

## FRANCHISE DISCLOSURE DOCUMENT



FreeStand Home Solutions Franchising, LLC  
A Wyoming Limited Liability Company  
1311 Illinois-59  
Naperville, IL 60564(815) 260-9973  
Franchise@LeaseFHS.com  
<https://www.leaseFHS.com/>

As a FreeStand Home Solutions franchisee, you will operate a business providing corporate housing rental and management services in single-family homes with a primary focus on corporate clients, relocating employees, consultants, traveling healthcare workers, government officials, and individuals undergoing transitions such as home renovations or insurance claims. Franchisees will operate the franchised business under the brand “FreeStand Home Solutions”.

The total investment necessary to begin operation of a FreeStand Home Solutions franchise is \$115,950 to \$242,000. This includes \$40,000 to \$125,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Bob Wilson at 1311 Illinois-59, Naperville, IL 60564, [Franchise@LeaseFHS.com](mailto:Franchise@LeaseFHS.com) and (815) 260-9973.

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

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

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

Issuance date: April 13, 2025

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Illinois. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Illinois than in your own state.

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

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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

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

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

If the franchisor's most recent financial statements are unaudited 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.

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373 7117

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

In this disclosure document, “we”, “us,” or “our” refers to FreeStand Home Solutions Franchising, LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

1.1 Us, Any Parents, and Certain Affiliates; Prior Business Experience

Our name is FreeStand Home Solutions Franchising, LLC. Our principal business address is 1311 Illinois-59, Naperville, IL 60564. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business or that provide products or services to our franchisees.

Our affiliate, FreeStand Home Solutions, LLC (f/k/a Future Home Solutions) (the “**Affiliate**”), has operated FreeStand Home Solutions in Naperville, Illinois since 11/26/2016 which serves the Chicagoland area. The entity was originally filed as Future Home Solutions, LLC and the name was changed on 8/10/2020. The Affiliate has the business address 1311 Illinois-59, Naperville, IL 60564.

1.2 Our Predecessors

We do not have any predecessors.

1.3 Our Business Name

We use the names “FreeStand Home Solutions Franchising, LLC” and “FreeStand Home Solutions, LLC”. We do not currently intend to use any other names to conduct business.

1.4 Agent for Service of Process

Our agent for service of process in Wyoming is A Registered Agents Inc., and the agent’s principal business address is 8 The Green, Ste A, Dover, Wyoming 19901. Our agents for service of process in other states are disclosed in Exhibit A.

1.5 Business Organization

We are a Wyoming Limited Liability Company. We were formed on February 23<sup>rd</sup>, 2024.

1.6 Information About Our Business and the Franchises Offered

We do not operate businesses of the type being franchised, but our Affiliate does.

We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a business providing corporate housing rental and management services in single-family homes with a primary focus on corporate clients, relocating employees, consultants, traveling healthcare workers, government officials, and individuals undergoing transitions such as home renovations or insurance claims., under the trade name FreeStand Home Solutions.

We operate in the corporate housing management services industry, which is the business of providing fully furnished, temporary housing solutions to professionals, business travelers, and individuals in need of short- to medium-term accommodations. This industry is well developed. Our products and services are offered year-round and are not seasonal. You will compete for customers with independent owners, national chains, regional chains, and franchised businesses, offering leasing and management services for corporate housing management services.

### 1.7 Laws and Regulations

Operation of a small business will require you to be aware of federal, state and local regulations that are common to all businesses including federal, state, and local employment laws and regulations, specifically including minimum wage and wage requirements. We are not aware of any laws or regulations specific to the industry in which the franchised business operates.

You alone are responsible for investigating and complying with all applicable laws and regulations, despite any information that we may give you. You should consult with a legal advisor about legal requirements that may apply to your business.

## **ITEM 2 BUSINESS EXPERIENCE**

**Bob Wilson – CEO/Founder.** Bob Wilson has been our CEO/Founder in Naperville, Illinois, since our inception. Additionally, Mr. Wilson has served as the CEO/Founder of the Affiliate in Naperville, Illinois, since November 2016.

**Leslie Wilson – Finance Manager/Founder.** Leslie Wilson has been our Finance Manager and Founder in Naperville, Illinois, since our inception. Additionally, Mrs. Wilson has served as the Finance Manager of the Affiliate in Naperville, Illinois, since November 2016.

**Brandon Harris – President of Sales & Operations/Founder.** Brandon Harris has been our President of Sales and Operations and Founder in Naperville Illinois, since our inception . Additionally, Mr. Harris has served as the President of Sales and Operations of the Affiliate in Naperville, Illinois, since November 2016. Prior to that, Mr. Harris served as an Account Representative for Teeinnovations, LLC in Warrenville, IL from December 2014 to August 2021.

## **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

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

**ITEM 5  
INITIAL FEES**

5.1 Initial Franchise Fee

When you sign your franchise agreement, you must pay us the initial franchise fee in lump sum based on the size market you are purchasing. The initial franchise fee is nonrefundable.

**Small Market Franchise:** 15 Properties or less within assigned geographic zone (zip codes totaling 1,875,000 max population) = **\$40,000 Franchise Fee**

**Medium Market Franchise:** 16-25 Properties within assigned geographic zone (zip codes totaling 3,125,000 max population) = **\$80,000 Franchise Fee**

**Large Market Franchise:** 26+ Properties within assigned geographic zone (zip codes totaling 6,250,000 max population) = **\$125,000 Franchise Fee**

**ITEM 6  
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	<p>7% of Gross Sales when occupancy is &lt; 71% for a calendar month, based on days occupied.</p> <p>6% of Gross Sales when occupancy is 71% to 85% for a calendar month, based on days occupied.</p> <p>5% of Gross Sales when occupancy is more than 85% or more for a calendar month, based on days occupied.</p>	Monthly, on the 15th day of the following month	See Note 1 and Note 2.

Type of Fee	Amount	Due Date	Remarks
Marketing Fund Contribution	1% of Gross Sales	Monthly, on the 15th day of the following month	
Market Cooperative Contribution	As determined by co-op. Currently, none.	Monthly, on the 15th day of the following month	We have the right to establish local or regional advertising cooperatives. The maximum contribution that a co-op may require is 5% of gross sales.
Replacement / Additional Training fee	Currently, \$350 per day	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Technology Fee	Up to \$500 per month. Currently, none.	Monthly	
Software Subscription (“Heartbeat CRM”)	Currently, \$20 per listed property on the listed sites.	Monthly	We require you to use Heartbeat CRM as described in Item 11. You pay subscription fees directly to us.
Non-compliance fee	\$500 per incident, plus \$250 per week said non-compliance remains	On demand	We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days’ notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	\$100, plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.

Type of Fee	Amount	Due Date	Remarks
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Breach of territory fee	75% of the amount paid by the customer outside of your territory.	On demand	If you serve a customer outside of your territory without our prior written permission, we may impose this fee.
Special support fee	Our then-current fee, plus our expenses. Currently, \$350 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses plus \$150	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business in the event you fail to do so to our satisfaction. If we respond to a customer complaint, we may require you to reimburse us for our expenses plus a \$150 fee.
Records audit	Our actual cost (in addition to past amount due)	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales for any month.
Special evaluation fee	Currently \$350 per day of evaluation plus our out-of-pocket costs	On demand	Payable only if we conduct an in-person evaluation of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.  Out of pocket costs includes any travel expenses associated with the special evaluation.

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Renewal fee	15% of the then-current initial franchise fee	On demand	Due upon renewal.
Transfer fee	25% of the then-current initial franchise fee	When transfer occurs	Payable if you sell your business to an approved third party.
Liquidated damages	An amount equal to royalty fees and marketing fund contributions payable for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term, as determined by the average royalty fees and marketing fund contributions over the immediately prior 12 months	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) and hold us and our affiliates harmless from and against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us (other than personal software subscription charges). All fees are imposed by us and collected by us (other than personal software subscription charges). All fees

are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. “Gross Sales” is defined as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business and (iv) cleaning fees, taxes paid to governmental agencies, credit card processing fees and refundable security deposits. We will use incoming revenue & lease figures with our software to calculate occupancy metrics.

2. We currently require you to pay royalty fees and other amounts due to us by pre-authorized bank draft. However, we can require an alternative payment method.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of expenditure (see Note 1)	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee (see Note 2)	\$40,000 - \$125,000	Check or wire transfer	Upon signing the franchise agreement	Us
Real Estate (see Note 3)	\$60,000 - \$80,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Market Introduction Program (see Note 4)	\$1,000 - \$2,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Software Expenses	\$1,000 - \$2,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Computer Systems (see Note 5)	\$500 - \$2,500	Check, debit, and/or credit	As incurred	Us, Vendors and suppliers
Insurance	\$200 - \$500	Check, debit, and/or credit	Upon ordering	Insurance company
Vehicle (see Note 6)	\$1,000 - \$2,000	Check	Upon purchase	Vendor
Office Expenses (see Note 7)	\$500 - \$1,000	Check, debit, and/or credit	As incurred	Vendors

Type of expenditure (see Note 1)	Amount	Method of payment	When due	To whom payment is to be made
Inventory (see Note 8)	\$2,500 - \$7,000	Check, debit, and/or credit	Upon ordering	Vendors
Licenses and Permits (see Note 9)	\$500 - \$2,000	Check, debit, and/or credit	Upon application	Government
Dues and Subscriptions (see Note 10)	\$750 - \$1,000	Check, debit, and/or credit	As incurred	Vendors, trade organizations
Utilities	\$1,600 - \$2,000			
Professional Fees (lawyer, accountant, etc.)	\$2,000 - \$4,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training	\$2,000 - \$4,000	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 11)	\$5,000 - \$10,000	Varies	Varies	Employees, suppliers
Total	\$115,950 - \$242,000			

### Notes

- None of the expenditures in this table will be refundable.
- Initial Franchise Fee. Neither we nor any affiliate finances any part of your initial investment. The Initial Franchise Fee will vary from \$40,000 for a Small Market Franchise, \$80,000 for a Medium Market Franchise and \$125,000 for a Large Market Franchise as further disclosed in Item 5.
- Real Estate. This includes the furniture (bedroom sets, living room furniture, dining room furniture, home décor, and electronics) and real estate costs to prepare the property you will be renting to your customers. This range of investment accounts for four to six properties during the initial 3-month operational period. We estimate real property, leasehold improvements, and utilities for the office you will operate the business from at zero for your home office because we expect you will open as a home-based business.
- Market Introduction Program. You must spend a minimum of \$1,000 on the Market Introduction Program, which must be conducted in accordance with our standards and specifications.

5. Computer Systems. The majority of the computer system’s costs and expenses are paid to third party vendors and suppliers. Of this total investment, you will be required to purchase the Heartbeat CRM from us directly. For Heartbeat CRM, the fee is based on each property using the program, so your fee will vary depending on how many licenses you have.

6. Vehicle. You must use a vehicle appropriate for your business. The vehicle will typically be a cargo van or pickup truck, which is capable of carrying materials and items, but there is not currently a requirement for the make and model of vehicle. The vehicle cannot be branded with our marks, however, it must be in excellent or better condition, clean, dent-free, and otherwise presenting a professional appearance. The low-end estimate assumes you already have a personal vehicle for the business. The high end assumes you lease a new vehicle or purchase and finance the vehicle, with certain fees and costs payable upon signing the lease. This estimate does not assume you will outright purchase the vehicle.

7. Office Expenses. This includes any essential equipment, such as chairs, storage, file cabinets, or bookcases needed to support and/or organize your business. The low-end estimate assumes you already have a home office with furniture for the business. The high end assumes you need to purchase a couple items to support your home-based business.

8. Inventory. This includes purchasing of 31 unique linen and towel products, as described in the chart below.

Linens		Encasements	
Article	Size	Article	Size
White King Flat Sheets 100 GSM	105x102+2	King PillowCase Encasements 110 GSM	20x28
White King Fitted Sheets 100 GSM	78x80+15	STD PillowCase Encasements 110 GSM	20x26
White Queen Flat Sheets 100 GSM	90x102+2	King Mattress Encasements 110 GSM	78x80+14
White Queen Fitted Sheets 100 GSM	60x80+15	Queen Mattress Encasements 110 GSM	60x80+14
White Twin Flat 100 GSM	66x96+2	Twin Mattress Encasements 110 GSM	39x75+12
White Twin Fit 100 GSM	39x75+15	Full Mattress Encasements 110 GSM	54x75+12
K Duvet Cover Sets 100 GSM	104x90, x2 20x36+2+6	Twin XL box Spring Encasement 110 GSM	39x80+10
Q Duvet Cover Sets 100 GSM	90x90, x2 20x26+2+6	Queen box Spring Encasement 110 GSM	60x80+10
T Duvet cover 100 GSM	68x90, x1 20x26+2+6	Twin box Spring Encasement 110 GSM	39x75+10
F Duvet cover 100 GSM	80x90, x2 20x26+2+6	Full Box Spring Encasement 110 GSM	54x75+10
King Comforters 250 GSM	102x90		
Queen Comforters 250 GSM	88x88	<b>Towels / Bathroom etc</b>	
Full Comforters 250 GSM	82x86	<b>Article</b>	<b>Size</b>
Twin Comforter 250 GSM	64x88	White Hand Towels - Pack of 15	16x28
K PillowCases 100 GSM	20x40+6	White Wash Cloths - Pack of 12	12x12
Q PillowCases 100 GSM	20x30+6	White Bath Stepping Mats - Pack of 6	21x34
		White Shower Towels - Pack of 9	27x54
		Shower Curtains	

9. Licenses and Permits. This includes a city/village business license to operate your home-based business, and any other permitting required by your municipality or state to operate within their jurisdiction. Most states require a real estate broker license to engage in property management activities like leasing, collecting rent, or managing properties.

10. Dues and Subscriptions. This includes monthly subscriptions to optional services such as adobe, rocket lawyer, truth finder, Avalara, etc. Heartbeat CRM is a mandatory subscription, which carries a \$20/monthly fee. The total fee is based on each property using the CRM, so your fee will vary depending on how many licenses you have.

11. Additional Funds. This includes any other required expenses you will incur before operations begin and during the initial period of operations for the first three months immediately following the opening, such as payroll, additional inventory, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. The majority of this figure took into consideration cleaning personnel salary, and handyman or tech salary, which is subsidized by tenants paying for such services during each leasing period. In formulating the amount required for additional funds, we relied on our experience in the development of a FreeStand Home Solutions business operated by the Affiliate and our general knowledge of the industry.

