

FRANCHISE DISCLOSURE DOCUMENT



The Cleaning Authority, LLC
a Maryland Limited Liability Company
7230 Lee DeForest Drive
Suite 200
Columbia, Maryland 21046
(410) 740-1900
www.thecleaningauthority.com

The Cleaning Authority franchise offers a cleaning service program that specializes in residential cleaning, as well as unique marketing services to customers, using a customized proprietary computer system for tracking and controls.

The total investment necessary to begin operation of a THE CLEANING AUTHORITY® franchised business is between \$85,908 and \$133,914. This includes approximately \$47,162 to \$76,463 that must be paid to the franchisor or its 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, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Eric Wexler at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046 and (410) 740-1900.

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 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. 7 You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information on franchising.

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

Issuance date: March 30, 2012

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US EITHER BY ARBITRATION OR LITIGATION IN MARYLAND ONLY. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN MARYLAND THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT REQUIRES THAT MARYLAND COMMON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. ALL OWNERS OF THE FRANCHISEE ENTITY MUST SIGN A GUARANTY OF ALL OF THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, WHICH PLACES THEIR PERSONAL ASSETS AT RISK.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

The Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

CALIFORNIA	April 27, 2012
ILLINOIS	April 2, 2012
INDIANA	April 2, 2012
MARYLAND	
MICHIGAN	March 30, 2012
MINNESOTA	April 5, 2012
NEW YORK	April 26, 2012
RHODE ISLAND	April 30, 2012
VIRGINIA	April 11, 2012
WASHINGTON	April 9, 2012
WISCONSIN	April 2, 2012

In all other states, the effective date of the Franchise Disclosure Document is the issuance date of March 30, 2012.

THE CLEANING AUTHORITY, LLC
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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Cleaning Authority, LLC (“we,” “us,” “our,” “ours” “TCA, LLC” or the “Company”) is a Maryland limited liability company, organized on February 4, 2010, with our principal office located at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046. Our telephone number is (410) 740-1900. Through a series of mergers (“Mergers”) that occurred on March 24, 2010, our predecessor TCA, Inc. (defined below), and all of its assets, liabilities and interests, including THE CLEANING AUTHORITY franchise system, were merged with and into us, the franchisor (The Cleaning Authority, LLC). As further described below, we also assumed TCA Supplies’ interest in the Mailer Program (a direct mail advertising program in which all franchisees must participate) and related agreements, effective April 5, 2010, such that we are the supplier of Mailer Program services. We began offering franchises in September 2010. We have not offered franchises in any other line of business. Our agents for service of process are listed in Exhibit A.

The Franchise

We offer franchises allowing you to operate a cleaning business under “THE CLEANING AUTHORITY” name and service mark (“Business”), according to a The Cleaning Authority Franchise Agreement that you and we will sign (“Franchise Agreement”). A copy of the Franchise Agreement is attached to this Disclosure Document as Exhibit C. The Business will specialize in cleaning the inside of a residential home similar to a maid service (“Core Services”), but may also include carpet cleaning, window cleaning, furniture cleaning, the cleaning of commercial properties and businesses, and any other type of cleaning service to any customer (“Non-Core Services”). You are prohibited from offering Non-Core Services during the term of the Franchise Agreement unless you do so under the Marks and pay to us a royalty on all revenue attributable to your provision of Non-Core Services.

Your Business will operate according to various environmentally-conscious guidelines and recommendations, as published from time to time either (1) by Green Seal, Inc., an independent non-profit organization engaged in the testing and certification of products (including housecleaning solutions, devices and related products) that meet certain scientific-based environmental standards, (2) the Environmental Protection Agency (“EPA”), or (3) another entity or organization we specify. For example, as of the date of this Disclosure Document, our franchisees and our affiliate, Mighty Maids, Incorporated, use certain chemicals and cleaning practices certified by Green Seal or the EPA, including the use of Green Seal general cleaning products, EPA-registered disinfectants and HEPA filters.

