rules when you use the Marks. You may not use any Mark (including the name COOL BINZ) as part of your corporate or legal business name or with modifying words, terms, designs, or symbols (except for those we license to you). You may not use any Mark in selling any unauthorized services or products or in any other way we have not expressly authorized in writing.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, in any infringement, challenge, or claim.

Provided that you have timely notified us of the claim or proceeding and complied with the Franchise Agreement as we determine in our sole discretion, we shall indemnify and hold you harmless against any loss or expense incurred in connection with any such infringement, challenge or claim. If we, in our sole discretion, determine that you have not used the Marks in accordance with the Franchise Agreement, you will bear the cost of such defense, including the cost of any judgment or settlement. You must sign any and all instruments and documents, render the assistance, and do the acts and things that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding, or otherwise to protect and maintain our interest in the Marks, including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out-of-pocket costs in performing such acts.

If it becomes advisable at any time in our sole discretion to modify or discontinue the use of any Mark and/or use one or more additional or substitute names or marks, you must comply with our direction no later than ten days after you have received notice. We will not be liable to you for any expenses, losses, or damages you sustain as the result of any such addition, modification, substitution, or discontinuance of a Mark and you must not commence or join in any litigation or other proceeding against us for any such expenses, losses, or damages.

We do not know of any superior prior rights or infringing uses that could materially affect your use of our principal Mark in any state.

## **ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

### Patents

The following is a list of patents (the “Patents”) that are material to the franchise:

US Non-Provisional having U.S. Ser. No. 17/748,355.

Filing date: May 19, 2022

Status: Pending

The above Patent is for climate-controlled portable storage unit with a window for remote control access to climate controls. The Patents are held by Cool Binz, LLC, and were invented by Kathryn and Ernest Paladino.

Your rights to the use of the patent are derived solely from your Franchise Agreement. You will only use the patented technology as we authorize. In using the patented technology, you must strictly follow our rules, standards, specifications, requirements and instructions which may be modified by us in our discretion. All goodwill associated with patent remains our exclusive property. You may not use the patent with any unauthorized product or service or in any way not explicitly authorized by the Franchise Agreement or that we may otherwise approve. When your Franchise Agreement expires or terminates, all rights for you to use the patented technology shall cease and you shall not maintain any rights to use the patent.

In the event of any infringement of, or challenge to, your use of the patent, you must immediately notify us, and we will have sole discretion to take such action as deemed appropriate. We will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state patent law arising solely from your conforming use of the patent in accordance with the Franchise Agreement or as otherwise set forth by us in writing, if you have notified us promptly of the claim. We reserve the right, under the Franchise Agreement, to discontinue your use of the Patent. The franchise agreement does not provide you with any right to compensation if you are required to modify or discontinue use of the patent.

### Copyrights

We do not own any registered copyrights which are material to the franchise; however, we claim copyrights in the Operations Manuals, System Standards, advertising materials, COOL BINZ Software, business forms, videos, CDs and other printed and advertising material used in operating the System. We have not registered these copyrights with the United States Registrar of Copyrights. You must use these items only in the way we specify and only while operating your COOL BINZ Business. You do not have any rights, including rights to compensation, under the Franchise Agreement if we require you to modify or discontinue using the subject matter covered by any patent or copyright.

The Operations Manuals and System Standards are described in Item 11. You can use the proprietary information contained in the Operations Manuals and System Standards in connection with the operation of your COOL BINZ Business. Although we have not filed an application for a copyright registration for the Operations Manuals or System Standards, we claim a copyright, and the information is proprietary. Item 11 describes limitations on the use of the Operations Manuals by you and your employees. You must promptly tell us if you learn about unauthorized use of our proprietary information. We are not obligated to take any action, but will respond to this information as we think appropriate.

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

The Operations Manuals, System Standards and other materials we possess contain our confidential information and/or trade secrets. This information may include (a) general operating procedures for a COOL BINZ Business; (b) the proprietary COOL BINZ Software and any other Required Software; (c) personnel guidelines for hiring, training, retaining, promoting, and supporting the marketing and sales staff; (d) the training programs; (e) written marketing and advertising materials, audiotapes, videos, and programs for their utilization; (f) knowledge of specifications and suppliers of certain equipment and supplies for the COOL BINZ Business; (g) information on operating results and financial performance of COOL BINZ Businesses other than your own; (h) the Operations Manuals and the COOL BINZ owners internet site and its contents; (i) sales guidelines and strategies for developing business relationships in the insurance industry; (j) Customer Information, as defined below; and (k) any other information we deem confidential. We also own any and all customer lists and their contents that we provide to you and/or that you subsequently develop during the normal course of operating the Business. You are required to keep an up-to-date list of all current and former customers in the COOL BINZ Software, including their name, telephone number, complete mailing address, frequency of service, last date serviced, and price of service (“Customer Information”).

### Proprietary Information

You must disclose to us all ideas, concepts, methods, techniques and products concerning the development and operation of the COOL BINZ Business that you, the Managing Owner, the Designated Manager, or employees conceive or develop during the term of the Franchise Agreement.

We shall own the rights to all such ideas, concepts, methods, techniques and products, regardless of the source, and you must grant to us and agree to procure from your affiliates, owners or employees a perpetual, exclusive and worldwide right to use such ideas, concepts, methods, techniques and products concerning the development and operation of the COOL BINZ Business that you or your employees conceive or develop during the term of the Franchise Agreement.

You must sign all documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials. We will have no obligation to make any lump sum or on-going payments to you with respect to any such idea, concept, method, technique or product. You must agree that you will not use, nor will you allow

any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.

## **ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You must at all times faithfully, honestly, and diligently perform your obligations under the Franchise Agreement. Except as stated herein, you must designate at least one managing owner (the “Managing Owner”) who will be our primary individual contact with the COOL BINZ Business and who we will approve in our sole discretion. A Managing Owner may, in our sole discretion, serve as the Managing Owner of more than one COOL BINZ Business that is owned by you; provided, however, that we may, in our sole discretion, require you to designate a person who will serve as the primary individual contact for this COOL BINZ Business (the “Designated Manager”). We must approve of the Designated Manager in writing, which we may grant in our sole discretion. The Managing Owner and, if applicable, the Designated Manager, must successfully complete our JumpStart and Initial Training Programs as described in and required by the Franchise Agreement. The Designated Manager is not required to have an ownership interest in the COOL BINZ Business. The Managing Owner or, if applicable, the Designated Manager must continuously exert her/his full-time best efforts to manage, promote and enhance the COOL BINZ Business, and such other COOL BINZ Businesses as we permit in our sole discretion. Without our prior written permission, the Managing Owner and, if applicable, the Designated Manager, must not engage in any other business or activity that conflicts with their obligations to operate the COOL BINZ Business on a full-time, year round basis. In the case of multiple owners, the owner with day-to-day responsibility and authority to run the COOL BINZ Business and with whom we will communicate shall be identified on the signature line as the first Managing Owner.

Before commencing operation of the COOL BINZ Business, you must employ at least one person who has completed the Initial Training. At all times during the term of the Franchise Agreement, you must have employed at the COOL BINZ Business a person who has completed the Initial Training.

Before attending the Initial Training and/or upon any change to the legal entity ownership, you must submit to us a corporate resolution, or similar action, which states the name of the corporation or LLC, the legal names of all of the partners or shareholders, the percentage of ownership that each member controls, their place of residence and their agreement to be bound by the terms of the Franchise Agreement. In the case of multiple owners, you must submit a dispute resolution procedure acceptable to us in our sole discretion that states what you will do in the event that there is a conflict between any owners of the franchisee entity. In addition, at all times, the owners who have executed the Franchise Agreement must control 67% of the franchisee entity. The remaining owners must sign a written confidentiality and non-compete agreement in the form we prescribe. All owners and their spouses are required to sign the personal Guaranty Agreement.

At the start of their employment, you must require, as consideration for employment, each of your Managing Owner, Designated Managers, sales and/or account management employees to sign non-disclosure and confidentiality agreements that we have specified or approved. Such agreements will prohibit disclosure, by the employee to any other person or legal entity, of any trade secrets, customer lists, or other information, knowledge, or know-how regarding the System or the operation of the COOL BINZ Business, which is deemed confidential and/or proprietary by

us. Such employee non-disclosure and confidentiality agreements will, to the fullest extent permitted by applicable law, prevent employees from servicing or soliciting any of the customers of your Business, except in their capacities as employees of the COOL BINZ Business. We may require you to send us a copy of such agreements once fully signed.

**ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and provide only and all of the Services that we periodically require for COOL BINZ franchisees in the manner that we prescribe, and you may only provide the Services that we have authorized. You may not market or perform any other services, except the Services, without our express, prior written approval. There are no limits on our right to periodically change required and/or authorized services and service categories, and we may do so at our discretion. Other than the advertising and territorial restrictions (See Item 12), we do not restrict the types of customers that you may service through your COOL BINZ Business. -You may not provide unauthorized products of services for sale through your COOL BINZ Business. -We will provide you with guidelines regarding pricing, staffing requirements and hours of operation, but you are responsible for developing your own workplace standards. As stated above, participation in the NORA programs is optional.

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

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

**THE FRANCHISE RELATIONSHIP**

	<b>Provisions</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 1.C	10 years.
b.	Renewal or extension of the term	Section 11.A	Two additional, consecutive terms of 10 years each.
c.	Requirements for franchisee to renew or extend	Section 11	In order to renew you must: (i) be in compliance with your Franchise Agreement; (ii) not have made certain repeated defaults of your Franchise Agreement; (iii) provide us with notice of your intent to renew within the required time; (iv) sign our then-current franchise agreement, which may contain materially different terms; (v) upgrade and remodel the COOL BINZ Business, as necessary; (vi) sign a general release (such requirement to sign a general release is subject to change in our sole discretion); and (vii) pay us a renewal fee. “Renewal” means entering into a new franchise agreement with us, which may contain materially different terms and conditions from the original franchise agreement.
d.	Termination by franchisee	Not Applicable	Not Applicable. You may terminate the Franchise Agreement by any grounds permitted by state law.

	<b>Provisions</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with cause.	Section 12.B	We may terminate your Franchise Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g.	“Cause” defined – curable defaults	Section 12.C	We may terminate the Franchise Agreement after providing you with notice and a 15-day cure period if you: (i) fail to pay any amounts due to us, or you do not record funds paid to you for jobs completed as required or you default on any loan made to you by us or our preferred lender for the purchase of the Territory; (ii) fail to employ for 2 consecutive months a Designated Manager; (iii) fail to comply with any applicable law, regulation or ordinance; (iv) fail to comply with the Franchise Agreement, the intranet website, Manuals and/or other confidential materials; (v) fail to comply with modifications to the System Standards, intranet website, or Manuals; (vi) fail to make payments on the truck resulting in repossession; (vii) use products or materials that do not meet our System Standards; (viii) fail to provide any required report, statement, or return; (ix) fail to service all customers in a manner consistent with our System Standards; (x) market or advertise to a customer in another Territory without permission; (xi) establish an office location outside of your Territory without our prior written consent; (xii) fail to endorse any payments due to us that is erroneously made to you; (xiii) fail to maintain the hours of operation at the COOL BINZ Business; (xiv) fail to personally supervise day-to-day operation or fail to employ a sufficient personnel; (xv) fail to maintain the strict quality controls; (xvi) conduct yourself in a manner that reflects adversely on the System, the Marks, or the products; or (xvii) fail to procure or maintain any required licenses, certifications, or permits.
h.	“Cause” defined – non-curable defaults	Section 12.A & B	<p>The Franchise Agreement will automatically terminate without notice or an opportunity to cure if: (i) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent; (ii) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any bankruptcy or insolvency law, and are not dismissed within 60 days, or a trustee or receiver is appointed for you or the COOL BINZ Business without your consent, and is not vacated within 60 days; or (iii) you make or attempt to make an unauthorized transfer.</p> <p>We may terminate the Franchise Agreement, immediately, and without an opportunity to cure, effective upon notice, if: (i) your Managing Owner/Designated Manager, fail to attend or successfully complete the required training or the pre-training requirements; (ii) you fail to commence operation of the COOL BINZ Business within the required time period; (iii) you have made</p>

	Provisions	Section in Franchise Agreement	Summary
			a material misrepresentation; (iv) you receive 3 or more notices to cure a similar defaults, within any 2-year period; (v) you are convicted, or plead no contest to, a felony; (vi) you understate your Royalty by 3% or more on 3 or more occasions, during any 2-year period; (vii) you engage in any dishonest or unethical conduct; (viii) you violate any provision regarding confidentiality or non-disclosure; (ix) you abandon; (x) you fail to acquire or maintain the required insurance; (xi) you fail to attend the <a href="#">Annual</a> Convention as required; (xii) your Managing Owner/Designated Manager fails to attend required refresher training; (xiii) any other franchise agreement you have with us or our affiliate is terminated; (xiv) you commit 3 or more defaults-in any 12 month period; (xv) you materially breach any other agreement with us or our affiliates, or any lease, and fail to cure such breach within any cure period; (xvi) you materially violate any provision pertaining to Marks or Confidential Information; (xvii) you violate any safety or sanitation law, ordinance or regulation; (xviii) you violate the in-term restrictive covenant; (xix) a levy or writ of attachment or execution or any other lien is placed against you and not released or bonded within 30 days; (xx) you become insolvent; (xxi) you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier; (xxii) you misuse or make unauthorized use of any COOL BINZ /Required Software; (xxiii) you fail to comply with the anti-terrorism provision; (xxiv) you take for your own personal use any assets or property of the COOL BINZ Business; or (xxv) if there are insufficient funds in your bank account to cover a check or EFT payment 3 or more times within any 12-month period or you fail to achieve minimum sales for 3 consecutive months.
i.	Franchisee’s obligations on termination/no n-renewal	Section 13	Upon termination or early expiration of the Franchise Agreement, your obligations include: (i) pay all amounts owed to us; (ii) de-identify and otherwise stop using the Marks in any manner, including in business names and telephone listings; (iii) return all Confidential Information and customer lists to us; (iv) comply with post-term non-competition covenants; and (v) deliver proof of compliance.
j.	<del>Assignment of contract</del> “Transfer” by franchisor	Section 10.A	No restriction on our right to assign.
k.	“Transfer” by franchisee – definition	Section 10.B	Includes transfer or assignment of the Franchise Agreement, the COOL BINZ Business or any part thereof, and change of your ownership in the franchisee entity and/or COOL BINZ Business.
l.	Franchisor’s approval of	Section 10.B	We must approve all transfers, but we will not unreasonably withhold our approval if you meet our conditions.

	Provisions	Section in Franchise Agreement	Summary
	transfer by franchisee		
m.	Conditions for franchisor approval of transfer	Section 10.B	Conditions to transfer: (i) you are in full compliance with the Franchise Agreement or any <del>other related</del> agreement <u>between you and us, our affiliates, or our designated/approved supplies and vendors,</u> and you have paid all accrued monetary obligations <u>to us, our affiliates, and our designated/approved supplies and vendors;</u> (ii) the transferee meets our then current standards; (iii) the transferee is not operating a competitive business, unless all competitive services as part of the COOL BINZ Business; (iv) you permit us to release to the transferee information about the COOL BINZ Business; (v) transferee signs the then-current form of franchise agreement; (vi) <u>you guarantee the performance of transferee if you finance the sale/assignment;</u> (vii) you pay us a transfer fee, all Royalties and other fees owed, and all commissions, <u>referral</u> and broker fees, if applicable; (viii) transferee completes training; (ix <del>ix</del> ) <u>transferee assumes all obligations to customers and clients;</u> (x) you and the transferee sign a general release (such requirement to sign a general release is subject to change in our sole discretion); (xi <del>ix</del> ) we have approved the material terms of the purchase agreement; (xii) any of transferee's financing obligations are subordinate to payments to us; (xiii) if transferred to a wholly owned company, then you retain a required percentage of such company; (xiv <del>ix</del> ) you have attended training and the COOL BINZ Business is open; (xv <del>ix</del> ) you comply with all post-term obligations; (xvi <del>ix</del> ) transferee obtains all required permits and licenses; (xvii) lessors have consented to transfer, if applicable; (xviii) transfer is made in compliance with all laws; and (xix <del>ix</del> ) transferee purchases an Initial Package.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 10. <del>CD</del>	Before transferring your interest in the Franchise Agreement, you must first offer us the right to purchase the interest on the same terms and conditions contained in any bona fide offer and we have 30 days to decide.
o.	Franchisor's option to purchase franchisee's business	Not Applicable	We do not have an option to purchase your COOL BINZ Business.
p.	Death or disability of franchisee	Section 10. <del>DE</del>	You must transfer within <del>6+2</del> months of your death or disability. If you are an individual, your heirs may continue to operate your COOL BINZ Business. <del>—</del>
q.	Non-competition covenants	Section 6.A	During the Term, you, your Managing Owner and your Designated Manager, shall not: (i) engage in any capacity in any other business offering leasing or portable storage equipment (except for other

	<b>Provisions</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
	during the term of the franchise		franchises or authorizations we enter into with you); (ii) use our Confidential Information, System, intranet website, Manuals, Marks, customer lists, Customer Information, or any colorable imitations, in connection with any business other than the COOL BINZ Business; (iii) attempt to or divert any business or customer of the COOL BINZ Business to any competitor, or do any other act injurious or prejudicial to the goodwill of the Marks or the System. This provision is subject to state law.
r.	Non-competition covenants after the franchise is terminated or expires	Section 13.D	For 18 months from expiration or termination of the Franchise Agreement, you, your owners and, your Designated Manager, shall not (a) engage in any capacity in any business offering leasing or portable storage equipment or any services offered by our affiliates, (b) solicit business from customers of your former COOL BINZ Business, or (c) attempt to or divert any business or customer of the COOL BINZ Business or do any other act injurious to the goodwill of the Marks or the System or engage in any business relationship with any of your customers or former customers, within: (i) the Territory; (ii) the Territories of any COOL BINZ franchisees, COOL BINZ Company Store, or any other COOL BINZ business operator; or (iii) a radius of 50 miles from the Territory. This provision is subject to state law.
s.	Modification of Agreement	Section 15.J	Modification of the Franchise Agreement must be in writing and agreed upon by both parties.
t.	Integration/merger clause	Section 15.L	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sections 15.F.1 and 15.F.2	You must bring any disputes arising out of the Franchise Agreement or any other agreement with us to our President prior to bringing a claim before any third party in an attempt to resolve the dispute internally. After exhaustion of this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Ann Arbor, Michigan, in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect. This provision is subject to state law.
v.	Choice of forum	Section 15.F.3	All claims not subject to mediation must be commenced in the state, or federal court of general jurisdiction in Washtenaw County, Michigan or the United States District Court for the Eastern District of Michigan (subject to state law).
w.	Choice of law	Section 15.H	Except federal law, Michigan law applies (subject to state law).

## ITEM 18: PUBLIC FIGURES

We do not use any public figures to promote our franchise. You have no right to use the name of any public figure for promotional efforts, advertising, or endorsements, except with our prior written consent. No public figure has any investment in the 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 franchised and/or franchisor-owned outlets, if there is any reasonable basis for the information, and if the information is included in the disclosure document. Financial information that differs from that included in Item 19 may only be given if (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The below chart contains historical financial information ~~from January 1, 2023 to the year ending~~ December 31, 2023 (the “Measurement Period”)<sup>2</sup>, achieved by our affiliated-owned location, which has been in operation for more than 12 months, and was the only unit open during that time period.

Table 1 contains ~~R~~revenue received by our affiliate ~~during the Measurement Period in 2023~~ ~~the amount achieve, and the d, and the percentage of total income attributable to each category.~~ ~~The chart also presents the location’s~~ ~~sits~~ expenses, broken down into categories. ~~The data was provided to us by our Predecessor.~~

“Revenue” for purposes of Table 1, shall mean, all sums received by our affiliate in exchange for providing the approved services from the affiliate-owned location.

**Table 1**

<b>Income</b>	<b>2022</b>	<b>%</b>
Rental Income	\$ 232,746	87.00%
Delivery Fee Income	\$ 19,409	7.25%
Insurance Premium Income	\$ 10,488	3.90%
Additional Services	\$ 4,990	1.90%
<b>Gross Income</b>	<b>\$ 267,633</b>	<b>100.00%</b>
<b>Expenses</b>		
Advertising & Marketing	\$ 13,364	5.00%
<del>Auto Expense</del>	<del>\$ 9,617</del>	<del>3.60%</del>
General Administration	\$ 25,396	9.50%
Occupancy Cost	\$ 4,402	1.60%
Driver Expense	\$ 15,640	5.80%
Insurance Costs	\$ 10,919	4.10%
Royalties & Brand Marketing	\$ 29,440	11.00%
Misc Expenses	\$ 113	0.04%
<b>Total Expenses</b>	<b>\$ 108,891</b>	<b>40.64%</b>
<b>Net Income(1)</b>	<b>\$ 158,742</b>	<b>59.36%</b>

<u>Income</u>		-
<u>Revenue</u>	<u>\$ 361,267.00</u>	-

-		-
<b><u>Expenses</u></b>		<b><u>% of Revenue</u></b>
<u>Personnel Costs</u>	\$ 94,925.10	26.3%
<u>Advertising and Marketing</u>	\$ 13,079.00	3.6%
<u>Royalties and Brand Marketing</u>	\$ 39,739.37	11.0%
<u>Technology Fees</u>	\$ 7,535.88	2.1%
<u>Auto Expense</u>	\$ 39,903.50	11.0%
<u>Occupancy</u>	\$ 4,045.99	1.1%
<u>Insurance</u>	\$ 8,427.00	2.3%
<u>Materials and Supplies</u>	\$ 11,518.00	3.2%
<u>Other General and Administrative</u>	\$ 19,713.33	5.5%
<u>Misc Expenses</u>	\$ 4,627.00	1.3%
-		-
<u>Total Expense</u>	\$ 243,514.17	67.4%
-		-
<b><u>Operating Income (EBITDA)</u></b>	<b>\$ 117,752.83</b>	<b>32.6%</b>

Historical Financial Information	2023	
<b><u>Income</u></b>		
Revenue	\$ 361,267.00	
<b><u>Expense</u></b>		
Personnel costs	\$ 94,925.10	26.3%
Advertising and marketing	\$ 13,079.00	3.6%
Royalties and brand marketing	\$ 39,739.37	11.0%
Technology fees	\$ 7,535.88	2.1%
<del>Auto expense</del>	<del>\$ 39,903.50</del>	<del>11.0%</del>
Occupancy	\$ 4,045.99	1.1%
Insurance	\$ 8,427.00	2.3%
Materials and supplies	\$ 11,518.00	3.2%
Other general and administrative	\$ 19,713.33	5.5%
Misc Expenses	\$ 4,627.00	1.3%
Total Expense	\$ 243,514.17	67.4%
<b>Operating Income (EBITDA)</b>	<b>\$ 117,752.83</b>	<b>32.6%</b>

1. Our affiliate-owned location does not pay us royalties or National Marketing Brand Marketing Fees, however, we calculated what it would have paid in the above chart.
2. Our affiliate-owned location owns the land where it has its Office Site. If you will be leasing a space for your Office Site, Item 7 includes estimates that can assist you.
3. Personnel (driver) payroll/Driver expenses vary widely depending on the market region,

the size of your Territory, the benefits you offer, etc.

4. This location has been open and operating for over ~~three-four~~ (34) years and thus this information does not include any information regarding initial fees and expenses that you will incur in the early years of the business. Other than those start-up expenses, the expenses set forth above do not differ materially from future operational franchised outlets.

Table 2 contains information about the rental frequency and the rental rates charged by our affiliate-location in the Measurement Period~~20232~~ ~~fiscal year~~.

**Table 2**

<b>Average Months Rented</b>	9. <del>19</del> months/ <del>61.786.5</del> % of the year
<b>Average Rental Rate</b>	\$ <del>457.5471.21</del>

1. The “Average Months Rented” was calculated from the months each Bin was rented by customers in 202~~32~~, divided by 12 for all bins owned for the full 12 months. The percentage was calculated from a sum of all Bins’ total rental time in 202~~32~~, divided by the available number of months.

2. The “Average Rental Rate” was calculated from each Bins’ average rental rate in 202~~32~~. The highest average rental rate was \$1,899.00 and the lowest average rental rate was \$~~150200~~.00. The median is \$399.00. Each “rental” is typically for a month time period, but may vary.

Table 3 contains a list of rates charged by our affiliate-owned location during the Measurement Period~~in 20223~~ for bin rental. The Standard Rates below are charged per month You will be permitted to establish your own pricing, but may use these rates as a guideline.

**Table 3**

<u>Standard Rate for Bins</u>	<u>Per Month</u>
<u>8x16 Climate Controlled Bin</u>	<u>\$399.00</u>
<u>8x20 Climate Controlled Bin</u>	<u>\$449.00</u>
<u>8x16 Non-Climate Controlled Bin</u>	<u>\$299.00</u>
<u>8x20 Non-Climate Controlled Bin</u>	<u>\$349.00</u>
<u>Mobile Office</u>	<u>\$499.00</u>
<u>Refrigerated Bin</u>	<u>\$1,899.00</u>
<u>Freezer Bin</u>	<u>\$2,299.00</u>
<u>Park &amp; Plug Service</u>	<u>\$79.99</u>

<b>Standard Rate for Bins</b>	
8x16 Climate Controlled Bin	\$ 399.00
8x20 Climate Controlled Bin	\$ 449.00
8x16 Non Climate Controlled Bin	\$ 299.00
<del>8x20 Non Climate Controlled Bin</del>	<del>\$ 349.00</del>
Mobile Office	\$ 499.00
Refrigerated Bin	\$ 1,899.00
Freezer Bin	\$ 2,299.00
Park & Plug Service	\$79.99

**Some outlets have earned this much. - 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 prospective franchisees upon reasonable request.

Other than the foregoing, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting franchisor's management at 731 Fairfield Court, Ann Arbor, MI 48108, 734-864-9799, the Federal Trade Commission, and the appropriate state regulatory agencies.

## **ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

### **TABLE NUMBER 1**

#### **Systemwide Outlet Summary For Years 202~~10~~ to 202~~32~~**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	202 <del>10</del>	0	0	0
	202 <del>21</del>	0	0	0
	202 <del>32</del>	0	0	0
Company Owned*	202 <del>10</del>	1	1	0
	202 <del>21</del>	1	1	0
	202 <del>32</del>	1	1	0
<b>Totals</b>	202 <del>10</del>	1	1	0

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	202 <del>2</del> <sup>1</sup>	1	1	0
	202 <del>3</del> <sup>2</sup>	1	1	0

\*This outlet was owned and operated by our predecessor until 2022 and now is operated by our affiliate.

### **TABLE NUMBER 2**

#### **Transfers of Outlets from Franchisees to New Owners (other than to Franchisor) For Years 202~~1~~<sup>0</sup> to 202~~3~~<sup>2</sup>**

State	Year	Number of Transfers
<b>Totals</b>	202 <del>1</del> <sup>0</sup>	0
	202 <del>2</del> <sup>1</sup>	0
	202 <del>3</del> <sup>2</sup>	0

### **TABLE NUMBER 3**

#### **Status of Franchised Outlets For Years 202~~1~~<sup>0</sup> to 202~~3~~<sup>2</sup>**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
<b>Totals</b>	202 <del>1</del> <sup>0</sup>	0	0	0	0	0	0	0
	202 <del>2</del> <sup>1</sup>	0	0	0	0	0	0	0
	202 <del>3</del> <sup>2</sup>	0	0	0	0	0	0	0

**TABLE NUMBER 4**

**Status of company-owned outlets  
For Years ~~2021~~ to ~~2023~~**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida*	<del>2021</del>	1	0	0	0	0	1
	<del>2022</del>	1	0	0	0	0	1
	<del>2023</del>	1	0	0	0	0	1
<b>Totals</b>	<del>2021</del>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<del>2022</del>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<del>2023</del>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

\*This outlet was owned and operated by our predecessor until 2022 and now is operated by our affiliate.

**TABLE NUMBER 5**

**Projected Openings as of December 31, ~~2023~~**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	<u>2</u> <del>1</del>	0
<del>Arizona</del>	<u>0</u>	<u>3</u>	<u>0</u>
Florida	0	<u>5</u> <del>3</del>	0
Georgia	0	<u>3</u> <del>2</del>	0
<del>Kentucky</del>	<u>0</u>	<u>2</u>	<u>0</u>
Louisiana	0	<u>4</u> <del>2</del>	0
<del>Mississippi</del>	<u>0</u>	<u>2</u>	<u>0</u>
<del>North Carolina</del>	<u>0</u>	<u>2</u>	<u>0</u>
<del>South Dakota</del>	<u>0</u>	<u>1</u>	<u>0</u>
<del>Texas</del>	<u>0</u>	<u>1</u>	<u>0</u>
<b>Total</b>	<b>0</b>	<b><u>20</u><del>10</del></b>	<b>0</b>

Exhibit E to this Disclosure Document includes the names, addresses and telephone numbers of all franchise owners as of December 31, 2023~~22~~. Exhibit F includes the name, city and state, and the current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement between January 1, 2023~~22~~ and December 31, 2023~~22~~, or who has not communicated with us within ten 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 leave the franchise system.

During the last three fiscal years, we did not yet have any franchisees, so there have been no agreements with franchisees that include provisions restricting their ability to speak openly about their experience with us.

Exhibit G-1 lists, to the extent known, the names, addresses, telephone numbers, email addresses and web addresses of each trademark-specific franchisee organization associated with the franchise system that we have created, sponsored or endorsed. ~~Exhibit G-2 lists the independent franchisee organizations that have asked to be included in this Disclosure Document. As of the date of this issuance, there are no organizations that have asked to be included in this Disclosure Document.~~

## ITEM 21: FINANCIAL STATEMENTS

Exhibit B contains ~~the our~~ audited financial statements ~~of our affiliate, BFG Holdco,~~ as of December 31, 2023. ~~BFG Holdco guarantees our obligations to you. Exhibit B also contains our 2, and our unaudited financial statements from the year ended December 31, 2022-the period of January 1, 2023 to June 30, 2023.~~ We have not been franchising for three years and thus cannot

provide the additional audited financial statements ~~required by this Item~~. Our fiscal year-end is December 31.

## **ITEM 22: CONTRACTS**

The following contracts are exhibits within this Disclosure Document:

Exhibit A: Form of Agreements:

- A-1 - Franchise Agreement and Addenda
- A-2 - Confidentiality / Non-Disclosure Agreement
- A-3 - General Release(s) – Upon Renewal or Assignment
- A-4 – Equipment Sales and Security Agreement
- A-5 – Promissory Note

Exhibit D: State-Specific Addenda

Exhibit H: Disclosure Acknowledgement Questionnaire

## **ITEM 23: RECEIPTS**

The final pages of this Disclosure Document (Exhibit K of the Disclosure Document) are detachable receipt pages acknowledging your receipt of the Disclosure Document. If these pages, or any other pages or exhibits are missing from your copy, please notify us immediately. You should sign both copies of the receipt. You should retain one signed copy for your records and return the other signed copy to: Legal and Franchise Administration, Prakash Patel, Legal Administrator, 731 Fairfield Court, Ann Arbor, MI 48108 or via email at [legal@belfrangroup.com](mailto:legal@belfrangroup.com), 734-864-9799.

EXHIBIT A-1  
TO THE FRANCHISE DISCLOSURE DOCUMENT  
COOL BINZ FRANCHISE AGREEMENT



**COOL BINZ FRANCHISE AGREEMENT  
("Franchise Agreement")**

**SUMMARY PAGE**

The following terms are used throughout this Franchise Agreement, its Exhibits and Addenda, and are defined as follows:

1. Cool Binz International, LLC, a Michigan Limited Liability Company, with its principal place of business at 731 Fairfield Court, Ann Arbor, Michigan 48108 (referred to in this Agreement as "we," "us," "ourselves," "Franchisor," or "Licensor").

2. \_\_\_\_\_ (together referred to as the "Owners"), residents of the State of \_\_\_\_\_, and \_\_\_\_\_, a \_\_\_\_\_ company to be formed or already existing whose principal address is \_\_\_\_\_ (referred to in this Agreement as "you," "your," "Franchisee," or "Licensee").

3. This Franchise Agreement shall be effective on the last date ~~it is~~ executed and dated by an authorized representative of Franchisor (the "Effective Date").

4. The "Initial Franchise Fee" referred to in Section 2.A. of the Franchise Agreement is \$\_\_\_\_\_.

5. The "Initial Promotional Package Fee" referred to in Section 2.B. of the Franchise Agreement is ~~-\$7,500~~. The Initial Package Fee referred to in Section 2.B. of the Franchise Agreement shall be between \$555,706 to \$879,000 plus sales tax, which exact sum shall be determined upon Franchisee submitting its Initial Package order.

6. The "Territory" referred to in Section 1.D of the Franchise Agreement will be defined by the following zip codes, as located on the attached map:

This is to confirm your acknowledgement and understanding that zip codes and/or their boundaries change periodically, and in the event of a future change you may continue to market to an existing customer, who is now outside the Territory as a result of a zip code change. Provided, it will be your responsibility to clearly demonstrate that the customer was located in the Territory, when they first became a customer. \_\_\_\_\_ [INITIAL]

In the event a new ZIP code is created entirely within your existing geographic Territory, it will become a part of the Territory, and you may market in it. If a new ZIP code is created along the boundary of the Territory, and if at least one-third of the new ZIP code area is within the Territory, as indicated on the attached map, then you can market to the new ZIP code, with the

understanding an adjoining COOL BINZ owner, who also has one-third of the new ZIP code in their previous Territory, may also be able to market in this new ZIP code. \_\_\_\_\_ [INITIAL]

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### **Exhibits:**

Exhibit A – Designated Personnel

Exhibit B – Franchise Management Software License Agreement

Exhibit C – Telephone and Other Listing Agreement

Exhibit D – Guaranty and Assumption of Franchisee’s Obligations

Exhibit E – Electronic Funds (EFT) Authorization

Exhibit F – State Addenda to the Franchise Agreement

# **Franchise Agreement**

THIS FRANCHISE AGREEMENT is made and entered into on the Effective Date by and between the Franchisor and Franchisee.

## **1. INTRODUCTION, DEFINITIONS, ACKNOWLEDGMENTS, AND AWARD OF FRANCHISE.**

### **A. INTRODUCTION.**

We use, promote and license certain trade and service marks and other commercial symbols in operating businesses that offer leases for a variety of portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and freezers to customers in the United States, including the trade and service mark(s) “COOL BINZ” and “COOL BINZ (design)” (collectively, the “Marks”). These Marks have gained and continue to gain public acceptance and goodwill, and we may continue to create, use, and franchise additional trademarks, service marks, and commercial symbols in operating COOL BINZ Businesses, as defined below.

Through the expenditure of considerable time, we have established a system of marketing, promoting, advertising, managing, conducting and operating businesses that lease a variety of portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and freezers (the “Services”) under the Marks for both residential and commercial buildings (the “COOL BINZ Business,” or “Business”).

We award to persons, who meet our qualifications and who are willing to undertake the investment and effort, a franchise to own and operate a COOL BINZ Business offering the services and products we authorize and approve while utilizing our business formats, methods, procedures, signs, standards, specifications, and Marks (the “System”).

Following your evaluation of the System, you have expressed to us your desire to obtain the right to develop, own, and be franchised to operate a COOL BINZ Business.

This Agreement governs the ongoing relationship between you and us.