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

### 8.1 Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

### 8.2 Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (iii) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

B. Computer software and hardware. You must purchase and use the computer software and hardware that we specify from Heartbeat CRM See Item 11 for more details.

C. Vehicle. You must use a vehicle appropriate for your business according to our standards and specifications. It must be in excellent or better condition, clean, dent-free, and otherwise presenting a professional appearance.

D. Outfit/Buildout for your Properties. You will be required to outfit the homes and rental properties you will be setting up and leasing to your customers from our approved suppliers and according to our standards and specifications.

### 8.3 Us or our Affiliates as Supplier

We are currently a supplier of the Heartbeat CRM you will use to operate the business. We reserve to the right to be a supplier (or the sole supplier) of additional goods or services in the future.

### 8.4 Ownership of Suppliers

Outside of your commitment to purchase the operating software from us, none of our officers owns an interest in any supplier to our franchisees.

### 8.5 Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

### 8.6 Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

#### 8.7 Revenue to Us and Our Affiliates

We currently do not derive revenue from the required purchases and leases by franchisees, however, we reserve the right to do so in the future.

#### 8.8 Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 40% to 50% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 40% to 50% of your total purchases and leases of goods and services to operate your business.

#### 8.9 Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

#### 8.10 Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists but we have the right to create one, and require your participation in one, in the future.

#### 8.11 Negotiated Arrangements

At this time, we do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

#### 8.12 Benefits Provided to You for Purchases

At this time, we do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

### ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	§ 6.1	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
d. Initial and ongoing training	§§ 5.4, 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.5, 7.8, 8.4, 10.5, 11.2, 11.3, 14.5, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.7, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.3, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	§ 2.2	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 7.12, 7.13, 15.2	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4	Item 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Item 17
v. Post-termination obligations	Article 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

## **ITEM 10 FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligations.

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

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

11.1 Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* You will typically operate the franchised business from a home office location. If you choose to operate your business from a commercial space, we do not assist you in (i) locating your site and negotiating the purchase or lease of the site, (ii) conforming the premises to local ordinances and building codes and obtaining any required permits, or (iii) constructing, remodeling, or decorating the premises.

B. *Hiring and training employees.* We will provide you with our operational instructions in the Manual which you can use as part of training new employees (Section 5.3) and our initial training program described below. Please note that all hiring decisions and conditions of employment are your sole responsibility and solely your decision.

C. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.4) We do not provide these items directly but we provide the names of approved suppliers. We do not deliver or install these items.

D. *Brand Standards.* We will give you access to our Manual, which contains our standards and specifications. (Section 5.1)

E. *Initial Training Program.* We will conduct our initial training program. (Section 5.4). The current initial training program is described below.

F. *Business plan review.* We will review your pre-opening business plan and financial projections. (Section 5.4)

G. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.4)

H. *On-site opening support.* We will have a representative provide on-site support for at least 3 days in connection with your business opening. (Section 5.4)

11.2 Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 2-3 months. Factors that may affect the time period include your ability to obtain financing, obtain business permits and licenses (including, without limitation, your real estate license), ability to find properties, schedule initial training, and hire employees.

### 11.3 Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* We will, in our discretion, refine and develop products or services that you will offer to your customers.

B. *Hiring and training employees.* We will provide you with operational instructions in the Manual which you can use as part of training new employees (Section 5.3). Please note all hiring decisions and conditions of employment are your sole responsibility and solely your decision.

C. *Improving and developing your business; resolving operating problems you encounter.* We will provide advice to you (by telephone or electronic communication, as we determine in our discretion) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently, \$350 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5)

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Section 5.5). We have the right to determine prices charged by our franchisees for goods and services (but only to the extent permitted by applicable law).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control. (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund (Section 5.5). We will prepare an unaudited annual accounting of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request. (Section 9.3)

G. *Website.* We will maintain a website for the FreeStand Home Solutions brand, which will include your business information and contact information. (Section 5.5)

### 11.4 Advertising

A. *Our obligation.* We will use the Marketing Fund only for marketing and related purposes and costs for the FreeStand Home Solutions brand. Media coverage will be local initially and then will expand. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website and Heartbeat CRM (which may be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

B. *Your own advertising material.* You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed

rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

C. *Advertising council.* Currently, we do not have an advertising council composed of franchisees. The franchise agreement does give us the power to form an advertising council.

D. *Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of Gross Sales and not more than 5% of Gross Sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review because they are not created. Cooperatives will prepare annual accountings which will be made available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

E. *Brand Fund.* You and all other franchisees must contribute to our Marketing Fund. Your contribution is 1% of Gross Sales per month. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we own are going to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual accounting available to you upon written request.

Because we are a new franchisor, we did not collect or spend any money from the Marketing Fund in our most recently concluded fiscal year. Our affiliate unit will contribute to the Marketing Fund in the same amount as franchisees that open in the year in which it opens (or the earliest rate).

If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

F. *Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business and spend no less than \$1,000 in connection with the program.

## 11.5 Computer Systems

We require you to purchase computer systems and software as follows:

FHS Online Management System - \$20 per property listed per month (a/k/a Heartbeat CRM)

QuickBooks Online

Laptop Computer

The system will include our current proprietary FHS Online Management System - POS/CRM system, credit card processing system, and accounting platform, such as QuickBooks Online. These systems will generate or store data such as inventory/product details, sales transactions, client, employee, scheduling, reporting, and accounting information.

We estimate that these systems will cost between \$500 and \$2,500 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into a contract with a third party for software and technology maintenance but we reserve the right to require you to do so in the future.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$600 to \$1,200.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

#### 11.6 Brand Standards Manual

See Exhibit E for the table of contents of our Brand Standards Manual as of the date of this disclosure document, with the number of pages devoted to each subject. The Manual has 221 pages.

#### 11.7 Training Program

Our training program consists of the following:

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Getting Started with FreeStand Solutions Culture, History, and Basic Setup (Employee Handbook, Orientation Materials, etc.)	3	0	Naperville, IL or Your Location

Operations Basics	3	2	Naperville, IL or Your Location
Pricing	1	0	Naperville, IL or Your Location
New Client Interactions: (Setting Expectations) for New Clients	3	3	Naperville, IL or Your Location
Client Interactions: Managing Relationships and Keeping People as Returning Customers	3	3	Naperville, IL or Your Location
Staging the Property	5	5	Naperville, IL or Your Location
FAQ's	3	0	Naperville, IL or Your Location
Client Satisfaction	2	0	Naperville, IL or Your Location
New Lease	1	3	Naperville, IL or Your Location
Ending Lease	1	3	Naperville, IL or Your Location
Deep Clean and Maintenance	1	2	Naperville, IL or Your Location
Tools, Equipment and Vehicle Maintenance	1	0	Naperville, IL or Your Location
Weekly Duties	3	3	Naperville, IL or Your Location
Other Procedure Reviews / Miscellaneous	1	0	Naperville, IL or Your Location
Onboarding Graduation	1	0	Naperville, IL or Your Location
<b>TOTALS:</b>	32	24	

**ADDITIONAL TRAINING PROGRAM FOR FRANCHISEES (OWNER / OPERATOR / MANAGER)**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
<p>Pre-opening Readiness:</p> <ul style="list-style-type: none"> <li>- Travel to corporate (franchisor) location</li> <li>- Technology Set Up</li> </ul>	5	5	Naperville, IL or Your Location
<p>Business Management Basics:</p> <ul style="list-style-type: none"> <li>- Operations Manual and FAQs               <ul style="list-style-type: none"> <li>- Manager Checklist</li> <li>- Company Values</li> </ul> </li> <li>- Culture of Recognition</li> <li>- Problem-solving &amp; troubleshooting basics</li> </ul>	3	0	Naperville, IL or Your Location
<p>Operations Basics:</p> <ul style="list-style-type: none"> <li>- Maintenance of spreadsheets, documents, and forms</li> <li>- Manager and Group Tasks List</li> <li>- Managing the Procedure Checklist</li> </ul>	2	0	Naperville, IL or Your Location
<p>Human Resources Functions:</p> <ul style="list-style-type: none"> <li>- Interviewing, hiring, &amp; firing</li> <li>- Coaching, providing feedback, and performance management</li> </ul>	5	0	Naperville, IL or Your Location
<p>Advertising / Marketing:</p> <ul style="list-style-type: none"> <li>- Advertising Procedure &amp; Strategy Calendar</li> <li>- Online Advertising</li> <li>- Offline/In-Person Partnerships</li> <li>- Additional pre-opening expectations</li> <li>- Press releases</li> </ul>	5	0	Naperville, IL or Your Location
<p>Payroll:</p> <ul style="list-style-type: none"> <li>- Software set up &amp; overview</li> <li>- Procedure &amp; Checklist</li> <li>- Bonus / Incentives</li> </ul>	3	0	Naperville, IL or Your Location
<p>Staff Scheduling:</p> <ul style="list-style-type: none"> <li>- Software set up &amp; overview</li> </ul>	2	0	Naperville, IL or Your Location

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
- Schedule Management Procedure			
<b>TOTALS:</b>	25	5	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding virtual training classes at least quarterly. Training will be primarily virtual. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

The instructional materials consist of the Brand Standards Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes will be led by our owners or designated personnel. Their experience is described in Item 2. They have experience in our industry, with us or our affiliates since establishing the business in 2016.

There is no fee for up to 3 people to attend training. You must pay the travel and living expenses of people attending training.

You must attend training. You may send any additional people to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business.

We do not currently require additional training programs or refresher courses, but we have the right to do so and may require you to attend up to five days per calendar year at our headquarters.

## ITEM 12 TERRITORY

### 12.1 Your Location

We anticipate that you will manage from your home or from a small office setting. Your primary office must be located in the state where your territory is located.

### 12.2 Grant of Territory

Your franchise agreement will specify a territory, which will include one of the following:

**Small Market Franchise:** 15 Properties or less within assigned geographic zone (zip codes totaling 1,875,000 max population)

**Medium Market Franchise:** 16-25 Properties within assigned geographic zone (zip codes totaling 3,125,000 max population)

**Large Market Franchise:** 26+ Properties within assigned geographic zone (zip codes totaling 6,250,000 max population)

The boundaries of your territory will be specified by zip codes.

### 12.3 Relocation; Establishment of Additional Outlets

You may relocate your business headquarters anywhere in your territory but you must keep us apprised of the location.

You do not have the right to establish additional franchised outlets or expand into additional territory or upgrade the size of your territory. If you desire to do so, you must (1) meet our then-current criteria for new franchisees, (2) be in compliance with your franchise agreement at all times since opening your business, (3) have demonstrated your capability to operate a multi-territory franchise successfully, and (4) obtain our agreement.

### 12.4 Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

### 12.5 Exclusivity

We grant you an exclusive territory. In your territory, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as a FreeStand Home Solutions outlet. Continuation of your territorial exclusivity does not depend on any contingency. There are no circumstances that permit us to modify your territorial rights.

### 12.6 Restrictions on Us from Soliciting or Accepting Orders in Your Territory

Except as described in this paragraph, we will not furnish homes in your territory, nor authorize another party to furnish homes in your territory, under our FreeStand Home Solutions brand. However, we may serve (or authorize other franchisees to serve) customers in your territory by setting up a furnished home if you are in default, or if you are incapable of meeting customer demand in your territory. We may also serve (or authorize another franchisee to serve) a particular customer in your territory if you fail to properly serve such customer, or if we reasonably believe that you will not properly serve such customer. We reserve the right to use other channels of distribution/service, such as other furnished or unfurnished housing partners to service customers within your territory using our principal trademarks, but only if you do not have enough inventory to service such leads or if existing customers have opted to not rent your core inventory due to their personal needs or desires. In the circumstances where the franchise agreement does not prohibit us from soliciting or accepting orders from inside your territory, we do not pay any compensation to you.

12.7 Soliciting by You Outside Your Territory

You can solicit or market to potential customers outside of your territory, there is no limitation on where you are permitted to market or promote services to customers.

12.8 Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

**ITEM 13  
TRADEMARKS**

13.1 Principal Trademark

The following is the principal trademark that we license to you. This trademark is owned by the Affiliate. It is registered on the Principal Register of the United States Patent and Trademark Office as follows:

Trademark	Registration Date	Registration Number
FreeStand Home Solutions	July 7, 2020	6094997
	July 7, 2020	6094996

Because the federal trademark registration is less than six years old, no affidavits are required at this time. The registration has not yet been renewed, but we intend to do so at the time they are legally required.

13.2 Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

13.3 Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

### 13.4 Agreements

The Affiliate owns the trademarks described in this Item. Under an Intercompany License Agreement between us and the Affiliate, we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be canceled by the Affiliate only if we (1) materially misuse the trademarks and fail to correct the misuse, or (2) discontinue commercial use of the trademarks for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

### 13.5 Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

### 13.6 Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

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

### 14.1 Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

### 14.2 Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained

registrations. This includes our Brand Standards Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

#### 14.3 Proprietary Information

We have a proprietary, confidential Brand Standards Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Brand Standards Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

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

#### 15.1 Your Participation

You are required to participate personally in the direct operation of your business and must devote substantial time and attention to the business.

If you are the sole owner of the business, then you are deemed the “Principal Executive”. If the business is owned through a corporation or limited liability company, you must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily

responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than two consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 2 to Exhibit B).

#### 15.2 “On-Premises” Supervision

When your business performs services for a customer, you are not required to personally conduct “on-premises” supervision of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

#### 15.3 Restrictions on Your Manager

You must have your general manager, employees and contractors sign a confidentiality and non-compete agreement. We do not require you to place any other restrictions on your manager.

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

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made to customers in your territory.

## RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	§ 3.1	10 years from date of franchise agreement.
b. Renewal or extension of the term	§ 3.2	You may obtain a successor franchise agreement for a unlimited amount of additional 5-year terms.
c. Requirements for franchisee to renew or extend	§ 3.2	<p>For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.</p> <p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; conform your business to then-current standards for new franchisees; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law).</p> <p>If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for a 5-year term.</p>
d. Termination by franchisee	§ 14.1	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.