You will operate your Business within a specific territory (the “Territory”), which will contain at least 30,000 Designated Households, although as noted in Item 5, you may increase the geographic footprint of your Territory by paying an additional fee to us and signing an amendment to the Franchise Agreement. A “Designated Household” is a home with an estimated annual gross income of at least \$60,000, except in California where the estimated annual gross income for a Designated Household is \$75,000. We or an affiliate will identify “Designated Households” in the Territory with reference to information provided by a third-party data compilation and demographic information service provider that we select. We license you to use the System with our service marks, trademarks, logos, trade secrets and other confidential information. You must participate in the Mailer Program and pay the associated fees described in Items 5, 6, 7 and 8 of this Disclosure Document. It is essential to the ongoing operation of the Business that you develop new customers, as well as service those existing or potential customers that we refer to you or develop.

The market for the Business is developing at this time and is competitive. Because of the continuing increase of dual income families, we believe the size of the market will continue to grow. Your

competitors will be local and national cleaning companies, as well as individuals who provide cleaning services on a full or part time basis.

You may need to obtain a business license or permit to operate the Business and will need to comply with federal, state and local laws regulating businesses generally. You should familiarize yourself with these laws.

Parents and Predecessors

We have two parents, TCA Operating, LLC (“TCA Operating”) and TCA Holdings, LLC (“TCA Holdings”). TCA Operating is a Maryland limited liability company organized on March 23, 2010. Likewise, TCA Holdings is a Maryland limited liability company organized on March 23, 2010. TCA Operating and TCA Holdings each maintain their principal place of business at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046. Except as noted above with respect to TCA Operating and TCA Holdings, we have no other parents.

Our predecessor, The Cleaning Authority, Inc. (“TCA, Inc.”), was organized in the State of Maryland in 1991. TCA, Inc. maintained its principal place of business at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046. TCA, Inc. conducted business and offered franchises under the name “THE CLEANING AUTHORITY” and conducted business of the type offered in this Disclosure Document from 1996 until the Mergers in March 2010. TCA, Inc. did not engage in other lines of business or offer franchises in other lines of business. Except as noted above with respect to TCA, Inc., we have no other predecessors.

Affiliates

We currently have two affiliated companies. The first affiliate is Mighty Maids, Incorporated d/b/a “The Cleaning Authority” (“MM”). MM was incorporated as a Maryland corporation in 1978 and formerly operated “Mighty Maids” cleaning services. MM developed the system of cleaning homes (the “System”) and the rights to this System have been assigned to us. Since 1996, MM has operated a company-owned business under the name “THE CLEANING AUTHORITY” to service the Baltimore and Washington, D.C. area. MM has the same principal business address as we do. MM has never offered franchises in any line of business.

The second affiliate is The Cleaning Authority Canada, LLC (“TCA Canada”), a Maryland limited liability company formed in January 2011. In March 2011, TCA Canada began offering franchises in Canada under “THE CLEANING AUTHORITY” mark and logo. As of the date of this Disclosure Document, TCA Canada has no franchisees. Except as described above, TCA Canada has not offered franchises in any line of business.

Prior to April 5, 2010, we had one other affiliate, S&T Management, LLC (d/b/a “TCA Supplies”). TCA Supplies was formed as a Maryland limited liability company on February 4, 2010. On or about March 24, 2010, the TCA Supplies Predecessor (defined below) merged with and into TCA Supplies. TCA Supplies’ predecessor, S&T Management, Inc. (the “TCA Supplies Predecessor”), was organized in the State of Maryland in 1991, and most recently, maintained its principal place of business at our headquarters in Columbia, Maryland. From 1996 until April 5, 2010, the TCA Supplies Predecessor was an approved supplier of cleaning products and supplies, and the supplier of the Mailer Program on behalf of our franchisees. Effective as of April 5, 2010, TCA Supplies merged with and into us and we assumed all of TCA Supplies’ assets, liabilities and interests in the Mailer Program (and related agreements with franchisees). Accordingly, as of April 5, 2010, (1) TCA Supplies is not an approved supplier of any products or services for our franchisees (and, accordingly, is no longer an affiliate for purposes of this

Disclosure Document), and (2) we are an approved supplier of cleaning products/supplies and the supplier of the Mailer Program (as further described in Item 8). Neither TCA Supplies nor the TCA Supplies Predecessor has offered franchises in any line of business.