### **B. DEFINITIONS AND ACRONYMS.**

The following terms which are used in this Section and throughout this Agreement are defined as follows:

*Affiliate:* any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. For purposes of this definition, “control” means the power to direct or cause the direction of management and policies.

*COOL BINZ Affiliates:* A collective reference for COOL BINZ franchisee(s), Company Store(s), us and/or COOL BINZ North America, LLC (“CBNA”).

*COOL BINZ Corporate Territory:* The zip-codes that are owned by us, and have not been awarded to a COOL BINZ franchisee or a Company Store.

*Chain Customer:* A non-residential customer, a group of customers, a partner or group of partners that operate under a common ownership or control, under the same trademarks or service marks through independent franchises, or some other association located at multiple addresses.

*Company Stores:* A COOL BINZ office that is owned by CBNA.

*Customer:* Any person or company who purchases goods or services from you. It includes those who make the purchase on their own behalf as well as those who purchase on the behalf of a third party.

*Portable Equipment:* storage containers, devices and equipment designated or approved by us.

*Territory:* The specific area where the COOL BINZ Business is to be operated, which consists of a set of zip codes.

### **C. AWARD OF FRANCHISE.**

You have applied for a franchise to own and operate a COOL BINZ Business. Subject to all of the terms and conditions of this Agreement, we hereby award you a franchise (the “Franchise”) to operate a COOL BINZ Business utilizing the System and the Marks in the Territory that you and we have agreed to as described on the Summary Page and in Section 1.D below. There are no Territory protections related to providing services to customers located within your Territory. Other COOL BINZ franchisees, or outlets we own, may accept jobs and service customers in your Territory without restriction or limitation. No other COOL BINZ franchisee or Company Store may advertise in print, media, door-to-door, mass electronic communication, or direct web-based advertising within your Territory. Should you not be in full compliance with this Agreement, we reserve the right to allow other compliant COOL BINZ franchisee or Affiliate to perform work in your Territory. Additionally, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Franchise Agreement grants you the right to operate the COOL BINZ Business only within the Territory defined in the Franchise Agreement.

The term of the franchise will be ten (10) years (the “Initial Term”) commencing on the date of this Agreement.

You must at all times faithfully, honestly, and diligently perform your obligations under this Agreement. Except as stated herein, you must designate at least one managing owner (the “Managing Owner”) who will be our primary individual contact with the COOL BINZ Business and who we will approve in our sole discretion. A Managing Owner may, in our sole discretion, serve as the Managing Owner of more than one COOL BINZ Business that is owned by you; provided, however, that we may, in our sole discretion, require you to designate a person who will serve as the primary individual contact for this COOL BINZ Business (the “Designated Manager”). We must approve of the Designated Manager in writing, which we may grant in our sole discretion. The Managing Owner and, if applicable, the Designated Manager, must successfully complete our JumpStart and Initial Training Programs as described in and required by the Franchise Agreement. The Designated Manager is not required to have an ownership interest in the COOL BINZ Business. The Managing Owner or, if applicable, the Designated Manager must continuously exert her/his full-time best efforts to manage, promote and enhance the COOL BINZ Business, and such other COOL BINZ Businesses as we permit in our sole

discretion. Without our prior written permission, the Managing Owner and, if applicable, the Designated Manager, must not engage in any other business or activity that conflicts with their obligations to operate the COOL BINZ Business on a full-time, year round basis. In the case of multiple owners, the owner with day-to-day responsibility and authority to run the COOL BINZ Business and with whom we will communicate shall be identified on the signature line as the first Managing Owner.

Before commencing operation of the COOL BINZ Business, you must employ at least one person who has completed the Initial Training. At all times during the term of the Franchise Agreement, you must have employed at the COOL BINZ Business a person who has completed the Initial Training.

Before attending the Initial Training and/or upon any change to the legal entity ownership, you must submit to us a corporate resolution, or similar action, which states the name of the corporation or LLC, the legal names of all of the partners or shareholders, the percentage of ownership that each member controls, their place of residence and their agreement to be bound by the terms of the Franchise Agreement. In the case of multiple owners, you must submit a dispute resolution procedure acceptable to us in our sole discretion that states what you will do in the event that there is a conflict between any owners of the franchisee entity. In addition, at all times, the owners who have executed the Franchise Agreement must control 67% of the franchisee entity. The remaining owners must sign a written confidentiality and non-compete agreement in the form we prescribe.

At the start of their employment, you must require, as consideration for employment, each of your Managing Owner, Designated Managers, sales and/or account management employees to sign non-disclosure and confidentiality agreements that we have specified or approved. Such agreements will prohibit disclosure, by the employee to any other person or legal entity, of any trade secrets, customer lists, or other information, knowledge, or know-how regarding the System or the operation of the COOL BINZ Business, which is deemed confidential and/or proprietary by us. Such employee non-disclosure and confidentiality agreements will, to the fullest extent permitted by applicable law, prevent employees from servicing or soliciting any of the customers of your Business, except in their capacities as employees of the COOL BINZ Business. We may require you to send us a copy of such agreements once fully signed.

#### **D. TERRITORY.**

Within the Territory, you have the right to (1) advertise, market, and provide any Customer with the Services, except as otherwise described in this Agreement; (2) you have the right to NORA referrals for zip codes assigned to your Territory, except as provided in Sections 1.F and 7.A of this Franchise Agreement. We cannot guarantee your participation in these programs. If you are not compliant with your Franchise Agreement, program requirements, or fail to perform program work adequately, we may direct NORA referrals to another franchisee or ourselves; (3) you have the right to Call Center referrals for ZIP codes assigned to your Territory, subject to Section 2.I. below; and (4) you have the right to have the only COOL BINZ office location in your Territory. You may not advertise via print, media, door-to-door, mass electronic communications, or direct web-based advertising outside of the Territory without our approval, and we reserve the right to charge a penalty fee if you do so. Advertising outside of your Territory is a default of this Agreement and if you do so, then we may charge you a fee of the greater of \$1,000 or the cost of the job (“Out of Territory Fee”), and/or termination of your Franchise Agreement. There are no Territory protections related to providing Services to customers located within your Territory.

Other COOL BINZ franchisees, or outlets we own, may accept jobs and Service customers in your Territory without restriction or limitation.

COOL BINZ franchisees and Company Stores may not advertise within your Territory without your and our written approval, except as provided in Sections 1.D and 2.F of Franchise Agreement. If you are not in full compliance with this Agreement, then we have the right to allow another compliant COOL BINZ franchisee or Company Store to advertise in your Territory.

You may not advertise in any way, any Customers outside the Territory, even if the area has not been awarded to another COOL BINZ Affiliate, without our prior written permission. All ZIP codes that have not been awarded to a COOL BINZ franchisee or Company Store are corporately owned (“COOL BINZ Corporate Territory”) and you may not advertise there without our prior written permission.

You must also select your business office site within the Territory (“Office Site”), and we must approve such Office Site in our sole discretion. You may not locate your office outside of the Territory without our express written consent and if you do so, then we may charge you an Out of Territory Fee. If your Office Site is located outside of the Territory (pursuant to our prior permission), you agree that if a COOL BINZ franchisee purchases the Territory where your Office Site is located, or if a Company Store is opened, you will move the location of your Office Site to another site approved in writing by us, unless you have obtained written authorization from us, as well as from the new COOL BINZ franchisee.

You may relocate the Office Site within the Territory at your sole discretion but must immediately notify us of the change in address.

#### **E. RIGHTS WE RESERVE.**

We retain, as we deem appropriate, the rights to:

1. establish, and allow other COOL BINZ franchisees to establish, COOL BINZ Businesses at any location outside of the Territory on any terms and conditions, but subject to the same marketing restrictions upon their servicing in the Territory that you are subject to when servicing in their Territory; under no circumstances will another COOL BINZ Business or Company Store advertise in print media, door-to-door, mass electronic communication, or direct web-based marketing in the Territory, without your prior written consent, except only as provided in Section 1.D and 2.F of this Agreement;
2. establish, solicit, market to and build regional and national account relationships, whose offices may be located in the Territory as is further outlined in Sections 1.F and 1.H of this Agreement;
3. offer and sell services and products anywhere that does not comprise a part of the Territory and, in connection with this right, to exploit our Marks, name, reputation, and know-how;
4. solicit and perform leasing of portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers,

mobile offices, mobile refrigeration units and/or freezers in any geographic market within or outside your Territory, in accordance with Section 1.E (7) and (9) and Section 1F below;

5. acquire businesses providing services similar to those provided under the System and to be acquired by such a business;
6. sell products under the Marks within and outside the Territory through any method of distribution. This includes sales of products using the Marks through alternative distribution channels. You may not use alternative distribution channels to make sales outside or inside the Territory and you may not receive compensation for sales of products using the Marks through alternative distribution channels except as described in the following paragraph.
7. if we engage in electronic commerce through any Internet, World Wide Web, or other computer network site, or sell through any other alternative distribution channel, and we receive orders for any System products or Services calling for delivery or performance in the Territory, we will offer the order to you at the price we establish. If you choose not to fulfill the order, if you do not meet the requirements, or otherwise are unable to fulfill the order, then we, or another Affiliate may fulfill the order, and you will be entitled to no compensation in connection with this.
8. make sales within the Territory of products or Services under trademarks different from the Marks you will use under this Agreement.
9. use and license to engage in any other activities not expressly prohibited in this Agreement.

Although we have not done so, we and our Affiliates may sell products under the Marks within and outside the Territory through any method of distribution, although within your Territory it may not be through a COOL BINZ Business so long as you are in compliance with the Franchise Agreement. This includes sales through such channels of distribution as the Internet, catalog sales, telemarketing, or other direct marketing sales (collectively, the “Alternative Distribution Channels”). You may not use Alternative Distribution Channels to make sales outside or inside the Territory and you may not receive compensation for our sales through Alternative Distribution Channels except as described in the following paragraph.

We and our affiliates may use Alternative Distribution Channels to make sales within the Territory of products or services under trademarks different from the Marks you will use under this Agreement.

#### **F. NATIONAL AND REGIONAL ACCOUNT (“NORA”) PROGRAMS.**

We have the exclusive right to negotiate and enter into agreements or approve forms of agreement to provide services to National or Regional Account (“NORA”) customers. The term NORA includes any customer which on its own behalf or through agents, licensees, or other third parties owns, manages, controls or otherwise has responsibility for a business in more than one (1)

location for the benefit of the System, and regardless of the aggregate contract amount of the services to be performed. Any dispute as to whether a particular customer is a NORA shall be determined by us in our sole discretion and our determination shall be final and binding. Following the execution of a contract with or the acceptance of a bid by a NORA customer which contemplates the provision of services to one (1) or more NORA customers who are located in your Territory, we may, if you are qualified to perform the services and conditioned upon your substantial compliance with the terms of the Agreement and any other applicable agreements, provide you the opportunity to perform such services pursuant to the terms and conditions of the NORA contract or on such terms and conditions as we, at our sole discretion, determine are appropriate. You agree to provide services to all NORA customer referrals within your Territory. You further agree to provide all services in strict adherence to the COOL BINZ performance and process standards and all service guidelines and performance standards of the NORA. You may be required to enter into a service agreement to participate in certain NORA programs.

If you are not able or not willing to provide services to a NORA customer in conformity with the terms and conditions of the NORA contract, or fail to make an election within the time we specify after being offered the opportunity, we have the right, exercisable in our sole discretion, to (i) provide, directly or through any affiliate or other franchisee, services to the NORA customer; and/or (ii) contract with another party to provide such services to the NORA customer. In either event, neither you nor the Business shall be entitled to any proceeds from the provision of Services provided to the customer of a NORA.

If a NORA job is referred to you, you agree to abide by the System, methods and procedures, as outlined in the Operations Manual and System Standards or otherwise in writing (as defined in Section 3.E of this Agreement), which include, but are not limited to the following:

1. Respond to the Customer within 60 minutes with acceptance and scheduling information. If a call comes in after your normal operating hours, you must respond within 60 minutes of opening. If you do not make contact with the Customer within two (2) hours of receiving a job (or two (2) hours of opening if it came in after hours), the job will be deemed to have been turned down. We may then assign the job to the closest Affiliate in compliance with their franchise agreement with no compensation to you.
2. If you are conducting a NORA project, and the Customer has additional requirements, you agree to follow those requirements, which will be provided to you in writing. You may be required to sign a contract with the Customer amending the base NORA national contract for that service location. All work is subject to the terms, conditions and pricing established by us for that national contract or the National Strategic Partner as a prerequisite for participation in these programs. These terms may vary depending on the situations and circumstances.
3. At your option, you may decide not to perform Services for any one (1) or more of the NORA(s) contracted in your Territory. You agree to allow us to select another COOL BINZ Affiliate to perform the work with no further obligation to you.
4. In the event that you do not comply with all of the requirements in a NORA national contract, or if we are directed by a NORA Customer at any time for any reason to not have you perform a NORA job in the Territory, then we reserve the right to refer such NORA business to another COOL BINZ Affiliate and you agree to fully

indemnify us for any non-compliant work you perform on a NORA project. If a NORA Customer expresses a concern about you, we will cooperate with you to resolve the NORA's concerns. However, after we exercise what we believe to be reasonable efforts to rectify the problem, if the NORA continues to refuse to do business with you, or you decline to do business with them, then you agree that any Affiliate that we designate may provide services for that NORA in the Territory. In any event, neither the Affiliate nor we (a) are liable or obligated to pay you any compensation for doing so, and (b) will be considered in breach of any provision of this Agreement or any other agreement between you and us.

5. For purposes of coordinating efforts and results of NORA programs, you must provide us with copies of all reports, forms and notices relating to your pursuit and servicing of a NORA national contract, on a timely basis, using the forms we may specify from time to time. You also agree to coordinate with us any solicitations you conduct that may have potential for development as a NORA. If you are currently servicing a NORA Contract listed on our website, you must notify us in writing about each account, including the date of the last service and your NORA Contracts on the account, in the format that we provide. Copies of any contracts must be provided to us. This information must accompany this fully executed Agreement.

We or our designee may offer a job referred to you for less than what we are being paid for the job by the third party. This is to cover our administration responsibilities in securing the job, and is in addition to the normal Royalty that is due to us. You have the option to turn down NORA referrals, as described above. Alternatively, we may assess a fee of no more than three percent (3%) of Gross Sales for administering the national or regional accounts program. No fee is currently assessed, but it may be during the term of this Agreement.

#### **G. CO-VENTURING/MAJOR EVENTS.**

Any project or enterprise undertaken jointly by two (2) or more COOL BINZ franchisees will be known as "Co-Venturing". Co-Venturing with other franchisees must be managed through us and you may not negotiate directly with other COOL BINZ franchisees without our prior written approval.

In the event of national, regional, or local catastrophic event, significant weather event, or any single large loss project (each a "Major Event") within or outside of your Territory, we and our affiliates shall have the sole right to direct and control the provision of Services. You understand and agree that upon a Major Event, we, our affiliates, other existing System franchisees will be able to perform Services within the Territory and neither you nor the COOL BINZ Business will be entitled to any proceeds from the provision of Services performed by third parties within your Territory. Additionally, upon a Major Event, we may request you and other existing System franchisees to mobilize or dispatch containers to any site or sites, regardless of the distance from the COOL BINZ Business' Territory. Your participation upon a Major Event is not a requirement.

#### **H. OTHER BUSINESSES.**

It is agreed and understood no other business or business operations may be undertaken through your legal entity or by the Managing Owner. Owners, including the Managing Owner, may not own or operate any business which conducts services identical or similar to us.

## **2. FEES AND OTHER MONETARY REQUIREMENTS.**

### **A. INITIAL FRANCHISE FEE.**

Upon signing of the Franchise Agreement, you must pay an initial franchise fee of \$59,900 (the “Initial Franchise Fee”). The Initial Franchise Fee is deemed fully earned upon payment and non-refundable under any circumstances. The Initial Franchise Fee purchases a Territory that will encompass approximately 350,000 to 450,000 people to a maximum of 500,000 people (“Territory”).

For a Territory with populations greater than 450,000 people, the Initial Franchise Fee will equal the Initial Franchise Fee above, plus \$0.20 for each person over 450,000 (the “Additional Fee”).

For example, the Initial Franchise Fee for a Territory with a population of 500,000 will be computed as follows:

$$\$59,900 + (50,000 \times .20) = \$69,900$$

The Initial Franchise Fee offsets the expenses we incur in registering, marketing, awarding, training, and opening new franchises, and is non-refundable.

If you wish to purchase multiple Territories at the time you sign your first Franchise Agreement with us, then we will reduce the Initial Franchise Fee for the second Territory to \$49,900 and the Initial Franchise Fee for the third Territory to \$39,900. The discount is only applicable if you purchase additional Territories at the same time as your initial Franchise purchase, and the discount will be applied to the Initial Franchise Fee for two additional Territories only. The discount cannot be combined with any other discount and will not be granted toward any future Territory expansions.

If you are currently a franchisee in good standing, as determined by us, with one of our franchising affiliates (a “Related Franchisee”), then you may qualify to purchase a COOL BINZ Business with a discounted Initial Franchise Fee. The initial fees for a Related Franchisee will be twenty-five percent (25%) off of the then-current Initial Franchise Fee, and such discounted fee is limited to up to two (2) Franchises, which must be purchased at the same time.

The determination of people is only for the purposes of determining the Initial Franchise Fee and is not a representation as to the potential number of customers in the Territory, either at the commencement of or during the course of the Term of this Agreement.

If this is a renewal term (“Renewal Term”), the Initial Franchise Fee is waived. However, you must pay the renewal fee, as set forth in Section 11.D of this Agreement. The renewal fee is non-refundable and deemed fully earned upon payment. As a condition to entering into a Renewal Term, we may require you to purchase new or additional equipment, remodel or refurbish your vehicle or retail space, or other perform other renovations, at your sole expense.

If this is a transfer term (“Transfer Term”), the Initial Franchise Fee is waived. However, you or the selling owner, will need to pay the then-current Transfer Fee. The Transfer Fee is not refundable and is and deemed fully earned upon payment. The transferee may be required to purchase some or all of the Initial Package, in our discretion, and remodel or refurbish your vehicle or retail space, or other perform other renovations, at its sole expense.

## B. INITIAL PACKAGE FEES/CONTAINER ASSEMBLY AND SET-UP FEE.

You must pay us, or a vendor designated by us in our sole discretion:

- (i) A fee ranging from ~~\$579,995~~~~55,706~~ to \$9879,000, plus sales tax, for the initial truck, mule, bins, and equipment needed to begin operation of the business (“Initial Package”); and
- (ii) A fee in the amount of \$7,500~~0~~, plus sales tax, or supplies needed to begin operation of the business including logo wear, stationery, the Kickstart digital marketing program, consumables, ~~and~~ other promotional items, and the Convention Allowance, (the “Initial Promotional Package”).

The fees due for the Initial Package and the Initial Promotional Package are collectively referred to as the “Initial Package Fee” herein. The Initial Package Fee is due and payable before receipt of the Initial Package and the Initial Promotional Package. The Initial Package and the Initial Promotional Package items will be shipped to you F.O.B. from certain locations which may include West Bloomfield, MI, Exton, PA, Mount Clemons, MI, or another location at our discretion. The Initial Package Fee is non-refundable and deemed fully earned upon payment.

You are required to purchase or lease a vehicle that meets our standards and specifications to be used to provide the Services to Customers. We hold the rights to change the approved vehicle and standards at any time. We also reserve the right to require you to purchase or lease the initial vehicle and any additional vehicle from an approved supplier.

If this is a Transfer Term, you are required to purchase the Initial Promotional Package but may not be required to purchase the entire Initial Package. However, we reserve the right to require you to purchase additional equipment if the existing equipment is deficient in any way. If this is a Renewal Term or if you are purchasing an additional franchise agreement, you are not required to purchase the Initial Package or the Initial Promotional Package.

Prior to opening your COOL BINZ Business, you must also pay a fee between ~~\$54,000~~ to us for two days of initial assembly and set-up of the Equipment needed for the operation of the COOL BINZ Business (the “Container Assembly and Set-Up Fee”). The Container Assembly and Set-Up Fee is deemed fully earned upon payment and non-refundable under any circumstances.

## C. ROYALTY.

You shall pay us a monthly royalty (the “Royalty”) equal to nine percent (9%) of Gross Sales, as defined below in Section 2.D. Beginning in month thirteen (13) of operations, if the percentage Royalty is less than \$1,000, then you will be required to pay the minimum monthly royalty of \$1,000 instead. You shall pay us a Royalty equal to nine percent (9%) of your Gross Sales until your Gross Sales exceed \$500,000 in a calendar year. Once you exceed \$500,000 in Gross Sales in a calendar year, your Royalty will decrease to eight percent (8%) of Gross Sales for the remainder of the calendar year, plus the entire following calendar year. If you fail to achieve over \$500,000 in Gross Sales in the following calendar year, your Royalty will revert to 9%. If for any reason you are not in compliance with the Franchise Agreement, we reserve the right to

reset the Royalty to nine percent (9%) for the remainder of the calendar year, at which time you must re-qualify for the discounted Royalty the following year.

For purposes of paying the Royalty, we follow the calendar month. If you transfer this Agreement to a new owner, the Royalty for all completed jobs must be paid on (a) the day of closing, or (b) on the effective termination date of this Agreement. Every month, we will scan the COOL BINZ Software or other Required Software, as applicable, (defined below) and find all jobs which have had changes in the amounts paid by Customers since the previous month, and compute Royalties on the amount of the change. We will provide an itemization of the jobs on which Royalties will be assessed, and the total of the Royalties, in the form, format, and medium we decide in our sole discretion. On the tenth (10<sup>th</sup>) of each month (or other date that we designate), we will initiate a transfer of funds between our bank accounts for the amount indicated in the itemization from the bank account designated by you in the electronic funds transfer (“EFT”) agreement attached to this Agreement as Exhibit E. We may specify different due dates periodically in our discretion.

You must sign and deliver to us, before the COOL BINZ Business opens, the documents we require to authorize us to automatically debit your business checking account each month for the Royalty due on Gross Sales from the preceding month, including the EFT Agreement. You also must promptly and regularly report a correct statement of all of your Gross Sales in the COOL BINZ Software or another software program within the Required Software that we designate, along with any other information we specify, in the form and on the schedule we require.

If you fail to report your Gross Sales for any month as required, or to record receipt of payments received within 48 hours of being received, we can debit your account on the tenth (10<sup>th</sup>) of the month for the same Royalty amount that we debited during the previous month. If the Royalty we debit from your account is greater than the Royalty you actually owe us (once we have determined your true and correct Gross Sales for the month), we will credit the excess against the amount we otherwise would debit from your account in the following month. If the Royalty we debit from your account is less than the Royalty you actually owe us, we will debit your account for the balance of the Royalty due on the following tenth (10<sup>th</sup>) of the month. Our debit of your account will not relieve you of your obligation to pay any late fees or interest due under Section 2.E of this Agreement.

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

We reserve the right to record receipt on your behalf for all accounts receivable in the event this Agreement is terminated and you have not already done so by the effective date of termination.

#### **D. DEFINITION OF GROSS SALES.**

You must report your Gross Sales each month. “Gross Sales,” as used in this Agreement, includes all revenue generated from operating the COOL BINZ Business, whether in cash, in services in kind, from barter and/or exchange, or otherwise. All barter and/or exchange transactions for which you furnish Services and/or products in exchange for goods or services will, for the purpose of determining Gross Sales, be valued at the full retail value of the goods and/or services you provide. You may deduct from Gross Sales the amount of all sales tax receipts or similar tax receipts that, by law, are chargeable to customers, if these taxes are separately stated when the Customer is charged. In accordance with our policies as published periodically, you may

also deduct from Gross Sales the amount of any documented refunds that we consider appropriate. You must pay Royalties only on the receipt of the cash, services in kind, barter and/or other exchange. All payments received for jobs must be recorded in the COOL BINZ Software or other software program within the Required Software that we designate within 48 hours of being received.

**E. LATE REPORT FEE, LATE PAYMENT SERVICE FEE AND INTEREST.**

If the Royalty or any other fee that is due is not available in your account for debiting when due, a late payment fee will be imposed of \$50, whichever sum is greater, for each day past due (“Late Payment Fee”). If you do not report your Gross Sales as required and/or you fail to submit your Royalty reports when due, a fee will be imposed of \$50 per week for each week past due (“Late Report Fee”). Additionally, interest will be imposed at the rate of 18% per annum or the maximum rate permitted by applicable law, whichever is greater, from the date these amounts were originally due until the date paid (“Interest Fee”). If we debit your account for monies owed and there are insufficient funds available, we will also charge our current non-sufficient fund fee (“NSF Fee”). We can automatically debit your account for the Late Payment Fee, NSF Fee, Late Report Fee, Interest Fees and all other fees owed to us.

You acknowledge that this paragraph does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance the operation of the COOL BINZ Business. Notwithstanding the provisions of this Section, your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 12.B. of this Agreement.

**F. REQUIREMENT TO MAINTAIN A MINIMUM LEVEL OF PORTABLE EQUIPMENT AND MINIMUM LEVEL OF GROSS SALES**

You acknowledge and agree that we have awarded you this COOL BINZ Business and Territory with the expectation that you will be able to develop a COOL BINZ Business that will achieve a minimum level of Portable Equipment containers and a minimum level of Gross Sales (“Minimum Gross Sales Requirement”). The Business will be required to maintain the following minimum levels of Portable Equipment containers based on the number of Territories:

<b>Minimum Bin Requirements</b>	
<b>Territory</b>	<b>Bin Count</b>
1	60
2	75
3	90

At no time can your number of Portable Equipment containers fall below the levels in the above chart. Also, we reserve the right to (a) require additional containers at an 80% utilization rate and (b) require additional containers at the time of the renewal of the Franchise Agreement and at the time your Franchise Agreement or your COOL BINZ Business is transferred.

Beginning on thirteenth (13) month of operations and continuing each month thereafter, you must pay the greater of (i) the Royalty due or (ii) the Minimum Monthly Royalty of \$1,000.

For the following months, the minimum Gross Sales will be:

<b>Month in Operation</b>	<b>Min. Monthly Gross Sales Requirement</b>
0-12	none
13-24	\$9,750
25-36	\$10,500
37-48	\$12,600
≥ 48	\$15,375

If the COOL BINZ Business fails to achieve the required Minimum Gross Sales Requirement and/or fails to achieve the minimum number of Portable Equipment containers during any consecutive three-month period, we reserve the right to terminate the Franchise Agreement. You agree that any franchise or Company Store we designate may provide Services in the Territory. Neither the franchise, Company Store nor we are liable or obligated to pay you any compensation for doing so, and neither the franchise nor we will be considered in breach of any provision of this Agreement or any other agreement between you and us regardless if minimum sales are achieved in the future.

If this is a renewal term, you will be required to meet the Minimum Gross Sales requirement for the greater than 48 month level for the first year of the Renewal Term. For all subsequent years of the Renewal Term, you must achieve Minimum Gross Sales growth of at least three percent (3%) per year, each year.

Once a Royalty Fee is paid, it is neither refundable nor applied to any future or past fees owed.

**G. LOCAL ADVERTISING - CUSTOMER ACQUISITION AND RETENTION.**

We are not required to conduct advertising for you or the System. We may provide you with advertising, promotional or marketing materials for you to use in local advertising, but we are not obligated to do this. We will provide you the business phone number and fax number to be used by the COOL BINZ Business. This number will be forwarded to any device(s) that you choose.

Under the mandatory KickStart marketing program, which is included in your Initial Promotional Package, you will receive approximately \$5,000 in digital marketing to promote the opening of your business.

You must also spend a minimum of 10% of Gross Sales annually on local advertising until your fleet of Portable Equipment containers are at least 80% rented and then, at that point, you are required to spend at least 5% of Gross Sales annual on local advertising. You must use our approved advertising and marketing materials, or receive our written approval of any and all other advertising and marketing materials before their first use. In order to obtain approval of advertising and marketing materials, you must submit such proposed advertising material to us for review at least ten business days before the proposed first use. If we take no action within such ten business day period, the materials shall be deemed disapproved and you may not use such materials. The

approval or disapproval is in our sole discretion. We also may, in our sole discretion, require you to immediately discontinue use of any advertising or marketing materials at any time, even if previously approved or provided by us. All advertising and marketing materials must meet our then-current standards and specifications. We may, in our sole discretion, offer and sell advertising, marketing, and promotional materials at any time. Certain items, such as your truck, yard signs and furnace stickers must reference the COOL BINZ national toll free number. You may not alter or remove reference to the national toll free number. You have no obligation to purchase any of these materials or forms from us, but you may be required to purchase such materials from approved or designated suppliers, or participate in our local marketing programs, like our call center and/or direct mail solicitations at your expense. (Section 2.G of the Franchise Agreement).

Following the System, primarily through affinity marketing programs, direct mail, networking, and sales calls, you will market your COOL BINZ Business's services directly to residences, commercial entities and governments/municipalities that require leasing portable storage containers located within the Territory. Included in your Initial Promotional Package is an opening inventory of promotional materials to initiate your marketing program. The primary marketing media we have found to be effective are affinity marketing programs, direct mail and face to face meetings, networking and partner development. We may vary the source of advertising by using one or a combination of in-house, national agencies and/or regional agencies.

You are also required to be a member of at least one local or community-based business organization, such as your local Chamber of Commerce, BNI, Caerusnet, or similar organization. We reserve the right to change this requirement from time to time. (Section 2.G of the Franchise Agreement).

We have the right to formulate and design the content of the materials, and to discontinue the materials if, in our sole business judgment, we determine a more effective alternative method of advertising. Any other forms of advertising must be approved by us in writing. We may, with 30 days' notice to you, require that you use and pay for a call center that we authorize to answer incoming sales calls.

In addition, we have established a ~~brand~~national marketing fund (the "~~National MarketingBrand Marketing~~ Fund") for the common benefit of System franchisees. You must contribute two percent (2%) of your Gross Sales monthly to the ~~National MarketingBrand Marketing~~ Fund (the "~~National MarketingBrand Marketing~~ Fee") in the manner we prescribe.

We will use the ~~National MarketingBrand Marketing~~ Fund, in our sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs, which promote, in our sole judgment, the services offered by COOL BINZ franchisees. We have the sole right to determine contributions and expenditures from the ~~National MarketingBrand Marketing~~ Fund, or any other advertising program, and the sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend ~~National MarketingBrand Marketing~~ Fund in the general best interests of the System on a national or regional basis. We may use the ~~National MarketingBrand Marketing~~ Fund to satisfy any and all costs of maintaining, administering, directing, preparing, producing, and implementing advertising, including the cost of: (i) preparing, producing, and implementing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising; (ii) public relations activities and advertising agencies; (iii) developing and maintaining an Internet website;

and personnel and other departmental costs for advertising that we internally administer or prepare. Nevertheless, we acknowledge that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. While we do not anticipate that any part of the ~~National MarketingBrand Marketing~~ Fund will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the ~~National MarketingBrand Marketing~~ Fund for public relations or recognition of the “COOL BINZ” brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.”

We may periodically assist COOL BINZ franchisees to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives (“Surveys”). The cost of such programs will be borne by the ~~National MarketingBrand Marketing~~ Fund. The cost of these programs may be charged directly to you if the results from a Survey fall below System established minimum standards for such Surveys.

We have the right to reimburse ourselves from the ~~National MarketingBrand Marketing~~ Fund for such reasonable costs and overhead, if any, that we may incur in activities reasonably related to the direction and implementation of the ~~National MarketingBrand Marketing~~ Fund.

We are not required to contribute to the ~~National MarketingBrand Marketing~~ Fund. We may, but are not obligated to, advance money to the ~~National MarketingBrand Marketing~~ Fund to fund ~~National MarketingBrand Marketing~~ Fund programs. In the event that we advance monies to the ~~National MarketingBrand Marketing~~ Fund, we will determine, in our sole discretion, the manner and timing for the repayment, to us, of some, or all, of the funds we advance.

We will prepare on an annual basis, within 120 days of the end of the fiscal year, and make available to you upon written request, a statement of contributions and expenditures for the ~~National MarketingBrand Marketing~~ Fund. The ~~National MarketingBrand Marketing~~ Fund does not have to be independently audited.

## **H. MANAGEMENT SOFTWARE LICENSING AGREEMENT AND FEES; COMPUTER SYSTEM; INTRANET.**

Throughout the term of this Agreement, you must:

1. utilize our then-current franchise management software system in the operation of the COOL BINZ Business, which may be developed by us or designated by us (the “COOL BINZ Software”), unless we approve an alternate software supplier;
2. sign and maintain a quarterly renewable COOL BINZ Software licensing agreement (attached as Exhibit B to this Agreement);
3. pay the then-current monthly technology fee for the COOL BINZ Software (the “Technology Fee”) in the same manner and at the same time as you pay the monthly Royalty; and
4. utilize, sign a license agreement for, and pay for, any future proprietary software program we may designate for use with the System.

We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a compatible “back office” computer system that complies with our standards and

specifications; (ii) a custom and proprietary point of sale system (the “POS System”), if we make such a POS System part of our proprietary operating system in the future; (iii) printers and other peripheral hardware or devices; (iv) archival back-up systems; (v) Internet access mode and speed; and (vi) physical, electronic, and other security systems (collectively, the “Computer System”). Currently, your Computer System must include a DSL or cable modem high-speed Internet connection located at your Office Site that meets the requirements of the System Standards and for handling of our then-current COOL BINZ Software or other Required Software.

We shall have the right, but not the obligation, to develop or designate: (i) computer software programs you must use in connection with any component of the Computer System, including the COOL BINZ Software, designated business management software and designated accounting software (the “Required Software”), which you shall install at your own expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which you shall install at your own expense; (iii) the tangible media upon which you record data; and (iv) the database file structure of the Computer System. You will be responsible for the payment of all fees associated with the Required Software (including the COOL BINZ Software), Computer System and POS System.

At our request, you shall purchase or lease, and thereafter maintain, the Computer System, COOL BINZ Software, and the Required Software. You agree to pay all fees associated with the use of COOL BINZ Software and any other Required Software, which may be payable to us or our approved or designated suppliers. You expressly agree to strictly comply with our then-current standards and specifications for all items associated with your Computer System, COOL BINZ Software and any Required Software, including any security software. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such upgrades, additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. You agree that your compliance with this Section shall be at your sole cost and expense.

We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the COOL BINZ Business to us. We shall also have the right to, at any time without notice, electronically connect with your Computer System to monitor or retrieve data stored on the Computer System or for any other purpose we deem necessary. There are no contractual limitations on our right to independently access the information and data on your POS System, COOL BINZ Software, and Computer System. You shall deliver to us all access codes, static Internet protocol (“IP”) addresses and other information to facilitate our access to the data described in this Section within 30 days of opening the COOL BINZ Business. All client and customer data is our property and any data not accessible to us upon termination or expiration of the Franchise Agreement must be provided to us immediately.

You must obtain the computer hardware necessary to implement the COOL BINZ Software and any Required Software, and comply with all specifications and standards prescribed by us regarding the COOL BINZ Software and any Required Software as provided in the Operations Manuals, System Standards or otherwise in writing. We reserve the right to create additional proprietary software programs (to be included as part of the Required Software), which you must use in connection with the COOL BINZ Business. The Required Software, including

the COOL BINZ Software, will be our proprietary product, and the information collected therefrom will be deemed our confidential information.