Provision	Section in franchise or other agreement	Summary
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	§ 14.2	We may terminate your franchise agreement for cause, subject to any applicable notice and cure opportunity.
g. “Cause” defined--curable defaults	§ 14.2	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	§ 14.2	Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our audit or evaluation; cease operations for more than 7 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of, or plea to, a felony, commit or be accused of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.
i. Franchisee’s obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	§ 15.1	Unlimited
k. “Transfer” by franchisee - defined	Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
l. Franchisor's approval of transfer by franchisee	§ 15.2	No transfers without our approval.
m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release; business complies with then-current system specifications.
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5	If you want to transfer your business (other than to your co-owner or to your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	§§ 2.4, 15.4	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the business, or any spouse, parent, sibling or child of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	§ 13.2	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor operating in your former territory or the territory of any other FreeStand Home Solutions business operating on the date of termination.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
s. Modification of the agreement	§ 18.4	No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	§ 18.3	Only the terms of the franchise agreement and other written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, no claim made in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	§ 17.1	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	§§ 17.1; 17.5	Arbitration will take place where our headquarters is located (currently, Naperville Illinois) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	§ 18.8	Illinois (subject to applicable state law)

**For additional disclosures required by certain states, refer to Exhibit G - State Addenda to Disclosure Document**

**ITEM 17  
PUBLIC FIGURES**

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

**ITEM 18**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The following chart contains financial performance information for one FreeStand Home Solutions business owned and operated by the Affiliate and has been operating since November 2016. The chart outlines data covering calendar years 2019 through and including 2024 along with the number of properties during each calendar year. The Affiliate operates its business in the Chicagoland, IL market. The Affiliate operates in an office outside of the home without territorial restriction and does not pay us any fees. Otherwise, the Affiliate’s business is substantially similar to the franchised business offered under this disclosure document.

<u>Year</u>	<u>Total Property Count (End of Year)</u>	<u>Gross Revenue</u>
2019	6	\$ 203,149.01
2020	10	\$ 482,836.60
2021	28	\$ 1,125,311.57
2022	50	\$ 2,808,051.82
2023	51	\$ 3,109,665.18
2024	51	\$ 3,293,945.61

Notes:

1. This Item 19 does not include any expenses, including, without limitation, opening expenses and operating expenses (including, without limitation, owner salary, labor costs, advertising, insurance, costs of goods, rent and other expenses associated with managing, operating the day-to-day business.

**Some outlets have sold these amounts. Your individual results may differ. There is no assurance that you’ll sell as much.**

Written substantiation of the information contained in this Item 19 will be made available to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, FreeStand Home Solutions Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Bob Wilson, 1311 Illinois-59, Naperville, IL 60564, and (815) 260-9973, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 19  
OUTLETS AND FRANCHISEE INFORMATION**

**Table 1  
Systemwide Outlet Summary  
For Years 2022 to 2024**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	1	1	0
	2023	1	1	0
	2024	1	1	0

**Table 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2022	0
	2023	0
	2024	0

**Table 3**  
**Status of Franchised Outlets**  
**For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

**Table 4**  
**Status of Company-Owned Outlets**  
**For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Illinois	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

**Table 5**  
**Projected Openings for 2025 As Of Issue Date**

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year
Texas	0	2	0
Totals	0	2	0

### 19.1 Current Franchisees

Exhibit F contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets. As of the issue date, we do not have any franchisees.

### 19.2 Former Franchisees

Exhibit F contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date. As of the issue date, we do not have any former franchisees.

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

### 19.3 Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

### 19.4 Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

## **ITEM 20 FINANCIAL STATEMENTS**

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Exhibit D contains our unaudited opening balance sheet dated as of March 31, 2025. Our fiscal year end is December 31.

## **ITEM 21 CONTRACTS**

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Form of General Release
- H. State Addenda to Franchise Agreement

**ITEM 22  
RECEIPTS**

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

## EXHIBIT A

### STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Business Oversight Department of Business Oversight 1515 K Street Suite 200 Sacramento, CA 95814-4052 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process (if different from State Administrator)</b>
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8236	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



## FRANCHISE AGREEMENT

SUMMARY PAGE	
1. Franchisee	_____
2. Initial Franchise Fee	\$ _____
3. Business Location	_____
4. Territory	_____
5. Opening Deadline	_____
6. Principal Executive	_____
7. Franchisee's Address	_____

## FRANCHISE AGREEMENT

This Agreement is made between FreeStand Home Solutions Franchising, LLC, a Wyoming Limited Liability Company (“FreeStand Home Solutions Franchising”), and Franchisee effective as of the date signed by FreeStand Home Solutions Franchising (the “Effective Date”).

### **Background Statement:**

A. FreeStand Home Solutions Franchising and its affiliate FreeStand Home Solutions, LLC, have created and own a system (the “System”) for developing and operating an insurance and corporate housing business which provides mid to long term fully furnished residential single family homes under the trade name “FreeStand Home Solutions”.

B. The System includes (1) methods, procedures, and standards for developing and operating a FreeStand Home Solutions business, (2) particular products and services, including a custom built, all in one CRM, reservation system, and HUB (3) the Marks, (4) training programs, (5) business knowledge, (6) marketing plans and concepts, (7) business and vendor relationships, contracts, and agreements, and (7) other mandatory or optional elements as determined by FreeStand Home Solutions Franchising from time to time.

C. The parties desire that FreeStand Home Solutions Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate a FreeStand Home Solutions business on the terms and conditions of this Agreement.

## ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by FreeStand Home Solutions Franchising.

“**Business**” means the FreeStand Home Solutions business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which offers products and/or services the same or similar to the franchise brand.

“**Confidential Information**” means all non-public information of or about the System, FreeStand Home Solutions Franchising, and any FreeStand Home Solutions business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of

business or (iv) Cleaning fees, taxes and refundable security deposits are excluded from calculations.

**“Input”** means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

**“Location”** means the location stated on the Summary Page.

**“Losses”** includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of FreeStand Home Solutions Franchising’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

**“Manual”** means FreeStand Home Solutions Franchising’s confidential Brand Standards Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

**“Marketing Fund”** means the fund established (or which may be established) by FreeStand Home Solutions Franchising into which Marketing Fund Contributions are deposited.

**“Marks”** means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by FreeStand Home Solutions Franchising from time to time for use in a FreeStand Home Solutions business.

**“Owner”** means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

**“Required Vendor”** means a supplier, vendor, or distributor of Inputs which FreeStand Home Solutions Franchising requires franchisees to use.

**“System Standards”** means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by FreeStand Home Solutions Franchising, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design, equipment, inventory, marketing and public relations, operating days, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

**“Territory”** means the territory stated on the Summary Page.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

## ARTICLE 2. GRANT OF LICENSE

**2.1 Grant.** FreeStand Home Solutions Franchising grants to Franchisee the right to operate a FreeStand Home Solutions business solely in the Territory. Franchisee shall develop, open and operate a FreeStand Home Solutions business in the Territory for the entire term of this Agreement.

### **2.2 Protected Territory.**

(a) Limitation. Franchisee shall not solicit or market to potential customers outside of the Territory, except for solicitations or marketing which are primarily targeted inside the Territory and which incidentally reach potential customers outside of the Territory.

(b) Service. Franchisee shall not serve customers outside of the Territory without FreeStand Home Solutions Franchising’s prior written permission. FreeStand Home Solutions Franchising may withdraw permission at any time. If Franchisee serves a customer outside of the Territory without FreeStand Home Solutions Franchising’s prior written permission, FreeStand Home Solutions Franchising may impose a fee equal to the greater of (i) \$500 or (ii) 75% of the amount paid by such customer to Franchisee. This fee is a reasonable estimate of FreeStand Home Solutions Franchising’s internal cost of personnel time attributable to addressing Franchisee’s breach of this Section, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. This fee is in addition to all of FreeStand Home Solutions Franchising’s other rights and remedies.

(c) Exclusivity. FreeStand Home Solutions Franchising shall not establish, nor license the establishment of, another business within the Territory or which serves customers located in the Territory selling the same or similar goods or services under the same or similar trademarks or service marks as a FreeStand Home Solutions business. However, FreeStand Home Solutions Franchising retains the right to:

- (i) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default, or if Franchisee is incapable of meeting customer demand in the Territory (in FreeStand Home Solutions Franchising’s reasonable opinion);
- (ii) serve (or authorize other franchisees to serve) a particular customer in the Territory if Franchisee fails to properly serve such customer, or if FreeStand Home Solutions Franchising reasonably believes that Franchisee will not properly serve such customer;
- (iii) establish and license others to establish and operate FreeStand Home Solutions businesses outside the Territory;
- (iv) operate and license others to operate businesses anywhere that do not operate under the FreeStand Home Solutions brand name; and

- (v) sell and license others to sell FreeStand Home Solutions products and services to customers in the Territory through channels of distribution (including the internet) so long as such products and services are not provided through a FreeStand Home Solutions outlet in the Territory, and are different from the products and services provided by Franchisee.

(d) **Policies.** FreeStand Home Solutions Franchising may set policies binding on all franchisees regarding soliciting, marketing, and serving customers in another franchisee's territory, and FreeStand Home Solutions Franchising may waive or modify such policies in any circumstance as FreeStand Home Solutions Franchising determines. If Franchisee obtains a customer in the protected territory of another franchisee, then, in addition to all other rights and remedies FreeStand Home Solutions Franchising may have, FreeStand Home Solutions Franchising may in its discretion (i) require Franchisee to transfer the customer to such other franchisee, (ii) require Franchisee to pay such other franchisee 75% of the Gross Sales received from such customer, or (iii) fashion such other remedy as FreeStand Home Solutions Franchising deems appropriate.

(e) **Referrals.** All referrals are required to be provided to FreeStand Home Solutions Franchising who will then connect the Referral to the appropriate Franchisee. FreeStand Home Solutions may set policies binding on all franchisees regarding referrals.

**2.3 Franchisee Control.** Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner's interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify FreeStand Home Solutions Franchising within 10 days.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive must live within 1 hour of the territory, participate in the direct operation of the Business and must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to FreeStand Home Solutions Franchising's reasonable approval.

**2.5 Guaranty.** If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to FreeStand Home Solutions Franchising, in the form of Attachment 2.

**2.6 No Conflict.** Franchisee represents to FreeStand Home Solutions Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

### ARTICLE 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues for 10 years.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement for 3 additional periods of 5 years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies FreeStand Home Solutions Franchising of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) has been at all times during the term and are in compliance with this Agreement and all other agreements with FreeStand Home Solutions Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to FreeStand Home Solutions Franchising) changes to the Business as FreeStand Home Solutions Franchising requires to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute FreeStand Home Solutions Franchising's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that (A) Franchisee will not pay another initial franchise fee, (B) Franchisee will not receive more renewal or successor terms than described in this Section, and (C) the Territory will not be changed;
- (v) Franchisee completes any training required for then-renewing franchisees and completes it to FreeStand Home Solutions Franchising's satisfaction; and
- (vi) Franchisee and each Owner executes a general release (on FreeStand Home Solutions Franchising's then-standard form) of any and all claims against FreeStand Home Solutions Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.

### ARTICLE 4. FEES

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

**4.2 Royalty Fee.** In Franchisee's first year of operation, Franchisee shall pay FreeStand Home Solutions Franchising a monthly royalty fee (the "Royalty Fee") equal to the following rates:

7% of Gross Sales when occupancy is < 71% for a calendar month, based on days occupied.

6% of Gross Sales when occupancy is 71-85% for a calendar month, based on days occupied.

5% of Gross Sales when occupancy is 86% or more for a calendar month, based on days occupied.

Incoming revenue & lease figures will be the metric used to compute occupancy metrics.

Cleaning fees, taxes and refundable security deposits are excluded from calculations. All other incoming fees are a part of Gross Sales (as that term is defined here).

The Royalty Fee for any given month is due on the 15th day of the following month for that previous month's Gross Sales.

#### **4.3 Marketing Fund Contribution.**

(a) Marketing Fund Contribution. Franchisee shall pay FreeStand Home Solutions Franchising a contribution to the Marketing Fund (the "Marketing Fund Contribution") equal to 1% of Franchisee's Gross Sales (or such lesser amount as FreeStand Home Solutions Franchising determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative.

**4.4 Replacement / Additional Training Fee.** If Franchisee sends an employee to FreeStand Home Solutions Franchising's training program after opening, FreeStand Home Solutions Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$350 per day.

**4.5 Non-Compliance Fee.** FreeStand Home Solutions Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to FreeStand Home Solutions Franchising) which Franchisee fails to cure after 30 days' notice. Thereafter, FreeStand Home Solutions Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of FreeStand Home Solutions Franchising's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of FreeStand Home Solutions Franchising's other rights and remedies (including default and termination under Section 14.2).

**4.6 Reimbursement.** FreeStand Home Solutions Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If FreeStand Home Solutions Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to FreeStand Home Solutions Franchising within 15 days after invoice by FreeStand Home Solutions Franchising accompanied by reasonable documentation.

#### **4.7 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to FreeStand Home Solutions Franchising by pre-authorized bank draft or in such other manner as FreeStand Home Solutions Franchising may require. Franchisee shall comply with FreeStand Home Solutions Franchising's payment instructions.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to FreeStand Home Solutions Franchising by the 5<sup>th</sup> day of the following month. If Franchisee fails to report monthly Gross Sales, then FreeStand Home Solutions Franchising may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to FreeStand Home Solutions Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that FreeStand Home Solutions Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. FreeStand Home Solutions Franchising may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by FreeStand Home Solutions Franchising (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. FreeStand Home Solutions Franchising may apply any payment received from Franchisee to any obligation and in any order as FreeStand Home Solutions Franchising may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to FreeStand Home Solutions Franchising any fees or amounts described in this Agreement are not dependent on FreeStand Home Solutions Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

## ARTICLE 5. ASSISTANCE

**5.1 Manual.** FreeStand Home Solutions Franchising shall make its Manual available to Franchisee.

**5.2 Assistance in Hiring Employees.** FreeStand Home Solutions Franchising shall provide its suggested staffing levels to Franchisee. FreeStand Home Solutions Franchising shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

**5.3 Assistance in Training Employees.** FreeStand Home Solutions Franchising shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

**5.4 Pre-Opening Assistance.**

(a) Pre-Opening Specifications and Vendors. To the extent not included in the Manual, FreeStand Home Solutions Franchising shall provide Franchisee with (i) applicable System Standards and other specifications as FreeStand Home Solutions Franchising deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (ii) FreeStand Home Solutions Franchising's lists of Approved Vendors and/or Required Vendors.