Except as noted above, we have no affiliates.

ITEM 2

BUSINESS EXPERIENCE

Steve Robinson: Chief Executive Officer, Treasurer and Director

Mr. Robinson is our Chief Executive Officer, Treasurer and a Director, positions he has held since our formation in February 2010. Since its formation in February 2010, Mr. Robinson also has served as the Chief Executive Officer of TCA Supplies in Columbia, Maryland, and has held this same position with our parents, TCA Operating and TCA Holdings, also in Columbia, Maryland since March 2010. From January 2011 to the present, Mr. Robinson has served as the Chief Executive Officer, Treasurer and Director of our affiliate, TCA Canada, in Columbia, Maryland. In addition, Mr. Robinson has served as Chief Executive Officer of our affiliate, MM, in Columbia, Maryland since 1989. From May 1996 to March 2010, Mr. Robinson served as the Chief Executive Officer, Treasurer and a Director of our predecessor, TCA, Inc., and from 1991 to March 2010, he served as the Chief Executive Officer of our former affiliate, the TCA Supplies Predecessor, both in Columbia, Maryland.

Tim Evankovich: President, Chief Operating Officer, and Director

Mr. Evankovich has been our President, Chief Operating Officer, and a Director since our formation in February 2010. He also has served as Chief Operating Officer of TCA Supplies since its formation in February 2010, in Columbia, Maryland, and since March 2010, has held this same position with our parents, TCA Operating and TCA Holdings, also in Columbia, Maryland. From January 2011 to the present, Mr. Evankovich has served as the President, Chief Operating Officer and Director of our affiliate, TCA Canada, in Columbia, Maryland. Mr. Evankovich has served as the Chief Operating Officer of our affiliate, MM, since 1989 in Columbia, Maryland. From May 1996 to March 2010, Mr. Evankovich was the President, Chief Operating Officer and a Director of our predecessor, TCA, Inc. From 1991 to March 2010, Mr. Evankovich also was the Chief Operating Officer of our former affiliate, the TCA Supplies Predecessor, in Columbia, Maryland.

Allen Thrift: Senior Vice President

Mr. Thrift has been our Senior Vice President since our formation in February 2010. From January 2011 to the present, Mr. Thrift has served as the Senior Vice President of our affiliate, TCA Canada, in Columbia, Maryland. From July 2008 to March 2010, Mr. Thrift served as the Senior Vice President of our predecessor, TCA, Inc. in Columbia, Maryland. From March 2002 through June 2008, Mr. Thrift served as TCA, Inc.'s Vice President of Operations in Columbia, Maryland.

Andrew Sachs: Director

Mr. Sachs has served as one of our Directors since April 2010. Mr. Sachs also has served as a Director of our parent, TCA Operating, LLC, since April 2010 and as a Director of our affiliate, TCA Canada, since January 2011. He has also served as Managing Member for Sachs Capital, LLC in Potomac, Maryland since January 2007. From March 2002 until December 2006 Mr. Sachs was President of Bethany Partners, LLC in Potomac, Maryland.

Eric M. Wexler: Vice President of Franchise Development

Mr. Wexler has been our Vice President of Franchise Development since our formation in February 2010 and has held this same position with our affiliate, TCA Canada, since January 2011. From April 2007 to March 2010, Mr. Wexler was the Vice President of Franchise Development for our predecessor, TCA, Inc., in Columbia, Maryland. From February 2003 to April 2007, Mr. Wexler was employed by TCA, Inc. in Columbia, Maryland in a variety of franchise development roles.