You are required to participate in any System-wide computer network, intranet system, or extranet system that we implement and may be required by us to use such computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the System Standards and Operations Manuals, including any updates or modifications thereto; (iii) download approved local advertising materials; (iv) communicate with us and other COOL BINZ franchisees; and (v) to complete any initial or ongoing training. You agree to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the System Standards and/or Operations Manuals, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

#### **I. HIGH SPEED INTERNET CONNECTION, ELECTRONIC MAIL NETWORK, WEBSITE AND BUSINESS PHONE.**

You must subscribe to, maintain, and utilize a ~~DSL~~fiber-optic, cable, or satellite high speed Internet connection and email network account with independent suppliers which periodically we approve. If you do not receive written approval within ten days of our written receipt of your request, such supplier will be considered disapproved. You must use an email name that we have approved that will have “@cool-binz.com” as its suffix for all business-related correspondence. You also must use, subscribe to, and pay for, as directed by us, a customized website connected to our website and managed by our website provider. You may not attempt to redirect the customized website. You also must subscribe to, maintain, and utilize the phone model, type and provider that we designate as well as the phone service from the company we designate. As technology advances and new discoveries are made, we have the right to require that you use other technological items, as well as to designate the specific companies, models and/or types that you must use for these technological services.

You also must use, subscribe to, and pay for, as directed by us, a customized website connected to our website and managed by our website provider. You may not attempt to redirect any traffic on the customized website. You may not implement a website or URL for the COOL BINZ Business either yourself or through a third-party provider. We have sole discretion and control over the website (including timing, design, contents and continuation).

We may, but are not obligated to, create interior pages on the website(s) that contain information about the COOL BINZ Business and other COOL BINZ Businesses. If we do create such pages, we may require you to prepare all or a portion of the page for the COOL BINZ Business, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting.

You agree to establish and maintain a separate profile, page or other presence on social media in connection with the COOL BINZ Business in accordance with the System Standards. Prior to establishing such social media page(s), you are required to obtain our prior written approval of the content to be posted on such social media page(s). If such approval is granted by

us, you must: (i) establish and operate such social media page(s) in accordance with System Standards and any other policies we designate in the Operations Manuals or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). We recommend, but do not require, that you update the social media page(s) at least monthly.

We shall have the right to modify the provisions of this Section.

We may use a portion of the ~~National Marketing~~Brand Marketing Fund or the monthly Technology Fee to pay or reimburse ourselves for the costs incurred in connection with the development, maintenance and update of our website.

We will provide you, ~~at no charge,~~ the business phone number and fax number to be used by the Business. This number will be forwarded to any device that you choose. As part of your local marketing, this number must be dedicated to your COOL BINZ Business. You must maintain a 24-hour answering system on this business number, use an approved script for answering calls, and you must continually list the COOL BINZ Business in the primary Internet and telephone directory servicing the Territory and, at a minimum, to maintain a trademark listing advertising your Business in the primary directory servicing the Territory

We currently offer a service through which selected phone calls to our toll-free phone number will be forwarded to you or us. In the offering of this service, we will use commercially reasonable efforts to maintain this service 24 hours per day, seven days per week, subject to acts of God or circumstances beyond our reasonable control, including power outages and the unavailability of telephone services. In the phone routing process, we use commercially reasonable efforts to route calls from prospective customers requesting service in the Territory to you. We do not guarantee that every phone call requesting service in the Territory will be routed to you. We reserve the right to modify or terminate this service at any time, in our sole discretion, including, without limitation, the right to require that all customer calls be directed through our toll-free line or any other telephone number we designate. Currently, the cost of this toll-free number and forwarding call is including in the Technology Fee. (Section 2.I of the Franchise Agreement).

#### **J. ADMINISTRATIVE FEE.**

You must pay to us the then-current administrative fee (the “Administrative Fee”) upon your request or when we are required due to your actions or request, to amend the Franchise Agreement or when you ask us to consent to various transactions or to services for which a specific fee is not imposed elsewhere in this agreement or the System.

#### **K. COLLECTION FEE.**

We retain, as we deem appropriate, the right to contact Customers who are delinquent in their payment of 180 days or more, initiate collection procedures on your behalf, and take the full amount of any Royalties owed to us from any amounts collected and apply collection fees up to an additional ten percent (~~35~~40%) (the “Collection Fee”) of the amounts collected on your behalf. We will credit you with any amounts collected, net of any Royalties and Collection Fees. You may not sue or otherwise hold us liable in any way for our pursuit of these collection procedures.

#### **L. OUTSTANDING ROYALTIES AND FEES OF PREDECESSOR.**

In the event you were awarded your COOL BINZ Business as a result of your purchase of all or substantially all of the assets of the COOL BINZ Business owned by a previous franchisee in the Territory, you must pay us the following fees if they are not timely paid by your predecessor, or negotiated in your purchase agreement:

1. Our then-current Transfer Fee to defray expenses we incur in the transfer; and
2. Any and all outstanding Royalties, amounts owed for purchases from us, Late Payment Fees, Late Report Fees, Interest Fees, NSF Fees and any other fees owed, plus interest, as well as any applicable broker fees, whether incurred by you or by your predecessor franchisee.

#### **M. OUT OF TERRITORY FEE.**

As described in Section 1.D., advertising outside of your Territory is a default under the Franchise Agreement. A second incident or default for advertising outside your Territory will result in a fine of the greater of \$1,000 or the cost of the job and/or termination of your Franchise Agreement.

#### **O. NORA FEE.**

We may provide services to national and/or regional accounts that require centralized overview and support, and for purposes of responding to requests and referrals for Services through our franchise system, managing those relationships, answering calls placed to our toll-free number or a national account on-line access system. In that case, we may charge you a National or Regional Accounts Fee (“NORA Fee”) of up to three percent (3%) of Gross Sales generated by the account. The purpose of this fee is to defray the cost of providing national/regional account management services to the franchise system. We do not plan to charge a fee for simple referrals where we do not directly manage the relationship with the customer, but we reserve the right to do so.

### **3. TRAINING AND GENERAL GUIDANCE.**

#### **A. TRAINING.**

Your Managing Owner and, if applicable, Designated General Manager, must successfully complete our JumpStart initial training program (the “JumpStart Training Program”) within two (2) months of signing this Agreement, before attending Business Manager and Technical Operations Training (as defined below) and before the opening of the COOL BINZ. The JumpStart Training Program is our preparation program that includes numerous pre-opening activities.

The JumpStart Training Program is a self-guided process, with additional guidance from our training team, along with our Operations Manual (as defined in Section 3.E of this Agreement) which we will loan to you. All JumpStart Training Program activities are to be completed before attending Business Manager and Technical Operations Training and before the opening of the COOL BINZ Business and are conducted in your hometown by you with assistance from our home office staff. You shall begin the JumpStart Training Program immediately upon your signing and return to us of this Agreement and the initial fees. During the JumpStart Training Program, we will schedule a Business Manager and Technical Operations Training for you to attend at a later time. Business Manager and Technical Operations Training sessions are typically offered each month.

We may waive your attendance at the Business Manager and Technical Operations Training, in our discretion, if you already operate a COOL BINZ Business and you purchase an additional franchise from us.

Before you begin operating the COOL BINZ Business, we will furnish business manager and technical operations training (the “Business Manager and Technical Operations Training”) to the Managing Owner or, if applicable, the Designated General Manager, at no additional fee. The Managing Owner or, if applicable, the Designated General Manager must complete the Business Manager and Technical Operations Training to our satisfaction and failure to do so will result in the termination of this Agreement. The Business Manager and Technical Operations Training may not commence until you have paid all fees due to us and must be completed within six (6) months of the effective date of this agreement.

The Business Manager and Technical Operations Training will last up to four (4) days in duration at Naples, FL or another location designated by us. You will be responsible for all travel and living expenses that you and your employees/owners incur for this Business Manager and Technical Operations Training.

In the event that you own multiple COOL BINZ Businesses and have your Managing Owner already at another COOL BINZ Business who has already completed the Business Manager and Technical Operations Training, the Managing Owner will still be required to successfully complete the most recent online training modules essential to the role of ownership.

You may designate, with our approval and on a “space available” basis, additional persons to attend other sessions of the Business Manager and Technical Operations Training for which you will be charged our then-current Business Manager and Technical Operations Training fee. In addition, each person we approve to attend the Business Manager and Technical Operations Training will be required to sign our then-current form of confidentiality and non-disclosure agreement before the start of training. The Business Manager and Technical Operations Training fee will be due and payable before the start of the training program and you will be responsible for the payment of all travel and living expenses incurred by your designees while training.

The Managing Owner or, if applicable, the Designated General Manager, must attend the COOL BINZ ~~annual~~-convention every year it is offered. If you fail to attend the ~~Annual~~ Convention, without our prior written permission, you must pay the Convention Non-Attendance Fee of \$1,000. The Managing Owner or, if applicable, Designated General Manager also must attend periodic refresher training courses and conferences, not to exceed one (1) convention/conference per year, at the times and locations we determine, and for which we may charge fees. We will determine the duration, curriculum, and location of any such sessions. You will be responsible for all travel and living expenses that are incurred by you or your employees/owners while attending such session.

In the event that the Designated General Manager terminates their employment with you, you are required to designate a successor for our written approval, which we will grant in our sole discretion, within ten (10) days of such termination. Such successor Designated General Manager must attend the next available Business Manager and Technical Operations Training. In the event, that the successor Designated General Manager does not successfully complete the next available Business Manager and Technical Operations Training, you may appoint one (1) additional person as the successor Designated General Manager. This second successor Designated General Manager must attend and successfully complete the next available Business Manager and

Technical Operations Training. If this second successor Designated General Manager does not successfully complete the next available Business Manager and Technical Operations Training, you will be in default of this Agreement and this Agreement will be subject to termination pursuant to Section 12 of this Agreement. At all times during the term of this Agreement, you must have employed at the COOL BINZ Business a person who has completed the Business Manager and Technical Operations Training program.

If this is a Renewal Term or if this is an additional COOL BINZ Business being awarded to you, and your Managing Owner or, if applicable, the Designated General Manager, have already attended Business Manager and Technical Operations Training, the requirement that you attend the Business Manager and Technical Operations Training is waived, except as described above with respect to the online training modules and continuing training obligations. In such cases, if your Managing Owner or, if applicable, the Designated General Manager do attend Business Manager and Technical Operations Training, you will be assessed our then-current training fee. You will also be responsible for all travel and living expenses that you and your employees/owners incur while training.

## **B. GENERAL GUIDANCE.**

You will have access to information helpful to the operation of the COOL BINZ Business based on reports you submit to us and/or inspections that we make. In addition, we may furnish guidance to you, to the extent we determine necessary in our sole discretion, on the following topics:

1. new products, services, and methods which we may have discovered or have developed for the System;
2. the purchase and use of supplies, uniforms, equipment, and products;
3. the formulation and implementation of advertising and promotional programs using such merchandising, marketing, and advertising research data and advice as we may periodically develop for use in your local market;
4. the financial and daily operation of the COOL BINZ Business including its accounting and record keeping functions;
5. support for our required franchise software management system, as defined in the Licensing Agreement;
6. A contact telephone number, which may be used by you for communications with us;
7. Periodic modifications to the Operations Manuals and periodic modifications to the System Standards;
8. Periodic refresher training courses and conferences, not to exceed one per year; and
9. other business and marketing advice.

This guidance will, at our discretion, be furnished in our confidential Operations Manual, bulletins, or other written materials, conferences, conventions, or other training sessions, toll-free telephone consultations, electronic communications, and in consultations at our office or the offices of the Business.

### **C. REFERENCE GUIDE.**

We maintain Operations Manuals and System Standards that contain mandatory and suggested specifications, standards, operating procedures, and rules that we prescribe periodically for the operation of a COOL BINZ Business, and information on your other obligations under the Franchise Agreement and related agreements. We may modify the Operations Manual and System Standards periodically to reflect changes in the System and you will be required to follow the revised Operations Manual and System Standards.

You must keep your copies of the Operations Manuals and System Standards current and in a secure location in the principal office of the COOL BINZ Business. If there is a dispute over the contents, the master copy of each of the Operations Manuals/System Standards that we maintain at our principal office will be controlling. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manuals or System Standards. If all or any of the Operations Manuals or System Standards are lost, destroyed, or significantly damaged, you must obtain replacements at our then applicable charge. The Operations Manuals and System Standards are specifically incorporated by reference into this Agreement, and you must comply with the Operations Manuals and System Standards as essential aspects of your obligations under the Franchise Agreement. Failure to substantially comply with the Operations Manuals and/or System Standards may be considered a breach of this Agreement.

### **D. DELEGATION OF PERFORMANCE.**

You agree that we have the right to delegate the performance of any portion or all of our obligations and duties under this Agreement to designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

### **E. OPERATIONS MANUAL.**

Upon attendance at the Business Manager and Technical Operations Training, we will loan to you one (1) or more manuals, technical bulletins or other written or electronically recorded materials covering the proper operating and marketing techniques of the COOL BINZ Business. Such written or electronically recorded materials, including the COOL BINZ owner's intranet website, plus all directives, books, pamphlets, bulletins, memoranda, order forms, packing slips, invoices, letters, e-mail, Internet or Intranet data, or other publications, documents, software programs, video tapes, transmittances or communications, in whatever form (including electronic form) prepared by or on behalf of us for use by the COOL BINZ franchisees generally or for you in particular, setting forth information, advice and standards, requirements, operating procedures, instructions or policies, as same may be added to, deleted or otherwise amended by us from time to time in our sole discretion, relating to the operation of the COOL BINZ Business, are all considered as part of the "Operations Manual." You agree that the Operations Manual is specifically incorporated by reference into this Agreement and that it shall be considered a part hereof, and that you shall comply with the Operations Manual as an essential aspect of your obligations under this Agreement and failure by you to substantially comply with the Operations

Manual may be considered a breach of this Agreement. To the extent that any terms in this Agreement conflict with those in the Operations Manual, this Agreement shall govern and supersede such conflicting terms.

You agree to use the Marks and System only as specified in the Operations Manual. The Operations Manual is the sole property of us and shall be used by you only during the term of this Agreement and in strict accordance with the terms and conditions hereof. You agree that such Operations Manual shall be deemed to be a trade secret and you shall not duplicate the Operations Manual nor disclose its contents to people other than your employees or officers who need the information contained therein to perform their jobs and who have signed a nondisclosure and noncompetition agreement in a form approved by us. You shall furnish copies of all such nondisclosure and noncompetition agreements to us immediately upon execution. You shall not make any paper or electronic copies of the Operations Manual without our prior written consent. You shall return the Operations Manual, together with all copies of any portion thereof, to us immediately upon the expiration, termination or assignment of this Agreement.

We reserve the right to revise the Operations Manual from time to time in our sole discretion as we deem necessary to update operating and marketing techniques or standards and specifications. You shall immediately update your copy of the Operations Manual as instructed by us and shall conform your operations with the updated provisions as soon as practicable, but no later than 30 days after receipt of receipt of any updated information, unless otherwise agreed to in writing us. You acknowledge that the master copy of the Operations Manual maintained by us at our principal office shall be controlling in the event of a dispute relative to the content of any Operations Manual.

If all or any of the Operations Manual is lost, destroyed, or significantly damaged, you must obtain replacements at our then applicable charge.

#### **4. MARKS.**

##### **A. OWNERSHIP AND GOODWILL OF MARKS.**

1. You acknowledge that we and/or our affiliate own and have all rights to the Marks.
2. Your right to use the Marks is derived only from this Agreement and is limited to your operation of the COOL BINZ Business in accordance and in compliance with this Agreement and all System Standards we prescribe from time to time during its term.
3. You must use only the Marks that we designate in writing, and to use them only in the manner that we authorize.
4. You agree that your use of the Marks, and any goodwill established by this use, will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interest in the Marks upon you (other than the right to operate a COOL BINZ Business under this Agreement). Upon expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System and the Marks,
5. All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols that we authorize you to use.

6. The right and license of the Marks awarded to you under this Agreement is non-exclusive, and we may:
  - a. award other licenses and franchises for the Marks, in addition to those licenses and franchises already awarded;
  - b. use the Marks in connection with marketing and selling of any products and services as we deem appropriate; and
  - c. develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and grant licenses thereto without providing any rights therein to you.

## **B. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.**

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, in any infringement, challenge, or claim. We have sole discretion to take the action we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office (“USPTO”) proceeding, or any other administrative proceeding arising out of any infringement, challenge, claim or otherwise relating to any Mark. Provided that you have timely notified us of the claim or proceeding and complied with this Agreement as we determine in our sole discretion, we shall indemnify and hold you harmless against reasonable litigation expenses incurred in connection with any such infringement, challenge or claim. If we, in our sole discretion, determine that you have not used the Marks in accordance with this Agreement, you will bear the cost of such defense, including the cost of any judgment or settlement. You must sign any and all instruments and documents, render the assistance, and do the acts and things that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding, or otherwise to protect and maintain our interest in the Marks, including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket costs in performing such acts.

## **C. LIMITATIONS ON YOUR USE OF MARKS.**

1. You must use the Marks as the only identification of the COOL BINZ Business, except that you must identify yourself as the owner of an independent entity in the manner that we prescribe.
2. You must affix the Marks upon such vehicles, uniforms, equipment, containers, fixtures, signs, stationary, advertising, sales/promotional materials, and such other objects, in such size, color, lettering style and fashion, and at such places as we may designate in the Operations Manual.
3. You must not use the Marks, or any words or symbols confusingly similar to them, as part of any corporate or other legal name or with any prefix, suffix, or other modifying words, terms, designs, or symbols. You may not use the Marks in connection with the sale of any unauthorized product or service, on an Internet

website of your own design, or in any other manner not explicitly authorized in writing by us.

4. Except as expressly provided in the Operations Manual, you may not display any other trademarks, logotypes, symbols, or service marks, nor may you use any other marks in connection with the Marks, or with the COOL BINZ Business, without our prior written approval.
5. You promise that all advertising and promotional materials that you use will bear the appropriate “SM,” “TM,” “®,” or “©” registration symbol and/or such other appropriate notice of ownership, registration, or copyright as we may require.
6. You must submit to us, for our approval, the assumed or trade name (the “DBA”) you intend to use in the operation of the COOL BINZ Business before filing for it as required by local laws. We may approve or disapprove such DBA at our discretion. All filings or affidavits, following your receipt from us of an approved DBA, must state that the filing or affidavit is made as “a franchisee of COOL BINZ.” The approved DBA is the only DBA that you may use. You may not use a different name under any circumstances, including as a domain name, URL address, marketing, or for any other function.
7. Our parent is the lawful and sole owner of the domain name [www.COOL-BINZ.com](http://www.COOL-BINZ.com). You cannot register any of the Marks that are now or in the future owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue using of website using the Marks. You may access our website. Except as we authorize in writing in advance, you may not: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain names in connection with your COOL BINZ Business. The only exception is that you may list the COOL BINZ Business in an online directory.
8. In order to obtain approval of any use of the Marks, including all advertising containing any Marks, your identification or your DBA, you must submit such proposed use, identification or DBA to us for review at least ten (10) business days before the proposed first use. If we take no action within such ten (10) business day period, such use, identification or DBA shall be deemed disapproved. The approval or disapproval is at our sole discretion. We also may, at our sole discretion, require you to immediately discontinue use of any Mark, advertising, identification or DBA at any time, even if previously approved or provided by us.
9. You must submit and receive our written approval in advance for any person that you desire to act as a representative for you in connection with local promotion of the COOL BINZ Business or Marks in a public media.

#### **D. DISCONTINUANCE OF USE OF MARKS.**

If it becomes advisable at any time in our sole discretion to modify or discontinue the use of any Mark and/or use one (1) or more additional or substitute names or marks, you must comply with our direction no later than ten (10) days after you have received notice. We will not be liable to you for any expenses, losses, or damages you sustain as the result of any such addition, modification, substitution, or discontinuance of a Mark, and you must not commence or join in any litigation or other proceeding against us for any such expenses, losses, or damages.

## **5. CONFIDENTIAL AND PROPRIETARY INFORMATION.**

### **A. CONFIDENTIAL INFORMATION.**

1. We possess (and will continue to develop and acquire) certain confidential information (the “Confidential Information”) relating to the development and operation of COOL BINZ Businesses. The Confidential Information includes (without limitation):
  - a. general operating procedures for a COOL BINZ Business;
  - b. the proprietary COOL BINZ Software;
  - c. personnel guidelines for hiring, training, retaining, promoting, and supporting the marketing and sales staff;
  - d. the Business Manager and Technical Operations Training;
  - e. written marketing and advertising materials, audiotapes, videos, and programs for their utilization;
  - f. knowledge of specifications and suppliers of certain equipment and supplies for the COOL BINZ Business;
  - g. information on operating results and financial performance of COOL BINZ Businesses other than your own;
  - h. The Operations Manual and the COOL BINZ owners intranet website and its contents;
  - i. sales guidelines and strategies for developing business relationships in the insurance industry;
  - j. The Customer Information, as defined in Section 5.B below; and
  - k. Any other information we deem confidential.
2. You acknowledge and agree that you do not acquire any interest in Confidential Information, other than the right to utilize that which is disclosed to you in operating the COOL BINZ Business during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You also acknowledge and agree that the

Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you must, during and at all times after the term of this Agreement:

- a. not use Confidential Information in any other business or capacity;
  - b. maintain the absolute confidentiality of Confidential Information;
  - c. not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form;
  - d. adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure to employees of the COOL BINZ Business and others; and
  - e. immediately upon the expiration of termination of this Agreement, return and cease using in any way all Confidential Information and provide us with immediate access to all computer or other electronic or other storage media, including without limitation, hard drives, memories, CDs, floppy disks, DVDs, zip drives, PDAs, jump drives or other peripheral drives and memory cards, containing any Confidential Information for the purpose of removing such Confidential Information or, if mutually agreed upon, surrender such devices to us.
3. The foregoing restrictions will not apply to the information that:
- a. is now public knowledge or hereafter becomes public knowledge through no fault of yours;
  - b. is properly provided to you without restriction by a third party having no such restriction;
  - c. is required to be disclosed by order of a competent court or governmental authority, provided, however, that you provide us with prompt written notice of any claim or litigation that could give rise to such a requirement, you furnish only that portion of the Confidential Information that you are required to disclose, and you advise the governmental authority of your confidentiality obligations under this Agreement and seek to obtain appropriate protective orders or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.
- 5 You must disclose to us all ideas, concepts, methods, techniques and products concerning the development and operation of the COOL BINZ Business that you, the Managing Owner, the Designated General Manager, or employees conceive or develop during the term of this Franchise Agreement. We shall own the rights to all such ideas, concepts, methods, techniques and products, regardless of the source, and you must grant to us and agree to procure from your affiliates, owners or

employees a perpetual, exclusive and worldwide right to use such ideas, concepts, methods, techniques and products concerning the development and operation of the COOL BINZ Business that you or your employees conceive or develop during the term of this Agreement. You must sign all documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials. We will have no obligation to make any lump sum or on-going payments to you with respect to any such idea, concept, method, technique or product. You must agree that you will not use, nor will you allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.

## **B. PROPRIETARY INFORMATION/CUSTOMER LISTS/ INBOUND AND OUTBOUND CALL LISTS.**

You acknowledge and agree that we own any and all Customer lists and their contents that we provide to you and/or that you subsequently develop during the normal course of operating the Business. You must keep an up-to-date list of all current and former Customers in the COOL BINZ Software, including their name, telephone number, complete mailing address, frequency of service, last date serviced, and price of service (“Customer Information”). You acknowledge and agree that we have available to us through the COOL BINZ Software, an electronic copy of a complete list of current and former Customers, including their name, telephone number, complete mailing address, frequency of service, last date serviced, and price of service, and other information concerning such Customers. You acknowledge and agree that we may have available to us through the phone company that we designate a listing of all inbound and outbound calls. The information will be utilized periodically in the development and execution of various marketing strategies for the mutual benefit of you and us. We retain sole discretion in the development of all marketing strategies. You promise not to use any Customer Information for any purpose other than in the normal operation of the Business without our prior written approval. You may not file suit against any of our Customers without our prior express written permission. We reserve the right to communicate with people on the Customer list.

## **6. COVENANTS NOT TO COMPETE.**

### **A. FOR YOU.**

During the term of this Agreement, you and your Managing Owner, and your Designated General Manager (if applicable) shall not:

1. engage as an owner, partner, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any other business offering leasing of portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and/or freezers or other services that are the same as or similar to the services sold by the COOL BINZ Business (except for other franchises or authorizations we enter into with you);
2. use our Confidential Information, System, COOL BINZ owners’ intranet website, Operations Manual, Marks, Customer lists, Customer Information, trade secrets, trade dress, proprietary knowledge, or know-how, or any colorable imitations, in

the design, development, or operation of any business other than the COOL BINZ Business franchised hereunder, unless specifically authorized by us;

3. Divert or attempt to divert any business or customer of the COOL BINZ Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

## **B. YOUR EMPLOYEES.**

At the start of their employment, you must require, as consideration for employment, each of your Managing Owner, Designated Managers, sales and/or account management employees to sign non-disclosure and confidentiality agreements that we have specified or approved. Such agreements will prohibit disclosure, by the employee to any other person or legal entity, of any trade secrets, customer lists, or other information, knowledge, or know-how regarding the System or the operation of the COOL BINZ Business, which is deemed confidential and/or proprietary by us. Such employee non-disclosure and confidentiality agreements will, to the fullest extent permitted by applicable law, prevent employees from servicing or soliciting any of the customers of your Business, except in their capacities as employees of the COOL BINZ Business. We may require you to send us a copy of such agreements once fully signed.

## **C. OUR RIGHT TO ENFORCE NON-COMPETITION COVENANTS.**

You agree and acknowledge that a violation of the covenants not to compete as listed in this Section and/or in Section 13.D will result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete. Further, you expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement or otherwise, will not constitute a defense to the enforcement by us of these covenants not to compete. You must pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by us in connection with the enforcement of these covenants not to compete, if you are found to be in violation of your confidentiality and/or your non-competition obligation(s) under this Agreement. The protection awarded in this Section and/or in Section 13.D will be in addition to, and not in lieu of, all other protections for such trade secrets and confidential information as may otherwise be afforded in law or in equity.

The parties expressly agree that the time and geographical limitations contained in this Section and in Section 13.D are reasonable and necessary to protect us and other franchisees from unfair competition if this Agreement expires or is terminated for any reason.

## **7. SYSTEM STANDARDS.**

### **A. COMPLIANCE WITH SYSTEM STANDARDS.**

You acknowledge and agree that the operation and maintenance of your COOL BINZ Business according to System Standards is essential to preserve the goodwill for the Marks and all COOL BINZ franchisees. Therefore, at all times during the term of this Agreement, you agree that the Managing Owner or, if applicable, the Designated General Manager, devote your full-time

best efforts to operate and maintain your Business according to each and every System Standard, even if you believe that a System Standard is not in the System's or your franchise's best interests. System Standards may be periodically modified and supplemented during the term of this Agreement and you must comply with any such changes immediately upon notice to you. Furthermore, you must use your best efforts to assure that your employees and representatives conduct themselves, during business hours and/or whenever they are in a vehicle with a COOL BINZ logo, or a company uniform with a COOL BINZ patch, in a manner which is consistent with the professional and ethical image of the System.

You will offer and provide all of the Services that we periodically require for COOL BINZ franchisees, and in the manner we prescribe.

System Standards, to be specified and periodically amended in the Operations Manual or otherwise in writing, may include, without limitation, standards and specification regarding:

1. use and display of the Marks;
2. Services and products which we authorize you to sell to the public;
3. the use of supplies and equipment;
4. a dress code, during business hours, for you, your employees and your representatives;
5. suppliers you may use for the purchase of uniforms for you, your employees and your representatives;
6. vehicle type, model, color, supplier, trademark representation, and appearance (no rust or body damage). These specifications are included in our Operations Manual. All vehicles purchased or leased for the COOL BINZ Business are to be, and maintained, in a "good" condition as defined by KELLY BLUE BOOK ("good" condition means that the vehicle is free of any major defects). The paint, body and interior must have only minor (if any) blemishes, and there may not be any major mechanical problems. In states where rust is a problem, this should be very minimal. All vehicles used in connection with the business are to be decaled as required by us and the decals are to be free of defects. You will be required to submit photos of all vehicles used in connection with the COOL BINZ Business in the manner and format we prescribe;
7. business forms and stationary;
8. designated and approved suppliers for business assets and supplies using our Marks;
9. types and amounts of insurance coverage;
10. compliance with applicable laws including obtaining required licenses and permits, payment of all taxes, assessments, fees, fines, and penalties arising out of the operation of the COOL BINZ Business;

11. adhering to good business practices, observing high standards of honesty, integrity, fair dealing, and ethical business conduct in all dealings with customers (including, but not limited to, maintaining, at all times, professional behavior with all Customers, vendors and our personnel), suppliers, and us, and notifying us if any action, suit, or proceeding is commenced against you or your legal entity;
12. general operations including maintaining, at a minimum, Monday through Friday 8:00 AM to 5:00 PM business hours, sales, marketing, advertising, and promotional programs, call center usage, phone type/model/provider, and materials and media used in these programs, personnel practices, bookkeeping, accounting, data processing, and record keeping systems, and forms, methods, content, and frequency of reports to us of sales and financial performance, and the furnishing of tax returns related to the COOL BINZ Business and other operating and financial information to us;
13. respond to any and all customers' inquiries or complaints within one (1) business day, and resolve it within seven (7) days of the initial complaint, to reasonably insure positive customer relations and maintain the goodwill of the System, even when such response may necessitate re-performing a task not completed to the Customer's satisfaction or a refund of moneys received;
14. any other aspect of the operation and maintenance of your COOL BINZ Business that we determine periodically to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and the System;
15. public figures you choose in connection with local promotions;
16. use of a phone system, computer, electronic mail and website that meets our requirements, as periodically updated;
17. marketing, advertising, and promotional material prepared by you;
18. number of employees to necessary provide prompt courteous service;
19. timing of the training of other employees for the COOL BINZ Business;
20. use and installation of a GPS unit in each service vehicle used in connection with the COOL BINZ Business and pay the then-current fee to the applicable third-party vendor, if required;
21. necessary amounts of working capital; and
22. any other aspect of the operation and maintenance of your COOL BINZ Business that we determine periodically to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and the System.

You agree to refrain from committing any act or pursuing any course of conduct that tends to bring our Marks into disrepute.

You must use your best efforts to promote and increase the demand for COOL BINZ Business. All of your advertising and promotion must be completely factual and conform to the highest standards of ethical advertising. You agree to refrain from any business or advertising practice which may be injurious to the COOL BINZ Business or the goodwill associated with the Marks and System.

You are solely responsible for: (a) selecting, retaining and paying your employees; (b) the payment of all invoices for the purchase of goods and services used in connection with operating the COOL BINZ Business; and (c) determining whether, and on what terms, to obtain any financing or credit that you deem advisable or necessary for the conduct of the COOL BINZ Business. You agree to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. You agree to indemnify us in the event that we are held responsible for debts owed by you if we elect to pay any of your obligations in order to preserve the relationship between system suppliers and COOL BINZ franchisees. You agree to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from your operation of the COOL BINZ Business. You agree to indemnify us in the event that we are held responsible for these taxes.

You shall meet and maintain the highest safety standards and ratings applicable to the operation of the COOL BINZ Business. You shall furnish to us within two (2) days of your receipt thereof, a copy of all inspection reports and any violation or citation that indicates your failure to maintain federal, state, or local safety standards in the operation of the COOL BINZ Business.

You acknowledge that we have developed the System to offer and sell Services that will distinguish the COOL BINZ Business from other businesses that offer similar services valued at different prices and with less attention paid to service quality and customer service. You agree to offer Services and to operate the COOL BINZ Business in such a manner that emulates and enhances the image we intend for the System. You further acknowledge and agree that each aspect of the System is important not only to you but also to us and to other COOL BINZ franchisees in order to maintain the highest operating standards, achieve system-wide uniformity and increase the demand for the Services rendered by COOL BINZ franchisees. You agree to comply with the standards, specifications and requirements we set forth in order to uniformly convey the distinctive image of a COOL BINZ Business.

You must notify us, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of you or the COOL BINZ Business.

## **B. MODIFICATION OF SYSTEM STANDARDS.**

You acknowledge and agree that the System must continue to evolve to reflect changing market conditions and to meet new and changing consumer demands. As a consequence, changes,

modifications, and variations to the Systems Standards may be required periodically to preserve and enhance the public image of the System and enhance the operational efficiency of all COOL BINZ franchisees.

You, therefore, agree that we may periodically, and upon reasonable notice to you, add to, modify, phase out, or change the System, including without limitation, the adoption and use of new or modified trademarks, uniforms, signs, vehicle types, telephone numbers and technologies, products, equipment, services, techniques, proprietary software, non-proprietary software, methodologies and sales strategies. You must promptly accept, implement, use, and display in the operation of your COOL BINZ Business, all such additions, modifications, and changes at your expense.

All products and materials must meet System Standards and specifications for representation of the Marks, and be pre-approved by us regardless of the supplier. In the event you wish to purchase an unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us a written request for approval, including a proof of the materials you wish to order. We will notify you in writing of our approval or disapproval within ten (10) days of receipt of the materials and your written request. We have no obligation to approve any particular products, service or supplier. If you do not receive approval within ten (10) days, you should consider the materials disapproved. All products and materials must meet the quality of our current suppliers, and correctly bear the Marks. Standards and specifications are periodically modified to meet changing market conditions and are published in our Operations Manual and on our web site. You must reimburse us our reasonable costs, regardless of if we subsequently approve your request.

Use of products and materials that have not received our prior written approval and/or do not meet our standards and specifications can result in the termination of this Agreement. Standards and specifications are updated periodically at our sole determination and are made available to you on our COOL BINZ owners' intranet website and in the Operations Manual.

### **C. INSURANCE.**

Before attending either the Business Manager and Technical Operations Training, you must purchase and maintain in full force and effect throughout the term of this Agreement and at your expense, insurance protecting you, your employees, and us, our officers, and our employees, against loss, liability, fire, personal injury, death, property damages, or theft arising from, or occurring in connection with, the operation and promotion of the COOL BINZ Business. You acknowledge and agree that (a) the insurance you will maintain reflects the minimum amounts of coverage we require, (b) these minimums are not meant to reflect the actual needs you may have, and (c) it is your responsibility to carefully evaluate if these minimums will adequately meet your needs.

All policies will be written by an insurance company(ies) that is/are licensed in the state in which you are doing business, and that has an A.M. Best rating of "A" or better. Currently, you are not obligated by the terms of this Agreement to purchase your insurance from any specific provider, although we reserve the right to specify the specific provider that you must use in the future.