(b) Business Plan Review. If requested by Franchisee, FreeStand Home Solutions Franchising shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that FreeStand Home Solutions Franchising accepts no responsibility for the performance of the Business.**

(c) Pre-Opening Training. FreeStand Home Solutions Franchising shall make available its standard pre-opening training to the Principal Executive and up to two additional team members, at FreeStand Home Solutions Franchising's principal office, which is currently in Naperville, Illinois, and/or at a FreeStand Home Solutions business designated by FreeStand Home Solutions Franchising. FreeStand Home Solutions Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. FreeStand Home Solutions Franchising reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(d) Market Introduction Plan. FreeStand Home Solutions Franchising shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(e) On-Site Opening Assistance. FreeStand Home Solutions Franchising shall have a representative support Franchisee's business opening with 3-5 days of onsite opening training and assistance.

**5.5 Post-Opening Assistance.**

(a) Advice, Consulting, and Support. If Franchisee requests, FreeStand Home Solutions Franchising will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent FreeStand Home Solutions Franchising deems reasonable. If FreeStand Home Solutions Franchising provides in-person support in response to Franchisee's request, FreeStand Home Solutions Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, FreeStand Home Solutions Franchising will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. FreeStand Home Solutions Franchising will provide Franchisee with FreeStand Home Solutions Franchising's recommended administrative, bookkeeping, accounting, and inventory control procedures. FreeStand Home Solutions Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. FreeStand Home Solutions Franchising shall manage the Marketing Fund.

(e) Internet. FreeStand Home Solutions Franchising shall maintain a website for FreeStand Home Solutions, which will include Franchisee's location (or territory) and telephone number.

## ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

**6.1 Location.** Franchisee is solely responsible for selecting the Location. If the Location is not stated on the Summary Page, then Franchisee shall find a suitable Location that meets FreeStand Home Solutions Franchising's System Standards (if any) within the Territory.

**6.2 Lease.** In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by FreeStand Home Solutions Franchising, Franchisee must submit the proposed lease to FreeStand Home Solutions Franchising for written approval, and (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement.

**6.3 New Franchisee Training.** Franchisee's Principal Executive and at least one employee must complete FreeStand Home Solutions Franchising's training program for new franchisees to FreeStand Home Solutions Franchising's satisfaction at least four weeks before opening the Business.

**6.4 Conditions to Opening.** Franchisee shall notify FreeStand Home Solutions Franchising at least 30 days before Franchisee intends to open the Business. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Franchisee has hired sufficient employees, (5) Franchisee's officers and employees have completed all of FreeStand Home Solutions Franchising's required pre-opening training; and (6) FreeStand Home Solutions Franchising has given its written approval to open, which will not be unreasonably withheld.

**6.5 Opening Date.** Franchisee shall open the Business (availability calendar) on or before the date stated on the Summary Page.

## ARTICLE 7. OPERATIONS

**7.1 Compliance with Manual and System Standards.** Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

**7.2 Compliance with Law.** Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

**7.3 Products and Services.** Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by FreeStand Home Solutions Franchising in the Manual or otherwise in writing. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that FreeStand Home Solutions Franchising may require.

**7.4 Prices.** Franchisee acknowledges that the System Standards determined by FreeStand Home Solutions Franchising may include the minimum, maximum, and/or exact prices that franchisees may charge for products or services sold (except to the extent such authority is limited or prohibited by applicable law).

**7.5 Personnel.**

(a) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(b) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(c) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and FreeStand Home Solutions Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of FreeStand Home Solutions Franchising. Within seven days of FreeStand Home Solutions Franchising's request, Franchisee and each of its employees will sign an acknowledgment form stating that Franchisee alone (and not FreeStand Home Solutions Franchising) is the employee's sole employer. Franchisee will use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Marks on any of these documents.

**7.6 Ongoing Training, Conventions, Meetings, and Seminars.** FreeStand Home Solutions Franchising may, at its discretion, offer subsequent training classes, both mandatory and non-mandatory, education programs, certifications and seminars, as well as refresher courses, to the Franchisee and/or Franchisee's designated individual(s) from time to time, which you must complete to FreeStand Home Solutions Franchising's satisfaction. Franchisee shall pay all expenses incurred in attending such training, including your and your employees' travel, lodging and food expenses, and salaries or wages. If FreeStand Home Solutions Franchising provides additional training at Franchisee's request, Franchisee shall pay FreeStand Home Solutions Franchising its then-current fee per training as outlined in the Manual, which is currently \$350 per eight (8) hours work day, plus all costs of the trainers' travel, lodging, and food expenses.

FreeStand Home Solutions Franchising may, at any time, discontinue the provision of the management education and decline to certify Franchisee and/or Franchisee's Principal Executive who fail to demonstrate an understanding of the management education acceptable to FreeStand Home Solutions Franchising. If Franchisee or Franchisee's Principal Executive's management education is discontinued by FreeStand Home Solutions Franchising, Franchisee shall have thirty (30) days to present an alternative acceptable candidate to us for management education. If Franchisee's new candidate does not adequately complete the management education, then FreeStand Home Solutions Franchising shall have the option of terminating this Agreement.

(i) FreeStand Home Solutions Franchising may hold, and require Franchisee's attendance at, conventions, seminars and meetings for all FreeStand Home Solutions franchisees. FreeStand Home Solutions Franchising reserves the right to charge Franchisee a fee in connection with Franchisee and Franchisee's attendees' attendance at said convention, seminar or meeting, in an amount not to exceed \$1,000 per attendee. Franchisee is responsible for all travel, food and lodging expenses for all its attendees. FreeStand Home Solutions Franchising reserves the right to charge this fee even if you do not attend said convention, seminar or meeting.

#### **7.7 Computer System and Customer Information; Software.**

(i) Franchisee must use or purchase a computer system (including all future updates, supplements and modifications) that meets our standards and requirements outlined in the Manual and must use the registration systems designated by FreeStand Home Solutions Franchising. The Computer System will be used to develop a database of customers and prospective customers and other related Customer Information, book appointments, maintain communications over the Internet, and produce Franchisee's accounting records (among other things). FreeStand Home Solutions Franchising will have access to all such Customer Information and related items through the Computer System. FreeStand Home Solutions Franchising owns all Customer Information and may use the Customer Information as we deem appropriate (subject to applicable law). Franchisee may only use Customer Information to the extent necessary to perform its obligations under this Agreement during the term hereof and subject to such restrictions as FreeStand Home Solutions Franchising may from time to time impose and subject to compliance with all data privacy, security and other applicable laws. Without limiting the foregoing, Franchisee shall comply with applicable law in connection with its collection, storage and its use and FreeStand Home Solutions Franchising use of such Customer Information. Franchisee must install and maintain security measures and devices necessary to protect the Customer Information from unauthorized access or disclosure, and Franchisee may not sell or disclose to anyone else any personal or aggregated information concerning any customers. Franchisee shall exert its best efforts to prevent the unauthorized use, dissemination or publication of Customer Data, subject in all instances to applicable law. It is your responsibility to determine the data privacy laws applicable to Franchisee and its Business. FreeStand Home Solutions Franchising disclaims knowledge of the data privacy laws applicable to Franchisee. Franchisee shall promptly notify FreeStand Home Solutions Franchising if it becomes aware of or suspect any unauthorized access to, or use of, the Customer Data, or if Franchisee becomes the subject of any governmental, regulatory or other enforcement or private proceeding relating to Franchisee's data handling practices. Franchisee shall promptly carry out any request from FreeStand Home Solutions Franchising with respect to Customer Data that is reasonably necessary to allow FreeStand Home Solutions Franchising to comply with data privacy laws applicable to FreeStand Home Solutions

Franchising regarding processing, storage, handling, collection, use, transfer and transmission of Customer Data. All data that Franchisee collects through the operation of your Business is deemed to be owned exclusively by FreeStand Home Solutions Franchising and/or its affiliates. It is Franchisee's responsibility to make sure that Franchisee is in compliance with all laws that are applicable to the computer system or other technology used in the operation of your Business, including, without limitation, all federal, state and local laws and all industry standards regarding the use of computer systems, data storage and electronic communications, including without limitation, the CAN-SPAM Act (15 U.S.C § 7701 et seq.), the Payment Card Industry Data Security Standard (PCI-DSS), the Telephone Consumer Protection Act (47 U.S.C. § 227), all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If Franchisee knows or suspects a security breach, Franchisee must immediately notify its credit card transaction acquirer, insurance carrier and FreeStand Home Solutions Franchising. Franchisee assumes all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of the Business.

(ii) Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by FreeStand Home Solutions Franchising. Franchisee shall enter into any subscription and support agreements that FreeStand Home Solutions Franchising may require. Franchisee shall upgrade, update, or replace any software from time to time as FreeStand Home Solutions Franchising may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give FreeStand Home Solutions Franchising unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by FreeStand Home Solutions Franchising. Franchisee may be required to license software from FreeStand Home Solutions Franchising, its affiliate, or a third party and Franchisee also may be required to sign software license agreements and pay an additional software licensing or user fee(s) (for the avoidance of doubt, including software subscriptions) in connection with the use of said software. All right, title and interest in and to the software will remain with the licensor of the software. Franchisee will be liable for all damages (under this Agreement, any other software license agreement you execute and under applicable law) and problems caused by Franchisee's use of any software in connection with the computer system. Franchisee acknowledges and agrees that FreeStand Home Solutions Franchising will have direct independent access to the information and data entered into our designated software platform and produced by the computer system and FreeStand Home Solutions Franchising can use the same in any way FreeStand Home Solutions Franchising deems appropriate. Franchisee must have Internet access and must only use the dedicated Franchise email account in connection with the operation of the Franchise that is provided by FreeStand Home Solutions Franchising or its designee. FreeStand Home Solutions Franchising may require that the Computer System (i) be capable of connecting with FreeStand Home Solutions Franchising's computer system; (ii) perform the functions FreeStand Home Solutions Franchising designate; and/or (iii) permit FreeStand Home Solutions Franchising to review the results of Franchisee's Business' operations.

(iii) FreeStand Home Solutions Franchising will not permit or accommodate the use of any equipment, hardware and/or software that FreeStand Home Solutions Franchising have not

required or approved in writing. As to any malfunctioning of the computer system or any website, neither FreeStand Home Solutions Franchising nor any affiliate will be liable to Franchisee for any consequential, incidental, indirect, economic, special, exemplary or punitive damages, such as, but not limited to, loss of revenue or anticipated profits or lost business, even if Franchisee has advised FreeStand Home Solutions Franchising that such damages are possible as a result of any breach or malfunction.

**7.9 Customer Complaints.** Franchisee shall use its best efforts to promptly resolve any customer complaints. FreeStand Home Solutions Franchising may take any action it deems appropriate to resolve a customer complaint regarding the Business, and FreeStand Home Solutions Franchising may require Franchisee to reimburse FreeStand Home Solutions Franchising for any expenses.

**7.10 Evaluation and Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by FreeStand Home Solutions Franchising for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. FreeStand Home Solutions Franchising shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by FreeStand Home Solutions Franchising for such programs. FreeStand Home Solutions Franchising may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

**7.11 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by FreeStand Home Solutions Franchising (which may include, for example, cash, specific credit and/or debit cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by FreeStand Home Solutions Franchising. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.12 Vehicles.** If Franchisee uses one or more vehicles for the Business, Franchisee shall ensure that all vehicles comply with all applicable System Standards, including without limitation required equipment and exterior décor. Franchisee shall keep all vehicles in excellent or better condition, clean, and free of dents and other damage, and shall ensure that the vehicles present a first-class image appropriate to FreeStand Home Solutions Franchising's System. Franchisee shall use the vehicle solely for the Business.

**7.13 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that FreeStand Home Solutions Franchising requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than two consecutive required meetings.

**7.14 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by FreeStand Home Solutions Franchising in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (iii) Workers Compensation coverage as required by state law.

(b) Franchisee’s policies (other than Workers Compensation) must (1) list FreeStand Home Solutions Franchising and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of FreeStand Home Solutions Franchising and its affiliates, (3) be primary and non-contributing with any insurance carried by FreeStand Home Solutions Franchising or its affiliates, and (4) stipulate that FreeStand Home Solutions Franchising shall receive 30 days’ prior written notice of cancellation.

(c) FreeStand Home Solutions Franchising may establish minimum standards for coverage to be met by underwriters for insurance and FreeStand Home Solutions Franchising has the right to audit Franchisee’s insurance policies at any reasonable time without notice. Before opening for operation, Franchisee will obtain any other liability insurance required by law, provide us with certificates of insurance within ten (10) days of issuance, and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish us with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events: (i) at all policy renewal periods, no less often than annually; and (ii) at all instances of any change to, addition to or replacement of any insurance. Lapses, alterations, or cancellations require immediate notice to FreeStand Home Solutions Franchising and may be deemed a material breach of this Agreement. If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, FreeStand Home Solutions Franchising may, but shall not be obligated to, pay the premiums or acquire insurance, and bill Franchisee. Franchisee shall reimburse FreeStand Home Solutions Franchising for the full cost of such insurance, along with a reasonable service charge to compensate us for the time and effort expended to secure such insurance. FreeStand Home Solutions Franchising may change these insurance requirements on reasonable notice to Franchisee.

(d) Franchisee’s insurance will cover all claims for injury, damage and death or otherwise, arising directly or indirectly out of the Business. Franchisee shall notify FreeStand Home Solutions Franchising immediately in writing of the occurrence of any material event that does or could give rise to an insurable claim by Franchisee or the Business, and no later than the date on which Franchisee notifies its insurance carrier. FreeStand Home Solutions Franchising reserves the right to change or modify (including increasing) the required minimum coverage limits. FreeStand Home Solutions Franchising makes no representation or warranty to Franchisee that the amount of insurance to be carried by Franchisee under the terms of this Agreement is adequate to fully protect Franchisee’s interest. If Franchisee believes that the amount of any such insurance is insufficient, Franchisee is encouraged to obtain, at its sole cost and expense, such additional insurance as it may deem desirable or adequate. Franchisee agrees to seek the advice of

its insurance advisor regarding the appropriate types of coverage and coverage limits Franchisee may need to sufficiently protect its Business.

(e) Franchisee acknowledges that we shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Franchisee hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto. Franchisee agrees to seek the advice of its insurance advisor regarding the appropriate types of coverage and coverage limits Franchisee may need to sufficiently protect its Business.

**7.15 Payments to Third Parties and Government.** Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

**7.16 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding FreeStand Home Solutions, the Business, or any particular incident or occurrence related to the Business, without FreeStand Home Solutions Franchising's prior written approval, which will not be unreasonably withheld.

**7.17 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without FreeStand Home Solutions Franchising's prior written approval, which will not be unreasonably withheld.