Rob Weddle: Vice President of Operations

Mr. Weddle has served as our Vice President of Operations since our formation in February 2010, and has held this same position with our affiliate, TCA Canada, since January 2011. From August 2009 to March 2010, Mr. Weddle was the Vice President of Operations for our predecessor, TCA, Inc., in Columbia, Maryland. From April 2005 through July 2009, Mr. Weddle was TCA, Inc.'s Operations Representative in Newark, Delaware, where he supported TCA offices located on the east coast. Mr. Weddle also is the Vice President and an owner of Longhorn Enterprises, Inc. d/b/a The Cleaning Authority in Newark, Delaware, a position he has held since September 2002.

ITEM 3
LITIGATION

Concluded actions:

1. The South Shore Cleaning Authority, Inc., Arnel Sevilla and Deborah Sevilla v. The Cleaning Authority, Inc., American Arbitration Association, Case No. 16 114 00768 05, commenced January 18, 2006 (Maryland). The plaintiffs, former franchisees of ours, brought this action in arbitration alleging violations of the Maryland and New York franchise statutes, common law fraud, negligent misrepresentation, violation of duty of good faith and fair dealing, and breach of the franchise agreement. The plaintiffs sought damages in the approximate amount of \$455,000. TCA, Inc. adamantly denied the allegations and asserted counterclaims against the plaintiffs. In an effort to end the litigation and without admitting any wrongdoing, TCA, Inc. reached a confidential settlement with the plaintiffs in March 2007, whereby TCA, Inc. agreed to pay them \$70,000 in exchange for (i) dismissal of the arbitration action with prejudice, and (ii) the former franchisees' agreement to comply with all post-termination provisions of their franchise agreement with TCA, Inc., including specifically, all post-termination non-compete and indemnification provisions.

2. Securities and Exchange Commission v. Andrew W. Sachs, Civil Action No. 02CV 1810 (S.D.N.Y.) (filed March 7, 2002). On March 7, 2002, the Securities and Exchange Commission filed a settled civil injunctive action in the United States District Court for the Southern District of New York, alleging that Andrew W. Sachs ("Sachs"), formerly an analyst with Morgan Stanley & Company ("Morgan Stanley"), engaged in insider trading. Without admitting or denying the allegations in the Commission's Complaint, Sachs consented to pay a total of \$46,008.96, representing disgorgement of \$19,197, prejudgment interest in the amount of \$7,614.96, and a civil penalty of \$19,197. Additionally, Sachs consented to the entry of a permanent injunction prohibiting him from further violations of the insider trading prohibitions outlined in Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5.

Franchisor-initiated actions filed during 2011:

1. In The Cleaning Authority, LLC v. Harry Rutherford, American Arbitration Association Case No. 16 114E 0034611 (Filed June 14, 2011), we filed an arbitration action against a former franchisee who failed to comply with the post-termination covenants against competition in the Franchise Agreement. The arbitrator ruled in favor of TCA when Mr. Rutherford failed to appear in the matter and ordered Mr. Rutherford to pay \$51,892 for TCA's damages, attorneys' fees and expenses.

2. In The Cleaning Authority, LLC v. Monticciolo Enterprises, Inc., Maurizio Monticciolo, Ermelinda Monticciolo, Care Clean LLC and Conrad Hauca, Case No. 8:11-cv-687-T-26EAJ (U.S. Dist. Ct. Mid. Dist. Fla.) (filed April 1, 2011), we filed a complaint against a competitor, a former franchisee and its guarantors for wrongful termination of the Franchise Agreement, conversion of our goodwill, tortious interference, misappropriation of trade secrets, civil conspiracy and breach of in-term and post-termination covenants against competition arising under the Franchise Agreement: The parties entered into Settlement and Release Agreements on April 11, 2011 in which the competitor agreed to return TCA's customer relationships and refrain from competing with TCA and the former franchisee and guarantors agreed to pay \$75,000 to TCA for legal expenses and attorneys' fees and re-affirmed their obligation to abide by the post-termination covenants against competition. Thereafter, TCA dismissed this action.

Other than the above 4 actions, no litigation is required to be disclosed in this Item.