Our current requirements are described below:

1. **Umbrella Policy and Commercial General Liability Insurance.** You shall maintain a commercial umbrella liability insurance policy with a limit of at least \$2,000,000 per occurrence and in the aggregate and shall list the commercial general liability, automobile liability and employers' liability policies as scheduled underlying policies. You shall maintain insurance for "bodily injury," "property damage," and "personal and advertising injury" with no exclusion or limitation applying to the products/completed operations liability coverage. Limits shall be at least \$2,000,000 general aggregate, \$2,000,000 products and completed operations aggregate, \$1,000,000 personal and advertising injury limit, and \$1,000,000 per occurrence limit. Contractual liability coverage including the assumed personal injury endorsement shall be included to cover the indemnity provisions of this Agreement. The exclusion for employer's liability shall not apply to claims for covered contractually assumed liability claims. Cool Binz International, LLC, BELFOR Franchise Group, LLC, and BELFOR USA Group Inc. shall be named as an additional insured on such policy on a primary and noncontributory basis with a Grantor of Franchise Form CG2029 or an insurer's comparable form. Such policy shall also contain a waiver of subrogation endorsement as to claims against Cool Binz International, LLC, BELFOR Franchise Group, LLC, and BELFOR USA Group Inc.
2. **Automobile Liability Insurance.** You shall maintain insurance with a combined single limit, CSL, of \$1,000,000 for bodily injury and property damage for all owned or leased vehicles and for hired and non-owned motor vehicles. Additionally, uninsured motorist and under-insured motorist coverage will be equal to the CSL.
3. **Workers' Compensation and Employers' Liability.** Statutorily required workers' compensation insurance and employer's liability insurance shall be maintained with limits of at least \$1,000,000 by accident, \$1,000,000 by disease and \$1,000,000 policy limit; or the minimum limit required by your state, whichever is higher. Such policy shall contain a waiver of subrogation endorsement as to claims against Cool Binz International, LLC, BELFOR Franchise Group, LLC and BELFOR USA Group Inc. In "Monopolistic States", such as Ohio, North Dakota, Washington, Wyoming and West Virginia, "Stop Gap" coverage must be purchased separately or added to the CGL policy. "Stop Gap" in Ohio must not contain exclusion with the "substantially certain to occur" language.
4. **Bailee's Legal Liability.** You are required to obtain and maintain Bailee Legal Liability Insurance with a coverage minimum of at least \$1,000,000 or a value equal to the value of the goods in your possession, whichever is greater.
5. **Inland Marine Insurance.** You are required to obtain and maintain inland marine insurance with a coverage minimum of at least \$250,000. Depending on the value of the contents your COOL BINZ Business is transporting, coverages may need to be greater than the minimum. You are required to investigate what coverage is appropriate for your COOL BINZ Business.

6. Pollution Insurance. You are required to obtain and maintain pollution insurance with a coverage minimum of at least \$1,000,000.
7. Container and Contents Insurance. Your customers will be required to purchase contents insurance and insurance for damage to the COOL BINZ containers. You may only use our approved vendor for this insurance, which may be modified from time to time in our sole discretion. Currently, the vendor is Storage Protectors.
8. Other Insurance. You shall maintain compliance with any state, county, local, or other municipal insurance requirements and any other insurance policies we may require.

The insurance levels listed above are the minimum we require you to maintain for the COOL BINZ Business. We may, periodically determine and modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstance. To gain adequate protection, you should discuss with your insurance agent and financial advisor to determine if your personal situation requires you to maintain coverage in excess of the minimums that we require. If any lease or Customer contract requires an insurance policy amount to be higher than the amounts we have listed above, you must obtain the highest amount for such policy.

All general liability insurance policies will name us, BELFOR Franchise Group, LLC, BELFOR USA Group Inc., and our designated affiliates, employees, officers and directors as additional insureds, and will contain no provision which in any way limits or reduces coverage for you if a claim is made by any one (1) or more of the Indemnified Parties, as defined in Section 14.C of this Agreement, and will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 30 days' notice of any intent to cancel or materially alter any policy.

At least ten (10) days before attending Business Manager and Technical Operations Training, commencing the operation of the COOL BINZ Business, whenever a change is made to your policy, and before expiration of any insurance coverage, you must have your insurance provider send us a copy or certificate or other acceptable proof of such insurance. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our sole option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. We are under no obligation whatsoever to obtain such insurance, but if we do so, you must fully cooperate with us in our efforts and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your COOL BINZ Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf will reduce or absolve you of any obligations of indemnification described in this Agreement. You must promptly report all material claims, or potential claims, against you, any Indemnified Party or us, to the insurer and to us.

You may not commence your COOL BINZ Business until you have provided the certificates of insurance or other acceptable proof of all insurances. You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter or amend any insurance policy without our written consent.

You must provide us with copies of any insurance claims or insurance cancellations within 24 hours. You have a 24-hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least 30 days prior written notice from the insurance carrier to us. We have the right to increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to you, and you shall comply with any such modification within the time specified in said notice.

#### **D. RECORDS, REPORTS AND FINANCIAL STATEMENTS.**

We require you to use the COOL BINZ Software, or other Required Software as we designate, for maintaining Customer records for the COOL BINZ Business. We have confidential access to your databases and related information from the COOL BINZ Software, which we use to compute the Royalty due on Gross Sales, and to make other evaluations and verifications. In addition, you must establish and maintain, at your expense, an accounting system that conforms to the requirements and formats that, from time to time, we prescribe. You shall furnish to us, in the manner and format that we require:

1. within 10 days of our request, an unaudited income statement for the requested time period in a form satisfactory to us, and such additional reports as we may require;
2. within 90 days after the close of your fiscal year, a complete income statement and other financial statements in a form we may prescribe in our sole discretion;
3. within ten days of our request, exact copies of any state, federal, or other income tax returns covering the operation of the COOL BINZ Business, as well as the state, federal and other income tax returns from your existing business(es) that provide leasing of portable storage containers, which we may need to review to assure all Gross Sales have been accurately reported;
4. by November 1 of each year, financial projections and a marketing plan for the upcoming year in the form we may prescribe in our sole discretion; and
5. any other reports we may require in the future.

Your fiscal year must end on December 31. You must verify and sign each report and financial statement in the manner that we prescribe. We can disclose data derived from these reports without specifically identifying you or the Business (unless we have your written consent to do so). We can require you to have audited financial statements prepared on an annual basis if you fail to comply with any provision of this Agreement. Finally, you will allow us, as we deem appropriate, timely access to your copy of any computer systems that you maintain, to retrieve all information relating to the operation of the COOL BINZ Business.

You are required to use our designated accounting software, which is currently QuickBooks Online and is subject to change. In addition, you are required to follow our specified Chart of Accounts. We have the right to change these requirements at our discretion. We will have automatic password access to your financial reports on this system.

You shall maintain all records, reports, and financial statements for a period of five (5) years during and following the termination, transfer, or expiration of this Agreement.

#### **E. COMPLIANCE WITH LAWS.**

You will, at your expense, secure and maintain in force all required licenses, permits, and certificates relating to the operation of the COOL BINZ Business and shall operate the COOL BINZ Business in full compliance with all applicable local, state and federal laws, rules and regulations. You must, at your expense, comply with all federal, state, and local laws and regulations that apply to businesses in general. It is your responsibility to investigate the federal, state and local laws and regulations that pertain to your business. You must maintain your license(s) in good standing with the licensing authority for the entire term of this Agreement and all renewals.

You will notify us in writing within five (5) days of the commencement of any action, suit, or proceeding for the issuance of any order, writ, injunction, award or decree or any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the COOL BINZ Business.

#### **8. INSPECTIONS AND AUDITS.**

##### **A. OUR RIGHT TO INSPECT THE BUSINESS.**

To determine whether you are complying with this Agreement and all System Standards, we have the right at any time during business hours to perform an on-site inspection of your business at your Office Site, and any other locations through which the COOL BINZ Business is operated. During such inspection, we may: (i) participate in quality checks of home field services; (ii) interview employees; or (iii) review (a) your books and records, (b) your promotional materials and media advertising, (c) your personnel files and practices, and/or (d) any and all components of the COOL BINZ Business. You shall permit us or our designee, at our expense, to observe the COOL BINZ Business for purposes of taking photographs, slides, drawings, or other such images ("pictures") of the COOL BINZ Business. You agree that we, or our affiliates, may use the pictures for publicity and other legal purposes without any remuneration to you in connection with the use of the pictures.

You must cooperate fully with us in any inspection of your COOL BINZ Business, and we must use our best efforts to not interfere with the operation of your COOL BINZ Business.

##### **B. OUR RIGHT TO AUDIT.**

We have the right at any time during business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, any and all financial statements, reports, income tax records, sales tax records, payroll records, software databases, and other records. You must cooperate fully with our representatives and independent accountants we hire to conduct any inspection or audit.

If any inspection or audit discloses an understatement of Gross Sales, we can debit your account, as provided in Sections 2.C and 2.H of this Agreement, for the Royalty and **National Marketing Brand Marketing** Fees which are due on the amount of the understatement, plus interest, at the rate of 18% per annum or the maximum rate permitted by applicable law, whichever is lesser, and all late fees, from the date originally due until the date of payment.

Furthermore, if we conduct an inspection or audit due to your failure to (a) furnish reports, supporting records, or other information as required, (b) furnish these items on a timely basis, (c) to record all Customer payments in the COOL BINZ Software within 48 hours of their receipt, or (d) use the COOL BINZ/Required Software for scheduling or invoicing, or we discover that an understatement of Royalty is greater than 3% for any period reviewed, you must reimburse us for the cost of the inspection and/or audit, including without limitation, the charges of attorneys and independent accountants, the travel, room and board expenses, and compensation of our employees. Further, if an understatement of the Royalty is greater than 3%, you also must pay us an additional penalty fee equal to 10% of the total amount of the understated Gross Sales.

These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

## **9. TAXES AND ADVANCES.**

### **A. TAXES.**

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

### **B. ADVANCES.**

You must promptly reimburse us for all amounts that we have paid, or have been obligated to pay, on your behalf for any unpaid tax liability, provided, however, that we are not obligated to pay these or any other payments on your behalf.

## **10. TRANSFER.**

### **A. BY US.**

This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.

### **B. BY YOU.**

You acknowledge and agree that we have entered into this Agreement with you based on your personal qualifications, experience, skills, character, etc. Thus, you cannot transfer this Agreement; "Transfer" shall mean any voluntary, involuntary, direct, or indirect, in whole or in part, assignment, sale, gift, encumbrance, lease, merger, bequest, change in control, or other disposition of 1) this Agreement or any rights thereunder, 2) the COOL BINZ Business or its

~~assets, 3) or any part of your ownership interest in the assets of the COOL BINZ Business it, or 4) any part of your equity/ownership interest in the Franchisee entity, or a grant of an option, warrant or right to acquire an equity or ownership interest, including but not limited to by divorce, insolvency, probate or intestate succession, trust, or other operation of law (including any voluntary, involuntary, direct or indirect assignment, sale, gift, or other disposition) without All Transfers require~~ our prior written approval and are subject to the conditions below. Any such ~~assignment, transfer, or encumbrance~~ Transfer without ~~such~~ our prior written approval, ~~will be void and will~~ constitute a breach of this Agreement. ~~Any change of ownership requires our approval and must meet the conditions specified below.~~ We will not, however, unreasonably withhold our approval provided that the conditions specified below are met, which we will determine in our sole discretion:

1. you are in full compliance with this Agreement or any other agreement between you and us, our affiliates, or our designated/approved suppliers and vendors, and you have paid all accrued monetary obligations to us, our affiliates, and our designated/approved suppliers and vendors;
2. the transferee has demonstrated sufficient business experience, aptitude, and financial resources to meet our then-current standards and qualifications for new franchisees, which may include aptitude or assessment testing;
3. the transferee and its owners, ~~and~~ affiliates, and owners' immediate family members are not engaged in a competitive business, unless they agree to operate all competitive businesses that provide services similar to the Services as a part of the System;
4. you provide us with written authorization to release to the transferee any and all information about the operation of the COOL BINZ Business which we have collected;
5. at our option, the transferee must sign our then-current form of franchise agreement for a full term, the personal guaranty and all other required exhibits, the terms of which may material differ from the terms of this Agreement;
6. in the case of an installment sale, a transaction where Franchisee provides financing to transferee, transferee pays Franchisee via a promissory note or other structured payment plan, Franchisee must continue to guarantee performance and all payment obligations to Franchisor under this Agreement until the final closing of the installment sale or final payment of such structured payment arrangement;
- ~~5.7.~~ if you finance any part of the sale price of the transferred interest, then (a) you agree and will assure that all of the transferee's obligations under any promissory notes or agreements are subordinate to the transferee's obligation to pay Royalties, Brand Marketing Fees, and other amounts due to us and otherwise to comply with this Agreement, (b) you will not hold any security interest reserved in the business, and (c) you will enter into a comfort letter assuring us that the transferee will meet its

obligations under the Franchise Agreement, and reaffirming your guaranty of the Franchise Agreement;

~~6.8.~~ you pay us:

- a. our then-current Transfer Fee, as published in our Operations Manual; The Transfer Fee is due upon our preparation of the required transfer documentation (consent to transfer and assignment agreement and/or preparation of transferee's franchise agreement), and is non-refundable at such time upon the transferee's execution of the new franchise agreement to defray expenses we incur in the transfer, including the costs of training the transferee;
- b. all Royalties for completed jobs up through the date of closing, fees, amounts owed under any promissory notes with us, Late Payment Fees, Late Report Fees, NSF Fees, Interest Fees, and all other fees or amounts owed to us, plus interest; and
- c. all commissions, broker fees or other similar expenses if: (i) you list the COOL BINZ Business with a broker, lead referral network or similar entity; or (ii) the transferee is referred to you or us by a broker, lead referral network or similar entity;

9. the transferee must successfully complete our Business Manager and Technical Operations Training program;

~~7.10.~~ the transferee must assume and agree to be bound by all outstanding obligations to customers and clients of the COOL BINZ Business;

~~8.11.~~ you, your principals, and the transferee (if we have a prior relationship with the transferee) have signed a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents (such requirement to sign a general release is subject to change in our sole discretion);

9.12. we have approved the material terms and conditions of the transfer, the form of purchase and sale agreement, (which may not include you retaining a security interest in the assets of the COOL BINZ Business post-closing and you will sign a comfort letter indicating the same) and determined that the price and terms of payment will not adversely affect the transferee's operation of the COOL BINZ Business;

~~if you finance any part of the sale price of the transferred interest, you agree and will assure that all of the transferee's obligations under any promissory notes, agreements, or security interests that you have reserved in the COOL BINZ Business, are subordinate to the transferee's obligation to pay Royalties and other amounts due to us and otherwise to comply with this Agreement;~~

- ~~10.13.~~ in the event of an approved transfer to a wholly owned corporation or limited liability company, we will require you to own and control at least 67% of the issued and outstanding capital stock or other ownership interest;
- ~~11.14.~~ you must have attended Business Manager and Technical Operations Training and your business must be open in order to transfer the COOL BINZ Business;
- ~~12.15.~~ you must affirm and comply with~~any transfer does not impact any of~~ your post-termination obligations, including, without limitation, such obligations set forth in Sections 6 or 13.
- ~~13.16.~~ the transferee must obtain, within the time limits set by us, and maintain thereafter, all permits and licenses required for the operation of the COOL BINZ Business;
- ~~14.17.~~ to the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;
- ~~15.18.~~ the transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises; and
- ~~16.19.~~ if required by us, in our sole discretion, transferee must purchase all or a portion of the Initial Package, the Initial Promotional Package, new or refurbished equipment, inventory, new vehicles/vehicle wraps, and complete remodeling, refurbishing, renovation or upgrades required by Franchisor, etc. to ensure the COOL BINZ Business is in compliance with our current System Standards and in well-maintained condition.

We shall have 60 days from the date of the written notice to approve or disapprove in writing of your proposed assignment. You acknowledge that the proposed transferee shall be evaluated for approval by us based on the same criteria as is currently being used to assess new franchisees of us and that such proposed transferee shall be provided, if appropriate, with such disclosures as may be required by state or federal law. If we have not given you notice of our approval or disapproval within such period, the request for the transfer or assignment is deemed rejected.

### ~~C. YOUR DEATH OR DISABILITY.~~

~~Upon your death or disability (or the death or disability of an owner of the COOL BINZ Business, (referred to in this document as “your death or disability”) the executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement to a third party within a reasonable amount of time, but not to exceed one (1) year. During this time the Business must be operated in full compliance with this Agreement. The transfer will be subject to all of the terms and conditions applicable to transfers that are contained in this Section.~~

~~In the event of your death or disability, and before a transfer of your interests in this Agreement, your spouse, child, or parent may, if this party otherwise would qualify as a transferee,~~

~~operate the Business, provided that this person personally manages the business on a full time basis, successfully completes our Training Program as described in Section 3.A, and signs our then current franchise agreement.~~

~~For purposes of this Section, disability is defined as a condition that materially impairs your ability to operate the COOL BINZ Business in accordance with this Agreement.~~

#### **CD. OUR RIGHT OF FIRST REFUSAL.**

If you at any time determine to sell, assign, or transfer for consideration your interest in this Agreement, you must obtain a bona fide, signed written offer and earnest money (in the amount of 5% or more of the offer price) from a responsible and fully disclosed offeror, and immediately submit to us a true and complete copy of the offer which includes details of the payment terms. To be a valid, bona fide offer, the proposed purchase price is to be denominated in a dollar amount.

We have the right, exercisable by written notice delivered to you within 30 days from the date of the delivery to us of both an exact copy of the offer and all other information we request, to purchase the interest for the same price, less the Transfer Fee, and on the same terms and conditions contained in the offer provided that:

1. We may substitute cash for any form of payment proposed in the offer;
2. Our credit will be deemed equal to the credit of any proposed purchaser;
3. We will have ~~90~~60 days, after giving notice of our election to purchase, to prepare for and complete the closing; and
4. We are entitled to receive, and you must make, the same representations and warranties given to the proposed purchaser.

If we do not exercise our right of first refusal, you may complete the sale to the purchaser on the exact terms of the offer, subject to our approval of the transfer as provided in Section 10.B above. If the sale is not completed within 60 days after the expiration of the right of first refusal, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

#### **D. YOUR DEATH OR DISABILITY; DIVORCE.**

Upon your death or disability (or the death or disability of an owner of 33% or more of Franchisee, (referred to in this document as “your death or disability”)) the executor, administrator, conservator, guardian, or other personal representative of Franchisee must transfer your interest in this Agreement or in Franchisee, in accordance with Sections B and C above, to a third party within a reasonable amount of time, but not to exceed six (6) months. During this time between the death and disability and the transfer required by this Section, the COOL BINZ Business must be operated in full compliance with this Agreement, as set forth in the next paragraph. The transfer will be subject to all of the terms and conditions applicable to transfers that are contained in this Section.

In the event of the Designated General Manager's death or disability, and before a transfer of his/her interests in this Agreement, another owner of Franchisee, or the Designated General Manager's spouse, child, or parent may temporarily operate the COOL BINZ Business only if 1) this party otherwise would qualify as a transferee, 2) personally manages the business on a full time basis, 3) is approved by the Franchisor, 4) successfully completes our Training Program as described in Section 3.A, and 5) signs an assignment and assumption of the Franchise Agreement or the then-current form of franchise agreement, if applicable. If no qualified person applies to Franchisor to operate the COOL BINZ Business in the interim, Franchisor shall have the right to appoint a representative or another franchisee to operate it upon giving notice to the executor.

For purposes of this Section, disability is defined as a condition that materially impairs your ability to operate the COOL BINZ Business in accordance with this Agreement for a period of thirty (30) or more consecutive days or sixty (60) or more days in a calendar year.

You will promptly notify us of any divorce proceedings that may result in a Transfer and tender the right of first refusal required in Section 10.C above. If we do not exercise such right, you must request our consent to any Transfer, and comply with the Transfer conditions set forth above in Section 10.B.

## **E. OWNERSHIP.**

1. The following provisions apply if you or any permitted successor is a partnership, Limited Liability Company ("LLC") or corporation:
  - a. The articles of partnership, partnership agreement, articles of organization, articles of incorporation, by-laws and other organizational documents shall provide that the issuance and transfer of any interest in the legal entity is restricted by the terms of this Agreement. Copies of such documents and of resolutions of the legal entity's board of directors or managers authorizing its entry into this Agreement shall be furnished to us upon request.
  - b. All general partners, members and all direct and indirect holders of a 10% or greater equity interest shall, upon the legal entity's execution of this Agreement, execute an agreement personally guaranteeing to us the full payment and performance of the legal entity's obligations to us and undertaking to be bound, individually, jointly and severally, by all the terms of this Agreement including, without limitation, the restrictions on assignment contained herein. The personal guaranty shall be in the form attached hereto as Exhibit D or in such other form as we may from time to time prescribe.
  - c. The legal entity shall not use the name "COOL BINZ" or any other Mark, or any name deceptively similar thereto, except to reflect its franchise relationship with us. Neither the legal entity nor any of its owners may issue or sell, or offer to issue or sell, any securities of the legal entity or an affiliate of the legal entity, regardless of whether such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of

1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior written consent, which is in our sole discretion, and complying with all of our requirements and restrictions concerning use of information about us.

- d. The legal entity shall furnish us, at the time of execution of this Agreement and upon all transfers subject to the provisions of this Section 10, a list of all stockholders, members, managers and partners having an interest in the legal entity, their respective percentage interests and the number of shares directly and indirectly owned or controlled by each.
- e. The legal entity, if a corporation, shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section and shall cause all certificates representing outstanding voting securities to be surrendered for reissuance and cause all certificates for voting securities in the future to be issued with this legend printed conspicuously upon the face of each certificate: “The transfer of this certificate and the shares it represents is subject to the terms and conditions of a certain Franchise Agreement with Cool Binz International, LLC. Reference is made to that Agreement and to certain restrictive provisions of the Articles and by-laws of this corporation.”
- f. The legal entity acknowledges and agrees that the restrictions on transfer imposed herein are reasonable and necessary to protect the System, the Marks, the Confidential Information, as well as our high reputation and image, and are for the protection of us and all other COOL BINZ franchisees.
- g. It is agreed and understood that no other business, business operations outside the operation of the COOL BINZ Business may be undertaken or conducted through such legal entity.

## **11. EXPIRATION OF THIS AGREEMENT.**

### **A. YOUR RIGHTS UPON EXPIRATION OF THIS AGREEMENT.**

Upon the expiration of this Agreement, provided that during its term you complied substantially with its provisions, including the timely payment of all fees and royalties, you may continue your COOL BINZ Business for two (2) additional terms of ten (10) years each (each, a “Renewal Term” (as previously defined)).

We may refuse to offer you a Renewal Term if you:

- 1. are not, at the time, in substantial compliance with this Agreement, or any other ancillary agreement then in effect between you and us including but not limited to, the timely payment of all fees and compliance with System Standards;

2. have received written notice by us three (3) or more times during the last 30 months of the Initial Term or any Renewal Terms for failure to comply with the terms of this Agreement and were in violation of your obligation(s), whether or not the failure is subsequently cured;
3. have failed on more than three (3) separate occasions during the last 24 months of the Initial Term or any Renewal Terms to make timely payment to us of all sums due to us; or
4. have failed on more than three (3) separate occasions during the last 24 months of the Initial Term or any Renewal Terms to service all Customers in a manner consistent with our System Standards and reputation of ethical and professional conduct.

## **B. AWARD OF A RENEWAL AGREEMENT.**

You must give us written notice of your election to pursue a Renewal Term no earlier than nine (9) months, and no later than six (6) months, before the expiration of this Agreement. We must give you notice (referred to as “Our Notice”), not more than 45 days after we receive your notice, of our decision in accordance with Paragraph A of this Section:

1. to award you a renewal franchise agreement;
2. to award you a renewal franchise agreement on the condition that you correct any provisions of this Agreement with which you are not in compliance, which may require you to attend and successfully complete additional trainings; or
3. not to award you a renewal franchise agreement based on our determination that you have not substantially complied with this Agreement during its term.

If applicable, Our Notice will state the actions you must take to correct operating deficiencies and a reasonable time period in which these deficiencies are to be corrected.

If we elect not to award you a renewal franchise agreement, Our Notice will describe the reasons for our decision. Your right to a renewal franchise agreement is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

## **C. AGREEMENTS/RELEASES.**

If you satisfy all of the other conditions to the awarding of a Renewal Term, you must sign the then-current franchise agreement and any ancillary agreements for COOL BINZ Businesses, which may include a different Royalty and/or Territory. You and we further must sign a mutual general release, in a form satisfactory to us, of any and all claims against either of us and our respective shareholders, officers, directors, employees, agents, successors, and assigns. Such requirement to sign a general release is subject to change in our sole discretion.

Notwithstanding any provision to the contrary, at our request, you will must upgrade and remodel the COOL BINZ Business at your sole expense to conform to the then-current Operations

Manual (the completion of such upgrades shall be a condition of you receiving such Renewal Term). Further, you must submit proof to us that you have the right to operate the COOL BINZ Business at the Office Site for the Renewal Term.

**D. RENEWAL TERM FEE.**

You must pay us ~~our a renewal fee of twenty-five percent (25%) of the~~ then-current Renewal Initial Franchise Fee upon execution of your renewal franchise agreement.

**12. TERMINATION OF AGREEMENT.**

**A. AUTOMATIC TERMINATION WITHOUT NOTICE.**

This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

1. If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the COOL BINZ Business.
2. If proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the COOL BINZ Business without your consent, and the appointment is not vacated within 60 days.
3. You attempt to make an unauthorized transfer of this Agreement or the COOL BINZ Business in violation of any of the transfer provisions contained in Section 10 of this Agreement.

**B. AUTOMATIC TERMINATION WITH NOTICE.**

We have the right to terminate this Agreement, immediately, and without the opportunity to cure, effective upon delivery of written notice to you, or any of the following:

1. Your Managing Owner and, if applicable, Designated General Manager, fail to attend or successfully complete the Business Manager and Technical Operations Training within four (4) months of signing this Agreement and/or fulfill all the pre-training requirements, which include the payment of all monies due to us, and the completion of all the required tasks as designated on the COOL BINZ owners' intranet website and in the Operations Manual;
2. You fail to commence operation of the COOL BINZ Business within eight (8) months of signing this Agreement and/or two (2) months following your successful completion of the Business Manager and Technical Operations Training, whichever is later;

3. You have made or make any material misrepresentation or omission in purchasing the Franchise or operating the COOL BINZ Business;
4. You receive from us three (3) or more notices to cure the same or similar defaults or violations of this Agreement, within any two (2)-year period of time, regardless of whether these defaults were cured after notice was sent to you;
5. You are or have been convicted by a trial court of, or plead no contest to a felony or any conviction rising to the equivalent of a felony and/or failure to disclose a prior felony conviction or conviction rising to the equivalent of a felony to us;
6. You understate your Royalty by three percent (3%) or more, in any reported financial statement, on three (3) or more occasions, during any consecutive two (2)-year time frame during the term of this Agreement, regardless of whether or not you subsequently rectify the deficiency;
7. You engage in any dishonest or unethical conduct, which may adversely affect the reputation of the COOL BINZ Business, or the general goodwill associated with the Marks;
8. You violate any provision regarding confidentiality or non-disclosure contained in Sections 6 and 13 of this Agreement;
9. You cease to continuously and actively operate the Business for five (5) consecutive days, unless caused by an act of God, or other circumstance beyond your control, as determined by us; or the business telephone is disconnected at any time and no new number is immediately reinstalled or reconnected; or your conduct is otherwise determined by us to constitute an abandonment of the Business;
10. You fail to acquire or continuously maintain the required minimum levels of insurance, fail to have us, BELFOR USA Group Inc. and/or BELFOR Franchise Group, LLC named as an additional insured, or fail to provide a current certificate of insurance to us as required in Section 7.C of this Agreement. However, we will not exercise our right to terminate this Agreement if upon receipt of notice from us, you immediately cease operating the COOL BINZ Business and obtain such insurance within ten (10) days after written notice is delivered to you prior to resuming operation;
11. You fail to attend a COOL BINZ ~~annual~~ Convention without prior written permission;
12. Your Managing Owner or, if applicable, your Designated General Manager, fail to attend, or send a representative in their place, to a minimum of one (1) training course or regional meeting each calendar year, provided that at least one (1) of the above named events have been offered during that time period;

13. Any other franchise agreement or other agreement you or your owner(s) or affiliates have with us, or any franchise agreement you or your owner(s) or affiliates have with any of our affiliates, is terminated for any reason;
14. You commit three (3) or more defaults of this Agreement, of any type, in any 12-month period;
15. If you or your principals materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any such agreement, or any lease for the Office Site, and fail to cure such breach within any permitted period for cure;
16. If you or your principals materially violate any provision hereof pertaining to Marks or Confidential Information or misuse the Marks or Confidential Information;
17. If you violate any safety or sanitation law, ordinance or regulation or operate the COOL BINZ Business in a manner that presents a health or safety hazard to customers, or the general public;
18. If you violate the in-term restrictive covenant contained in Section 6;
19. If a levy of writ of attachment or execution or any other lien is placed against you or any of your principals or any of their assets which is not released or bonded against within 30 days;
20. If you or any of your principals become insolvent;
21. You order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier;
22. You misuse or make unauthorized use of any COOL BINZ /Required Software that we may develop for use in connection with the System;
23. You fail to comply with the provisions of Section 15.S;
24. You take for your own personal use any assets or property of the COOL BINZ Business, including employee taxes, FICA, insurance or benefits; or
25. If there are insufficient funds in your bank account to cover a check or EFT payment to us three (3) or more times within any 12-month period or you fail to achieve minimum sales for three (3) consecutive months.

**C. TERMINATION IF NOT CURED WITHIN 15 DAYS.**

We have the right to terminate this Agreement if any of the following defaults remains uncured after your receipt of a default notice from us and expiration of a 15-day cure period:

1. You fail to make payment of any amounts due to us or our affiliates, or funds are not available in your account for debiting when they are due, or you do not record in the COOL BINZ Software funds paid to you for jobs completed within 48 hours of their receipt, or you default on any loan made to you by us or our preferred lender, if applicable, in connection with your COOL BINZ Business;
2. You fail to have in your employ for a period of two (2) consecutive months a Designated General Manager, if you are required to have one.
3. You fail, within 15 days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the COOL BINZ Business;
4. You fail to comply with any part or condition, warranty, or certification requirement in this Agreement, the COOL BINZ owners' intranet website, Operations Manual and/or other COOL BINZ confidential materials;
5. You fail to comply with modifications to System Standards on the COOL BINZ owners' intranet website, or in the Operations Manual within the required time period;
6. You fail to make payments on the vehicle resulting in repossession and you do not have a vehicle that meets our standards to operate the Business;
7. You fail to receive our prior written approval and use products or materials that do not meet our System Standards and/or do not promptly discontinue use after written notice from us;
8. You fail to timely provide us with any report, statement, or return required by this Agreement;
9. You fail to service all Customers in a manner consistent with our System Standards and reputation and you fail to cure such inconsistency;
10. You market or advertise in a COOL BINZ Affiliates' Territory without permission;
11. You establish an office location outside of your Territory without our prior written consent;
12. You fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you;
13. If you fail to maintain the prescribed months, days or hours of operation at the COOL BINZ Business;

14. If you fail, in our sole discretion, to personally supervise day-to-day operation of the COOL BINZ Business or fail to employ a sufficient number of qualified, competent personnel as we require from time to time;
15. If you fail to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual;
16. You conduct yourself in a manner that, although not criminal, reflects adversely on the System, the Marks, or the products offered through the System; or
17. You fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your COOL BINZ Business.

We also have the right to terminate this Agreement after providing notice and a 30 day cure period if you fail to perform or comply with any one or more of the terms or conditions of this Agreement or the Operations Manual not specifically contained in Section 12.A above; including, without limitation, any warranty, or certification of this Agreement, and any System Standard or other provision in the COOL BINZ owners' intranet website or the Operations Manual.

In addition to our right to terminate this Agreement, and not in lieu of such right, or any other rights we may have against you, upon a failure to cure any default within the applicable time period (if any), we have the right, but not the obligation, to enter upon the COOL BINZ Business premises and exercise complete authority with respect to the operation of the COOL BINZ Business until such time as we determine, in our sole discretion that the default has been cured, and you are otherwise in compliance with this Agreement. In the event we exercise the rights described in this Section, you must pay us a reasonable management fee and reimburse us for all reasonable costs and overhead, if any, incurred in connection with our operation of your COOL BINZ Business including, without limitation, costs of personnel for supervising and staffing the COOL BINZ Business and their travel and lodging accommodations, plus a 20% service charge. This fee is in addition to the payment of the Royalty and all other fees due under this Agreement during the time we exercise our rights under this Agreement. If we undertake to operate the COOL BINZ Business pursuant to this Section, you agree to indemnify and hold us (and our representative(s) and employees) harmless from and against any fines, claims, suits or proceedings that may arise out of our operation of the COOL BINZ Business.

Our delay in exercising or failing to exercise any right or remedy under this Agreement or our acceptance of any late or partial payment due hereunder will not constitute a waiver of any of our rights or remedies against you.

#### **D. LIQUIDATED DAMAGES**

If this Agreement is terminated pursuant to this Section 12, then you shall pay to us, within thirty (30) days following the date of such terminated, as liquidated damages, because actual damages incurred by us will be difficult or impossible to ascertain, and not as a penalty, an amount equal to the sum of the Royalty fees owed during the immediately preceding 36 full calendar months (or such shorter period as equals the unexpired Term at the date of termination, without regard to any express right to terminate prior to the expiration of the Term); provided, however,

if the COOL BINZ Business has been open for fewer than 36 months, then the average monthly Royally fees owed since the date the COOL BINZ Business opened multiplied by 36, plus any applicable taxes assessed on such payment.

### **13. POST TERMINATION OBLIGATIONS.**

#### **A. PAYMENT OF AMOUNTS OWED TO US.**

You must pay to us, on the effective date of termination or expiration of this Agreement, or at any later date that the amounts due to us are determined:

1. all Royalties, promissory note balance(s), Late Report Fees, Late Payment Fees, NSF Fees, Interest Fees, or any other fees, amounts or interest owed to us; and
2. upon termination for any default, the actual and consequential damages, costs, and expenses (including reasonable attorneys' and experts' fees) incurred by us as a result of your default.

The obligation to pay said sums will create a lien in favor of us against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory of the COOL BINZ Business and/or against any moneys we hold or otherwise come to our possession.

Any transferee (or purchaser of all or substantially all of the assets of the COOL BINZ Business) shall be liable for payment of these items if you do not timely pay them. Provided, however, the foregoing sentence will not release or discharge you from your obligations to pay us pursuant to this Section and/or to indemnify or reimburse the transferee or purchaser pursuant to the applicable purchase or transfer agreement.

#### **B. MARKS.**

Upon the termination or expiration of this Agreement, you must:

1. strictly comply with, observe, and abide by all of the post-termination provisions of this Agreement, including those as set forth in Sections 5, 6 and 13.D of this Agreement;
2. neither directly nor indirectly represent to the public that any other business you may then own or operate, is or was operated as, or was in any way connected to, the System;
3. not hold yourself out or advertise in any context that you are a present franchisee or were a former franchisee of ours;
4. immediately refrain from engaging in any business relationship with any contacts with Customers or former Customers of the COOL BINZ Business, whether with respect to collection of accounts receivable, providing Services, or for any other purpose whatsoever;

5. assign any and all accounts receivable to us for collection, unless all Royalties and other payment obligations to us are paid in full. In connection with this assignment, you appoint us as attorney-in-fact to engage in these collection activities and you specifically refrain from engaging in any of these collection activities. We must employ good faith efforts, including where appropriate in our sole and exclusive judgment the commencement of legal proceedings to collect the accounts receivable. We have no duty or obligation to you to accomplish the collection of such accounts receivable. We will remit to you any of these sums collected after first deducting all moneys owed to us and our costs of collection;
6. immediately cease operation under this Agreement and not operate or do business under any name or in any manner which might tend to give the general public the impression that you are operating a COOL BINZ Business, or any confusingly similar business;
7. take the action required to cancel all DBAs or equivalent registrations relating to your use of any Mark;
8. deliver to us, within seven (7) days, all electronic and hard copies of Customer Information;
9. remove all signage from vehicles and store fronts and deliver to us, within five (5) days, the Operations Manual and all copies thereof, and all proprietary information, confidential material, Required Software (including the COOL BINZ Software), signs, sign-faces, marketing and advertising materials, forms, uniform patches, decals (or proof of their removal) and other materials containing any Mark or otherwise identifying or relating to a COOL BINZ Business, and allow us, without liability to you or third parties, to remove all of these items from your vehicles and place of business;
10. notify the telephone company and all telephone directory publishers and Internet directory listings (including Google, Yahoo! and others) of the termination or expiration of your right to use any listing, telephone, telecopy, or other numbers and any telephone directory listings associated with any Mark, and authorize the transfer of these numbers and directory listings to us or, at our direction, instruct the telephone company to forward all calls made to your telephone number to numbers we specify. If you fail to do so, we can take whatever action is necessary, on your behalf and consistent with the telephone and other listing agreement attached to this Agreement as Exhibit C, to affect these events;
11. agree to cooperate with us to effectuate any change in telephone numbers or other transfers of our property to us, including the signing of any forms, authorizations or other documents necessary;
12. deliver to us, upon our request, an assignment of any real estate leases for property from which the COOL BINZ Business was operated;

13. Sell to us or our designee, at Franchisor's option, all COOL BINZ containers, trucks, other equipment, and all inventory in useable form bearing the Proprietary Marks at the lesser of the original purchase price thereof or at its then-current value, which value shall be decided in our reasonable judgment, within 15 days following the date of termination or expiration;
14. deliver to us, within 30 days, evidence that is satisfactory to us of your compliance with each of the foregoing obligations.