**7.18 No Other Activity Associated with the Business.** Franchisee shall not use the assets of the Business for any purpose other than the Business. Franchisee shall not "co-brand" or associate any other business activity with the FreeStand Home Solutions Business in a manner which is likely to cause the public to perceive it to be related to the FreeStand Home Solutions Business. If Franchisee is an entity, the entity shall not own or operate any other business except FreeStand Home Solutions businesses.

**7.19 No Third-Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of FreeStand Home Solutions Franchising.

**7.20 No Subcontracting.** Franchisee shall not subcontract or delegate to a third party any services to be performed by Franchisee for a customer (other than engaging individuals as independent contractors in the ordinary course of business).

**7.21 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by FreeStand Home Solutions Franchising.

**7.22 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply

with any code of ethics or statement of values from FreeStand Home Solutions Franchising. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

## **ARTICLE 8. SUPPLIERS AND VENDORS**

**8.1 Generally.** Franchisee shall acquire all Inputs required by FreeStand Home Solutions Franchising from time to time in accordance with System Standards. FreeStand Home Solutions Franchising may require Franchisee to purchase or lease any Inputs from FreeStand Home Solutions Franchising, FreeStand Home Solutions Franchising's designee, Required Vendors, Approved Vendors, and/or under FreeStand Home Solutions Franchising's specifications. FreeStand Home Solutions Franchising may change any such requirement or change the status of any vendor. To make such requirement or change effective, FreeStand Home Solutions Franchising shall issue the appropriate System Standards. FreeStand Home Solutions Franchising may introduce new products, services and supplies and change the current approved products and supplies from time to time and comply with our new or changed requirements. Although FreeStand Home Solutions Franchising does not currently do so for every item, FreeStand Home Solutions Franchising has the right to approve the supplier of approved products and supplies and other services. Franchisee acknowledges and agrees that certain approved products and supplies and services may only be available from one approved supplier source, and FreeStand Home Solutions Franchising or its affiliates may be that source. Franchisee will pay the then-current price in effect for any approved products and supplies and services Franchisee must purchase from FreeStand Home Solutions Franchising or its affiliates. All products, materials, services and other items and supplies used in the operation of the Business must conform to the specifications and standards FreeStand Home Solutions Franchising establishes from time to time in the Manual. FreeStand Home Solutions Franchising may furnish to Franchisee from time to time lists of approved products and supplies and services and/or approved suppliers, which lists FreeStand Home Solutions Franchising may amend from time to time.

**8.2 Alternate Vendor Approval.** If FreeStand Home Solutions Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then you must follow our vendor approval procedures, as set forth in the Manual, and obtain FreeStand Home Solutions Franchising's prior written approval. Franchisee must give FreeStand Home Solutions Franchising at least thirty (30) days' prior written notice. FreeStand Home Solutions Franchising may require that samples be delivered to FreeStand Home Solutions Franchising or its designee before FreeStand Home Solutions Franchising approval is given. Franchisee must pay upon demand FreeStand Home Solutions Franchising's (or the third party's) actual costs of the testing and any related costs/expenses (regardless of whether we grant an approval). FreeStand Home Solutions Franchising will usually notify Franchisee of its decision within thirty (30) days after FreeStand Home Solutions Franchising receives the test results or all the information requested (as applicable). Additional or different procedures may be required for approval of services, software or other special items. FreeStand Home Solutions Franchising reserves the right to revoke approval at any time upon the supplier's failure to meet the then-current criteria. Under any circumstances, FreeStand Home Solutions Franchising reserves the right, at its option, to re-inspect the facilities and products of any vendor of an approved item and to revoke its approval of any item that fails to continue to meet any of our criteria.

**8.3 Alternate Input Approval.** If FreeStand Home Solutions Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, or propose to use in the operation of the Franchise any brand or supply which is not then approved by FreeStand Home Solutions Franchising as meeting FreeStand Home Solutions Franchising's minimum specifications and quality standards, Franchisee must follow our Input approval procedures, as set forth in the Manual, and obtain FreeStand Home Solutions Franchising's prior written approval. Franchisee must give us at least thirty (30) days' prior written notice. FreeStand Home Solutions Franchising may require that samples be delivered to FreeStand Home Solutions Franchising or its designee before FreeStand Home Solutions Franchising's approval is given. Franchisee must pay upon demand FreeStand Home Solutions Franchising's (or the third party's) actual costs of the testing and any related costs/expenses (regardless of whether we grant an approval). FreeStand Home Solutions Franchising will usually notify Franchisee of FreeStand Home Solutions Franchising's decision within thirty (30) days after FreeStand Home Solutions Franchising receives the test results or all of the requested information, as applicable. Additional or different procedures may be required for approval of services, software or other special items. FreeStand Home Solutions Franchising reserves the right to revoke FreeStand Home Solutions Franchising's approval at any time upon the supplier's failure to meet our then-current criteria. Under any circumstances, FreeStand Home Solutions Franchising reserves the right, at FreeStand Home Solutions Franchising's option, to re-inspect the facilities and products of any Input of an approved item and to revoke its approval of any item that fails to continue to meet any of FreeStand Home Solutions Franchising's criteria.

**8.4 Purchasing.** FreeStand Home Solutions Franchising may negotiate prices and terms with vendors on behalf of the System. FreeStand Home Solutions Franchising may receive rebates, payments, or other consideration from vendors in connection with purchases by franchisees. FreeStand Home Solutions Franchising has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor, and to impose a reasonable markup or charge for administering the payment program. FreeStand Home Solutions Franchising may implement a centralized purchasing system. FreeStand Home Solutions Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as FreeStand Home Solutions Franchising may determine.

**8.5 No Liability of Franchisor.** FreeStand Home Solutions Franchising shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

FREESTAND HOME SOLUTIONS FRANCHISING AND ITS AFFILIATES MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES OR OTHER ITEMS FREESTAND HOME SOLUTIONS FRANCHISING APPROVE AND FREESTAND HOME SOLUTIONS FRANCHISING EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, AND ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED ITEMS.

**8.6 Product Recalls.** If FreeStand Home Solutions Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from FreeStand Home Solutions Franchising or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

## ARTICLE 9. MARKETING

**9.1 Approval and Implementation.** Franchisee must use only such marketing materials (including any print, radio, television, electronic, on-line or other media forms that may become available in the future) as FreeStand Home Solutions Franchising furnishes, approve in writing or make available, and the materials must be used only in the manner FreeStand Home Solutions Franchising prescribes and in compliance with all trademark usage and branding standards as outlined in the Manual or otherwise. Furthermore, any promotional activities Franchisee conducts for the Business are subject to FreeStand Home Solutions Franchising's approval. From time to time, FreeStand Home Solutions Franchising may permit Franchisee to submit advertising and promotional materials to FreeStand Home Solutions Franchising for approval at least five (5) business days before planned publication. If FreeStand Home Solutions Franchising does not respond within five (5) business days of submission, the materials will be deemed not approved. Notwithstanding FreeStand Home Solutions Franchising's approval, it is solely Franchisee's responsibility to conduct your promotional activities in accordance with all applicable laws as FreeStand Home Solutions Franchising's is only to conform to FreeStand Home Solutions Franchising's brand standards. FreeStand Home Solutions Franchising may promote opportunities for Businesses on any and all equipment and supplies, marketing collateral, websites, blogs, social media services, registration forms, online registration pages and any other materials, including, without limitation, any items that Franchisee may be required to use under this Agreement or that Franchisee submits to FreeStand Home Solutions Franchising for approval.

**9.2 Use By FreeStand Home Solutions Franchising.** FreeStand Home Solutions Franchising may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to FreeStand Home Solutions Franchising for such purpose.

**9.3 Marketing Fund.** FreeStand Home Solutions Franchising may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level.

(a) Separate Account. FreeStand Home Solutions Franchising shall account for the Marketing Fund Contributions from all franchisees separately from FreeStand Home Solutions Franchising's other accounts.

(b) Use. FreeStand Home Solutions Franchising has the sole right to determine the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs (including account acquisition for our Strategic Accounts program as we or an affiliate may administer). FreeStand Home Solutions Franchising has the right to use Marketing Fund contributions, at FreeStand Home Solutions Franchising's

discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which FreeStand Home Solutions Franchising believes will enhance the image of the System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking media sites, including, without limitation, Facebook, Twitter, LinkedIn, Snapchat, Instagram, TikTok, Pinterest, and on-line blogs and forums; developing, maintaining, and updating a World Wide Web or Internet site for the System; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering promotions and “mystery shopper” program(s); and providing promotional and other marketing materials and services to the Businesses operating under the System. FreeStand Home Solutions Franchising’s decisions in all aspects related to the Marketing Fund will be final and binding. FreeStand Home Solutions Franchising is not required, under this Agreement, to spend any amount of Marketing Fund contributions in any area and not all System franchisees will benefit directly or on a pro-rata basis from these expenditures. FreeStand Home Solutions Franchising may charge the Marketing Fund for the costs and overhead, if any, FreeStand Home Solutions Franchising incurs in activities reasonably related to the implementation of the Marketing Fund and the advertising and marketing programs for franchisees. These costs and overhead include the proportionate compensation of our employees who devote time and render services in the formulation, development and production of advertising, marketing and promotion programs or who administer the Marketing Fund. These funds will not be used to defray any of our general operating expenses, except as described above. FreeStand Home Solutions Franchising does not anticipate that any part of your contributions to the Marketing Fund will be used for advertising that is principally a solicitation for the sale of additional Businesses, but we reserve the right to include a message or statement in any advertisement indicating that Franchises are available for purchase and related information. Although FreeStand Home Solutions Franchising intends the Marketing Fund to be of perpetual duration, FreeStand Home Solutions Franchising maintains the right to terminate the Marketing Fund. The Marketing Fund shall not be terminated, however, until all monies in the Marketing Fund have been expended for advertising and promotional purposes.

(c) Discretion. Franchisee agrees that FreeStand Home Solutions Franchising assumes no direct or indirect liability or obligation to you with respect to collecting amounts due to the Marketing Fund or related to our maintenance, direction or administration of the Marketing Fund, including with respect to the efficiency or effectiveness, if any, of the Marketing Fund in enhancing the Marks, brand or System or advancing the interests of a franchisee or franchisees in general.

(d) Contribution by Other Outlets. FreeStand Home Solutions Franchising is not obligated to have all other FreeStand Home Solutions businesses (whether owned by other franchisees or by FreeStand Home Solutions Franchising or its affiliates) contribute (i) to the Marketing Fund, or (ii) the same amount or at the same rate as Franchisee to the Marketing Fund.

(e) Surplus or Deficit. FreeStand Home Solutions Franchising may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, FreeStand Home Solutions Franchising may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. FreeStand Home Solutions Franchising will prepare an unaudited annual accounting of the Marketing Fund no later than one hundred twenty (120) days after said fiscal year end and make it available to you upon thirty (30) days' written request. We can require that any such statements include an audit prepared by an independent certified public accountant selected by us and prepared at the expense of the Marketing Fund account.

**9.4 Market Cooperatives.** FreeStand Home Solutions Franchising may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Territory has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Territory is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. FreeStand Home Solutions Franchising shall not require Franchisee to be a member of more than one Market Cooperative. If FreeStand Home Solutions Franchising establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by FreeStand Home Solutions Franchising. FreeStand Home Solutions Franchising may require the Market Cooperative to adopt bylaws or regulations prepared by FreeStand Home Solutions Franchising. Unless otherwise specified by FreeStand Home Solutions Franchising, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. FreeStand Home Solutions Franchising will be entitled to attend and participate in any meeting of a Market Cooperative. Any FreeStand Home Solutions business owned by FreeStand Home Solutions Franchising in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, FreeStand Home Solutions Franchising may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to FreeStand Home Solutions Franchising's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of FreeStand Home Solutions Franchising pursuant to Section 9.1. FreeStand Home Solutions Franchising may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Gross Sales.

(e) Enforcement. Only FreeStand Home Solutions Franchising will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. FreeStand Home Solutions Franchising may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

**9.5 Required Spending.** Franchisee shall continuously promote the Business during the Term of this Agreement by spending, each month, on advertising, promotions and public relations activities within the immediate locality surrounding the Business, an amount specified by us not to exceed one percent (1%) of your previous month's Gross Sales ("Marketing Fund Contribution"). Such expenditures shall be made directly by you, subject to the prior approval and direction of us. You may spend any additional sums you wish on local advertising. We will provide general guidelines to Franchisee for conducting Marketing Fund Contribution. Within ten (10) days after the end of each calendar quarter, you shall furnish to us an accurate accounting of the expenditures on Local Advertising Spend for the preceding calendar quarter. If you fail to make Local Advertising Spend as required by this Section, we will have the right to spend the required amount on such advertising, promotions and public relations activities on your behalf, and you must reimburse us for such expenses upon demand. Your failure to comply with this Section shall be deemed a material breach of this Agreement. If you fail to comply with this Section, we reserve the right to collect the amount you must use on your Local Advertising Spend and spend it on your behalf. We reserve the right to increase the Local Advertising Spend by no more than 10% of the immediately preceding year's Local Advertising Spend.

**9.6 Market Introduction Plan.** Franchisee must develop a market introduction plan and obtain FreeStand Home Solutions Franchising's approval of the market introduction plan at least 30 days before the projected opening date of the Business and spend no less than \$1,000 on said plan. Franchisee must, at Franchisor's option, utilize the services of FreeStand Home Solutions Franchising's preferred public relations vendor for all or part of the program (as and if applicable) and reserves the right to collect the amount listed in this Section and spend it on Franchisee's behalf.

## ARTICLE 10. RECORDS AND REPORTS

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as FreeStand Home Solutions Franchising may specify in the Manual or otherwise in writing.

### 10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as FreeStand Home Solutions Franchising may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;

- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of FreeStand Home Solutions Franchising's fiscal year; and
- (iii) any information FreeStand Home Solutions Franchising requests in order to prepare a financial performance representation for FreeStand Home Solutions Franchising's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify FreeStand Home Solutions Franchising of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as FreeStand Home Solutions Franchising may request.

(c) Government Inspections. Franchisee shall give FreeStand Home Solutions Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within 24 hours of Franchisee's receipt thereof. If Franchisee do not provide this, there will be a non-compliance fine (see Item 6 of FDD)

(d) Other Information. Franchisee shall submit to FreeStand Home Solutions Franchising such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that FreeStand Home Solutions Franchising may reasonably request.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to FreeStand Home Solutions Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of FreeStand Home Solutions Franchising's Franchise Disclosure Document and with such other information as FreeStand Home Solutions Franchising may request.