ITEM 4 **BANKRUPTCY**

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

ITEM 5 **INITIAL FEES**

The Initial Franchise Fee is variable depending on the number of Designated Households in your Territory and is payable in full upon signing the Franchise Agreement. We base this Fee upon the number of Designated Households in the Territory at a rate of \$0.80 for each Designated Household, with an expected 30,000 to 55,000 Designated Households per Territory. Accordingly, the initial fee is usually between \$24,000 and \$44,000. During the fiscal year ending December 31, 2011, franchisees paid us Initial Franchise Fees ranging from \$0 to \$43,559.20. In some cases we allow you to have a larger number of Designated Households in your Territory, for example, if you request that your Territory include a larger geographic area. Accordingly, if your Territory includes more than 55,000 Designated Households, your fee will be based on the number of Designated Households in your Territory and your fee could be in excess of \$44,000. Specifically, the cost for your Territory will be \$0.80 per Designated Household in your Territory at the time you sign the Franchise Agreement, and if you request (and we agree) that your Territory include a larger geographic area, you may pay a higher initial franchise fee. We determine the number of Designated Households in your Territory with reference to information provided by third-party data compilation and demographic service providers at the time you sign the Franchise Agreement, although the number of Designated Households may fluctuate over time. The number of Designated Households for each franchise will be defined and the Initial Franchise Fee determined before you sign the Franchise Agreement. Except as noted below, the Initial Fee is not refundable.

You also must purchase required mailing services under the Mailer Program from us and pay to us a \$2,000 mailer set-up fee (the "Set-Up Fee") when you sign the Franchise Agreement. We use the Set-Up Fee to defer the cost of ordering mailing lists and setting up your brochure program. During our last fiscal year, we collected Set-Up Fees ranging from \$0 to \$2,000. The Set-Up Fee is only refundable if we terminate the Franchise Agreement before you complete training.

In addition to the Initial Franchise Fee and the Mailer Set-Up Fee, you must pay to us a Business Administration Set-Up Fee (“BASF”) in the amount of \$10,000 upon signing the Franchise Agreement. In consideration of the BASF, we will provide you with a variety of materials, information and insight on establishing your Business, including among other things (1) monthly access to THE CLEANING AUTHORITY Employment Law Hotline during the term of your Franchise Agreement, (2) Operations Representative support prior to training, and (3) a copy of the Pre-Work Manual. We also will reimburse ourselves for certain costs to provide you with the Initial Training Program as described in Item 11 below.

From time to time, we may offer special incentive programs in conjunction with our franchise development activities. These incentives may be offered to existing franchisees. We reserve the right to offer, modify, withdraw or reinstate any incentive plan in the future without notice to you. As of the effective date of this Disclosure Document, the only incentive plan is one where we pay \$10,000 to an existing franchisee who directly refers a person to us who becomes a new THE CLEANING AUTHORITY franchisee in a new location within 6 months of the date of referral. A franchisee is not entitled to a referral fee if we also pay a broker or referral fee to a third party.

We participate in the Veterans Transition Franchise Initiative (commonly referred to as “VetFran”), which seeks to provide an opportunity for veterans who want to be in business. If you are a qualified veteran, currently defined as any former member of the United States Armed Forces who can provide a DD214 which indicates an Honorable Discharge, we will reduce the Initial Franchise Fee by 50%.

We have the right to terminate the Franchise Agreement if you fail to (1) complete the Initial Training to our satisfaction (as determined by us in our sole business judgment) within 120 days after the effective date of the Franchise Agreement, or (2) open the Business within 120 days after the effective date of the Franchise Agreement. If we terminate the Franchise Agreement because you failed to complete Initial Training to our satisfaction, we will retain the entire \$10,000 BASF. Under this scenario, we will return the \$2,000 Mailer Set-Up Fee and the Initial Franchise Fee paid by you, less any direct or indirect expenses we incur to recruit you as a franchisee in the first instance, including amounts we pay to a broker. (The amount of our direct and indirect expenses to recruit you as a franchisee typically ranges from 50% to 75% of the Initial Franchise Fee amount paid by you, although the precise amount varies depending on each situation.)

If your Franchise Agreement is terminated because you failed to timely open the Business, we will retain the entire \$10,000 BASF and the \$2,000 Mailer Set-Up Fee. In this event, we will return the Initial Franchise Fee paid by you, less our direct and indirect expenses to recruit you as a franchisee in the first instance (as further described in the above paragraph).