**C. CONFIDENTIAL INFORMATION.**

You promise that, upon termination or expiration of this Agreement, you must immediately cease to use any of our Confidential Information (including any computer software that we have provided or made available to you) in any business or otherwise, return to us all copies of the Operations Manual and other confidential materials that we have loaned to you, and you shall not maintain any copies of any such materials, in whole or part.

**D. COVENANT NOT TO COMPETE.**

For a period of 18 months from the time of expiration or termination of this Agreement, you and your owners and, if applicable, your Designated General Manager, shall not (a) engage as an owner, shareholder, partner, director, officer, employee, consultant, salesperson, representative, or agent or in any other capacity in any leasing of portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and/or freezers, (b) solicit business from Customers of your former COOL BINZ Business or contact any of our suppliers or vendors for any competitive business purpose, or (c) divert or attempt to divert any business or Customer of the COOL BINZ Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System or engage in any business relationship with any contacts with Customers or former Customers of the COOL BINZ Business, whether with respect to collection of accounts receivable, or to provide them services, or for any other purpose whatsoever, within:

1. the Territory as defined in this Agreement;
2. the geographic area encompassed by the Territories of any COOL BINZ franchisees, Company Stores, or any other COOL BINZ business operator, as of the date of the termination or expiration of this Agreement; or
3. a geographic area that is contained in a circle having a radius of 50 miles outward from the outside boundary of the Territory as defined in this Agreement.

**E. CONTINUING OBLIGATIONS AND OTHER OBLIGATIONS.**

All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement, will continue in full force and effect subsequent to and notwithstanding its expiration or termination, until they are satisfied in full or by their nature expire.

If, within five (5) days after termination or expiration of this Agreement, you fail to remove all displays of the Marks, we may enter the COOL BINZ Business to effect removal. In this event, you agree that you may not file any complaint or action against us for trespass or any other violation or claim, nor shall we be accountable or required to pay for any displays or materials. You agree that this Agreement shall constitute your complete consent to such entry set forth in this Section.

If, within 30 days after termination or expiration, you have not taken all steps necessary to amend or terminate any registration, telephone number, email address, domain name, URL, or filing of any business name or DBA or any other registration or filing containing the Marks or any names and marks which are identified or associated with the Marks and System, you hereby irrevocably appoint us as your true and lawful attorney-in-fact for you, and in your name, place and stead and on your behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable us to protect the Marks and System. We may, at our discretion, choose to have your telephone numbers, domain names and/or URLs forwarded or directed to us.

You shall permit us to make final inspection of your financial records, books, and other accounting records within eighteen (18) months of the effective date of termination, expiration, or transfer.

Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which we may have against you, whether such claims or rights arise before or after termination or expiration, including, without limitation, our rights to receive or collect fees or other amounts payable by you under this Agreement, to enforce the provisions of this Agreement against you, to sue for damages, seek and obtain ex-parte or other injunctive relief, to pursue any other legal or equitable remedy for breach of this Agreement, or otherwise constitute a waiver of any of our other rights upon the occurrence of an event giving rise to our right to terminate. We shall not be obligated following any such termination, expiration or cancellation, to refund any amount previously paid by you under the terms of this Agreement.

You shall, for three (3) years following any termination or expiration of this Agreement, keep us advised of your current business and residence address and telephone numbers, as well as the business address and phone number of your employer and the employer(s) of any of your principal owners.

Upon expiration or termination, you shall allow us, our affiliates and our franchisees to solicit your employees for employment.

You shall not form, adopt or use in connection with, or in the name of, any subsequent business the terms or term "COOL BINZ" or any term confusingly similar to such term or any other term or any colorable imitations, in the design, development, or operation of the subsequent business which may have the effect of creating confusion or question regarding your affiliation with the System or us.

## **14. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

### **A. INDEPENDENT CONTRACTORS.**

You acknowledge and agree that, under this Agreement; you are and will be an independent contractor of ours. You will not be deemed an employee of ours for any purpose, and no employee of yours will be deemed to be an employee of ours for any purpose, most particularly with respect to any mandated or other insurance coverage, tax, or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. Nothing in this Agreement will be construed so as to create a partnership, joint venture, or agency. You do not have any power to obligate us for any expenses, liabilities, or other obligations, other than as is specifically provided for in this Agreement. We will not have the power to hire or fire your employees and, except as expressly provided in this Agreement, we may not control or have access to your funds or expenditures, or in any other way exercise dominion or control over the COOL BINZ Business.

You must identify yourself conspicuously in all dealings with customers, suppliers, public officials, the COOL BINZ Business' employees, and others, and in the manner we prescribe, as the owner of the COOL BINZ Business under a franchise agreement that we have awarded and to place notices of independent ownership on the forms, business vehicles, stationery, and advertising, and other materials we require you to use.

#### **B. NO LIABILITY FOR ACTS OF OTHER PARTY.**

Neither you nor we will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between you and us is other than that of franchisor and franchisee. We do not assume any liability, and will not be deemed liable for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, for any damages to any person or property which directly or indirectly arise from or relate to your operation of the COOL BINZ Business authorized by this Agreement.

#### **C. INDEMNIFICATION.**

You must protect, defend, and indemnify us, and all of our past, present, and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys, and designees (the "Indemnified Parties"), and hold Indemnified Parties harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury, or damage to any person, firm, or corporation, or to any property arising out of, or in connection with, your operation of the COOL BINZ Business. Your obligation to indemnify us will survive the termination or expiration of your Franchise Agreement.

Under no circumstances will we, or any other Indemnified Party, be required to seek recovery from any insurer or other third party, in order to maintain and recover fully a claim against you. You agree that a failure to pursue recovery against others will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

#### **D. NO LIABILITY FOR TECHNOLOGY FAILURE.**

We are not liable for any direct, incidental, or consequential damages, including but not limited to, lost profits, lost savings or consequential, punitive or incidental damages for any reason whatsoever, including but not limited to any cause arising out of or in any way connected to a technology related problem, such as high speed internet connection, electronic mail, software, website, computer, phone systems and other electronic equipment, or call center.

## **15. ENFORCEMENT.**

### **A. SEVERABILITY.**

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement, the COOL BINZ owners' intranet website, or the Operations Manual, and any present or future statute, law, ordinance, or regulation, contrary to which the parties have no legal right to contract, the latter will prevail, but if the provisions of this Agreement, or the Operations Manual thus affected, will be curtailed and limited only if necessary to bring them within the requirements of the law. In the event that any part, article, paragraph, sentence, or clause of this Agreement, the COOL BINZ owners' intranet website, or the Operations Manual, will be held to be indefinite, invalid, or otherwise unenforceable, the indefinite, invalid, or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

If any covenant in this Agreement which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, prohibited business activity, and/or length of time, but would be enforceable by reducing any part or all of the covenant, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of the covenant.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of termination, or refusal to renew, than this Agreement, the prior notice or other action required by such law or rule will be substituted for the notice requirements of this Agreement. Such modification to this Agreement will be effective only in such jurisdiction and this Agreement will otherwise be enforced as originally made and entered into in all other jurisdictions.

### **B. WAIVER OF OBLIGATIONS.**

Either of us may, by written notice, unilaterally waive or reduce any obligation or restriction of the other party under this Agreement. The waiver or reduction may be revoked at any time, for any reason, on ten (10) days' written notice.

### **C. FEES AND EXPENSES.**

If you are in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between you and us and/or our affiliates, and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of this Agreement, and your claim in such action is denied or the action is dismissed, we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

**D. YOU MAY NOT WITHHOLD PAYMENT TO US/RIGHT TO OFFSET.**

You must not withhold payment of any amount due to us on the grounds of our alleged nonperformance or for any other reason. In the event that you are delinquent on any fees or payments to us, we have the right to offset against any payment obligations or sums we may owe to you to satisfy your delinquent payments in full.

**E. RIGHTS OF PARTIES ARE CUMULATIVE.**

Your and our rights are cumulative and no exercise or enforcement by either of us of any right or remedy in this Agreement will preclude the exercise or enforcement by that party of any other right or remedy to which it is entitled by law.

**F. DISPUTE RESOLUTION PROCEDURES.**

1. Internal Dispute Resolution. You must first bring any claim or dispute you have with us and our shareholders, officers, directors, agents and employees to our President, after providing notice as set forth in Section 15.F.4 below. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
2. Mediation. At our option, all claims or disputes between us, our shareholders, officers, directors, agents and employees and you, arising out of, or in any way relating to, this Agreement or any other agreement by and between you and us or our affiliates, or any of the parties' respective rights and obligations arising from such agreement, or the operation of the COOL BINZ Business which are not first resolved through the internal dispute resolution procedure set forth in Section 15.F.1 above, must be submitted first to non-binding mediation in Ann Arbor, Michigan under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against us or our shareholders, officers, directors, agents and employees with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of 30 days following receipt of such notice within which to notify you as to whether we or our affiliates elects to exercise our option to submit such claim or dispute to mediation. You may not commence any action against us, our shareholders, officers, directors, agents and employees or our affiliates with respect to any such claim or dispute in any court unless we fail to exercise our option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated as the result of a written declaration of either: (i) the mediator(s) that further mediation efforts are not worthwhile; or (ii) us. We may specifically enforce our rights to mediation. Each party shall bear its own cost of mediation and you and we shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

- a. We shall not be required to first attempt to mediate a controversy, dispute, or claim as set forth in this Section 15.F.2 if such controversy, dispute, or claim concerns an allegation that you have violated (or threaten to violate, or pose an imminent risk of violating):
  1. Any federally protected intellectual property rights in the Marks, the System, trade secrets, or Confidential Information;
  2. Any claims pertaining to or arising out of any warranty issue;
  3. Any of the restrictive covenants contained in this Agreement; or
  4. Any claims arising out of or related to fraud or misrepresentation by you or your insolvency.
3. Selection of Venue. Nothing contained in this Agreement shall prevent us from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interests. The parties expressly agree to the exclusive jurisdiction and venue of any court of general jurisdiction in Washtenaw County, Michigan or the United States District Court for the Eastern District of Michigan. You acknowledge that this Agreement has been entered into in the State of Michigan, and that you are to receive valuable and continuing services emanating from our headquarters in Ann Arbor, Michigan, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of the State of Michigan as set forth above and waive any objection you may have to either the jurisdiction or venue in such court. In the event that you file an action in any forum or jurisdiction in violation of this Section 15.F.3, you shall pay our costs and fees, including our reasonable attorneys' fees, in connection with any efforts to order the dispute to the proper forum or jurisdiction.
4. Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, you must notify us within 30 days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
5. Third Party Beneficiaries. Our officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 15.F, each having authority to specifically enforce the right to mediate/litigate claims asserted against such person(s) by you.

## **G. INJUNCTIVE RELIEF.**

Nothing in this Agreement shall prevent us from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incur as a result of the wrongful issuance.

#### **H. CHOICE OF LAW.**

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the State of Michigan, and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Michigan, which laws shall prevail in the event of any conflict of law.

#### **I. WAIVER OF PUNITIVE DAMAGES, JURY TRIAL AND CLASS ACTIONS.**

You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, that your recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM US OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE COOL BINZ BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN YOU, YOUR OWNERS AND US OR OUR AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN US AND ANY OTHER THIRD PARTY.

#### **J. BINDING EFFECT.**

This Agreement is binding upon us and you and will inure to the benefit of the parties identified in the Agreement and their respective executors, administrators, heirs, assigns, and successors in interest and may not be modified, except by a written agreement signed by you and us.

#### **K. LIMITATIONS OF CLAIMS.**

Except for claims arising from your non-payment or underpayment of amounts you owe us under this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial proceeding is commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim. You hereby waive the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by us, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

## **L. CONSTRUCTION AND INTEGRATION.**

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations or inducements, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our COOL BINZ Business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

You agree that no modifications of this Agreement (except those specifically authorized herein) shall be effective except those in writing and signed by both parties. You acknowledge that you have not received any express or implied representations or warranties regarding the sales, earnings, income, profits, gross revenues, business or financial success, value of the franchise, provided by us or our representatives or any other matters pertaining to the franchise from us or any of our officers, employees or agents that were not contained in this Agreement or the Franchise Disclosure Document received by you (hereinafter "Representations"). You further acknowledge that if you had received any such Representations, you would not have executed this Agreement, and you would have: (a) promptly notified us in writing of the person or persons making such Representations; and (b) provided to us a specific written statement detailing the Representations made. You acknowledge that we justifiably have relied on your representations made before the execution of this Agreement. Nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right, in our sole discretion, to refuse any request you make or to withhold our approval of any of your proposed initiated or effected actions that require our approval.

The headings of the sections and paragraphs in this Agreement are for convenience only and do not define, limit, or construe the contents of such sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, will be deemed to include any of our affiliates with whom you deal. The term "affiliate," as used in this Agreement with respect to you or us,

means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. For purposes of this definition, “control” means the power to direct or cause the direction of management and policies.

If two (2) or more persons are the franchisee under this Agreement, their obligation and liability to us will be joint and several.

This Agreement may be signed in multiple copies, each of which will be deemed an original.

#### **M. COMPLIANCE WITH OTHER LAWS.**

You must comply with all national, state, and local laws and regulations that apply. You are solely responsible for investigating and complying with these laws.

#### **N. WAIVERS.**

We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; (b) we do not insist on your strict compliance with the terms of this Agreement; (c) there develops a custom or practice which is at variance with the terms of this Agreement; or (d) we do not demand payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

#### **O. EFFECTIVE DATE AND LOCATION OF AGREEMENT.**

This Agreement shall not be effective until accepted by us as evidenced by dating and signing by an officer of us and the place of execution of this Agreement shall be the State of Michigan.

#### **P. DAYS.**

Unless otherwise specifically stated in this Agreement, the term “days” shall refer to calendar days.

#### **Q. ADDITIONAL DOCUMENTATION.**

You must from time to time, subsequent to the date first set forth above, at our request and without further consideration, execute and deliver such other documentation or agreement and take such other action as we reasonably may require in order to effectuate the transactions contemplated herein. In the event that you fail to comply with the provisions of this Section, you hereby appoint us as your attorney-in-fact to execute any and all documents on your behalf that are reasonably necessary to effectuate the transactions contemplated herein.

## **R. FORCE MAJEURE.**

Neither you nor us or our affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if that party's failure to perform its obligations is not the fault nor within the reasonable control of that person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as we deem reasonable.

## **S. ANTI-TERRORIST ACTIVITIES.**

You certify that neither you, nor your owners, principals, employees or anyone associated with you are listed in the Annex to Executive Order 13224 (the "Annex"). You agree not to hire or have any dealings with a person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, your owners, principals, employees, or anyone associated with you being listed in the Annex. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, you certify, represent, and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you and your owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities as provided in Section 14.C of this Agreement pertain to your obligations under this Section. Any misrepresentation by you under this Section or any violation of the Anti-Terrorism Laws by you, your owners, principals or employees will constitute grounds for immediate termination, upon notice, of this Agreement and any other agreement you have entered into with us or one (1) of our affiliates in accordance with the terms of Section 12 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

## **16. NOTICES AND PAYMENTS.**

Any notice, report, payment, or other communication that is required to be delivered by the provisions of this Agreement, will be in writing and will be deemed to be delivered:

1. at the time of hand delivery;
2. at the time delivered via computer transmission (electronically verified and absent a notice of non-delivery) and, in the case of Royalty and other due fees, at the time we actually debit your account;

3. one (1) business day after transmission by telecopy, facsimile, or other electronic system;
4. one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or
5. five (5) business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.

All communications are to be addressed to the party to be notified at its most current principal business address. Both you and we agree to immediately notify the other of any change in address. Any required payment or report that we do not actually receive during regular business hours on the date due will be deemed delinquent.

## **17. YOUR AFFIRMATIONS.**

In awarding this COOL BINZ Business, we are relying upon your statements, as affirmed by your initials to the left of each statement, that:

The Managing Owner or, if applicable, the Designated General Manager, shall devote his/her full-time best efforts to the development and management of your Business. At least one (1) Managing Owner or Designated General Manager will operate the COOL BINZ Business on a full-time basis.

We have not made, nor have you relied on, any representation as to the past or future sales, volume or potential profitability, earnings or income of the COOL BINZ Business, or any other COOL BINZ Business, other than the information provided in our franchise disclosure document.

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

You are not relying on any representation or statement that we have made, regarding the anticipated income, earnings and growth of COOL BINZ outlets, the System, or the viability of the COOL BINZ franchise opportunity.

Like any other business, the nature of the business conducted by COOL BINZ Businesses may, and probably will, evolve over time.

Your abilities and efforts are vital to the success of the COOL BINZ Business.

Continually securing new Customers is necessary to the COOL BINZ Business and requires you to make consistent and repeated marketing and advertising efforts through a variety of mediums.

We have certain rights reserved to us to own and operate COOL BINZ Businesses, to franchise or franchise others to operate COOL BINZ Businesses, and to otherwise use the System, Marks, know-how, techniques, and procedures, including (without limitation) those expressly set forth in of this Agreement.

\_\_\_\_ We may sell our assets, Marks, or the System, outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations; may undertake a re-financing, re-capitalization, leverage buyout or other economic or financial restructuring; and with regard to any or all of the above sales, assignments, and dispositions, you expressly and agree to provide reasonable closing certificates and other documentation as reasonably requested by us to conclude the transaction, and specifically waive any claims, demands, or damages arising from or related to the loss of said Marks (or any variations of them) and/or the loss of association with or identification of Cool Binz International, LLC, as the franchisor of this Agreement.

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

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

## **18. REPRESENTATIONS.**

NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT OUR AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF THAT HAVE LED YOU TO ENTER INTO THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND OUR CONTROL OR INFLUENCE. YOU FURTHER UNDERSTAND THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATION THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE.

THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR YOUR PAYMENT OF ANY MONIES TO US, REFUNDABLE OR OTHERWISE.

YOU ACKNOWLEDGE THAT WE HAVE RECOMMENDED, AND THAT YOU HAVE HAD THE OPPORTUNITY TO OBTAIN, REVIEW THIS AGREEMENT AND OUR FRANCHISE DISCLOSURE DOCUMENT BY YOUR LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF YOU ARE A PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY COMPANY WARRANTS TO US, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, OR MANAGER/MEMBER THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION, OR ALL OF THE MANAGERS/MEMBERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY COMPANY.

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

**FRANCHISOR:**

**FRANCHISEE:**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**OWNERS**

\_\_\_\_\_  
[NAME], Individually

\_\_\_\_\_  
[NAME], Individually

**EXHIBIT A  
TO THE FRANCHISE AGREEMENT  
DESIGNATED PERSONNEL**

The “Managing Owner” referred to in Section 1.C of the Franchise Agreement will be the following person:

\_\_\_\_\_ «Managing Owner» \_\_\_\_\_

The “Designated General Manager” referred to in Section 1.C of the Franchise Agreement will be the following person (if there is no Designated General Manager, please write “none”):

\_\_\_\_\_ «General Manager» \_\_\_\_\_

**EXHIBIT B  
TO THE FRANCHISE AGREEMENT**

**FRANCHISE MANAGEMENT SOFTWARE LICENSE AGREEMENT**

Franchisor grants a renewable license (“License”) to Licensee, upon the terms included in this Agreement and subject to all the terms of a Franchise Agreement between Franchisor and Licensee signed concurrently with this Agreement.

Licensee shall, during the term of this Agreement and upon the start of their COOL BINZ franchised business, pay Franchisor a weekly usage/support/upgrade fee. The amount of this fee may change periodically at the discretion of Franchisor. Failure to make any payment shall result in the immediate termination of this License.

**TERMS AND CONDITIONS**

1. **License Grant:** Franchisor grants to Licensee a renewable License to use the COOL BINZ Franchise Management Software System (“Product” or “COOL BINZ Software”), and all subsequent upgrades, on Licensee’s computer. This License does not extend to other parties, even if they use the same computer. Franchisor reserves the right to issue new modules, which may be separately licensed.
2. **Title:** Title to the Product shall remain with Franchisor.
3. **Term:** This License is a quarterly license. It shall automatically renew each quarter and shall remain in effect throughout the term of the Franchise Agreement between Franchisor and Licensee.
4. **Copies and Listings:** The Licensee shall not copy or reverse-engineer the Product in whole or in part, nor shall it permit other parties to do so.
5. **Protection of Product:** Licensee agrees not to make available to any party the Product or any of its parts. Licensee agrees to take appropriate action with its employees and any other parties to obtain assurances of non-disclosure consistent with this Agreement.

Licensee recognizes that the Product is Franchisor’s copyrighted property, represents a large investment of human and financial resources by Franchisor, is a trade secret of Franchisor, and is confidential information. Licensee agrees to keep the Product, and all related materials, confidential. Licensee will use its best efforts, including any reasonable security precautions as Franchisor may request, to insure that the proprietary rights of Franchisor are preserved to the fullest extent possible under the law. In addition to the right to terminate this Agreement, Franchisor shall be entitled to seek appropriate injunctive relief in the event of any violation of the confidentiality of its copyrighted materials, and to bring an action at law where appropriate.

6. **Assignment and Sub-Licensing:** This License shall not be assigned or sub-licensed by Licensee, except with the prior, specific written consent of Franchisor.
7. **Warranty:** Franchisor warrants that the Product, when delivered to Licensee, shall be free from material defects and shall conform to the program documentation. Licensee acknowledges that the Product is of a complexity that it may have certain defects when

delivered. Licensee agrees that the sole liability of Franchisor shall be to correct program errors in the Product, and not to correct problems due to the hardware upon which the Product is operated, interaction with other non-standard software, or incorrect handling or employment of the Product by Licensee. All warranties extend only to the Licensee.

THE ABOVE WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, STATUTORY OR OTHERWISE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

8. **Limitation of Liability; Limitation of Actions:** FRANCHISOR SHALL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO LOST PROFITS FROM ANY CAUSE ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE PRODUCT, NOR FOR ANY CLAIM OR DEMAND BY OR AGAINST LICENSEE. No action arising out of the transactions under this Agreement may be brought by either party more than one (1) year after the cause of action has occurred. Additionally, any cause of action for improper use, transfer, sub-licensing, or disclosure of the Product or materials may be brought within one (1) year of the date when Franchisor shall have actual knowledge thereof. In the event Franchisor must institute suit to enforce the terms and conditions of this Agreement, Licensee shall pay reasonable attorneys' fees and costs incurred by Franchisor.
9. **Termination by Franchisor:** The parties agree that any of the following events shall be considered to be a default under the terms of this Agreement, shall entitle Franchisor to terminate this Agreement, and shall authorize Franchisor to immediately terminate Licensee's access to the Product:
  - a. Failure to maintain the Franchise Agreement between Franchisor and Licensee in good standing;
  - b. Failure to make payments of any kind to Franchisor in full or on time;
  - c. Failure to comply with any covenants or agreements herein;
  - d. Licensee's disposing of, licensing, or transferring the Product, other than strictly in accordance with the terms of this Agreement.
  - e. Upon termination of this Agreement, Licensee shall immediately deliver to Franchisor all Products, and copies of Products, and related materials in its possession, and shall not maintain any copies of any of these materials, in whole or part, for itself.
10. **Miscellaneous:** In the event that any part of this Agreement shall be found to be unenforceable, these findings shall not invalidate the other parts of this Agreement. This Agreement expresses the entire understanding of the parties with respect to the subject matter herein, all promises, undertakings, representations, agreements and arrangements with reference to the subject matter of this Agreement. This Agreement shall be construed in accordance with the laws of the State of Michigan, and shall be deemed to have been made in the State of Michigan. This Agreement may not be modified, except by a written agreement signed by Franchisor and Licensee.

**FRANCHISOR:**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**LICENSEE:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C  
TO THE FRANCHISE AGREEMENT**

**TELEPHONE AND OTHER LISTING AGREEMENT**

In accordance with the terms of the Franchise Agreement between FRANCHISOR and FRANCHISEE signed concurrently with this Agreement, under which FRANCHISOR granted FRANCHISEE the right to own and operate a franchised business (the “Franchised Business”), FRANCHISEE, for value received, hereby agrees with FRANCHISOR that all of FRANCHISEE’S right, title, and interest in and to those certain telephone numbers and regular, classified, or other telephone directory listings, domain names, internet directory listings or rights and/or URLs (collectively, the “Telephone Numbers and Listings”) associated with FRANCHISOR’S trade and service marks and used periodically in connection with the operation of the Franchised Business, shall be promptly transferred to the FRANCHISOR, upon termination or expiration of the Franchise Agreement.

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

FRANCHISEE appoints FRANCHISOR as FRANCHISEE’S true and lawful attorney-in-fact to direct the Telephone Company or other vendor to assign the Telephone Number and Listings, and sign any necessary documents and take any actions as may be necessary to effectuate the assumption.

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

**FRANCHISOR:**

**FRANCHISEE:**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT D  
TO THE FRANCHISE AGREEMENT**

**PERSONAL GUARANTY AND GUARANTY OF SPOUSES**

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

**ARTICLE I  
PERSONAL GUARANTY**

The undersigned persons (individually and collectively "you") hereby represent to Cool Binz International, LLC ("Franchisor") that you are all of the shareholders of, or all of the general partners of, or all of the members and managers of, or the spouse of any such shareholder, general partner, or member or manager of \_\_\_\_\_ ("Franchisee"), as the case may be. In consideration of the grant by Franchisor to the Franchisee as herein provided, each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the Transfer Fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term covenants against competition of the aforesaid Franchise Agreement.

**ARTICLE II  
CONFIDENTIALITY**

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information ("Confidential Information"). You will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, operating procedures, customer lists, sources of supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, any information contained in the Operations Manual, trade secrets, copyrighted materials, and other methods, techniques and know-how concerning the operation of the Franchised Business which

may be communicated to you or of which you may be apprised by virtue of your relationship with Franchisee and role as a Guarantor of the Franchise Agreement.

### **ARTICLE III NON-COMPETITION**

- 1) **During the Term of the Franchise Agreement.** During the term of this Franchise Agreement, you shall not:
  - a. Engage as an owner, partner, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any other business offering leasing of portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and/or freezers or other services that are the same as or similar to the services sold by the COOL BINZ Business (except for other franchises or authorizations we enter into with you;
  - b. Use our Confidential Information, System, COOL BINZ owners' intranet website, Operations Manual, Marks, Customer lists, Customer Information, trade secrets, trade dress, proprietary knowledge, or know-how, or any colorable imitations, in the design, development, or operation of any business other than the COOL BINZ Business franchised hereunder, unless specifically authorized by us; or
  - c. Divert or attempt to divert any business or customer of the COOL BINZ Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated the Marks or the System.
  
- 2) **After the Term of the Franchise Agreement.** For a period of 18 months from the time of expiration or termination of this Agreement, you and your owners and, if applicable, your Designated General Manager, shall not: (a) engage as an owner, shareholder, partner, director, officer, employee, consultant, salesperson, representative, or agent or in any other capacity in any business offering leasing of portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and/or freezers, (b) solicit business from Customers of your former COOL BINZ Business or contact any of our supplies or vendors for any competitive business purpose, or (d) divert or attempt to divert any business or Customer of the COOL BINZ Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System or engage in any business relationship with any contacts with Customers or former Customers of the COOL BINZ Business, whether respect to collection of accounts receivable, or to provide them services, or for any other purpose whatever, within:
  - a. The Territory defined in the Franchise Agreement;

- b. The geographic area encompassed by the Territories of any COOL BINZ franchisees, Company Stores, or any other COOL BINZ business operator, as of the date of the termination or expiration of the Franchise Agreement; or
  - c. A geographic area that is contained in a circle having a radius of 50 miles outward from the outside boundary of the Territory as defined in the Franchise Agreement.
- 3) **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III will be tolled during any default under this Personal Guaranty.

#### **ARTICLE IV DISPUTE RESOLUTION**

- 1) **Acknowledgment.** You acknowledge that this Personal Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks or its system.
- 2) **Governing Law.** This Personal Guaranty will be deemed to have been made in and governed by the laws of the State of Michigan (without reference to its conflict of laws principals).
- 3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first will survive the termination or expiration of this Agreement.
- 4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Personal Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements must be submitted first to non-binding mediation, in Ann Arbor, Michigan under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to

mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and the parties will share the cost of mediator. This agreement to mediate at our option will survive the termination or expiration of the Franchise Agreement.

- a) The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section IV if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):
  - (1) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;
  - (2) Any claims arising out of or pertaining to any warranty issued; or
  - (3) Any of the restrictive covenants contained in this agreement.
- 5) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Personal Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.
- 6) **Injunctive Relief.** Nothing contained in this Personal Guaranty will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.
- 7) **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in Washtenaw County, Michigan and the jurisdiction and venue of the United States District Court presiding over Ann Arbor, Michigan.
- 8) **Jury Trial Waiver.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.

- 9) **Waiver of Punitive Damages.** You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) that you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery will be limited to actual damages. If any other term of this Personal Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.
- 10) **Limitation on Action.** You agree that no cause of action arising out of or under this Personal Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense or set-off.
- 11) **Attorneys' Fees.** If either party institutes any mediation action or judicial proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Personal Guaranty and the Franchise Agreement, and Franchisor prevails in such action, you will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.
- 12) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Franchise Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Personal Guaranty will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.
- 13) **Severability.** The parties agree that if any provisions of this Personal Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Personal Guaranty will be construed according to fair meaning and not strictly construed against either party. The provisions of this Personal Guaranty are severable, and this Personal Guaranty will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Personal Guaranty will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Personal Guaranty.
- 14) **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Personal Guaranty will be ascribed the meaning given to it in the Franchise

Agreement. The language of this Personal Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Personal Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

15) **Successors.** References to “Franchisor” or “the undersigned,” or “you” include the respective parties’ successors, assigns or transferees.

16) **No Personal Liability.** You agree that fulfillment of any and all of Franchisor’s obligations written in this Personal Guaranty or in the Franchise Agreement or based on any oral communications that may be ruled to be binding in a court of law will be Franchisor’s sole responsibility and none of Franchisor’s agents, representatives, nor any individuals associated with Franchisor’s franchise company will be personally liable to Franchisee or you for any reason.

**PERSONAL GUARANTOR(S)**

**SPOUSE(S)**

Name:

Name:

Address:

Address:

Phone Number:

Phone Number:

Email:

Email:

Name:

Name:

Address:

Address:

Phone Number:

Phone Number:

Email:

Email:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT E  
TO THE FRANCHISE AGREEMENT**

**ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION  
AUTOMATIC DEBIT OF AMOUNT DUE TO FRANCHISOR**

Cool Binz International, LLC (“Franchisor”) is hereby authorized to charge the below account, owned by the below identified Franchisee by way of Automated Clearing House (“ACH”) debit for the amount due Franchisor by Franchisee pursuant to the terms of the Franchise Agreement signed by and between Franchisor and Franchisee, for the month or week, as applicable, preceding the debit (the “Due Date”). As the amount due Franchisor may vary on each Due Date, Franchisor is authorized to transfer amounts from Franchisee’s Account, which amounts are subject to change, without prior notice to Franchisee.

Franchisee may terminate this authorization by giving notice not less than three (3) days’ notice to Franchisor in writing to Cool Binz International, LLC, Attn: Controller at 731 Fairfield Court, Ann Arbor, MI 48108.

Both Franchisor and Franchisee agree to be bound by the operating rules of the National Automated Clearing House Association (“NACHA”).

**Franchisee Bank Information**

Bank Name	
Bank Address	
Account Name	
ABA Routing Number	
Account Number	

**FRANCHISEE**

[Insert entity name]

By: \_\_\_\_\_

Date: \_\_\_\_\_

[insert name of signatory]

**EXHIBIT F**  
**TO THE FRANCHISE AGREEMENT**  
**STATE ADDENDA TO THE FRANCHISE AGREEMENT**

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN CALIFORNIA**

This is an addendum to the Agreement between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, if there is a conflict between the terms of this Addendum and the terms of your Franchise Agreement, the terms of this Addendum shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties signing below, it is hereby agreed and understood that the following will supersede the Sections of the Franchise Agreement listed below:

### **13.D. COVENANT NOT TO COMPETE.**

You acknowledge and reaffirm that the COOL BINZ customer list developed under your Franchise Agreement, is the sole and exclusive proprietary information of Cool Binz International, LLC, and you have no ownership right(s) or any other interest in this customer list except as a COOL BINZ franchisee. In the event of any future termination and/or expiration of your franchise agreement with Cool Binz International, LLC, you will not retain, in any form, a copy of this customer list. You further agree not to market to, service or otherwise deal with any customers on the list for leasing or portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and/or freezers for a period of 18 months after the termination and/or expiration of your Franchise Agreement.

It is also agreed and understood that if you sell any one (1) or more of your COOL BINZ franchise businesses, as a condition precedent to our approving your purchaser as a new COOL BINZ franchisee, you will agree with your purchaser and with us not to compete for 18 months after the sale closing, in the leasing of portable storage containers business within a geographic area extending out from the purchased COOL BINZ territory boundaries, in every direction, for 50 miles. Provided, however, these non-competition provisions do not create or imply any additional restrictions upon your ownership of other COOL BINZ franchise business(es) in and around this geographic area.

The terms of this Addendum shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

In all other respects, the terms and conditions contained in your original Franchise Agreement, and any previous addendums to your Franchise Agreement, remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been set forth in writing, and any future promises, commitments or assurances must be in writing and signed by both of us, to be enforceable.

**15.L. CONSTRUCTION AND INTEGRATION.** The following language shall be deleted in its entirety:

“You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our COOL BINZ Business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law;” and,

“You acknowledge that you have not received any express or implied representations or warranties regarding the sales, earnings, income, profits, gross revenues, business or financial success, value of the franchise, provided by us or our representatives or any other matters pertaining to the franchise from us or any of our officers, employees or agents that were not contained in this Agreement or the Franchise Disclosure Document received by you (hereinafter “Representations”). You further acknowledge that if you had received any such Representations, you would not have executed this Agreement, and you would have: (a) promptly notified us in writing of the person or persons making such Representations; and (b) provided to us a specific written statement detailing the Representations made.”