**10.4 Business Records.** Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as FreeStand Home Solutions Franchising may specify in the Manual or otherwise in writing.

**10.5 Records Audit.** FreeStand Home Solutions Franchising or FreeStand Home Solutions Franchising's authorized representative have the right at all times (i) to enter the location where Franchisee's books and records relative to the Business are kept and to evaluate, copy and audit such books and records, and (ii) to remotely access and evaluate, copy and audit Franchisee's electronic records located on the Computer System. FreeStand Home Solutions Franchising also has the right to request information from Franchisee's suppliers, vendors, and customers. If any such evaluation or audit reveals an understatement of two percent (2%) or more of your Gross Sales or Franchisee does not provide any requested information within thirty (30) days from the date of FreeStand Home Solutions Franchising's request, Franchisee must pay for the cost of the

audit (including, without limitation, professional fees, travel, and room and board expenses directly related thereto), in addition to the past due amount owed (if any), plus interest and late fees as provided in this Agreement. In addition to any other rights FreeStand Home Solutions Franchising may have in such an event, FreeStand Home Solutions Franchising has the right to conduct further periodic audits and evaluations of Franchisee's books and records as FreeStand Home Solutions Franchising reasonably deems necessary and any further audits and evaluations conducted within two (2) years thereafter will be at Franchisee's sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto. Furthermore, if Franchisee intentionally understates or under-reports Gross Sales at any time, or if a subsequent audit or evaluation conducted within the two (2) year period reveals any understatement of Franchisee's Gross Sales of two percent (2%) or more, in addition to any other remedies provided for in this Agreement, at law or in equity, FreeStand Home Solutions Franchising has the right to terminate this Agreement immediately. To verify the information that Franchisee supplies, FreeStand Home Solutions Franchising has the right to reconstruct Franchisee's sales through any reasonable method of analyzing and reconstructing sales. Franchisee agrees to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of fourteen (14) days from the date of notice of understatement or variance.

## **ARTICLE 11.           FRANCHISOR RIGHTS**

**11.1   Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by FreeStand Home Solutions Franchising. FreeStand Home Solutions Franchising may supplement, revise, or modify the Manual, and FreeStand Home Solutions Franchising may change, add or delete System Standards at any time in its discretion. FreeStand Home Solutions Franchising may inform Franchisee thereof by any method that FreeStand Home Solutions Franchising deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, FreeStand Home Solutions Franchising's master copy will control.

**11.2   Business Evaluation.** FreeStand Home Solutions Franchising may accompany Franchisee or its personnel on any services performed for a customer to conduct an evaluation. If the Location will be open to the public or used for meeting customers or potential customers, FreeStand Home Solutions Franchising may enter the premises of the Business from time to time during normal business hours and conduct an evaluation. Franchisee shall cooperate with FreeStand Home Solutions Franchising's evaluators. The evaluation may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. FreeStand Home Solutions Franchising may videotape and/or take photographs of the evaluation. FreeStand Home Solutions Franchising may set a minimum score requirement for evaluations, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting FreeStand Home Solutions Franchising's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an evaluation. If FreeStand Home Solutions Franchising conducts an evaluation because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed

evaluation), then FreeStand Home Solutions Franchising may charge all out-of-pocket expenses plus its then-current evaluation fee to Franchisee.

**11.3 FreeStand Home Solutions Franchising's Right to Cure.** If Franchisee breaches or defaults under any provision of this Agreement, FreeStand Home Solutions Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse FreeStand Home Solutions Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

**11.4 Right to Discontinue Supplies Upon Default.** While Franchisee is in default or breach of this Agreement, FreeStand Home Solutions Franchising may (i) require that Franchisee pay cash on delivery for products or services supplied by FreeStand Home Solutions Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by FreeStand Home Solutions Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of FreeStand Home Solutions Franchising are in addition to any other right or remedy available to FreeStand Home Solutions Franchising.

**11.5 Business Data.** All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by FreeStand Home Solutions Franchising. FreeStand Home Solutions Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

**11.6 Innovations.** Franchisee shall disclose to FreeStand Home Solutions Franchising all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. FreeStand Home Solutions Franchising will automatically own all Innovations and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by FreeStand Home Solutions Franchising to document FreeStand Home Solutions Franchising's ownership of Innovations.

**11.7 Communication Systems.** If FreeStand Home Solutions Franchising provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes FreeStand Home Solutions Franchising to access such communications.

**11.8 Delegation.** FreeStand Home Solutions Franchising may delegate any duty or obligation of FreeStand Home Solutions Franchising under this Agreement to an affiliate or to a third party.

**11.9 System Variations.** FreeStand Home Solutions Franchising may vary or waive any System Standard for any one or more FreeStand Home Solutions franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area,

existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.10 Temporary Public Safety Closure.** If FreeStand Home Solutions Franchising discovers or becomes aware of any aspect of the Business which, in FreeStand Home Solutions Franchising's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon FreeStand Home Solutions Franchising's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. FreeStand Home Solutions Franchising shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

## **ARTICLE 12. MARKS**

**12.1 Mark Ownership.** The Marks are FreeStand Home Solutions Franchising's affiliate's valuable property, and it is the owner of all rights, titles and interests in and to the Marks and all past, present or future goodwill garnered from the operation of the Business. Franchisee's use of the Marks will inure to FreeStand Home Solutions Franchising's benefit and the benefit of FreeStand Home Solutions Franchising's affiliate. Franchisee may not, during or after the term of this Agreement, engage, directly or indirectly, in any conduct that would infringe upon, harm or contest FreeStand Home Solutions Franchising's or FreeStand Home Solutions Franchising's affiliate's rights in any of the Marks, or the goodwill associated therewith, including any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including, but not limited to print or electronic media, any challenge to FreeStand Home Solutions Franchising's use of the Marks or the use of any trademark that is confusingly similar to the Marks.

**12.2 Use of Marks.** FreeStand Home Solutions Franchising hereby grants Franchisee the right to use the Marks in connection with the operation of the Business hereunder, subject to the terms and conditions outlined in this Agreement. Franchisee may not use, or permit the use of, any trademarks, trade names, logos, service marks or any other names or marks in connection with the Business except those FreeStand Home Solutions Franchising authorizes or directs in writing. Franchisee may use the Marks only in the form and manner FreeStand Home Solutions Franchising prescribes in writing and only in connection with the products and services that (i) FreeStand Home Solutions Franchising specifies; and (ii) meet our standards and requirements with respect to quality, production and sale. Franchisee must comply with all trademark, trade name and service mark notice marking requirements.

**12.3 Business Identification.** Franchisee must use the name FreeStand Home Solutions and the city, county or region FreeStand Home Solutions Franchising designate for Franchisee as the trade name of the Business (e.g., FreeStand Home Solutions of [INSERT CITY OR TERRITORY]). Franchisee may not use the words "FreeStand Home Solutions" or any other Mark as part of the name of Franchisee's corporation, partnership, limited liability company or other business entity. Franchisee may not use any other mark or words to identify the Business without FreeStand Home Solutions Franchising's prior written consent. FreeStand Home Solutions Franchising may use the Marks on various materials associated with the Business, such as business cards, stationery and checks; provided, that Franchisee (i) accurately depicts the Marks on the materials as FreeStand Home Solutions Franchising directs; (ii) uses the Marks in

accordance with all of FreeStand Home Solutions Franchising's trademark usage and branding standards; (iii) include a statement on the materials indicating that the Franchise is independently owned and operated by Franchisee; (iv) do not use the Marks in connection with any other trademarks, trade names, logos, service marks or any other names or marks unless we specifically approve in writing prior to such use; and (v) make available to FreeStand Home Solutions Franchising, upon our request, a copy of any materials depicting the Marks. Franchisee must put its customers on notice (by language in your contracts) identifying Franchisee as a FreeStand Home Solutions franchisee in a format we deem acceptable, including an acknowledgment that you independently own and operate the Business. All contracts executed by Franchisee will list Franchisee's corporate name and will not be entered into under the "FreeStand Home Solutions" name.

**12.4 Litigation.** If any person or entity improperly uses or infringes the Marks or challenges Franchisee's use or FreeStand Home Solutions Franchising's or FreeStand Home Solutions Franchising's affiliate's use or ownership of the Marks, we or our affiliate will control all litigation and other proceedings. FreeStand Home Solutions Franchising or FreeStand Home Solutions Franchising's affiliate has the right to determine whether suit or other proceeding will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. Franchisee must promptly notify FreeStand Home Solutions Franchising of any such use or infringement of which Franchisee becomes aware or any challenge or claim arising out of Franchisee's use of any Mark. Franchisee must take reasonable steps, without compensation, to assist FreeStand Home Solutions Franchising with any action FreeStand Home Solutions Franchising undertakes. FreeStand Home Solutions Franchising and FreeStand Home Solutions Franchising's affiliate will be responsible for our fees and expenses incurred in connection with any such action, unless the challenge or claim results from Franchisee's misuse of the Marks in violation of this Agreement, in which case Franchisee must pay FreeStand Home Solutions Franchising or FreeStand Home Solutions Franchising's affiliate, as applicable, for FreeStand Home Solutions Franchising or FreeStand Home Solutions Franchising's affiliate's costs and expenses including, without limitation, attorneys' fees.

**12.5 Changes.** Unless FreeStand Home Solutions Franchising directs Franchisee to do so in writing, Franchisee may not make any changes or substitutions to the Marks. If FreeStand Home Solutions Franchising deems it necessary for you to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with FreeStand Home Solutions Franchising's directions within ten (10) business days after notice to Franchisee by FreeStand Home Solutions Franchising. FreeStand Home Solutions Franchising will not be required to reimburse Franchisee for Franchisee's expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

**12.6 Creative Works.** All ideas, business ventures, concepts, inventions, techniques, or materials concerning a FreeStand Home Solutions Business ("Creative Works"), whether or not protectable intellectual property and whether created by or for Franchisee or one of your owners or employees, must be promptly disclosed to FreeStand Home Solutions Franchising and will be deemed to be FreeStand Home Solutions Franchising's sole and exclusive property, part of the System, and "works made-for-hire" for us. To the extent any Creative Work does not qualify as a

“work made-for-hire”, Franchisee agrees to assign, and hereby assign, ownership of that Creative Work, and all related rights to that Creative Work, to FreeStand Home Solutions Franchising and agree to take whatever action (including signing an assignment agreement or other documents) FreeStand Home Solutions Franchising request to show our ownership or to help FreeStand Home Solutions Franchising obtain intellectual property rights in the Creative Work.

**12.7 Ownership of Intellectual Property.** Franchisee acknowledges that FreeStand Home Solutions Franchising is the exclusive owner of the Intellectual Property, the names and Marks, all Confidential Information, all intellectual property associated with the names and Marks and the System, all vendor and supplier relationships, all employees and member lists, which include all member phone listings/addresses/URLs held by Franchisee. Franchisee agrees that Franchisee will not use these lists for any purpose other than in relation to the Business. Franchisee will, on demand, promptly deliver to us a complete list of Franchisee’s customers and employees, including information we may request related to such customers and employees. The use of any or all such intellectual property shall not create in Franchisee, or its owners, if it is an entity, title or interest in or to any of it, except as expressly provided in this Agreement. Neither Franchisee, nor any of its owners, shall directly or indirectly assert any right, title or interest in or to any of the Marks or any other part of the Intellectual Property, other than as provided for in this Agreement. Franchisee acknowledges that FreeStand Home Solutions Franchising shall own all intellectual property rights to any materials provided to the Franchisee by FreeStand Home Solutions Franchising, or developed by the Franchisee pursuant to this Agreement, and regarding all such materials this Agreement shall constitute a “work for hire.” In the event that an arbitral panel or court of competent jurisdiction holds this Agreement is not a work for hire, the Franchisee agrees to assign all copyright rights to all such works to FreeStand Home Solutions Franchising. Such ownership rights shall be in all media, whether now known or hereinafter invented, by all means, methods, and processes, including complete and entire interactive rights, and rights to derivative works.

## **ARTICLE 13. COVENANTS**

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by FreeStand Home Solutions Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by FreeStand Home Solutions Franchising, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by FreeStand Home Solutions Franchising (except for Confidential Information which FreeStand Home Solutions Franchising licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

### **13.2 Covenants Not to Compete.**

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any

ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor operating in any of Franchisee’s Territory or the territory of any other FreeStand Home Solutions business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of FreeStand Home Solutions Franchising. Franchisee agrees that the existence of any claim it may have against FreeStand Home Solutions Franchising shall not constitute a defense to the enforcement by FreeStand Home Solutions Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**13.3 General Manager and Key Employees.** If requested by FreeStand Home Solutions Franchising, Franchisee will cause its general manager and other key employees to sign FreeStand Home Solutions Franchising’s then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

## **ARTICLE 14. DEFAULT AND TERMINATION**

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement only if FreeStand Home Solutions Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after FreeStand Home Solutions Franchising receives written notice of termination.

### **14.2 Termination by FreeStand Home Solutions Franchising.**

(a) Subject to 10-Day Cure Period. FreeStand Home Solutions Franchising may terminate this Agreement if Franchisee does not make any payment to FreeStand Home Solutions Franchising when due, or if Franchisee does not have sufficient funds in its account when FreeStand Home Solutions Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after FreeStand Home Solutions Franchising gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to FreeStand Home Solutions Franchising’s satisfaction within 30 days after FreeStand Home Solutions Franchising gives notice to Franchisee of such breach, then FreeStand Home Solutions Franchising may terminate this Agreement.

(c) Without Cure Period. FreeStand Home Solutions Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to FreeStand Home Solutions Franchising;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vi) Franchisee abandons or ceases operation of the Business for more than 15 consecutive days;
- (vii) Franchisee or any Owner slanders or libels FreeStand Home Solutions Franchising or any of its employees, directors, or officers;
- (viii) Franchisee refuses to cooperate with or permit any audit or evaluation by FreeStand Home Solutions Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2.
- (ix) the Business is operated in a manner which, in FreeStand Home Solutions Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from FreeStand Home Solutions Franchising or otherwise);
- (x) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xi) FreeStand Home Solutions Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate);

- (xii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or
- (xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in FreeStand Home Solutions Franchising's opinion is reasonably likely to materially and unfavorably affect the FreeStand Home Solutions brand.