**17. YOUR AFFIRMATIONS.** The following language shall be deleted in its entirety:

“We have not made, nor have you relied on, any representation as to the past or future sales, volume or potential profitability, earnings or income of the COOL BINZ Business, or any other COOL BINZ Business, other than the information provided in our franchise disclosure document;” and,

“You are not relying on any representation or statement that we have made, regarding the anticipated income, earnings and growth of COOL BINZ outlets, the System, or the viability of the COOL BINZ franchise opportunity.”

**18. REPRESENTATIONS.** The following language shall be deleted in its entirety:

“YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF THAT HAVE LED YOU TO ENTER INTO THIS AGREEMENT;” and,

“YOU FURTHER UNDERSTAND THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATION THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE.”

No statement, questionnaire, or acknowledgement 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.

The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a requirement for us to maintain a surety bond under California Corporations Code section 31113 and 10 C.C.R. section 310.113.5, which must remain in effect during our registration period. The surety bond is in the

amount of \$59,900 with the Hartford and is available for you to recover your damages in the event we do not fulfill our obligations to you to open your franchised business. We will provide you with a copy of the surety bond upon request.

**FRANCHISOR:**  
**COOL BINZ INTERNATIONAL, LLC**

**FRANCHISEE:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**~~ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN CONNECTICUT~~**

~~—This is a Rider to the Franchise Agreement which is being executed concurrently with this Rider, between Franchisor and Franchisee.~~

~~—All references to non-refundable fees, where Franchisor is the seller of products to Franchisee, shall be amended to include the following:~~

~~“If the Franchisor/Seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the Franchisor/Seller in writing and demand that the contract be cancelled.”~~

**FRANCHISOR:**

**FRANCHISEE:**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**-ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN HAWAII**

This is a Rider to the Franchise Agreement, which is being executed concurrently with the Franchise Agreement, between Franchisor and Franchisee.

Due to Franchisor's financial condition, the Hawaii Department of Commerce and Consumer Affairs requires a deferral of the payment of the initial franchise fee and any other initial payments made by the franchisee to the franchisor until all of the pre-opening obligations of the franchisor have been satisfied and the franchise has opened for business.

**FRANCHISOR:**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN ILLINOIS

This is a Rider to the Franchise Agreement, which is being executed concurrently with the Franchise Agreement, between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, (Ill. Comp. Stat. §§ 705/1 to 705/44), the parties to the Cool Binz International, LLC Franchise Agreement (the “Agreement”) agree as follows:

### 1. Dispute Resolution Procedures

Section 15.F. entitled “Dispute Resolution Procedures” is superseded and replaced by the following:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

### 3. Choice of Law

Section 15.H. entitled “Choice of Law” is superseded and replaced by the following:

Except to the extent governed the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 ET SEQ.) or Federal Law, this Agreement, the Franchise and all claims arising from the relationship between us and you will be governed by the laws of the State of Illinois.

### 5. Illinois Franchise Disclosure Act

a. The following language is added to Section 15.M. of the Agreement:

15.M. Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any law of the State of Illinois is void.”

b. Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.

c. Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, and the compensation requirements thereunder.

d. No statement, questionnaire or acknowledgement 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 behalf of the Franchisor. This

provision supersedes any other term of any document executed in connection with the franchise.

**7. Financial Assurance**

Due to our financial condition, the Administrator has ordered us to assure our financial capability by implementing a financial assurance. We have posted a surety bond in the amount of \$59,900 with the Office of the Illinois Attorney General.

**8. National Accounts.** National Accounts exist within this franchise system. “National Accounts” are businesses that operate in multiple locations. The Franchisor only negotiated and enters into agreements with National Accounts. You may be offered the opportunity to service a National Account. If you decline or are otherwise unable to service the account, the Franchisor, an affiliate, or another franchisee may provide the service with no compensation to you (even if the service is provided within your Territory).

**FRANCHISOR:**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN MARYLAND**

The parties to this Rider are FRANCHISOR and FRANCHISEE. The parties to the attached Franchise Agreement (the “Agreement”) agree as follows:

### **1. Background:**

We and you are parties to that certain Agreement that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because (a) the offer or sale of the franchise for the COOL BINZ franchise you will operate under the Agreement was made in the State of Maryland and you will operate the Franchise in the State of Maryland and/or (b) you are a resident of the State of Maryland.

### **2. Expiration of this Agreement:**

Pursuant to COMAR 02.02.08.16L, the following is added at the end of Sections 10.B.8, 11.C., and 12.A. of the Agreement:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

### **3. Enforcement:**

The following is added at the end of Section 15.F. and 15.K. of the Agreement:

Any limitation of claims provisions shall not act to reduce the three (3) year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

### **4. Dispute Resolution Procedures:**

Pursuant to Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, the following is added at the end of Sections 15.F. and 15.H. of the Agreement:

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

### **5. Acknowledgment:**

Pursuant to Section 14-226 of the Maryland Franchise Registration and Disclosure Law The following is added at the end of Section 17 of the Agreement and to the Disclosure Acknowledgement Questionnaire:

The representations, acknowledgements and affirmations in the preceding section are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act.

The following text in Sections 17 and 18 of the Franchise Agreement shall be deleted in their entireties:

\_\_\_\_ We have not made, nor have you relied on, any representation as to the past or future sales, volume or potential profitability, earnings or income of the SAFER HOME SERVICES Business, or any other SAFER HOME SERVICES Business, other than the information provided in our franchise disclosure document.

\_\_\_ \_\_\_ You have had the opportunity, and have been encouraged by us, to independently investigate and analyze both the SAFER HOME SERVICES franchise opportunity and the terms and provisions of this Agreement by contacting any and all of our franchise owners and by utilizing the services of attorneys, accountants, or other advisors as you deem to be necessary.

\_\_\_ \_\_\_ You are not relying on any representation or statement that we have made, regarding the anticipated income, earnings and growth of SAFER HOME SERVICES outlets, the System, or the viability of the SAFER HOME SERVICES franchise opportunity.

\_\_\_ \_\_\_ Like any other business, the nature of the business conducted by SAFER HOME SERVICES Businesses may, and probably will, evolve over time.

\_\_\_ \_\_\_ Your abilities and efforts are vital to the success of the SAFER HOME SERVICES Business.

\_\_\_ \_\_\_ Continually securing new Customers is necessary to the SAFER HOME SERVICES Business and requires you to make consistent and repeated marketing and advertising efforts through a variety of mediums.

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

YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF THAT HAVE LED YOU TO ENTER INTO THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND OUR CONTROL OR INFLUENCE. YOU FURTHER UNDERSTAND THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATION THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE.

THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR YOUR PAYMENT OF ANY MONIES TO US, REFUNDABLE OR OTHERWISE.

YOU ACKNOWLEDGE THAT WE HAVE RECOMMENDED, AND THAT YOU HAVE HAD THE OPPORTUNITY TO OBTAIN, REVIEW THIS AGREEMENT AND OUR FRANCHISE DISCLOSURE DOCUMENT BY YOUR LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

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.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

**FRANCHISOR:**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN MINNESOTA**

This is a Rider to the Franchise Agreement which is being executed concurrently with this Rider, Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. 80C.01 through 80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rule 2860.0100 through 2860.9930, the parties to the attached Cool Binz International, LLC Franchise Agreement (the “Agreement”) agree as follows:

Background. We and you are parties to that certain Franchise Agreement that has been executed concurrently with the execution of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Agreement.

This Rider is being executed because (a) the offer or sale of the franchise for the COOL BINZ franchise you will operate under the Agreement was made in the State of Minnesota and you will operate the Franchise in the State of Minnesota and/or (b) you are a resident of the State of Minnesota.

Marks. The following language is added at the end of Section 4 of the Agreement:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights that you have to use our proprietary rights, including your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suite or demand regarding the use of the name.

Termination by Franchisor. The following language is added to Section 12.B of the Agreement:

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that (i) a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the franchise agreement, and that (ii) consent to the transfer of the franchise will not be unreasonable withheld. The franchisor will comply with Minnesota law in this respect in its performance of the franchise agreement and any ancillary agreements.

Waiver of Punitive Damages and Jury Trial. The following is added to Section 15.I, of the Agreement:

Minn. Rule 2860.4400J. prohibits the waiver of a jury trial.

Limitations of Claims. The following is added to Section 15.K. of the Agreement:

Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three (3) years after the cause of action occurs.

Dispute Resolution Procedures/Governing Law. The following language is added to Sections 15.F and 15.H. of the Agreement:

PURSUANT TO MINN. STAT. 80C.21 AND MINN. RULE 2860.4400J, the Franchisor is prohibited from (i) requiring litigation to be conducted outside Minnesota; (ii) requiring waiver of a jury trial; and (iii) requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. Nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (i) any of the franchisee's rights as provided for in Minnesota Franchise Act or (ii) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Injunctive Relief. The franchisee cannot be required to consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400(J). A court will determine if a bond is required.

NSF Fees. Item 6 and Section 2.E of the Franchise Agreement are amended to state: Pursuant to Minnesota Statute 604.113, the NSF Fees are capped at \$30 per incident.

Standard of Conduct. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

Financial Assurance. Based upon our financial condition, the Department has required that we provide financial assurance of our ability to perform our obligations to you. We have obtained a surety bond in the amount of \$59,900, which is on file with the Department and a copy of which will be provided to you upon request.

Agreements/Releases. The following language is added to Section 11.C.:

1. Provided; however, that such general releases do not apply to the extent prohibited by applicable law with respect to claims which arise under Minn. Rule 2860.4400D. Minn. Rule 2860.4400D. prohibits us from requiring you to assent to a general release that would relieve any person from liability imposed by Minnesota Statutes, Chapter 80C.

No statement, questionnaire, or acknowledgement 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 this franchise.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

**FRANCHISOR:**

**FRANCHISEE:**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN NEW YORK**

This is a Rider to the Franchise Agreement which is being executed concurrently with this Rider, between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the COOL BINZ Business that you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the Business in New York.

2. **AGREEMENTS/RELEASES.** Section 11.C. of the Franchise Agreement is amended by adding the following language to the end of the last sentence of the paragraph:

Provided, however, that all rights Franchisee enjoys and any causes of action arising in Franchisee’s 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **TERMINATION OF AGREEMENT BY FRANCHISEE.** Section 12.A. of the Franchise Agreement is amended by adding the following as the last sentence:

Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. **TRANSFER BY US** Section 10.A. of the Franchise Agreement is amended by adding the following language at the end:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

5. **DISPUTE RESOLUTION PROCEDURES/CHOICE OF LAW.** Sections 15.F. and 15.H. of the Franchise Agreement are amended by adding the following language:

**HOWEVER, THE GOVERNING CHOICE OF LAW SHALL NOT BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON FRANCHISEE BY THE PROVISIONS OF ARTICLE 33 OF THE GENERAL BUSINESS LAW OF THE STATE**

OF NEW YORK.

6. BINDING EFFECT. Section 15.J. of the Franchise Agreement is amended by adding the following language:

Modifications to the Operations Manual will not unreasonably affect Franchisee's obligations, including economic requirements, under this Agreement.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

**FRANCHISOR:**

**FRANCHISEE:**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN NORTH DAKOTA**

This is a Rider to the Franchise Agreement which is being executed concurrently with this Rider, between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

### **1. BACKGROUND.**

We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the COOL BINZ Business that you will operate under the Franchise Agreement was made in the State of North Dakota, and/or (b) you are a resident of North Dakota and your Business will be located or operated in North Dakota.

### **2. AGREEMENTS/RELEASES.**

Sections 10.B.8, 11.C and 12.A. of the Franchise Agreement are amended by adding the following:

“Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent otherwise prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.”

### **3. COVENANT NOT TO COMPETE.**

Section 13.D of the Franchise Agreement is amended by adding the following:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, you acknowledge and agree that we intend to seek enforcement of these provisions to the extent allowed under the law.”

### **4. GOVERNING LAW.**

The following is added to the end of Section 15.H. of the Franchise Agreement:

“except as otherwise required by North Dakota law.”

### **5. DISPUTE RESOLUTION PROCEDURES.**

Section 15.F. of the Franchise Agreement is amended by adding the following language:

“Notwithstanding the foregoing, you shall not be required to consent to the jurisdiction of courts outside of North Dakota.”

### **6. WAIVER OF EXEMPLARY AND PUNITIVE DAMAGES AND JURY TRIAL.**

To the extent required by the North Dakota Franchise Investment Law, the following language is deleted from Section 15.I. of the Franchise Agreement.

“You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, that your recovery is limited to actual damages.”

“You and we irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us.”

7. LIQUIDATED DAMAGES.

Notwithstanding Item 17(i) of the Franchise Disclosure Document or Section 12.D of the Franchise Agreement, you are not required to consent to termination or liquidated damages and any such language is hereby deleted from the Franchise Agreement and Franchise Disclosure Document.

8. LIMITATIONS OF CLAIMS.

Section 15.K. of the Franchise Agreement is amended by adding the following:

“The time limitations set forth in this subsection might be modified by the North Dakota Franchise Investment Law.”

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

9. RECOVERY OF FEES. Section 15.C of the Franchise Agreement shall be amended to state that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

10. DISCLOSURE QUESTIONNAIRE. No statement, questionnaire, or acknowledgement 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.

11. FINANCIAL ASSURANCE. Based on our financial statements, the North Dakota Securities Division has required us to assure our financial capability to you. We have posted a surety bond in the amount of \$59,900 with the Division, a copy of which will be provided to you upon request.

**FRANCHISOR:**

**FRANCHISEE:**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **VIRGINIA STATE ADDENDA TO THE FRANCHISE AGREEMENT**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Cool Binz International, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Under 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.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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.

### **FRANCHISOR**

#### **COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### **FRANCHISEE**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **WASHINGTON STATE ADDENDA TO THE FRANCHISE AGREEMENT, DISCLOSURE ACKNOWLEDGEMENT QUESTIONNAIRE AND OTHER RELATED AGREEMENTS**

This is a Rider to the Franchise Agreement which is being executed concurrently with this rider, between Franchisor and Franchisee.

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. Item 17(o), Section 13.B.13 of the Franchise Agreement, and the Equipment Sales and Security Agreement in Exhibit A-4 to the FDD are modified to be consistent with RCW 19.100.180, including that the franchisor is required to purchase certain assets at fair market value (including goodwill in certain instances), at the time of expiration or termination of the franchise, offset by any amounts owed by the franchisee to the franchisor.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable. Accordingly, Items 17(c) and Item 17(m) of the FDD, and required by Sections 10.B.8 and 11.C of the Franchise Agreement, does not apply to claims arising under the Franchise Investment Protection Act, chapter 19.100 RCW, or any rules or order adopted thereunder, in accordance with RCW 19.100.220(2).

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

8. Section 2.K of the Franchise Agreement shall not waive any liability that may arise under the Franchise Investment Protection Act of Washington.

9. Section 12.D of the Franchise Agreement is modified to reduce the liquidated damages standard from thirty-six (36) months to twenty-four (24) months of royalties.

10. Section 14.D of the Franchise Agreement shall be modified to delete the phrase “for any reason whatsoever” from the paragraph.

11. The following sections shall be deleted in their entireties, and do not apply to Washington franchisees:

- a. Section 15L: the second and third sentences, and the third paragraph;
- b. Section 17: the second and fourth affirmations;
- c. Section 18: the first paragraph;
- d. Section 16 of Exhibit D, Personal Guaranty and Guaranty of Spouses
- e. Questions 5-9 of Exhibit H, the Disclosure Acknowledgement Questionnaire

12. Based upon our financial condition, the Department has required that we provide financial assurance of our ability to perform our obligations to you. We have obtained a surety bond in the amount of \$59,900, which is on file with the Department and a copy of which will be provided to you upon request.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

**FRANCHISOR**

**FRANCHISEE**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A-2**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**CONFIDENTIALITY/NON-DISCLOSURE AGREEMENT**

With respect to determining the feasibility of whether or not to purchase a COOL BINZ franchise, Cool Binz International, LLC, is prepared to provide you with certain financial, business, marketing, and operational information concerning the business operations of Cool Binz International, LLC.

We are able to provide you this information with your explicit understanding and agreement that you recognize and agree that this information is confidential and valuable, and that this information constitutes special and unique proprietary rights and assets of Cool Binz International, LLC.

The term “Confidential Information” shall mean and include any and all information disclosed by us to you relating to the COOL BINZ business and potential trade name and internet web names, whether copyrighted or patented. Provided; however, Confidential Information shall not include information which:

- A. Is disclosed to you following the date of this Agreement by a third party who is not under an obligation to keep the information confidential;
- B. Is or becomes publicly disclosed through no act or omission of yours; and/or
- C. Information previously known by you prior to contact with us.

In accepting this Confidential Information, you agree that you will not disclose it to any third party or make use of it yourself, in any regard, with the exception that it may be disclosed to an attorney, accountant or business consultant that you utilize as part of your due diligence process, provided you assure they are informed of and comply with all the terms of this Confidentiality and Non-Disclosure Agreement.

You further agree to maintain the confidentiality of any and all confidential information which has been provided to you in a manner using at least the same degree of care as the manner used to maintain the confidentiality of your most confidential information.

In the event that you do not purchase a COOL BINZ business, or upon our request at any time, you agree to return all materials furnished to you or to certify in writing that such information has been destroyed.

You further recognize that breach of this Confidentiality and Non-Disclosure Agreement by you will cause severe and irreparable damage to Cool Binz International, LLC, and that Cool Binz International, LLC, may pursue all of its rights and remedies after any breach, including specific performance.

Please indicate that you agree to the conditions, as stated above, under which confidential information will be furnished to you by signing a copy of this letter in the space provided below.

**ACKNOWLEDGED:**

By: \_\_\_\_\_  
Signature

Date: \_\_\_\_\_

**EXHIBIT A-3  
TO THE FRANCHISE DISCLOSURE DOCUMENT**

**GENERAL RELEASE(S)**

**GENERAL RELEASE – REQUIRED UPON RENEWAL**

**THIS SETTLEMENT AND RELEASE** is being made by and between COOL BINZ INTERNATIONAL, LLC (“FRANCHISOR”) and [Name] (together referred to as the “FRANCHISE OWNER” and/or “you”) resident of [State], and [Corp/LLC,] (“Franchisee”) and shall be effective as of the date of the last signature below.

**W I T N E S S E T H:**

**WHEREAS**, FRANCHISOR and FRANCHISE OWNER(S) entered into Franchise Agreement on the [date] (the “Franchise Agreements”) for the operation of a COOL BINZ business in a defined territory(s) in the state of [State] (the “Business”), which Franchise Agreements is being renewed;

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by and between each of the parties, it is agreed and understood as follows:

1. FRANCHISE OWNER(S) and FRANCHISOR have agreed upon new renewal Franchise Agreements, to be executed contemporaneously with this Mutual Release, which will replace your original Franchise Agreements, thus continuing FRANCHISE OWNER(S) rights to operate a COOL BINZ business within a Territory, as defined in the Franchise Agreement in the State of [State].

2. In reliance upon the execution of renewal Franchise Agreements, the parties agree to the following mutual releases:

A. FRANCHISE OWNER(S) and FRANCHISEE, for themselves and for their employees, agents, heirs, successor and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interest of FRANCHISE OWNER(S) and/or FRANCHISEE, hereby releases, acquits, and forever discharges FRANCHISOR and its directors, officers, shareholders, employees, agents, legal representatives, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses and suits whatsoever and of every conceivable kind, character, and nature, whether absolute or contingent, and whether known or unknown, which either party may have against the other, by reason of, or arising out of, or in any way related to any acts or omissions of the other party occurring prior to the date of this Release.

B. FRANCHISOR, for themselves and for their employees, agents, heirs, successor and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interest of FRANCHISOR, hereby releases, acquits, and forever discharges FRANCHISE

OWNER(S) and/or FRANCHISEE and their directors, officers, shareholders, employees, agents, legal representatives, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses and suits whatsoever and of every conceivable kind, character, and nature, whether absolute or contingent, and whether known or unknown, which either party may have against the other, by reason of, or arising out of, or in any way related to any acts or omissions of the other party occurring prior to the date of this Release.

C. **[CALIFORNIA ONLY]** Except as set forth herein, FRANCHISOR, FRANCHISE OWNER(S) and FRANCHISEE expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California (“Section 1542”), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT.”

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, FRANCHISOR, FRANCHISE OWNER(S) and FRANCHISEE expressly acknowledge that this Agreement is intended to include in its effect without limitation, all claims described in this paragraph which FRANCHISOR, FRANCHISE OWNER and/or FRANCHISEE does not know or suspect to exist in its favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

3. Any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises made by the parties herein or with regard to the interpretation, formation, or breach of this Release, shall be litigated exclusively in the courts of general jurisdiction of Washtenaw County, Michigan or the United States District Court presiding over Ann Arbor, Michigan.

4. Both parties acknowledges and agree that money damages will not be a sufficient remedy for any breach of this provision and that either party shall be entitled to specific performance as a remedy for any such breach. Such remedy shall not be deemed to be the exclusive remedy, but shall be in addition to all other remedies available at law or equity to the party. In the event of any litigation to enforce any of the terms of this Mutual Release, the unsuccessful party shall pay the costs and attorneys’ fees of the successful party.

5. Neither this Release nor any provision of this Release can be modified or waived in any way, except by an agreement in writing signed by each of the parties hereto, consenting to such modification or waiver.

6. All parties hereto do hereby acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the

execution of this Release, and that they have executed this Release with the consent and upon the advice of said independent counsel.

7. This Release may be signed in two (2) or more counterparts, and will be effective when all the parties and signatories have affixed their signatures to two (2) or more of the counterparts and they have been delivered as aforesaid, at which time the counterparts together will be deemed one (1) original document.

8. The terms of this Mutual Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

9. This Agreement contains the entire agreement between the parties hereto concerning the resolution of any and all disputes or controversies between or among them.

10. **[MARYLAND ONLY]** This Mutual Release may not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

11. **[WASHINGTON ONLY]**. This Mutual Release does not apply to claims arising under the Franchise Investment Protection Act, chapter 19.100 RCW, or any rules or order adopted thereunder, in accordance with RCW 19.100.220(2).

**IN WITNESS WHEREOF**, the parties have caused this Release to be executed as of the day and year written below.

**FRANCHISOR**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE**

**[FRANCHISEE ENTITY/NAME]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISE OWNER(S)**

\_\_\_\_\_  
[Name of Owner], Individually

\_\_\_\_\_  
[Name of Owner], Individually

\_\_\_\_\_  
[Name of Owner], Individually

## GENERAL RELEASE – REQUIRED UPON ASSIGNMENT

THIS SETTLEMENT AND RELEASE is being made by and between Cool Binz International, LLC (“FRANCHISOR”) and [Franchise Owner Name(s)] (together referred to as the “FRANCHISE OWNER(S)”), resident(s) of [State], and [Company] (“Franchisee”) and shall be effective as of the date of the last signature below.

### WITNESSETH:

**WHEREAS**, FRANCHISOR and FRANCHISE OWNER(S) entered into a Franchise Agreement on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Franchise Agreement(s)”) for the operation of a COOL BINZ business in a defined territory(s) in the state of [State Name(s)], (the “Business”);

**WHEREAS**, FRANCHISOR and FRANCHISE OWNER(S) have reached agreement that it is in the best interest of all parties for FRANCHISE OWNER(S) to discontinue operations and terminate the Franchise Agreement, upon the terms and conditions specified below, and for the parties to exchange mutual releases;

**NOW THEREFORE**, in consideration of the mutual covenants and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by and between each of the parties, it is agreed and understood as follows:

1. Effective as of the date last signed below, FRANCHISE OWNER(S) hereby transfers, sets over and assigns to FRANCHISOR all right, title and interest in and to the Franchise Agreement and agrees to abide by and observe all Post-Termination Obligations and Covenants Not to Compete as set forth in the Franchise Agreement.

2. \_\_\_\_\_FRANCHISOR hereby releases FRANCHISE OWNER(S) from any further duties and obligations thereunder except those continuing duties and obligations specifically set forth in Paragraph 1 of this Agreement.

3. The parties hereby agree to the following mutual releases:

A. Except for the obligations of the parties herein contained, FRANCHISE OWNER(S) and FRANCHISEE for themselves, and their employees, agents, heirs, successors and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interests of FRANCHISE OWNER(S) and/or FRANCHISEE, hereby releases, acquits, and forever discharges FRANCHISOR and its directors, officers, members, shareholders, employees, agents, legal representatives, heirs, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses, and suits whatsoever and of every conceivable kind, character and nature, whether absolute or contingent and whether known or unknown, which FRANCHISE OWNER(S) and/or FRANCHISEE has, has had or may ever have against FRANCHISOR, by reason of, or arising out of, or in any way related to any acts or omissions of the other party prior to the date of this Agreement.

B. Except for the obligations of the parties herein contained, FRANCHISOR for themselves, and their employees, agents, heirs, successors and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interests of FRANCHISOR, hereby

releases, acquits, and forever discharges FRANCHISE OWNER(S) and FRANCHISEE and its directors, officers, members, shareholders, employees, agents, legal representatives, heirs, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses, and suits whatsoever and of every conceivable kind, character and nature, whether absolute or contingent and whether known or unknown, which FRANCHISOR has, has had or may ever have against FRANCHISE OWNER(S) and/or FRANCHISEE, by reason of, or arising out of, or in any way related to any acts or omissions of the other party prior to the date of this Agreement.

C. **[CALIFORNIA – for use in CA only]** Except as set forth herein, FRANCHISOR, FRANCHISE OWNER(S) and FRANCHISEE expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California (“Section 1542”), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT.”

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, FRANCHISOR, FRANCHISE OWNER(S) and FRANCHISEE expressly acknowledge that this Agreement is intended to include in its effect without limitation, all claims described in this paragraph which FRANCHISOR, FRANCHISE OWNER(S) and/or FRANCHISEE does not know or suspect to exist in its favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

4. Any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises made by the parties herein or with regard to the interpretation, formation, or breach of this Release, shall be litigated exclusively in the courts of general jurisdiction of Washtenaw County, Michigan or the United States District Court presiding over Ann Arbor, Michigan.

5. Neither this Mutual Release nor any provision of this Mutual Release can be modified or waived in any way, except by an agreement in writing signed by each of the parties hereto, consenting to such modification or waiver.

6. All parties hereto do hereby acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Mutual Release, and that they have executed this Mutual Release with the consent and upon the advice of said independent counsel.

7. This Mutual Release may be signed in two (2) or more counterparts, and will be effective when all the parties and signatories have affixed their signatures to two (2) or more of the counterparts and they have been delivered as aforesaid, at which time the counterparts together will be deemed one (1) original document.

8. The terms of this Mutual Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

9. This Agreement contains the entire agreement between the parties hereto concerning the resolution of any and all disputes or controversies between or among them.

10. **[MARYLAND – for use in MD only]** This Mutual Release may not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

11. **[TRANSFERS – WHEN BUYER IS PAYING IN INSTALLMENTS]** FRANCHISE OWNER(S) and Franchisee acknowledge and agree (i) that they negotiated the sale of their franchise to Buyer Company without the assistance, or any other involvement of the Franchisor; (ii) that the purchase price for such sale (the “Purchase Price”) will not be paid in full at closing, but will be paid over a period of time after closing, and (iii) that they are assuming the full risk of nonpayment of the Purchase Price, FRANCHISE OWNER(S) and Franchisee further agree that they will not, in any manner, at any time, under any set of circumstances, seek payment of any portion of the Purchase Price from Cool Binz International, LLC, and/or any of its directors, officers, members, shareholders, employees, agents, representatives, heirs, successors or assigns.

IN WITNESS WHEREOF, the parties have caused this Release to be executed as of the day and year written below.

**FRANCHISOR**

**COOL BINZ INTERNATIONAL, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE**

**[FRANCHISEE ENTITY/NAME]**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISE OWNER(S)**

\_\_\_\_\_  
[Name of Owner], Individually

\_\_\_\_\_  
[Name of Owner], Individually

\_\_\_\_\_  
[Name of Owner], Individually

**EXHIBIT A-4  
TO THE DISCLOSURE DOCUMENT**

**Equipment Sales and Security Agreement**

This "Agreement" is made and entered into as of \_\_\_\_\_, 20\_\_~~23~~ by and between \_\_\_\_\_ (the "Franchisee") and COOL BINZ International, LLC, a Michigan limited liability company ("CBI"). This Agreement relates to that certain Franchise Agreement(s) between Franchisee and CBI (the "Franchise Agreement") for Franchisee's operation of a COOL BINZ franchise (the "Business"). In consideration of the mutual promises and agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which the parties mutually acknowledge, the parties mutually agree and intend to be legally bound as follows:

**1. EQUIPMENT PURCHASE.** Franchisee agrees to purchase from CBI and CBI agrees to sell to Franchisee the tangible equipment listed on the presented invoice ("Invoice") and, if applicable, pursuant to the payment terms set forth in a corresponding promissory note ("Promissory Note"). The equipment purchased under this Agreement shall be referred to as the "Equipment." To secure Franchisee's obligations to pay CBI for the Equipment, in the event CBI financed any portion of the purchase of the Equipment, and to dispose of the Equipment in accordance with the Franchise Agreement, Franchisee has granted to CBI the security interest in the Equipment set forth herein.

**2. SHIPMENT, TITLE & RISK OF LOSS.** CBI will arrange for shipment of the Equipment on the Invoice to Franchisee. Risk of loss and title to the Equipment transfers to Franchisee upon delivery, subject to any security interest of CBI retained under this Agreement. Franchisee acknowledges containers and/or decals may be scratched in the delivery process and that CBI and its agents shall use commercially best efforts in the delivery process. Franchisee shall inspect each shipment promptly upon receipt and will be deemed to accept the Equipment as conforming to the Invoice unless any gross defects or deficiencies are noted to CBI within 24 hours after delivery. Franchisee agrees, if no defects or deficiencies are reported within this time period, all sales are final.

**3. WARRANTIES.** All Equipment is warranted by its manufacturer only. CBI warrants only that the Equipment is delivered with good and merchantable title, free and clear of all liens, claims and encumbrances, and that the Equipment conforms to the requirements set by CBI under the Franchise Agreement. CBI offers no other warranty and assigns to Franchisee any and all rights to any express or implied warranty of each Equipment manufacturer. **THERE ARE NO EXPRESS OR IMPLIED WARRANTIES ON THE EQUIPMENT OFFERED, GIVEN OR PROVIDED BY CBI INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

**4. EQUIPMENT USAGE.** Franchisee agrees not to use the Equipment in any business or manner other than in the conduct of the Business pursuant to the Franchise Agreement. Franchisee acknowledges that the Equipment is proprietary to the COOL BINZ franchise system. The Equipment can only be used in connection with COOL BINZ authorized services. Any usage

contrary to this provision shall be considered to be a breach of the Franchise Agreement, the Promissory Note, and this Agreement.

**5. TRANSFER OF OWNERSHIP.** Franchisee acknowledges that the Franchise Agreement imposes restrictions and limitations on the resale of the Equipment. Franchisee acknowledges that the Equipment may not be sold, leased, or rented to or used by any other party, except under the conditions stated below, as provided in the Franchise Agreement, or as permitted in writing by CBI. The Equipment is proprietary and authorized for use only within the COOL BINZ franchise network. Franchisee covenants that Franchisee will not transfer title to the Equipment except in one of these two ways:

- a. Sell the Equipment to another COOL BINZ Franchisee in good standing under its franchise agreement at a mutually acceptable price. CBI has first right of refusal to purchase the Equipment and must approve any transaction. If CBI financed any portion of the purchase price of the Equipment, the transferee will pay the proceeds to CBI if there is any outstanding balance under the Promissory Note for the Equipment prior to transfer of the Equipment. At the time of transfer Franchisee's account with CBI must be current and the purchasing Franchisee may not have any pending default under any agreement with CBI.
- b. If Franchisee is terminating or not renewing the Franchise Agreement and Franchisee owns another COOL BINZ franchise, the Equipment (and the liability for any amount owing on the purchase price of the Equipment) will be transferred to that franchise upon written request.
- c. CBI will repurchase the storage containers bins (the "Bins") in accordance with the table below. The percentages shown assume reasonable wear and tear and regular maintenance. If any components of the original Bins are missing, or there is damage or excessive wear and tear, CBI reserves the right to make a corresponding adjustment to the repurchase price. The original Bins pricing under its Schedule will be reduced to the applicable percentage in effect based on the time elapsed after original purchase.

<b>Time Elapsed After Original Purchase</b>	<b>Percentage of Bins Equipment Price</b>
Under 1 year	65%
Under 2 Years	50%
Under 3 Years	35%
Under 4 Years	20%
Under 5 Years	15%
Over 5 Years	Offer After Inspection

**6. RETURN OF EQUIPMENT.** Upon expiration or termination of the Franchise Agreement, Franchisee will cooperate with CBI to repurchase all or some of the Equipment pursuant to the terms in the Franchise Agreement, unless Franchisee has arranged for the sale of the Equipment to another COOL BINZ franchisee with the consent of CBI.

**7. COVENANTS OF FRANCHISEE.** Franchisee covenants with CBI to (i) use and maintain the Equipment in a lawful manner and so as not to violate any law or regulation of the state, city or other political subdivisions in which Franchisee uses the Equipment; (ii) return, pay and file when due all taxes, fees and similar charges, including without limitation sales or use tax, and ad valorem and personal property taxes, imposed on the ownership, possession or use of the Equipment; (iii) keep the Equipment free and clear of all liens, security interests, claims and encumbrances except for those incurred through the initial financing of the Equipment with CBI or from a vendor approved by CBI; (iv) obtain and maintain property insurance on the Equipment covering loss, damage, theft, vandalism and casualty; (v) maintain the Equipment per the manufacturer's maintenance, repair and replacement instructions; (vi) maintain in place any notices, labels or other indicia provided by CBI to indicate that the Equipment is subject to this Agreement; (vii) operate the Business as required under the Franchise Agreement; and (viii) notify CBI when any party claims any interest in the Equipment.

**8. GRANT OF SECURITY INTEREST.** In the event Franchisee's purchase of the Equipment sold under the Invoice is financed by CBI, Franchisee hereby grants to CBI a continuing security interest in the Equipment sold to Franchisee, and any additions, accessions, accessories, attachments and replacements of such Equipment, any proceeds and products. The security interest shall continue for the term of this Agreement to secure Franchisee's obligations under this Agreement. Franchisee authorizes CBI to file a financing statement with regards to the Equipment without the necessity of obtaining an additional signature from Franchisee. The rights and remedies of CBI as a secured party under this Agreement and under applicable law are cumulative and non-exclusive. Franchisee agrees to entry for the benefit of CBI by any court of competent jurisdiction without prior notice or the posting of any bond of temporary and permanent injunctions and orders of specific performance to enforce this Agreement or any right or remedy available at law or in equity to CBI.

**9. TERM, DEFAULT AND TERMINATION.** The term of this Agreement shall commence on the effective date set forth above and shall continue in full force and effect until the Franchise Agreement and Promissory Note terminates or expires, and all Equipment is subject to proper disposition as provided herein.

**10. ADDITIONAL TERMS.** No cancellation, modification, amendment, deletion, addition or other change in this Agreement or any provision hereof shall be effective for any purpose unless specifically set forth in a writing signed by both Parties. Neither Party's delay in exercising or such Party's acquiescence in or waiver of a breach of any term, provision or condition of this Agreement, shall be deemed or construed to operate as a waiver of such Party's rights hereunder, except for the specific instance of delay, failure, acquiescence, or waiver. This Agreement shall be executed in one or more counterparts, each of which shall be considered to be an enforceable original instrument. Franchisee shall not assign or delegate, directly or indirectly, its obligations and liabilities under this Agreement, except as part of a permitted transfer in compliance with the Franchise Agreement. Except for any payment obligation applicable to

Franchisee hereunder, any delay or failure of either Party to perform its obligations shall be excused if it is caused by an extraordinary event or occurrence beyond the control of the nonperforming Party and without the nonperforming party's fault or negligence, such as acts of God, fires, floods, windstorms, explosions, natural disasters, wars and sabotage, and terrorism. Raw material or labor shortages are not force majeure events. Written notice of any anticipated delays in performance, including the anticipated duration of the delay must be given within 24 hours of the force majeure event.

**11. INCORPORATION OF TERMS.** This Agreement incorporates by this reference Section 12, paragraphs 1, 2, 3, 4, 11, 16, 17, 18, 19, and 20, of the Franchise Agreement as integral terms, conditions, parts and provisions of this Agreement as if written herein.

**IN WITNESS WHEREOF**, the Franchisee and CBI have executed this Agreement effective as of the date first above written.

**COOL BINZ International, LLC**

**Franchisee**

By: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **LENDER ADDENDUM To Equipment Sales and Security Agreement**

This “Lender Addendum” is made and entered into as of the Effective Date by and among the undersigned lender (“Lender”), the Franchisee, and CBI. This Lender Addendum supplements and amends that certain Equipment Sales and Security Agreement dated the Effective Date (the “Sales Agreement”) between CBI and Franchisee. Defined terms from the Sales Agreement are incorporated into this Lender Addendum.

Background. CBI and Franchisee have entered into the Sale Agreement ancillary to the Franchisee’s entry into the Franchise Agreement with CBI so that Franchisee may obtain certain equipment that is proprietary to CBI and that is necessary to perform Franchisee’s obligations under the Franchise Agreement. Lender desires to finance the purchase of the Equipment by Franchisee and take a security interest in the Equipment as collateral for the financing. CBI has restricted the right of the Franchisee to resell and dispose of the Equipment as provided in Section 5 of the Sales Agreement. CBI will consent to the financing of the Equipment purchase by Lender and Franchisee’s grant of a security interest in the Equipment subject to and conditioned upon Lender’s undertakings as set forth in this Lender Addendum.

In consideration of the premises, the mutual promises herein set forth, and for other good and valuable consideration that the parties mutually acknowledge, the parties mutually agree and intend to be legally bound as follows:

1. Franchisee may grant a security interest to Lender in the Equipment and the proceeds, additions, replacements and accessories thereto, so long as Lender pays to CBI all amounts due and owing under the Sales Agreement at or before the time the security interest attaches to the Equipment. CBI will on Lender’s request supply payoff amounts and instructions to Lender. Upon receipt of the payoff amount from Lender or Franchisee, CBI’s security interest in the Equipment shall be subordinated to the security interest of Lender and shall remain in effect for the duration of the Franchise Agreement term. Lender will notify CBI when Lender’s financing has been repaid and its security interest released within 15 days after such event.
2. Lender’s security interest shall be subject to, and Lender acknowledges that its rights and remedies with regard to the Equipment are limited to, the transfer restrictions set forth in Section 5 of the Sales Agreement. Lender covenants with CBI that Lender will not exercise any rights or remedies against the collateral that is inconsistent with the restrictions on disposition set forth in Section 5. Lender may, upon notice to CBI, marshal and assemble the Equipment for sale in accordance with Section 5 but shall make no use of the Equipment nor rent, lease, sell, lend or donate the Equipment. If Lender is unable to resell the Equipment to another franchisee of CBI within 60 days after first offering the Equipment for sale, then CBI will purchase the Equipment as provided in Section 5.
3. Lender may assign this Lender Addendum to any successor in interest to the financing of the Equipment only after CBI receives a written assumption of the Lender’s obligations under this Lender Addendum acceptable to CBI.
4. Lender will copy CBI on any notices of default, termination, foreclosure, marshaling, or

similar exercises of the secured party's rights under its agreement with Franchisee. Franchisee consents to the unrestricted exchange of information about Franchisee and the status of its financing or franchise and the related agreements between Lender and CBI.

5. Until CBI is notified by Lender that it has taken possession or constructive possession of the Equipment, CBI may deal with Franchisee as the lawful possessor and operator of the Equipment, and Franchisee shall at all times remain obligated to comply with its obligations to maintain, insure, protect and service the Equipment under the Sales Agreement and to use the Equipment only in compliance with the Franchise Agreement.

6. All notices to Lender, CBI and Franchisee shall be sent to respective address set forth below.

7. Sections 8, 9, 10 and 11 of the Sales Agreement are incorporated by this reference into this Lender Addendum as integral parts hereof.

IN WITNESS WHEREOF, Lender, the Franchisee and CBI have executed this Lender Addendum effective as of the date first above written in one or more counterparts.

**COOL BINZ International, LLC:**

**Franchisee:**

By: \_\_\_\_\_

\_\_\_\_\_  
Name Title

Its: President

Address: 731 Fairfield Court  
Ann Arbor, MI 48108

Date: \_\_\_\_\_

Address:

**LENDER:**

**Franchisee:**

By: \_\_\_\_\_

\_\_\_\_\_  
Name Title

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Address:

Address:

**EXHIBIT 2**  
**PAYMENT SCHEDULE**

**EXHIBIT A-5  
TO THE DISCLOSURE DOCUMENT**

**PROMISSORY NOTE**

1. FOR VALUE RECEIVED, \_\_\_\_\_ and \_\_\_\_\_ (collectively, the “Undersigned”) promises to pay to the order of COOL BINZ International, LLC, a Michigan Limited Liability Company, at 731 Fairfield Court, Ann Arbor, Michigan 48108 (the “Holder”), the principal sum of \$ \_\_\_\_\_ together with interest at a rate of ~~9~~<sup>10</sup>% for up to ~~36~~<sup>24</sup> months. The principal and interest shall be paid in equal monthly installments as stated in the payment schedule attached to this Promissory Note as Exhibit “1”, which is made a part of this Promissory Note. The first installment shall be due via Electronic Funds Transfer (“EFT”) on the first of the month following the successful completion of the initial training, if required under the franchise agreement, between Holder and the Undersigned, and thereafter monthly installments will be due via EFT on the first day of each successive month until the principal and interest due under this Promissory Note have been paid in full. PROVIDED, HOWEVER, that the entire principal balance together with all accrued interest thereon shall be due and payable on or before 24 months following the payment of the first installment, anything here in this Agreement to the contrary notwithstanding. After maturity of this Promissory Note (whether by acceleration or otherwise), Holder shall have the right to collect all payments, together with all accrued interest and late fees, due.

2. Monthly installments shall be applied first upon interest and the balance upon principal. This Promissory Note may be prepaid in full at any time without restriction or penalty.

3. Should any monthly installment not be paid when due, then the Holder shall elect to either (a) require that the whole sum of the remaining principal and interest shall become due immediately and payable upon notice to the Undersigned or (b) charge a late fee of 5% or \$50, per week, whichever sum is greater. All unpaid amounts owing on this Promissory Note shall immediately become due and payable at the option of Holder without notice or demand upon the occurrence of any of the following events of default: (i) the default of any provision of the Promissory Note; or (ii) the death, dissolution, insolvency (however expressed or indicated) or the filing of a petition in bankruptcy, reorganization or for the adjustment of debts for, by or against the Undersigned; (iii) the sale of substantially all of the Undersigned’s stock or assets; (iv) the Undersigned’s failure to permit Holder to collect amounts via EFT.

4. The Undersigned hereby waives presentation for payment, demand, notice of non-payment, protest, and all other demands and notices required by law (statutory or otherwise). In the event that the undersigned should default under this Promissory Note, and legal proceedings are commenced to collect the indebtedness evidenced hereby, the undersigned agrees to pay all costs and expenses, including reasonable attorney fees, incurred in the collection of this Promissory Note.

5. Should the undersigned transfer or assign their franchise rights to a third party prior to the pay-off of this Promissory Note, said Promissory Note must be paid in full before Holder will approve such transfer or assignment.

6. The validity, construction, interpretation and enforceability of the terms of this Promissory Note shall be determined and governed by the laws of the State of Michigan.

7. The Undersigned hereby confirms that the proceeds of this Promissory Note will be used for the business purpose of starting a COOL BINZ franchised business.

8. It is the parties' intent that the provisions of this Promissory Note be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the provisions contained here in this Promissory Note shall not render any other part unenforceable.

9. Holder's failure to enforce any rights granted to it under this Promissory Note will not constitute a waiver of such rights.

10. This Promissory Note is binding upon and will insure to the benefit of the parties and their successors, heirs, and assigns.

11. The persons executing this Note on behalf of the Undersigned acknowledge their authority to do so.

**I HAVE READ THE ABOVE NOTE AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS NOTE IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

As provided in this Franchise Agreement this Promissory Note is personally guaranteed by \_\_\_\_\_.

**HOLDER:**

**UNDERSIGNED:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**[FRANCHISEE NAME]**

\_\_\_\_\_  
[NAME], Individually

**EXHIBIT B  
TO THE DISCLOSURE  
DOCUMENT  
FINANCIAL STATEMENTS**

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# BFG Holdco, Inc.

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**Consolidated Financial Report  
December 31, 2023**

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<b>Consolidated Financial Statements</b>	
Balance Sheet	3
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## Independent Auditor's Report

To the Board of Directors  
BFG Holdco, Inc.

### **Opinion**

We have audited the consolidated financial statements of BFG Holdco, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2023, 2022, and 2021 and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2023, 2022, and 2021, 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 the Company as of December 31, 2023, 2022, and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Company and to meet our 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.

### **Emphasis of Matters**

As discussed in Note 3 to the consolidated financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As discussed in Note 9 to the consolidated financial statements, the Company recognized an impairment loss to its goodwill balance during 2023. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Consolidated 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 the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

### **Auditor's Responsibilities for the Audits of the Consolidated 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 audits 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.

To the Board of Directors  
BFG Holdco, Inc.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Plante & Moran, PLLC*

March 22, 2024

## Consolidated Balance Sheet

**December 31, 2023, 2022, and 2021**

	2023	2022	2021
	(As Restated)		
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 3,701	\$ 1,372	\$ 3,467
Restricted cash	781	345	372
Accounts receivable - Net	2,338	3,074	6,331
Inventory (Note 6)	5,683	4,393	2,871
Notes receivable - Current portion net of allowance (Note 7)	639	1,661	3,567
Prepaid expenses and other current assets	625	346	691
Total current assets	13,767	11,191	17,299
<b>Right-of-use Assets - Net</b>	3,098	1,379	2,392
<b>Property and Equipment - Net (Note 8)</b>	2,220	1,701	1,610
<b>Goodwill (Note 9)</b>	10,519	56,056	57,322
<b>Intangible Assets - Net (Note 9)</b>	28,264	32,566	42,516
<b>Other Assets</b>			
Notes receivable - Net of current portion and allowance (Note 7)	1,336	2,747	4,580
Amounts due from related parties (Note 14)	24,688	23,843	16,717
Deferred commissions	871	1,155	1,063
Other noncurrent assets	216	331	459
Total assets	\$ 84,979	\$ 130,969	\$ 143,958
<b>Liabilities and Stockholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 203	\$ 855	\$ 1,046
Operating lease obligation - Current portion (Note 10)	1,002	1,145	1,078
Deferred revenue - Current portion	1,305	2,050	2,532
Accrued and other current liabilities:			
Accrued compensation	1,201	1,256	1,661
Other accrued liabilities	2,251	1,678	1,807
Total current liabilities	5,962	6,984	8,124
<b>Operating Lease Obligation - Net of current portion (Note 10)</b>	2,166	425	1,549
<b>Other Long-term Liabilities</b>			
Deferred revenue - Net of current portion	3,202	4,864	6,664
Deferred tax liabilities (Note 11)	3,266	3,001	5,596
Total liabilities	14,596	15,274	21,933
<b>Stockholders' Equity</b>	70,383	115,695	122,025
Total liabilities and stockholders' equity	\$ 84,979	\$ 130,969	\$ 143,958

## Consolidated Statement of Operations

Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
	(As Restated)		
<b>Net Revenue</b>	\$ 31,072	\$ 33,483	\$ 36,232
<b>Cost of Revenue</b>	9,613	9,055	10,700
<b>Gross Profit</b>	21,459	24,428	25,532
<b>Operating Expenses Before Impairment</b>	20,604	27,789	23,079
<b>Impairment of Goodwill</b>	45,537	1,266	-
<b>Impairment of Intangible Assets</b>	-	4,952	-
<b>Operating (Loss) Income</b>	(44,682)	(9,579)	2,453
<b>Nonoperating Income (Expense)</b>			
Interest income	496	1,112	1,465
Loss on disposal of property and equipment	-	-	(27)
Other income	386	268	269
Total nonoperating income	882	1,380	1,707
<b>(Loss) Income - Before income taxes</b>	(43,800)	(8,199)	4,160
<b>Income Tax Expense (Recovery) (Note 11)</b>	477	(1,869)	1,219
<b>Consolidated Net (Loss) Income</b>	\$ (44,277)	\$ (6,330)	\$ 2,941

## Consolidated Statement of Stockholders' Equity

Years Ended December 31, 2023, 2022, and 2021

	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total
<b>Balance</b> - January 1, 2021	\$ 5	\$ 114,238	\$ 4,841	\$ 119,084
Consolidated net income	-	-	2,941	2,941
<b>Balance</b> - December 31, 2021	5	114,238	7,782	122,025
Consolidated net loss	-	-	(6,330)	(6,330)
<b>Balance</b> - December 31, 2022 - As restated	5	114,238	1,452	115,695
Cumulative effect of change in accounting principle (Note 4)	-	-	(1,035)	(1,035)
Consolidated net loss	-	-	(44,277)	(44,277)
<b>Balance</b> - December 31, 2023	<b>\$ 5</b>	<b>\$ 114,238</b>	<b>\$ (43,860)</b>	<b>\$ 70,383</b>

## Consolidated Statement of Cash Flows

**Years Ended December 31, 2023, 2022, and 2021**

	2023	2022	2021
	(As Restated)		
<b>Cash Flows from Operating Activities</b>			
Consolidated net (loss) income	\$ (44,277)	\$ (6,330)	\$ 2,941
Adjustments to reconcile consolidated net (loss) income to net cash from operating activities:			
Depreciation	591	490	443
Amortization of intangible assets	4,380	5,169	5,446
Bad debt expense	627	6,949	2,990
Loss on disposal of property and equipment	-	-	27
Impairment of goodwill	45,537	1,266	-
Impairment of intangible assets	-	4,952	-
Deferred income taxes	265	(2,595)	795
Noncash lease expense	(121)	(44)	100
Changes in operating assets and liabilities that provided (used) cash:			
Accounts receivable	1	(3,560)	(1,288)
Inventory	(1,289)	(1,523)	(218)
Notes receivable	1,506	3,607	2,550
Prepaid expenses and other assets	(166)	473	(167)
Deferred commissions	284	(92)	(461)
Related party	(845)	(7,126)	(9,756)
Accounts payable	(652)	(191)	(212)
Accrued and other liabilities	518	(534)	595
Deferred revenue	(2,407)	(2,282)	(1,250)
Net cash provided by (used in) operating activities	3,952	(1,371)	2,535
<b>Cash Flows from Investing Activities</b>			
Purchase of property and equipment	(1,109)	(581)	(585)
Payments made for patents and trade names	(78)	(170)	(151)
Proceeds from sale of property and equipment	-	-	24
Net cash used in investing activities	(1,187)	(751)	(712)
<b>Net Increase (Decrease) in Cash</b>	2,765	(2,122)	1,823
<b>Cash - Beginning of year</b>	1,717	3,839	2,016
<b>Cash - End of year</b>	\$ 4,482	\$ 1,717	\$ 3,839
<b>Classification of Cash</b>			
Cash	\$ 3,701	\$ 1,372	\$ 3,467
Restricted cash	781	345	372
Total cash	\$ 4,482	\$ 1,717	\$ 3,839
<b>Supplemental Cash Flow Information - Cash paid for taxes</b>	\$ 185	\$ 161	\$ 69
<b>Significant Noncash Transactions</b>			
Leases entered into	\$ 2,731	\$ -	\$ -
Transfer of property and equipment to related parties	-	-	(147)

# Notes to Consolidated Financial Statements

**December 31, 2023, 2022, and 2021****(000s omitted)**

## Note 1 - Nature of Business

BFG Holdco, Inc., with its wholly owned subsidiaries, Chem-Dry, Inc. (Chem-Dry); NHance, Inc. (N-Hance); Delta Disaster Services, LLC d/b/a Delta Restoration Services (DRS); Delta Development Group, LLC (DDG); and Delta Asset Management, LLC (DAM) (together with DRS and DDG, Delta) (collectively, the "Company"), is a wholly owned subsidiary of Belfor USA Group, Inc. BFG Holdco, Inc. was formerly known as HRI Holdings, Inc. until February 13, 2023, when its name was changed to BFG Holdco, Inc. Chem-Dry, Inc. was formerly known as Harris Research, Inc. until February 13, 2023, when its name was changed to Chem-Dry, Inc.

On December 31, 2019, all the outstanding shares of NHance, Inc. were contributed to BFG Holdco, Inc. The transaction qualified as a pooling-of-interests transaction in accordance with accounting principles generally accepted in the United States of America due to common control.

As a result, the consolidated financial statements presented include the activity of NHance, Inc. All of the assets and liabilities have been accounted for at their carryover basis.

A summary of the Company's operations, which are headquartered in Nashville, Tennessee, is as follows:

- Chem-Dry - Markets and services Chem-Dry carpet and upholstery cleaning franchises and provides training, equipment, solutions, and products to its franchisees throughout the United States of America and Canada.
- Delta - Services and trains Delta Restoration Services franchises in the United States of America, which offer commercial and residential property mitigation, remediation, reconstruction, and consulting services, and owns one Delta Restoration Services operation in Colorado. During 2022, Delta ceased operations.
- Devere International, Inc. (Devere), a wholly owned subsidiary of BFG Holdco, Inc. - Sells area franchise rights for specific geographic locations throughout the world (excluding the United States of America) and provides training, equipment, and cleaning supplies to the respective area franchisees.
- Chem-Dry Corporate Services (CDCS), a division of BFG Holdco, Inc. - Secures commercial and insurance work for franchisees in the United States and Canada.
- N-Hance - Markets and services N-Hance wood cleaning, coating, protection, and renewal franchises, including providing training, equipment, and solutions and products to franchise owners in the United States and Canada.

As of December 31, 2023, 2022, and 2021, the Company had the following active franchises throughout the world:

	2023	2022	2021
Chem-Dry carpet upholstery cleaning franchises	1,240	1,388	1,692
Chem-Dry Canada franchises	44	49	60
Devere area franchise rights	22	46	47
N-Hance wood renewal franchises	296	317	383
Delta restoration franchises	-	-	3

## Note 2 - Significant Accounting Policies

### *Principles of Consolidation*

The accompanying consolidated financial statements reflect the consolidated financial position, operations, stockholders' equity, and cash flows of BFG Holdco, Inc. and its subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

## Notes to Consolidated Financial Statements

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December 31, 2023, 2022, and 2021

(000s omitted)

### Note 2 - Significant Accounting Policies (Continued)

#### ***Revenue and Cost Recognition***

Revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Sales-based taxes are excluded from revenue. Goods and services may be transferred to customers either at a point in time or over time, as discussed below. Of the \$31,072, \$33,483, and \$36,232 of revenue recognized from contracts with customers for the years ended December 31, 2023, 2022, and 2021, revenue recognized over time amounted to \$11,642, \$13,455, and \$14,667, respectively, while the remainder was recognized at a point in time.

#### ***Nature of Promises to Transfer***

The Company's revenue streams are described below:

- **Franchise Rights, Royalties, Monthly Franchise Fees, and Other Support Fees** - The Company sells individual franchises that grant the right to service customers within a defined territory using the franchise name. The initial term of franchise agreements is typically 5 to 10 years, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid. Additionally, the Company sells master franchises rights in foreign countries with an initial term of typically 10 years, with an option to renew for a fee or transfer the right. The Company has performance obligations to provide franchisees with the franchise rights to service customers, as well as provide customized software, for which a technology fee is charged. Initial franchise fees for each agreement are allocated to each individual franchise and recognized over the term of the respective franchise agreement from the date the agreement is entered. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized at the time the transfer occurs. Royalty income and monthly franchise fee income is recognized over the term of the respective franchise agreement as the underlying sales occur. The Company also provides other services for a fee, as outlined in the franchise agreement. The Company has concluded these represent separate single performance obligations. Therefore, revenue is recognized when the support services are performed.
- **Merchandise Revenue** - The Company recognizes revenue from the sale of products, net of sales taxes, when the customer takes ownership of the products sold and assumes the risk of loss. The customer takes ownership and assumes risk of loss at the point of shipping for products other than equipment. Equipment is typically shipped "FOB Destination," and, as such, ownership and risk of loss remain with the Company until the equipment is delivered.

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 2 - Significant Accounting Policies (Continued)

- **Corporate Services** - This includes services in connection with securing residential, commercial, and insurance work for franchisees through CDCS through national account relationships in the United States and Canada. Revenue is recognized at the point in time the franchisee completes the work. The Company is the agent in this relationship and recognizes revenue on a net basis.
- **Mitigation and Construction Contracts** - This includes mitigation and construction projects with both residential customers and insurance companies. Generally, the Company will have one performance obligation per contract. These services are transferred over time using the input method to measure progress. The use of the input method results in the recognition of revenue on the basis of the Company's efforts toward the satisfaction of the performance obligation. The most common input method that the Company uses is contract cost to date, including labor and direct costs relative to the total contract cost expected to be expended in satisfying each performance obligation. Contracts are billed on a time and materials basis using the practical expedient to recognize revenue, as the Company has the right to invoice those amounts. Project change orders are economic factors that affect the nature, amount, timing, and uncertainty of the Company's revenue and cash flows. Change orders often arise when unexpected costs to the existing contract are incurred or the customer wants to extend the scope of the project. These rarely create a separate project performance obligation and are accounted for as a modification to the contract price using the cumulative catch-up adjustment method.

In most cases, control of the Company's contracts transfers to customers when performed by the Company. Some services are provided by subcontractors. Except for CDCS, the Company does not act as an agent (i.e., the Company does not provide a service of arranging for another party to transfer goods or services to the customer).

#### **Significant Payment Terms**

Each contract dictates the timing of billing and payments. Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is entered into and are nonrefundable. Royalties, technology fees, and other support fees are paid on a monthly basis based upon amounts defined within the franchise agreement. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenue contract liabilities. Refer to the *Notes Receivable* section for information about financing provided to franchisees. Amounts that are expected to be recognized as revenue within one year are classified as current deferred revenue in the consolidated balance sheet. The balance of deferred revenue at January 1, 2021 was \$10,447.

For merchandise revenue and mitigation and construction contracts, billings typically occur monthly; however, there are contracts that may dictate milestone-based billing. For corporate services revenue, billing is handled by either the national account or the Company (CDCS) and occurs when the services have been performed. Payment for goods and services performed by the Company is typically due within 30 days after an invoice is sent to the customer. Progress invoices for services performed over a month or more are typically sent to customers on the last business day of each calendar month. Invoices for services performed over a shorter range of time are typically sent to customers upon completion of the service. In instances where the Company is a subcontractor on the contract, the Company is typically paid when the contractor receives its payment. The Company does not offer discounts if the customer pays some or all of an invoiced amount prior to the due date.

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 2 - Significant Accounting Policies (Continued)

#### **Determining and Allocating the Transaction Price**

The transaction price of a contract is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Transaction prices do not include amounts collected on behalf of third parties (e.g., sales taxes). For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in underlying contracts and that the agreements will not be canceled, renewed, or modified.

Most of the Company's contracts with customers have fixed transaction prices that are denominated in U.S. dollars and payable in cash; however, certain contracts are priced at the Company's cost plus an agreed-upon margin. The Company's franchise agreements with franchisees have transaction prices that contain fixed and/or variable components. Variable consideration includes royalty revenue, as the transaction price is based on the franchisee's sales. The variable consideration is recognized based on the actual amounts incurred each month.

At the end of each month, the Company updates the estimated transaction prices of contracts having unsatisfied performance obligations. At that time, revenue and related account balances are adjusted to reflect any changes in transaction prices.

#### **Costs to Obtain a Franchise Agreement**

The Company typically incurs commission expenses or third-party broker and referral fees to obtain franchise agreements with franchisees. These charges are related to franchise fee revenue, which is recognized over time. As a result, these charges are capitalized as deferred expenses and are expensed over the term of the respective franchise agreement. For the years ended December 31, 2023, 2022, and 2021, the amounts expensed related to costs to obtain a franchise agreement were approximately \$232, \$237, and \$146, respectively.

#### **Restricted Cash**

Restricted cash represents amounts received from franchisees that are restricted for certain advertising activities.

#### **Accounts Receivable**

Trade accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. The Company collectively evaluates trade receivables to determine the allowance for credit losses. The Company calculates the allowance using an expected loss model that considers the Company's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Company considers unemployment and consumer spending data when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received.

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 2 - Significant Accounting Policies (Continued)

#### ***Notes Receivable***

Notes receivable are issued upon the sale of a franchise or area franchise rights; in conjunction with the sale of equipment; or, in some cases, to refinance a franchise's overall obligations. Notes receivable are reported at original issue amount plus accrued interest, less principal repaid. Interest is recognized according to the terms of the specific notes. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the notes receivable. The Company collectively evaluates notes receivable to determine the allowance for credit losses. The Company calculates the allowance using an expected loss model that considers the Company's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. The Company considers unemployment and consumer spending data when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. Notes are considered delinquent if the repayment terms are not met. As of December 31, 2023, \$68 of notes receivable were considered past due.

#### ***Fair Value of Financial Instruments***

Financial instruments consist of accounts receivable, notes receivable, accounts payable, and debt. The carrying amount of accounts receivable, accounts payable, and debt approximates fair value due to either the short maturity or the existence of variable interest rates that approximate prevailing market rates. The fair value of notes receivable is determined as the present value of future contractual cash flows discounted at an interest rate that reflects the risks inherent in those cash flows. The discount rates range from 3.4 percent to 18.0 percent and approximate rates currently observed in publicly traded debt markets for debt of similar terms to individuals with comparable credit risk. As of December 31, 2023, 2022, and 2021, the carrying value of notes receivable approximates fair value.

#### ***Inventory***

Inventory is stated at the lower of cost or net realizable value, with cost determined on the first-in, first-out (FIFO) method.

#### ***Property and Equipment***

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives. The cost of leasehold improvements is depreciated over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

#### ***Goodwill***

The recorded amounts of goodwill from prior business combinations are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. Goodwill is not amortized but rather is assessed at least on an annual basis for impairment.

During 2023, management determined that the carrying amount of the Company exceeded fair value, which was estimated based on the present value of expected future cash inflows. Accordingly, a goodwill impairment loss of \$45,537 was recognized in 2023, which is included within operating expenses on the consolidated statement of operations. The impairment loss is attributable in part to deteriorating economic conditions impacting the Company, including rising interest rates and the overall cost of accessible debt necessary to fuel investment; furthermore, strategic shifts undertaken by management to improve the overall health of the business, including ongoing efforts to reduce the overall size of its franchise network in order to resolve a host of franchisee-related matters of noncompliance, adversely impacted expected future cash inflows as well. The remaining goodwill was determined not to be impaired, as the carrying value of the remaining company exceeded the fair value.

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 2 - Significant Accounting Policies (Continued)

During 2022, Delta ceased operations, and, as a result, management determined that the carrying amount of Delta exceeded fair value, which was estimated based on the present value of expected future cash inflows. Accordingly, a goodwill impairment loss of \$1,266 was recognized in 2022, specifically related to Delta ceasing operations, which is included within operating expenses on the consolidated statement of operations.

No impairment charge was recognized during the year ended December 31, 2021.

#### ***Intangible Assets***

Intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable.

During 2022, the Company determined that, based on estimated future cash flows, the carrying amount of the Delta trade name and franchise agreements exceeded their fair value; accordingly, impairment losses in the amount of \$787 and \$4,165, respectively, were recognized and included in operating expenses. No impairment charge was recognized in 2023 or 2021.

#### ***Other Accrued Liabilities***

Other accrued liabilities are composed of convention accruals, invoice accruals, credit card payables, and other miscellaneous accrued liabilities.

#### ***Advertising Expense***

Advertising expense is charged to income during the year in which it is incurred. Advertising expense for the years ended December 31, 2023, 2022, and 2021 was \$3,027, \$3,806, and \$2,018, respectively.

#### ***Income Taxes***

The Company joins in filing a consolidated federal income tax return with its parent. Current and deferred tax obligations or benefits are allocated to members of the consolidated group as if each were a separate taxpayer.

A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting. A valuation allowance is recognized if, based on the weight of the available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. No valuation allowance was recorded at December 31, 2023, 2022, or 2021.

The Company classifies interest and penalties associated with tax liabilities as income taxes in the accompanying financial statements.

#### ***Use of Estimates***

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

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 2 - Significant Accounting Policies (Continued)

#### *Subsequent Events*

The consolidated financial statements and related disclosures include evaluation of events up through and including March 22, 2024, which is the date the consolidated financial statements were available to be issued.

### Note 3 - Prior Period Adjustment

The accompanying financial statements for 2022 have been restated to correct an error relating to unidentified impairment of the Delta trade name and franchise agreement intangible assets made in 2022. Retained earnings at the beginning of 2023 have been adjusted for the effects of the restatement on 2022.

The following financial statement line items for fiscal year 2022 were affected by the change:

#### Statement of Operations Year Ended December 31, 2022

	As Previously Reported	As Restated	Effect of Change
Net revenue	\$ 33,483	\$ 33,483	\$ -
Cost of revenue	9,055	9,055	-
Gross profit	24,428	24,428	-
Operating expenses (before impairment)	29,842	27,789	(2,053)
Impairment of goodwill	-	1,266	1,266
Impairment of intangible assets	-	4,952	4,952
Operating loss	(5,414)	(9,579)	(4,165)
Total nonoperating income	1,380	1,380	-
Loss - Before income taxes	(4,034)	(8,199)	(4,165)
Income tax recovery	(810)	(1,869)	(1,059)
Net loss	\$ (3,224)	\$ (6,330)	\$ (3,106)

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 3 - Prior Period Adjustment (Continued)

**Balance Sheet  
December 31, 2022**

	As Previously Reported	As Restated	Effect of Change
Total current assets	\$ 11,191	\$ 11,191	\$ -
Right-of-use assets - Net	1,379	1,379	-
Property and equipment - Net	1,701	1,701	-
Goodwill	56,056	56,056	-
Intangible assets - Net	36,731	32,566	(4,165)
Other assets	28,076	28,076	-
	<u>\$ 135,134</u>	<u>\$ 130,969</u>	<u>\$ (4,165)</u>
Current liabilities	\$ 6,984	\$ 6,984	\$ -
Operating lease obligation - Net of current portion	425	425	-
Deferred revenue - Net of current portion	4,864	4,864	-
Deferred tax liabilities	4,060	3,001	(1,059)
	<u>16,333</u>	<u>15,274</u>	<u>(1,059)</u>
Total liabilities	16,333	15,274	(1,059)
Stockholders' equity	118,801	115,695	(3,106)
	<u>118,801</u>	<u>115,695</u>	<u>(3,106)</u>
Total stockholders' equity	118,801	115,695	(3,106)
	<u>\$ 135,134</u>	<u>\$ 130,969</u>	<u>\$ (4,165)</u>
Total liabilities and stockholders' equity	\$ 135,134	\$ 130,969	\$ (4,165)

As a result of the prior period adjustment, retained earnings as of December 31, 2022 decreased from \$4,558, as originally reported, to \$1,452.

### Note 4 - Adoption of New Accounting Pronouncement

As of January 1, 2023, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Company's accounts receivable and notes receivable. The amendments in this ASU reflect an entity's current estimate of all expected credit losses using reasonable and supportable forecasts. The Company adopted the ASU using the modified retrospective method as of January 1, 2023. As a result of the accounting change, retained earnings as of January 1, 2023 decreased from \$1,452 to \$417.

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 4 - Adoption of New Accounting Pronouncement (Continued)

The following financial statement line items for fiscal years 2023 were affected by the change in accounting principle:

#### Statement of Operations for the Years Ended

	2023		
	As Computed Under Previous Standard	As Reported Under New Standard	Effect of Change
Net revenue	\$ 31,072	\$ 31,072	\$ -
Cost of revenue	9,613	9,613	-
Gross profit	21,459	21,459	-
Operating expenses before impairment	19,371	20,604	1,233
Impairment of goodwill	45,537	45,537	-
Operating loss	(43,449)	(44,682)	-
Nonoperating Income	882	882	-
Loss - Before income taxes	(42,567)	(43,800)	-
Income tax expense	477	477	-
Consolidated net loss	\$ (43,044)	\$ (44,277)	\$ -

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 4 - Adoption of New Accounting Pronouncement (Continued)

#### Balance Sheet

	2023		
	As Computed Under Previous Standard	As Reported Under New Standard	Effect of Change
Cash	\$ 3,701	\$ 3,701	\$ -
Restricted cash	781	781	-
Accounts receivable - Net	2,841	2,338	(503)
Inventory	5,683	5,683	-
Notes receivable - Current portion net of allowance	875	639	(236)
Prepaid expenses and other current assets	625	625	-
Total current assets	14,506	13,767	-
Right-of-use assets - Net	3,098	3,098	-
Property and equipment - Net	2,220	2,220	-
Goodwill	10,519	10,519	-
Intangible assets - Net	28,264	28,264	-
Other assets			
Notes receivable - Net of current portion and allowance	1,830	1,336	(494)
Amounts due from related parties	24,688	24,688	-
Deferred commissions	871	871	-
Other noncurrent assets	216	216	-
Total assets	<u>\$ 86,212</u>	<u>\$ 84,979</u>	<u>\$ (1,233)</u>
Total liabilities	14,596	14,596	-
Stockholders' equity	71,616	70,383	(1,233)
Total liabilities and stockholders' equity	<u>\$ 86,212</u>	<u>\$ 84,979</u>	<u>\$ (1,233)</u>

### Note 5 - Accounts Receivable

The following is the detail of accounts receivable:

	2023	2022	2021
Trade receivables	\$ 2,880	\$ 5,231	\$ 8,483
Other	431	432	864
Less - Allowance for credit losses	973	2,589	3,016
Net accounts receivable	<u>\$ 2,338</u>	<u>\$ 3,074</u>	<u>\$ 6,331</u>

The activity in the allowance for credit losses is as follows:

	2023
Balance at beginning of period	\$ 2,990
Additions charged to expense	634
Deductions/write-offs	(2,651)
Balance at end of period	<u>\$ 973</u>

## Notes to Consolidated Financial Statements

**December 31, 2023, 2022, and 2021**

**(000s omitted)**

### Note 6 - Inventory

Inventory consists of equipment, cleaning supplies, chemicals, and mixed cleaning solutions. Inventory, net of reserve, at December 31, 2023, 2022, and 2021 consists of the following:

	2023	2022	2021
Raw materials	\$ 1,797	\$ 2,000	\$ 1,156
Finished goods	3,886	2,393	1,715
Total	\$ 5,683	\$ 4,393	\$ 2,871

### Note 7 - Notes Receivable

Notes receivable at December 31, 2023, 2022, and 2021 are as follows:

	2023	2022	2021
Amounts due from the sale of franchises and area franchise rights and refinanced obligations, due in monthly payments, with imputed interest from 3.4 to 18.0 percent, collateralized by the franchise, equipment, and personal guarantees	\$ 3,070	\$ 5,478	\$ 10,334
Amounts due from the sale of equipment to franchisees, due in monthly payments, with imputed interest between 6.5 and 10.0 percent, collateralized by the equipment	20	41	32
Total gross notes receivable	3,090	5,519	10,366
Less allowance for credit losses	(1,115)	(1,112)	(2,219)
Less current portion	1,027	1,972	4,584
Long-term portion	\$ 948	\$ 2,435	\$ 3,563

The activity in the allowance for credit losses is as follows:

	2023
Balance at beginning of period	\$ 1,746
Additions charged to expense	292
Deductions/write-offs	(923)
Balance at end of period	\$ 1,115

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 8 - Property and Equipment

Property and equipment at December 31, 2023, 2022, and 2021 are summarized as follows:

	2023	2022	2021	Depreciable Life - Years
Machinery and equipment	\$ 844	\$ 762	\$ 548	2-10
Vehicles	222	102	100	5
Furniture and fixtures	191	126	114	3-5
Office and computer equipment	1,442	1,253	1,048	3-5
Leasehold improvements	441	431	412	1-7
Construction in progress	1,005	362	260	-
Total cost	4,145	3,036	2,482	
Accumulated depreciation	1,925	1,335	872	
Net property and equipment	<u>\$ 2,220</u>	<u>\$ 1,701</u>	<u>\$ 1,610</u>	

Depreciation expense for the years ended December 31, 2023, 2022, and 2021 was \$591, \$490, and \$443, respectively.