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) immediately pay FreeStand Home Solutions Franchising and its affiliates, and approved and designated suppliers all monies owed;
- (ii) immediately cease operations under this Agreement;
- (iii) return to FreeStand Home Solutions Franchising all copies of the Manual, Confidential Information and any and all other materials provided by FreeStand Home Solutions Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iv) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to FreeStand Home Solutions Franchising or any new franchisee as may be directed by FreeStand Home Solutions Franchising, and Franchisee hereby irrevocably appoints FreeStand Home Solutions Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing;
- (v) immediately discontinue use of the Proprietary Marks;
- (vi) immediately surrender all stationery, printed matter, signs, advertising materials and other items containing the Marks and all items which are a part of the trade dress of the System immediately, as FreeStand Home Solutions Franchising directs, no later than five (5) calendar days after the termination or expiration of this Agreement;
- (vi) immediately cease to hold itself out as a System franchisee;
- (vii) take such action as will be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other

Mark FreeStand Home Solutions Franchising licensed and furnish FreeStand Home Solutions Franchising with satisfactory evidence of Franchisee's compliance with this obligation within fifteen (15) calendar days after the termination, expiration or transfer of this Agreement;

- (viii) permit FreeStand Home Solutions Franchising to make a final inspection of your financial records, books, and other accounting records within one (1) month of the effective date of termination, expiration, or transfer;
- (ix) comply with all of the provisions of this Agreement that survive, expressly or impliedly, the Term, including your covenants to maintain the confidentiality of the Confidential Information, covenant against competition, and your indemnity obligations, all of which will survive the transfer, termination or expiration of this Agreement;
- (x) cease to use in advertising or in any other manner, any methods, procedures or techniques associated with us or the System; and
- (xi) execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section.

**14.4 Remove Identification.** If Franchisee operates from a Location other than Franchisee's home, then within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a FreeStand Home Solutions business, to the reasonable satisfaction of FreeStand Home Solutions Franchising. Franchisee shall comply with any reasonable instructions and procedures of FreeStand Home Solutions Franchising for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, FreeStand Home Solutions Franchising may enter the Location to remove the Marks and de-identify the Location. In this event, FreeStand Home Solutions Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by FreeStand Home Solutions Franchising.

**14.5 Liquidated Damages.** If FreeStand Home Solutions Franchising terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to FreeStand Home Solutions Franchising a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to FreeStand Home Solutions Franchising under this Agreement for the 12-month period preceding the date on which Franchisee ceased operating the Business; multiplied by (y) the lesser of (1) 24 or (2) the number of months remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 12 months, then (x) will equal the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to FreeStand Home Solutions Franchising during the period that Franchisee operated the Business. The "average Royalty Fees and Marketing Fund Contributions that Franchisee owed to FreeStand Home Solutions Franchising" shall not be discounted or adjusted due to any deferred or reduced Royalty Fees and Marketing Fund Contributions set forth in an addendum to this Agreement, unless this

Section 14.5 is specifically amended in such addendum. Franchisee acknowledges that a precise calculation of the full extent of FreeStand Home Solutions Franchising's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to FreeStand Home Solutions Franchising under this Section will be in lieu of any direct monetary damages that FreeStand Home Solutions Franchising may incur as a result of FreeStand Home Solutions Franchising's loss of Royalty Fees and Marketing Fund Contributions that would have been owed to FreeStand Home Solutions Franchising after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, FreeStand Home Solutions Franchising's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which FreeStand Home Solutions Franchising is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that FreeStand Home Solutions Franchising may have under this Agreement or otherwise.

**14.6 Purchase Option.** When this Agreement expires or is terminated, FreeStand Home Solutions Franchising will have the right (but not the obligation) to purchase any or all of the assets related to the Business. To exercise this option, FreeStand Home Solutions Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that FreeStand Home Solutions Franchising elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. FreeStand Home Solutions Franchising's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or "going concern" value for the Business. FreeStand Home Solutions Franchising may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by FreeStand Home Solutions Franchising. If FreeStand Home Solutions Franchising exercises the purchase option, FreeStand Home Solutions Franchising may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts which FreeStand Home Solutions Franchising paid or will pay to third parties to satisfy indebtedness owed by Franchisee to third parties. If any of the assets are subject to a lien, FreeStand Home Solutions Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. FreeStand Home Solutions Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. FreeStand Home Solutions Franchising may assign this purchase option to another party.

## **ARTICLE 15. TRANSFERS**

**15.1 By FreeStand Home Solutions Franchising.** FreeStand Home Solutions Franchising may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and FreeStand Home Solutions Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2 By Franchisee.** Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal thereto, and that FreeStand Home Solutions Franchising has entered into this Agreement in reliance on Franchisee's financial capacity, personal character, experience, and business ability. As such, Franchisee will not, without our prior written consent, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in Franchisee (if Franchisee is an entity) or this Agreement, nor offer, permit or suffer the same, without FreeStand Home Solutions Franchising's prior, written consent. Franchisee agrees that any attempted or completed sale, assignment, transfer, or other act referred to in this Section without FreeStand Home Solutions Franchising's prior written consent will be null and void and will constitute a material breach, which is good cause for immediate termination of this Agreement, without prior notice or opportunity to cure that material breach.

For purposes of this Agreement, each of the following will be deemed a transfer and subject to the transfer conditions outlined herein:

1. Any sale, assignment, transfer or other conveyance by Franchisee, with or without consideration, of any right or interest granted to you by this Agreement;
2. Any pledge, encumbrance or the granting of any security interest in any right or interest granted to Franchisee by this Agreement;
3. Any sale of the assets of the Business outside of the ordinary course of business;
4. Any sale at judicial sale or under power of sale, conveyance or retention of collateral in satisfaction of debt, or other procedure to enforce the terms of any pledge, encumbrance or security interest in this Agreement which results in disposition of all or any portion of Franchisee's interest herein; or
5. If Franchisee is a corporation, partnership, limited liability company, unincorporated association or similar entity, the terms of this Article will apply to any sale, resale, pledge, assignment, transfer or encumbrance of the voting stock of, membership interest, partnership interest, or other ownership interest in you.

**15.3 General Requirements for Assignment by Franchisee.** If Franchisee wishes to engage in any transfer described in this Article 15, Franchisee must give a minimum of 60 days prior written notice of the proposed transfer to FreeStand Home Solutions Franchising, setting forth in detail the nature of the items to be transferred, the name, address and background of the proposed transferee, the consideration for the transfer and any other information that FreeStand Home Solutions Franchising may reasonably require. Franchisee must submit for our review copies of the Asset Purchase Agreement or Ownership Purchase Agreement, all draft Promissory Notes, and Security Agreements, with the transferee, regardless of whether they are Franchisee-financed, or lender financed. After reviewing the notice, FreeStand Home Solutions Franchising will decide whether to grant FreeStand Home Solutions Franchising's consent to such transfer, which consent will not be unreasonably withheld. FreeStand Home Solutions Franchising will condition approval of the transfer upon the fulfillment of the following conditions:

- (i) Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between Franchisee and its subsidiaries or affiliates and, at the time of transfer, shall not be in default of this Agreement and shall have paid in full all fees due and have settled all outstanding accounts with FreeStand Home Solutions Franchising, its affiliates and all suppliers;
- (ii) FreeStand Home Solutions Franchising receives a transfer fee equal to \$25,000, plus any broker fees and other out-of-pocket costs incurred by FreeStand Home Solutions Franchising;
- (iii) the proposed assignee and its owners have completed FreeStand Home Solutions Franchising's franchise application processes, meet or exceed FreeStand Home Solutions Franchising's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as FreeStand Home Solutions Franchising may require to demonstrate ability to operate the Business, and have been approved by FreeStand Home Solutions Franchising as franchisees;
- (iv) the proposed transferee (or, if an entity, its owners, managers, directors or officers) must not operate a franchise, license another or operate businesses offering products and services similar to those offered by a Competitor;
- (v) The proposed assignee executes FreeStand Home Solutions Franchising's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the proposed assignee will not be required to pay an initial franchise fee);
- (vi) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;
- (vii) Franchisee (and any transferring owners and their spouses, if Franchisee is a business entity) shall have executed a general release, in a form satisfactory to FreeStand Home Solutions Franchising, of any and all claims against FreeStand Home Solutions Franchising and its officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;
- (viii) the proposed assignee and its owners and employees must successfully complete our training program as FreeStand Home Solutions Franchising may require;
- (ix) Franchisee, its Owners, and the transferee and its owners execute a general release of FreeStand Home Solutions Franchising in a form satisfactory to FreeStand Home Solutions Franchising; and
- (x) the transferee, at its expense, shall upgrade the Business to conform to the then-current standards and specifications of the System and shall complete the upgrading and other requirements within the time specified by us;

- (xi) Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors and governmental authorities for all material permits, approvals and licenses (as applicable);
- (xii) the transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Business from the original Franchisee and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable;
- (xiii) Franchisee must request that we provide the prospective transferee with the then-current form of disclosure document;
- (xiv) FreeStand Home Solutions Franchising will have the right to disclose to any prospective transferee such revenue reports and other financial information concerning the Business as Franchisee has supplied to FreeStand Home Solutions Franchising hereunder;
- (xv) Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to FreeStand Home Solutions Franchising a nondisclosure and non-competition agreement in a form satisfactory to FreeStand Home Solutions Franchising and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17;
- (xvi) Franchisee has complied with any other conditions that FreeStand Home Solutions Franchising reasonably require from time to time as part of our transfer policies, including FreeStand Home Solutions Franchising's then-current System Standards; and
- (xvii) in addition to all other grounds for rejection, we have the right to reject any proposed purchase of the assets of the Business or any type of ownership interest in the Franchisee or Business on the grounds that the proposed transferee has, in the sole opinion of FreeStand Home Solutions Franchising taken on too much debt, or the purchase price and the terms of the proposed transfer would be so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Business and performance under its franchise agreement.

**15.4 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may Transfer this Agreement to an entity formed for the convenience of ownership after at least 15 days' notice to FreeStand Home Solutions Franchising, if, prior to the transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by FreeStand Home Solutions Franchising, (3) Franchisee owns all voting securities of the entity, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

**15.5 Transfer upon Death or Incapacity.** Upon the death or mental incapacity of any person with an interest in the Business, the executor, administrator, or personal representative of that person must transfer his interest to a third party approved by us within six (6) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or

inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have six (6) months to dispose of the deceased's interest in the Business, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within six (6) months, FreeStand Home Solutions Franchising may terminate this Agreement.

Upon the death of the Franchisee, or if an entity an Owner who owns more than twenty percent (20%) or more of the Business or in the event of any temporary or permanent mental or physical disability of the Principal Executive, a manager shall be employed for the operation of the Business who has successfully completed our initial franchisee training to operate the Business for the account of Franchisee. If after the death or disability of the named Owner, the Business is not being managed by such trained Manager, FreeStand Home Solutions Franchising is authorized to appoint a manager to maintain the operation of the Business until an approved transferee will be able to assume the management and operation of the Business, but in no event for a period exceeding 90 days without the approval of the personal representative of the named Owner; such manager shall be deemed an employee of Franchisee. All funds from the operation of the Business during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Business, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager, shall be charged to such fund. As compensation for the management services provided, in addition to the fees due, FreeStand Home Solutions Franchising shall charge Franchisee a fee of no more than twenty percent (20%) of the Gross Sales derived during FreeStand Home Solutions Franchising's period of management, provided that FreeStand Home Solutions Franchising shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the named Owner or personal representative, or any person or entity having an interest therein for any debts, losses or obligations incurred by the Business, or to any creditor of Franchisee or the named Owner during any period in which it is managed by a FreeStand Home Solutions Franchising-appointed or approved manager.

Within 30 days after the effective date of legal transfer of the franchise to Franchisee's heirs or successors or the heirs or successors of Franchisee's Owners, the heirs or successors must notify us in writing and make application for approval of such transfer. The application for such transfer is subject to the same conditions, procedures and costs as any other transfer, including, without limitation, payment of the transfer fee.

**15.6 FreeStand Home Solutions Franchising's Right of First Refusal.** Before Franchisee (or any Owner) engages in a transfer as outlined herein (except under [Section 15.3](#), or to a co-Owner, or to a spouse, sibling, or child of an Owner), FreeStand Home Solutions Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to FreeStand Home Solutions Franchising a copy of the terms and conditions of any said transfer. For a period of 30 days from the date of FreeStand Home Solutions Franchising's receipt of such copy, FreeStand Home Solutions Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets that are the subject of the proposed Transfer for the same price and on the same terms and conditions (except that FreeStand Home Solutions Franchising may substitute cash for any other form of payment). FreeStand Home Solutions Franchising will have

an additional 45 days to complete the purchase if we elect to exercise our right of first refusal and FreeStand Home Solutions Franchising will receive all customary representations and warranties, as we specify. If FreeStand Home Solutions Franchising fails to accept the offer within the 30-day period, you must complete the transaction no later than 60 days immediately following such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Section. Franchisee may affect no other sale or assignment of it, this Agreement or the Business without first offering the same to us in accordance with this Article 15.

**15.7 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

**15.8 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## ARTICLE 16. INDEMNITY

### 16.1 Indemnity.

(a) Independent Contractors. The parties understand and agree that this Agreement does not create a fiduciary relationship between the parties, that the parties are and will be independent contractors and that nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose. Franchisee shall conspicuously identify itself in all dealings with customers, suppliers, public officials, personnel and others as the owner thereof under a franchise FreeStand Home Solutions Franchising has granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as FreeStand Home Solutions Franchising may require from time to time.

(b) No Liability for Acts of Other Party. Franchisee shall not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of Franchisee's indebtedness or obligations, and that Franchisee shall not use the Marks in any way we have not expressly authorized. Neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. FreeStand Home Solutions Franchising will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Business or the business Franchisee conducts pursuant to this Agreement.

(c) Taxes. FreeStand Home Solutions Franchising will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon Franchisee or the Business, in connection with the business Franchisee conducts (except any taxes FreeStand Home Solutions Franchising is required by law to collect from Franchisee with respect to purchases from FreeStand Home Solutions Franchising). Payment of all such taxes are Franchisee's responsibility.