### Note 9 - Intangible Assets and Goodwill

Intangible assets and goodwill of the Company at December 31, 2023, 2022, and 2021 are summarized as follows:

	2023		2022 (As Restated)		2021	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:						
Franchise agreements	\$ 32,215	\$ 11,151	\$ 32,215	\$ 8,684	\$ 37,900	\$ 7,288
Trade names	7,400	3,375	7,503	2,655	8,500	2,104
Patented technology	7,600	4,886	7,650	3,801	7,600	2,714
Internal software	1,818	1,766	1,818	1,745	1,800	1,443
Patents and trademarks	514	105	297	32	297	32
Total amortized intangible assets	<u>\$ 49,547</u>	<u>\$ 21,283</u>	<u>\$ 49,483</u>	<u>\$ 16,917</u>	<u>\$ 56,097</u>	<u>\$ 13,581</u>
Goodwill	<u>\$ 10,519</u>	<u>\$ -</u>	<u>\$ 56,056</u>	<u>\$ -</u>	<u>\$ 57,322</u>	<u>\$ -</u>

Amortization expense for intangible assets totaled \$4,380, \$5,169, and \$5,446 for the years ended December 31, 2023, 2022, and 2021, respectively.

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 9 - Intangible Assets and Goodwill (Continued)

Estimated amortization expense for intangible assets for the years ending December 31 is as follows:

Years Ending	Amount
2024	\$ 4,377
2025	4,366
2026	3,819
2027	3,272
2028	3,003
Thereafter	9,427
Total	\$ 28,264

### Note 10 - Leases

The Company is obligated under operating leases primarily for facilities, expiring at various dates through December 2026, taking into consideration lease renewal options and termination provisions. The right-of-use asset and related lease liability have been calculated using discount rates ranging from 3.25 to 8.50 percent. The weighted-average remaining lease term at December 31, 2023 is 38 months. The weighted-average discount rate used at December 31, 2023 is 7.79 percent. Some of the leases require the Company to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was approximately \$1,051, \$1,103, and \$1,176 for the years ended December 31, 2023, 2022, and 2021, respectively. Total cash paid for operating leases, excluding any variable payments, was \$1,172 for the year ended December 31, 2023.

Future minimum annual commitments under these operating leases are as follows:

Years Ending December 31	Amount
2024	\$ 1,199
2025	1,213
2026	1,127
Total	3,539
Less amount representing interest	371
Present value of net minimum lease payments	3,168
Less current obligations	1,002
Long-term obligations under operating leases	\$ 2,166

## Notes to Consolidated Financial Statements

**December 31, 2023, 2022, and 2021**

**(000s omitted)**

### Note 10 - Leases (Continued)

The Company subleases certain facilities. As of December 31, 2023, there are no sublease rentals to be received in future periods. Rental income under the sublease was \$385, \$268, and \$269 for the years ended December 31, 2023, 2022, and 2021, respectively.

### Note 11 - Income Taxes

The components of the income tax provision included in the consolidated statement of operations are all attributable to continuing operations and are detailed as follows:

	2023	2022 (As Restated)	2021
Current income tax expense	\$ 212	\$ 726	\$ 424
Deferred income tax expense (recovery)	265	(2,595)	795
Total income tax expense (recovery)	\$ 477	\$ (1,869)	\$ 1,219

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes is as follows:

	2023	2022 (As Restated)	2021
Income tax (recovery) expense, computed at 21 percent of pretax income	\$ (9,416)	\$ (830)	\$ 873
Permanent differences	9,568	-	-
State income tax expense (recovery)	168	(42)	257
Other	157	(997)	89
Total provision for income taxes	\$ 477	\$ (1,869)	\$ 1,219

The details of the net deferred tax liability are as follows:

	2023	2022 (As Restated)	2021
<b>Deferred tax assets:</b>			
Allowance for credit losses	\$ 531	\$ 941	\$ 1,312
Deferred revenue	1,259	1,759	2,365
Notes receivable	52	156	260
Interest limitation carryforward	1,029	872	590
Accrued liabilities	210	231	291
Lease liability	806	399	668
Other	874	882	159
Gross deferred tax assets	4,761	5,240	5,645
<b>Deferred tax liabilities:</b>			
Intangibles	(6,836)	(7,493)	(10,160)
Property and equipment	(244)	(309)	(308)
Prepaid expenses	(159)	(88)	(165)
Right-of-use asset	(788)	(351)	(608)
Gross deferred tax liabilities	(8,027)	(8,241)	(11,241)
Net deferred tax liability	\$ (3,266)	\$ (3,001)	\$ (5,596)

## Notes to Consolidated Financial Statements

December 31, 2023, 2022, and 2021

(000s omitted)

### Note 12 - Common Stock

Common stock consists of 5,000 authorized shares of \$1 par value stock. As of December 31, 2023, 2022, and 2021, there were 5,000 shares issued and outstanding.

### Note 13 - Contingencies

The Company is party to an agreement with an unrelated financial institution where the Company guarantees a portion of the losses resulting from equipment-related financing arrangements made between the financial institution and certain of the Company's franchisees. In the event of a default by a franchisee, the Company guarantees the financial institution's losses, including proceeds received from the sale of collateralized equipment as follows: 30 percent on equipment and between 30 percent and 100 percent on nonequipment. As of December 31, 2023, 2022, and 2021, the financial institution provided cumulative aggregate financing arrangements for certain of the Company's franchisees totaling approximately \$8,170, \$8,140, and \$8,140, with open financed amounts totaling approximately \$1,577, \$1,774, and \$2,772, respectively. Payments made under this guarantee during the years ended December 31, 2023, 2022, and 2021 were approximately \$0, \$178, and \$18, respectively, and the Company has recorded the estimated present value of this contingent liability as of December 31, 2023, 2022, 2021 of approximately \$13, \$68, and \$230, respectively, which is included in accrued liabilities in the accompanying consolidated balance sheet.

### Note 14 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

#### ***Amounts Due from Related Parties***

At December 31, 2023, 2022, and 2021, the Company had accounts receivable from Belfor USA Group, Inc. totaling \$24,688, \$23,843, and \$16,717, respectively, which relates to amounts advanced for working capital purposes and amounts due for expenses incurred by the Company on behalf of related parties.

#### ***Guarantee***

The Company has guaranteed balances outstanding on the term loan and line of credit issued to Belfor Holdings, Inc. and other entities related through common ownership. In the event of a default by the affiliates, the Company could be obligated to repay the full amount outstanding on these loans. As of December 31, 2023, the affiliates' outstanding borrowings under the loans and the maximum potential future obligation under this guarantee totaled approximately \$1,512,898 and \$1,812,898, respectively. The term loan is payable through November 2030, and the line of credit expires in November 2028. In the event the Company is required to make payments under this guarantee, the Company could seek to recover those amounts from the affiliate; however, the Company does not hold specific recourse or collateral rights in connection with the guarantee.

#### ***Guarantee of Performance***

The Company is listed as the guarantor of performance within the franchise disclosure documents of various franchisors within Belfor Franchise Group, LLC. In the event the Company is required to make payments under this guarantee, the Company could seek to recover those amounts from the affiliate; however, the Company does not hold specific recourse or collateral rights in connection with the guarantee.

**Notes to Consolidated Financial Statements**

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**December 31, 2023, 2022, and 2021**

**(000s omitted)**

**Note 15 - Retirement Plans**

The Company sponsors a 401(k) plan for substantially all employees. The plan provides for the Company to make a required matching contribution. The Company may also make additional discretionary contributions to the plan. Contributions to the plan totaled \$212, \$244, and \$251 for the years ended December 31, 2023, 2022, and 2021, respectively.

## GUARANTEE OF PERFORMANCE

For value received, BFG Holdco, Inc., a Delaware corporation (the "Guarantor"), located at 3310 West End Avenue, Suite 620, Nashville, TN 37203, absolutely and unconditionally guarantees to assume the duties and obligations of Chem-Dry, Inc., NHance, Inc., 1-800 Water Damage International, LLC, Hoodz International, LLC, Ductz International, LLC, Patch Boys International, LLC, Plumberz International, LLC, Packoutz International, LLC, Safer Home Services International, LLC, Cool Binz International, LLC, and JunkCo+ International, LLC, under their franchise registrations in each state where the franchises are registered, and under its Franchise Agreement identified in their Franchise Disclosure Documents issued March 29, 2024, and Redbox+ International, LLC under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its Franchise Disclosure Document, issued April 4<sup>th</sup>, 2024 (individually, each, a "Franchisor"), and as the Franchise Agreements may be entered into with all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever occurs first. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding, notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor Executes this guarantee at Nashville, Tennessee, on 3/27/2024, 2024.

Guarantor:

BFG Holdco, Inc.

DocuSigned by:

*Janette Sims*

EABF0062000400...

Janette Sims

Chief Financial Officer

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# Cool Binz International, LLC

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**Financial Report**  
**December 31, 2022**

<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
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Statement of Member's Deficit	5
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## **Independent Auditor's Report**

To the Board of Directors  
Cool Binz International, LLC

### ***Opinion***

We have audited the financial statements of Cool Binz International, LLC (the "Company"), which comprise the balance sheet as of December 31, 2022 and the related statements of operations, member's deficit, and cash flows for the period from September 29, 2022 through December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and the results of its operations and its cash flows for the period from September 29, 2022 through December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit 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 the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 financial statements.

To the Board of Directors  
Cool Binz International, LLC

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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate 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.

*Plante & Moran, PLLC*

February 22, 2023

## Balance Sheet

December 31, 2022

<b>Assets</b>		
<b>Current Assets</b>		
Cash		\$ 44,928
Prepaid expenses and other current assets		<u>147,200</u>
Total current assets		192,128
<b>Other Assets</b> - Amounts due from related parties (Note 3)		<u>33,497</u>
Total assets		<u><b>\$ 225,625</b></u>
<b>Liabilities and Member's Deficit</b>		
<b>Current Liabilities</b>		
Accounts payable		\$ 6,318
Accrued and other current liabilities:		
Accrued compensation		4,968
Other accrued liabilities		<u>662</u>
Total current liabilities		11,948
<b>Amount Due to Related Parties</b> (Note 3)		<u>298,709</u>
Total liabilities		310,657
<b>Member's Deficit</b>		<u>(85,032)</u>
Total liabilities and member's deficit		<u><b>\$ 225,625</b></u>

Statement of Operations

Period Ended December 31, 2022

Operating Expenses - General and administrative expenses	\$ 85,032
Net Loss	<u>\$ (85,032)</u>

Statement of Member's Deficit

Period Ended December 31, 2022

<b>Balance</b> - September 29, 2022 (date of inception)	\$ -
Net loss	<u>(85,032)</u>
<b>Balance</b> - December 31, 2022	<u><u>\$ (85,032)</u></u>

Statement of Cash Flows

Period Ended December 31, 2022

**Cash Flows from Operating Activities**

Net loss	\$ (85,032)
Adjustments to reconcile net loss to cash from operating activities - Changes in operating assets and liabilities that (used) provided cash:	
Prepaid expenses and other assets	(147,200)
Accounts payable	6,318
Amounts due from related parties	(42,197)
Accrued and other liabilities	5,630
Amounts due to related parties	<u>307,409</u>
<b>Net Increase in Cash</b> - Net cash provided by operating activities	44,928
<b>Cash</b> - Beginning of period	<u>-</u>
<b>Cash</b> - End of period	<u><u>\$ 44,928</u></u>

December 31, 2022

### Note 1 - Nature of Business

Cool Binz International, LLC (the "Company") is organized in the State of Michigan. The Company is a wholly owned subsidiary of Belfor Franchise Group, LLC (the "Member"), which is a wholly owned subsidiary of Belfor USA Group, Inc. (Belfor). The Company was formed on September 29, 2022 (date of inception). The Company's operations are primarily related to the franchising of a rental business for commercial and consumer temperature controlled storage containers.

The Member is also the sole member of Hoodz North America, LLC; Hoodz International, LLC; Ductz North America, LLC; Ductz International, LLC; 1 800 Water Damage North America, LLC; 1 800 Water Damage International, LLC; Driploc, LLC; A Cure Disaster Services, LLC; Packoutz North America, LLC; Packoutz International, LLC; Plumberz North America, LLC; Plumberz International, LLC; Patch Boys International, LLC; Redbox + International, LLC; Cool Binz North America, LLC; Safer Home Services North America, LLC; and Safer Home Services International, LLC.

### Note 2 - Significant Accounting Policies

#### ***Other Assets***

Other assets are recorded at cost. At December 31, 2022, balances represent prepayments on inventory purchases.

#### ***Income Taxes***

The Company is a single-member limited liability company (LLC) and joins in filing a consolidated federal income tax return with the Member and Belfor. Current and deferred tax obligations or benefits are not allocated to the Company by the Member or Belfor.

#### ***Use of Estimates***

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

#### ***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including February 22, 2023, which is the date the financial statements were available to be issued.

### Note 3 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

#### ***Amounts Due to and from Related Parties***

The Company and parties related through common ownership advance funds to each other for working capital purposes. Amounts due to related parties result from these transactions:

As of December 31, 2022, the Company owed Ductz North America, LLC \$1,691.

As of December 31, 2022, the Company owed Belfor USA Group \$77,617.

As of December 31, 2022, the Company owed 1 800 Water Damage International, LLC \$60.

As of December 31, 2022, the Company owed the Member \$219,341.

As of December 31, 2022, Cool Binz North America, LLC owed the Company \$33,497.

December 31, 2022

**Note 3 - Related Party Transactions (Continued)**

***Guarantee***

The Company has guaranteed balances outstanding on term loans and a line of credit issued to Belfor Holdings, Inc. and other entities related through common ownership. In the event of a default by the affiliates, the Company could be obligated to repay the full amount outstanding on these loans. As of December 31, 2022, the affiliates' outstanding borrowings under the loans and the maximum potential future obligation under this guarantee totaled \$1,256,012,150 and \$1,347,307,310, respectively. The term loans are payable through April 2026, and the line of credit expires in April 2024. In the event the Company is required to make payments under this guarantee, the Company could seek to recover those amounts from the affiliate; however, the Company does not hold specific recourse or collateral rights in connection with the guarantee.

**Note 4 - 401(k) Plan**

The Company participates in the Belfor Group 401(k) plan of Belfor. The employer matching contribution and discretionary match are paid by Belfor. The Company was not allocated any contributions for the period ended December 31, 2022.

**EXHIBIT C  
TO THE DISCLOSURE DOCUMENT**

**STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

**Cool Binz International, LLC  
731 Fairfield Court  
Ann Arbor, MI 48108  
734-864-9799**

<p>CALIFORNIA Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 Agent: California Commissioner of Financial Protection and Innovation</p>	<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner</p>
<p>HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2744 Agent: Commissioner of Securities of the Department of Commerce and Consumer Affairs</p>	<p>MICHIGAN<sup>(SEP)</sup> Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa Street, 6<sup>th</sup> Floor Lansing, Michigan 48913 (517) 373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau</p>
<p>ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General</p>	<p>MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1500 Agent: Minnesota Commissioner of Commerce</p>
<p>INDIANA Franchise Section Indiana Securities Division<sup>(SEP)</sup> 302 West Washington Street Room E-111 Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State Indiana Securities Division 201 State House Indianapolis, IN 46204</p>	<p>NEBRASKA Nebraska Department of Banking and Finance 1200 N Street P.O. Box 95006 Lincoln, Nebraska 68509-5006</p>

<p>NEW YORK  NYS Department of Law  Investor Protection Bureau  28 Liberty Street, 21<sup>st</sup> Floor  New York, NY 10005  (212) 416-8222 Phone  (212) 416-6042 Fax  Agent: Attention: New York Secretary of State/ New York Department of State  One Commerce Plaza,  99 Washington Avenue, 6<sup>th</sup> Floor  Albany, NY 12231-0001  (518) 473-2492</p>	<p>SOUTH DAKOTA  c/o Division of Insurance Securities Regulation  124 S. Euclid Avenue, Suite 104  Pierre, South Dakota 57501  (605) 773-3563  Agent: Director of South Dakota Division Securities</p>
<p>NORTH DAKOTA  North Dakota Securities Department  State Capitol  600 East Boulevard Avenue  Fourteenth Floor- Dept 414  Bismarck, North Dakota 58505-0510  (701) 328-4712  Agent: North Dakota Securities Commissioner</p>	<p>TEXAS  Secretary of State  P.O. Box 12887  Austin, Texas 78711</p>
<p>OREGON  Department of Insurance and Finance Corporate Securities Section Labor and Industries  Salem Building  Oregon 97310  (503) 378-4387  Agent: Director of Oregon Department of Insurance and Finance</p>	<p>VIRGINIA  State Corporation Commission Division of Securities and Retail Franchising  1300 East Main Street, 9<sup>th</sup> Floor  Richmond, Virginia 23219  (804) 371-9051  Agent: Clerk of the State Corporation Commission  1300 E Main St., 1<sup>st</sup> FL  Richmond, VA 23219  (804) 371-9733</p>

<p>RHODE ISLAND  Division of Securities  John O. Pastore Complex - Bldg. 69-1  1511 Pontiac Avenue  Cranston, RI 02920  (401) 462-9500  Agent: Director of Rhode Island Department of  Business Regulation</p>	<p>WASHINGTON  Director Department of Financial Institutions Securities  Division  <u>For Service of Process:</u>  150 Israel Road SW  Tumwater, Washington 98501  (360) 902-8760  Agent: Securities Administrator, Director of Department of  Financial Institutions  <u>State Administrator:</u>  P.O. Box 9033  Olympia, WA 98507-9033</p>
<p>WISCONSIN  Securities and Franchise Registration Securities  Division of the Wisconsin Department of Financial  Institutions  201 W. Washington Ave., 3rd Floor  Madison, Wisconsin 53703  (608) 266-8559  Agent: Wisconsin Commissioner of Securities</p>	

**EXHIBIT D  
TO THE DISCLOSURE DOCUMENT**

**STATE ADDENDA TO THE DISCLOSURE DOCUMENT**

*~~DISCLOSURES REQUIRED BY CONNECTICUT LAW~~*

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

*~~DISCLOSURES REQUIRED BY GEORGIA LAW~~*

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

*~~DISCLOSURE REQUIRED BY MAINE LAW~~*

~~The information contained in this disclosure statement has not been verified by the State of Maine. The State has not reviewed and does not approve or endorse any business opportunity. The disclosure statement contains information which should be carefully read before agreeing to purchase a business opportunity.~~

*~~DISCLOSURES REQUIRED BY NORTH CAROLINA LAW~~*

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

*~~DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW~~*

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

## **ADDITIONAL DISCLOSURES FOR THE STATE OF CALIFORNIA.**

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

The following is added to the Cover Page of this Disclosure Document:

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may, by rule or order, require before a solicitation of a proposed material modification of an existing franchise.

The following paragraph is added to the end of Item 1 of the Disclosure Document:

Pursuant to California code, you will need to have either a C-20 (Warm Air Heating, Ventilating & Air Conditioning) license 832.20 CCR, or a C-61/D-64 (Limited Specialty / Non-specialized) (Chapter 9, Division 3 of the Business and Professions Code “Contractors License Law”). These can be attained through the CA Contractors State License Board – Consumer Affairs 9821 Business Park Drive, Sacramento, CA 95827.

The following paragraphs are added at the end of Item 17 of the Disclosure Document:

1. California Law Regarding Termination and Non-Renewal. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
2. Non-Competition Covenants. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.
3. Applicable Law. The Franchise Agreement requires application of the laws of the State of Michigan. This provision may not be enforceable under California law.
4. General Release. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).
5. Litigation. The Franchise Agreement requires that all disputes be litigated in Michigan. This provision may not be enforceable under California law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to any

provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

The following paragraph is added at the end of Item 19 of the Disclosure Document:

The earnings claim figures may not reflect the full costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

OUR WEBSITE WWW.COOL-BINZ.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

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

The maximum interest rate allowed by law in California is 10% annually.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11. U.S.C.A. Sec. 101 et seq.)

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**

No statement, questionnaire, or acknowledgement 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.

The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a requirement for us to maintain a surety bond under California Corporations Code section 31113 and 10 C.C.R. section 310.113.5, which must remain in effect during our registration period. The surety bond is in the amount of \$59,900 with the Hartford and is available for you to recover your damages in the event we do not fulfill our obligations to you to open your franchised business. We will provide you with a copy of the surety bond upon request.

## ADDITIONAL DISCLOSURES FOR THE STATE OF HAWAII

The following is added to the Cover Page of this Disclosure Document:

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

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

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

Registered agent in the state authorized to receive service of process: Director of Commerce and Consumer Affairs, Business Registration Division, 1010 Richards Street, Honolulu, HI, 96813

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

1. The following list is hereby added to the end of Item 20 of the Disclosure Document to reflect the status of our franchise registrations in states which have franchise registration and/or disclosure laws:

a. The states in which a registration is effective, in which we are relying on an exception, or where an offering has been filed:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

b. The states in which a proposed registration of filing is or will be shortly on file:  
None

c. The states, if any, which have refused, by order or otherwise, to register these franchises: None.

d. The states, if any, which have revoked or suspended the right to offer these franchises: None

e. The states, if any, in which proposed registration of these franchises has been withdrawn: None

2. Item 21 of the FDD shall be amended to state: “Since the financial statements of the franchisor indicate negative equity, the Hawaii Department of Commerce and Consumer Affairs requires us to defer the collection of all payments due to us until all of our pre-opening obligations to you are complete.”

3. No statement, questionnaire, or acknowledgement 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.

#### **ADDITIONAL DISCLOSURES FOR THE STATE OF ILLINOIS.**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/1 et. seq., the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of Illinois, shall be amended to include the following:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois, is void.

Due to our financial condition, the Administrator has ordered us to assure our financial capability by implementing a financial assurance. We have posted a surety bond in the amount of \$59,900 with the Office of the Illinois Attorney General.

National Accounts exist within this franchise system. “National Accounts” are businesses that operate in multiple locations. The Franchisor only negotiated and enters into agreements with National Accounts. You may be offered the opportunity to service a National Account. If you decline or are otherwise unable to service the account, the Franchisor, an affiliate, or another franchisee may provide the service with no compensation to you (even if the service is provided within your Territory).

Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, and the compensation requirements thereunder.

No statement, questionnaire or acknowledgement 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

#### **ADDITIONAL DISCLOSURES FOR THE STATE OF INDIANA.**

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

1. It is unlawful for any Franchise Agreement entered into between any franchisor and a franchisee that is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana, to contain any of the following provisions. The following statements are added at the end of the Franchise Agreement table in Item 17: “Any release required as a condition of renewal and/or transfer will not apply to any claims that may arise under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act.”
2. The Summary section of Item 17(r.) entitled Non-Competition Covenants after the Franchise Terminates or Expires is amended to provide that the provisions contained in the Franchise Agreement and Item 12 of this Disclosure Document are subject to Indiana Code 23-2-2-7-1(9), which prohibits covenants not to compete which extend beyond any exclusive Territory granted to you.
3. Item 17(v) and 17(w) entitled Choice of Forum and Choice of law are amended to provide that Michigan law generally applies except for matters arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act.
4. In reference to Section 15.I. of the Franchise Agreement, such waivers constitute a limitation on litigation and therefore violate IC 23-2-2.7-1(10) and may not occur under this provision.
5. In reference to Section 15.K. of the Franchise Agreement, such a limitation of claims may only be barred unless an action is brought more than two years after the violation pursuant to IC 23-2-2.7
6. Each provision of these Additional Disclosures to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to these Additional Disclosures to the Disclosure Document.

#### **ADDITIONAL DISCLOSURES FOR THE STATE OF MARYLAND.**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Uniform Franchise in connection with the offer and sale of franchises for use in the State of Maryland, shall be amended to include the following:

Item 17.C. and 17.M., require a general release as a condition of renewal, sale, and/or transfer. Any such release shall not apply to any liability that falls under the Maryland Franchise Registration and Disclosure Law.

Item 17.U. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought by you within three years after the grant of the Franchise.

Item 17.V. requires that all actions will be commenced in the state, and in any court of general jurisdiction in Washtenaw, Michigan, or the United States District Court for the Eastern District of Michigan, except for claims arising under the Maryland Franchise Registration and Disclosure Law, which may be commenced by you in Maryland.

Despite any contradicting provision in the Franchise Agreement, you have three years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

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

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

## **ADDITIONAL DISCLOSURES FOR THE STATE OF MINNESOTA.**

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

Item 13 "Trademarks, Service Marks, Trade Names Logotypes and Commercial Symbols," is amended by the addition of the following:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights that you have to use our proprietary rights, including your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suite or demand regarding the use of the name.

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

2. Minn. Rule 2860.4400J. prohibits the waiver of a jury trial.
3. Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three years after the cause of action occurs.

4. Minn. Stat. Sec. 80C, 14 Subds. 3, 4, and 5 requires that, except in certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise cannot be unreasonably withheld.

5. Minn. Stat. 80C.21 and Minn. Rule 2860.4400J might prohibit us from (i) requiring litigation to be conducted outside Minnesota; (ii) requiring waiver of a jury trial; (iii) requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes, and requiring a franchisee to consent to franchisor obtaining injunctive relief and waiver of a bond. Nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (i) any of the franchisee's rights as provided for in Minnesota Franchise Act or (ii) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. Minn. Rule 2860.4400D. prohibits us from requiring you to assent to a general release that would relieve any person from liability imposed by Minnesota Statutes, Chapter 80C.

7. Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three (3) years after the cause of action occurs.

8. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

Item 21. Based upon our financial condition, the Department has required that we provide financial assurance of our ability to perform our obligations to you. We have obtained a surety bond in the amount of \$59,900, which is on file with the Department and a copy of which will be provided to you upon request.

No statement, questionnaire, or acknowledgement 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 this franchise.

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

## **ADDITIONAL DISCLOSURES FOR THE STATE OF NEW YORK.**

1. The following information is added to the cover page of the Franchise 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 OR 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 to be added at the end of Item 3:

With the exception of what is stated above, the following applies 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.

~~C~~.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 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.

4. 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.

5. 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.

6. Franchise Questionnaires and Acknowledgements--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. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 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.

## **ADDITIONAL DISCLOSURES FOR THE STATE OF NORTH DAKOTA**

The following is added to the Cover Page of the Disclosure Document:

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

- A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 908-06, N.D.C.C., without further disclosing that such covenants will be subject to the statute.
- B. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

- C. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- D. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
- E. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
- F. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

In recognition of the requirements of the North Dakota Franchises Law, Section 51-19-09 (the "Statute"), the Franchise Disclosure Document in connection with the offer and sale of franchises for use in the State of North Dakota the following sections shall be amended to read:

Item 17 (c) and 17(m). The following is added to the end of Items 17(c) and 17(m):

"However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law."

Item 17(i). The following is added to the end of 17(i):

"Notwithstanding the foregoing, you shall not be required to consent to termination or liquidated damages, to the extent prohibited by the Statute."

Item 17(r). The following is added to the end of 17(r):

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows."

Item 17 (u) The following is added to the end of 17(u):

To the extent required by the North Dakota Franchise Investment Law, mediation will be at a site which you and we mutually agree.

Item 17(v). Item 17(v) is deleted and replaced with the following:

"You shall not be required to consent to jurisdiction of courts outside of North Dakota."

Item 17(w). Item 17(w) is deleted and replaced with the following:

"Except for federal law and except as otherwise required by North Dakota law, Michigan law applies."

No statement, questionnaire, or acknowledgement 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.

## **ADDITIONAL DISCLOSURES FOR THE STATE OF RHODE ISLAND**

The following is added to the Cover Page of the Disclosure Document:

EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT “HOME STATE” LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THE OFFERING FOR DETAILS.

Rhode Island Addendum and Item 17 should state: 19-28.1-14, of the Rhode Island Franchise Investment Act provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

### **ADDITIONAL DISCLOSURES FOR THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Cool Binz International, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

Under 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.

The following statements are added to Item 5 and Item 21 of the Franchise Disclosure Document: “The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.”

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.

### **ADDITIONAL DISCLOSURES FOR THE STATE OF WASHINGTON**

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the

time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.
7. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

**EXHIBIT E  
TO THE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES**

*None.*



**EXHIBIT F  
TO THE DISCLOSURE DOCUMENT  
LIST OF FORMER FRANCHISEES**

*None.*

**EXHIBIT G-1  
TO THE DISCLOSURE DOCUMENT  
FRANCHISE ORGANIZATIONS**

*None.*

**EXHIBIT G-2  
TO THE DISCLOSURE DOCUMENT  
INDEPENDENT FRANCHISEE ASSOCIATIONS**

*None.*

**EXHIBIT H  
TO THE DISCLOSURE DOCUMENT**

**DISCLOSURE ACKNOWLEDGEMENT QUESTIONNAIRE**

**NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN THE STATES OF CALIFORNIA AND MARYLAND: DO NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.**

As you know, Cool Binz International, LLC and you are preparing to enter into a Franchise Agreement for the operation of a COOL BINZ franchise. Please review each of the following questions carefully and provide honest responses to each question.

1. Have you received the Cool Binz International, LLC Franchise Disclosure Document and each exhibit we provided to you?  
Yes or No ~~Yes~~ ~~No~~
  
2. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?  
Yes or No ~~Yes~~ ~~No~~
  
3. Have you discussed operating a COOL BINZ franchise with an attorney, accountant or other professional advisor?  
Yes or No ~~Yes~~ ~~No~~
  
4. Do you understand the success or failure of your franchise will depend on many factors including your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?  
Yes or No ~~Yes~~ ~~No~~
  
5. Has any employee or other person speaking on behalf of Cool Binz International, LLC made any statement or promise regarding the amount of money you may earn in operating the COOL BINZ franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?  
Yes or No ~~Yes~~ ~~No~~
  
6. Has any employee or other person speaking on behalf of Cool Binz International, LLC made any statement or promise concerning the total amount of revenue the COOL BINZ franchise will generate that is contrary to, or different from, the information contained in the Franchise Disclosure Document?  
Yes or No ~~Yes~~ ~~No~~
  
7. Has any employee or other person speaking on behalf of Cool Binz International, LLC made any statement or promise regarding the costs involved in operating the

COOL BINZ franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes or No                      ~~Yes~~  ~~No~~

8. Has any employee or other person speaking on behalf of Cool Binz International, LLC made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating a COOL BINZ franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

                     Yes or No                      ~~Yes~~  ~~No~~

9. Has any employee or other person speaking on behalf of Cool Binz International, LLC made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

                     Yes or No                      ~~Yes~~  ~~No~~

10. If you have answered "Yes" to any of the questions 57 through 911, please provide a                      full explanation of your answer in the following blank lines. (Attach additional                      pages, if necessary, and refer to them below.) If you have answered "No" to each                      of the foregoing questions, please leave the following lines blank.

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By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

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 sales/Maryland residents: The representations, acknowledgements and affirmations in this Exhibit are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act.

Washington sales/Washington residents: This Franchisee Disclosure Questionnaire does not waive any liability the franchisor may have under the

Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

\_\_\_\_\_  
FRANCHISE APPLICANT

\_\_\_\_\_, 20\_\_

**EXHIBIT I  
TO THE DISCLOSURE DOCUMENT**

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**EXHIBIT J  
TO THE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES PAGE**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Utah, 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
CALIFORNIA	pending
FLORIDA	Effective
HAWAII	pending
ILLINOIS	pending
INDIANA	<del>pending</del> April 12, 2023
MARYLAND	pending
MICHIGAN	Effective
MINNESOTA	pending
NEW YORK	pending
NORTH DAKOTA	pending
RHODE ISLAND	<del>April 20, 2023</del> pending
SOUTH DAKOTA	<del>April 12, 2023</del> pending
VIRGINIA	pending
WASHINGTON	pending
WISCONSIN	<del>April 13, 2023</del> pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT K  
TO THE FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPTS  
(FRANCHISOR'S COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Cool Binz International, LLC (“Franchisor”) offers you a franchise, Franchisor must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If ~~COOL BINZ Franchisor~~ does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate State agency Identified in Exhibit E.

Issuance Date: March ~~29, 2024~~~~31, 2023, as amended September 28, 2023~~

Franchisor authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a Franchise Disclosure Document dated March ~~29, 2024~~~~31, 2023, as amended September 28, 2023~~ that included the following Exhibits:

- |   |  |
|---|--|
| A – Form of Agreements                                  | E – List of Franchisees                      |
| A-1 - Franchise Agreement and Addenda                   | F – List of Former Franchisees               |
| A-2 - Confidentiality / Non-Disclosure Agreement        | G – 1 – Franchise Organizations              |
| A-3 - General Release(s) – Upon Renewal or              | G – 2 – Independent Franchisee Associations  |
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| D – State Addenda to the Disclosure Document            | K - Receipts                                 |

The franchise seller is Cool Binz International, LLC, 731 Fairfield Court, Ann Arbor, MI 48108, (734) 864-9799. Any additional individual franchise sellers involved in offering the COOL BINZ franchises are:

~~Stephan Taub~~ ~~Jeff Cohen~~  Doug Smith  Other \_\_\_\_\_ All located at 731 Fairfield Court, Ann Arbor, MI 48108.

**Date Received:** \_\_\_\_\_

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Entity Name (if applicable)

Signature of Prospective Franchisee

Print Name

---

Entity Name (if applicable)

**RECEIPT  
(YOUR COPY)**

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Issuance Date: March ~~29, 2024~~<sup>31, 2023, as amended September 28, 2023</sup>

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**Date Received:** \_\_\_\_\_

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Entity Name (if applicable)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

Entity Name (if applicable)

You should return one copy of the signed receipt by signing, dating, and emailing it to us at [legal@belfranguard.com](mailto:legal@belfranguard.com), or mailing it to us at 731 Fairfield Court, Ann Arbor, MI 48108 attention [Legal and Franchise Administration](#) ~~Prakash Patel~~. You may keep the second copy for your records.