(d) Indemnification. Franchisee hereby agrees to indemnify, defend and hold harmless FreeStand Home Solutions Franchising, its affiliates and its respective shareholders, directors, officers, employees, agents, successors and assignees (the “Indemnified Parties”) against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes described in this Agreement and any and all claims and liabilities directly or indirectly arising out of the operation of the Business (even if FreeStand Home Solutions Franchising’s negligence is alleged) or Franchisee’s breach of this Agreement. For purposes of this indemnification, “claims” includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants’, arbitrators’, attorneys’ and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. FreeStand Home Solutions Franchising has the right to defend any such claim against FreeStand Home Solutions Franchising. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will FreeStand Home Solutions Franchising or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate FreeStand Home Solutions Franchising’s, their or Franchisee’s losses and expenses, in order to maintain and recover fully a claim against you. Franchisee agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts FreeStand Home Solutions Franchising or another Indemnified Party may recover from Franchisee.

## ARTICLE 17. DISPUTE RESOLUTION

### 17.1 Dispute Resolution Procedures.

(a) Internal Dispute Resolution (“IDR”). Franchisee must first bring any claim or dispute between Franchisee and FreeStand Home Solutions Franchising to FreeStand Home Solutions Franchising’s CEO/President. FreeStand Home Solutions Franchising must respond to a Notice of dispute within 10 days of receipt or otherwise it is deemed denied. Franchisee must exhaust IDR before Franchisee may bring Franchisee’s dispute before a third party. Franchisee agrees that Franchisor has 60 days to attempt to resolve Franchisee’s claim or dispute with IDR (the “IDR Period”). This agreement to first attempt IDR will survive the term.

(b) Mediation. Any disputes and claims arising out of or relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and/or any guarantors and/or transferees of this Agreement, or any claims between any of the above listed parties, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement or that is any way related to the Business, that are not resolved in IDR must be submitted to non-binding mediation conducted before a sole neutral mediator referred by the American Arbitration Association (“AAA”) in accordance with its Commercial Mediation Procedures before being brought to arbitration. Mediation will be conducted in FreeStand Home Solutions Franchising’s principal office, which is currently Naperville, DuPage County, Illinois. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between Franchisee and Franchisor. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications

under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation. Franchisor shall notify Franchisee of Franchisor's election to submit any dispute to non-binding mediation within 30 days of the end of the IDR Period or at the time Franchisor provides Franchisee with notice of a dispute, claim, or alleged cause of action, as applicable.

(c) Arbitration.

i THIS AGREEMENT EVIDENCES A TRANSACTION INVOLVING COMMERCE AND, THEREFORE, THE FEDERAL ARBITRATION ACT, TITLE 9 OF THE UNITED STATES CODE IS APPLICABLE TO THE SUBJECT MATTER CONTAINED HEREIN. EXCEPT FOR CONTROVERSIES OR CLAIMS RELATING TO THE OWNERSHIP OF ALL INTELLECTUAL PROPERTY RIGHTS, INCLUDING, BUT NOT LIMITED TO, THE PROPRIETARY MARKS, ANY COPYRIGHTS OR THE UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION, COVENANTS AGAINST COMPETITION AND OTHER CLAIMS FOR INJUNCTIVE RELIEF, ALL DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR TO ANY OTHER AGREEMENTS BETWEEN THE PARTIES, OR WITH REGARD TO INTERPRETATION, FORMATION OR BREACH OF THIS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES, SHALL BE SETTLED BY BINDING ARBITRATION CONDUCTED IN FREESTAND HOME SOLUTIONS FRANCHISING'S PRINCIPAL OFFICE, WHICH IS CURRENTLY LOCATED IN NAPERVILLE, ILLINOIS, IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AAA THEN IN EFFECT. THE PROCEEDINGS WILL BE HELD BY A SINGLE ARBITRATOR AGREED UPON BY THE PARTIES OR OTHERWISE APPOINTED BY THE DISTRICT COURT FOR FREESTAND HOME SOLUTIONS FRANCHISING'S PRINCIPAL OFFICE, WHICH IS CURRENTLY LOCATED IN NAPERVILLE, ILLINOIS. THE DECISION OF THE ARBITRATOR WILL BE FINAL AND BINDING UPON THE PARTIES. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING PERSONAL AND SUBJECT MATTER JURISDICTION.

ii FRANCHISEE ACKNOWLEDGES THAT IT HAS READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND AFFIRMS THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS OR UNDUE INFLUENCE ON THE PART OF FRANCHISOR OR ANY OF FRANCHISOR'S AGENTS, EMPLOYEES, OFFICERS OR DIRECTORS.

(d) Consent to Jurisdiction. ANY ACTION BROUGHT BY EITHER PARTY EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION, SHALL ONLY BE BROUGHT IN THE APPROPRIATE STATE COURT LOCATED IN OR SERVING FREESTAND HOME SOLUTIONS FRANCHISING'S PRINCIPAL OFFICE, WHICH IS CURRENTLY LOCATED IN NAPERVILLE, ILLINOIS. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION. CLAIMS FOR INJUNCTIVE RELIEF MAY BE

BROUGHT BY FRANCHISOR WHERE FRANCHISEE IS LOCATED. THIS EXCLUSIVE CHOICE OF JURISDICTION AND VENUE PROVISION SHALL NOT RESTRICT THE ABILITY OF THE PARTIES TO CONFIRM OR ENFORCE JUDGMENTS OR ARBITRATION AWARDS IN ANY APPROPRIATE JURISDICTION.

(e) Rights Waived.

i JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT AND ANY OTHER AGREEMENTS EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (VERBAL OR WRITTEN) OR ACTION OF ANY PARTY IN CONNECTION WITH THIS AGREEMENT.

ii Class Action. Any arbitration or litigation arising out of or related to this Agreement must be conducted on an individual, not a class-wide or group, basis. No arbitration or litigation relating to this Agreement or to the System may be brought on behalf of any franchisee associations or groups, and Franchisee agrees not to participate in any such litigation. No arbitration or litigation under this Agreement may be consolidated with any other litigation involving us and any other person without our prior written consent.

(f) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(g) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of FreeStand Home Solutions Franchising's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(h) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for FreeStand Home Solutions Franchising to comply with laws and regulations applicable to the sale of franchises.

(i) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, FreeStand Home Solutions Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

**17.2 Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing

party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

**17.4 Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted no later than two years from the earlier of (a) date such party discovers the conduct; or (b) event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

**17.5 Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, parties expressly agree that any such legal proceeding will be brought to the jurisdiction and venue of any court of general jurisdiction in or near FreeStand Home Solutions Franchising's principal office, which is currently DuPage County, Illinois or the jurisdiction and venue of the United States District Court for the Northern District of Illinois (as applicable). Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

**17.6 Legal Costs.** In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

## **ARTICLE 18. MISCELLANEOUS**

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. FreeStand Home Solutions Franchising is not a fiduciary of Franchisee. FreeStand Home Solutions Franchising does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect FreeStand Home Solutions Franchising's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. FreeStand Home Solutions Franchising has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third-Party Beneficiaries.** This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, FreeStand Home Solutions Franchising, and FreeStand Home Solutions Franchising's affiliates.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by FreeStand Home Solutions Franchising in its franchise disclosure document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit FreeStand Home Solutions Franchising's rights to modify the Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Governing Law.** The laws of the state of Illinois (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Illinois law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

**18.9 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to FreeStand Home Solutions Franchising, addressed to 1311 Illinois – 59, Naperville, IL 60564. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, FreeStand Home Solutions Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10 Holdover.** If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time thereafter (regardless of any course of dealing by the parties), FreeStand Home Solutions Franchising may by giving written notice to Franchisee (the "Holdover Notice") either (i) require Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as FreeStand Home Solutions Franchising specifies, or (ii) bind Franchisee to a renewal term of 5 years, and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi).

**18.11 Joint and Several Liability.** If two or more people sign this Agreement as "Franchisee", each will have joint and several liability.

**18.12 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by FreeStand Home Solutions Franchising does not constitute an offer. This Agreement shall not be

effective unless and until it is executed by both Franchisee and FreeStand Home Solutions Franchising.

#### **ARTICLE 19. CERTIFICATION OF FRANCHISOR'S COMPLIANCE**

By signing this Agreement, Franchisee acknowledges the following:

- (1) Franchisee understands all the information in FreeStand Home Solutions Franchising's Disclosure Document.
- (2) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee's skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee's control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, and the marketplace.
- (3) That no person acting on FreeStand Home Solutions Franchising's behalf made any statement or promise regarding the costs involved in operating a FreeStand Home Solutions franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (4) That no person acting on FreeStand Home Solutions Franchising's behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.
- (5) That no person acting on FreeStand Home Solutions Franchising's behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a FreeStand Home Solutions franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (6) That no person acting on FreeStand Home Solutions Franchising's behalf made any statement or promise or agreement, other than those matters addressed in this 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 Disclosure Document.
- (7) Franchisee understands that this Agreement contains the entire agreement between FreeStand Home Solutions Franchising and Franchisee concerning the FreeStand Home Solutions franchise, which means that any oral or written statements not set out in this Agreement will not be binding. In deciding to enter into this Agreement, Franchisee is not relying on any statement, promise, claim, or representation not expressly set forth in this Agreement or in the Disclosure Document.

*[Signatures on next page]*

Agreed to by:

FRANCHISOR:

FREESTAND HOME SOLUTIONS  
FRANCHISING, LLC

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

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

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

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

FRANCHISEE:

*[if an individual:]*

\_\_\_\_\_

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

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

*[if an entity:]*

\_\_\_\_\_

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

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

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

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

**Attachment 1 to Franchise Agreement**

**OWNERSHIP INFORMATION**

**1. Form of Ownership.** Franchisee is a (check one):

- \_\_\_\_\_ *Sole Proprietorship*
- \_\_\_\_\_ *Partnership*
- \_\_\_\_\_ *Limited Liability Company*
- \_\_\_\_\_ *Corporation*

State: \_\_\_\_\_

**2. Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

**3. Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

## Attachment 2 to Franchise Agreement

### GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of FreeStand Home Solutions Franchising, LLC, a Wyoming Limited Liability Company (“FreeStand Home Solutions Franchising”).

**Background Statement:** \_\_\_\_\_ (“Franchisee”) desires to enter into a Franchise Agreement with FreeStand Home Solutions Franchising for the franchise of a FreeStand Home Solutions business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce FreeStand Home Solutions Franchising to enter into the Franchise Agreement.

Each Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to FreeStand Home Solutions Franchising and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to FreeStand Home Solutions Franchising, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and FreeStand Home Solutions Franchising upon demand from FreeStand Home Solutions Franchising. Guarantor waives (a) acceptance and notice of acceptance by FreeStand Home Solutions Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that FreeStand Home Solutions Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by FreeStand Home Solutions Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by FreeStand Home Solutions Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e)

not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by FreeStand Home Solutions Franchising or its affiliates (except for Confidential Information which FreeStand Home Solutions Franchising licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to FreeStand Home Solutions Franchising. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

### **3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor operating in any of Franchisee’s Territory or the territory of any other FreeStand Home Solutions business operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of FreeStand Home Solutions Franchising. Guarantor agrees that the existence of any claim it or Franchisee may have against FreeStand Home Solutions Franchising shall not constitute a defense to the enforcement by FreeStand Home Solutions Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**4. Modification.** Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which FreeStand Home Solutions Franchising may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**5. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of Illinois (without giving effect to its principles of conflicts of law). The parties agree that any Illinois law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 6. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to FreeStand Home Solutions Franchising all costs incurred by FreeStand Home Solutions Franchising (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

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

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

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

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

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

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

## EXHIBIT C

### FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of FreeStand Home Solutions Franchising, LLC, a Wyoming Limited Liability Company (“FreeStand Home Solutions Franchising”).

**Background Statement:** [describe circumstances of Release]

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases FreeStand Home Solutions Franchising, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that FreeStand Home Solutions Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Agreed to by:

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

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

## **EXHIBIT D**

### **FINANCIAL STATEMENTS**

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

# FreeStand Home Solutions, Franchising LLC

## Balance Sheet

As of March 31, 2025

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Franchise Main Op (3389) - 1	5,000.00
<b>Total Bank Accounts</b>	<b>\$5,000.00</b>
<b>Total Current Assets</b>	<b>\$5,000.00</b>
<b>TOTAL ASSETS</b>	<b>\$5,000.00</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
<b>Total Liabilities</b>	
Equity	
Owner investments	5,000.00
Retained Earnings	
Net Income	
<b>Total Equity</b>	<b>\$5,000.00</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$5,000.00</b>

## EXHIBIT E

### BRAND STANDARDS MANUAL TABLE OF CONTENTS



<b>Manual Section</b>	<b>Number of Pages</b>
Preface & Introduction	35
Establishing My Franchise Business	37
Personnel	48
Administrative Procedures	25
Daily Procedures	41
Selling & Marketing	22
<b>Total Number of Pages</b>	<b>208</b>

## EXHIBIT F

### CURRENT AND FORMER FRANCHISEES

#### Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

None

#### Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

None

**EXHIBIT G**  
**STATE ADDENDA TO DISCLOSURE DOCUMENT**  
**[RESERVED]**

## STATE EFFECTIVE DATES

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, 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:

<b>State</b>	<b>Effective Date</b>
Florida	March 4, 2025
Texas	Effective

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If FreeStand Home Solutions Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If FreeStand Home Solutions Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Bob Wilson	1311 Illinois-59, Naperville, IL 60564	(815) 260-9973
Brandon Harris	1311 Illinois-59, Naperville, IL 60564	(630) 728-8445
John B. Naylor, Franchise Marketing Systems	6110 McFarland Station Drive, Unit 105, Alpharetta, GA 30004	(302) 275-5003

Issuance Date: April 13, 2025

I received a disclosure document dated April 13, 2025, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Form of General Release
- D. Financial Statements
- E. Brand Standards Manual Table of Contents
- F. Current and Former Franchisees
- G. State Addenda to Disclosure Document
- H. State Addenda to Franchise Agreement

Signature: \_\_\_\_\_

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

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

**Keep This Copy For Your Records**

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If FreeStand Home Solutions Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If FreeStand Home Solutions Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Bob Wilson	1311 Illinois-59, Naperville, IL 60564	(815) 260-9973
Brandon Harris	1311 Illinois-59, Naperville, IL 60564	(630) 728-8445
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- D. Financial Statements
- E. Brand Standards Manual Table of Contents
- F. Current and Former Franchisees
- G. State Addenda to Disclosure Document
- H. State Addenda to Franchise Agreement

Signature: \_\_\_\_\_

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

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

**Return this copy to us.**  
**FreeStand Home Solutions Franchising, LLC**  
**1311 Illinois-59, Naperville, IL 60564**