Except as we have described in this Disclosure Document, these initial fees were uniform during the fiscal year ending December 31, 2011.

ITEM 6
OTHER FEES

Type of Fee^{1/ & 2/}	Amount	Due Date	Remarks
Royalty	6% of first \$400,000 Gross Revenues; 5% of Gross Revenues from \$400,001 to \$700,000; 4% of Gross Revenues above \$700,001. If you are not in compliance with your agreements, the royalty remains at 6%. See Note 3.	Wednesday of each week, in arrears	Gross Revenues include all revenues on an annual basis (excluding sales or use tax) and are cumulative. See Note 4 for additional information.
National Advertising Fee	1% of weekly Gross Revenues or \$200, whichever is less	Wednesday of each week, in arrears	We reserve the right to increase the percentage contribution and/or \$200 cap related to the National Advertising Fee. See Note 5 and Item 11 for additional information.
Mailer Fee ^{6/}	\$0.325 per mailer	Wednesday of each week, in arrears	You must purchase a specified minimum number of mailers for a percentage of Designated Households in your Territory each week, provided that we will permit you to suspend mailings during any three weeks (defined as Sunday through Saturday) per calendar year. Initially, the minimum will be 9% of Designated Households in your Territory. See Note 6 and Item 11 for more information.
Software Access Fee	Currently \$25.00 per week	Wednesday of each week, in arrears	Currently, the Software Access Fee is \$25.00 per week. We reserve the right to change this fee, but will not increase this fee by more than 10% in any 12 month period.
Call Center Fee	\$1.25 per call	Wednesday of each week, in arrears	Currently, the Call Center fee is \$1.25 per call. We reserve the right to change this fee as well as the right to charge a minimum fee.
Transfer	\$5,000	Prior to transfer.	Payable to us on or before the date that you transfer or assign your franchise. See Note 7 for additional information.
Audit	We may audit your books	30 days after billing	See Note 8 for additional information.
Additional Training Fee	Varies, we currently charge \$50.00 per hour	30 days after invoice	We may charge you for operating assistance made necessary by your failure to comply with the Franchise Agreement or operating assistance you request that is greater than the assistance we normally provide.

Type of Fee^{1/ & 2/}	Amount	Due Date	Remarks
Manual Suite	\$1,000	30 days after invoice	If you fail to return your Manual Suite, you must pay a fee of \$1,000 in addition to any other remedy we may have.
Indemnification	Our actual defense costs	30 days after we bill you	You must defend and indemnify us from all damages and claims relating to the operation of your business. (See Section 23.6 of the Franchise Agreement.)
Late Charges/ Insufficient Funds Fee	1½% per month on unpaid balances. If there are insufficient funds to cover a check or other transfer, we reserve the right to charge you a \$25.00 fee.	Immediately after notice from us	This fee is only due when fees owed to us are not paid on time. We also reserve the right to charge you a fee of \$25 if there are insufficient funds in your account to cover our fees. See Note 9 for additional information.
Convention Fee	\$1,500	Immediately after the Annual Convention	This fee is only due if you do not attend our Annual Convention.
Early Termination Damages	Your average weekly royalty fee and National Advertising Fee for the prior 52 week period multiplied by the lesser of 104 or the number of weeks remaining on the term of the Franchise Agreement	Immediately after notice from us	You will be required to pay the early termination damages if we terminate the Franchise Agreement based on your material breach or you otherwise cease to operate your Business without our prior written approval.

NOTES

- (1) Except as noted, all fees are paid to us, uniformly imposed and are non-refundable.
- (2) We require that all payments you owe us be made by Electronic Funds Transfer (“EFT”).
- (3) You will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of the Initial Franchise Fee, the Royalty Fee, the Advertising Fee, the Mailer Fee, and other fees that are referenced in your agreements with us, whether assessed against you through withholding or other means or whether paid by us directly. In either case, you will pay to us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required. This does not apply to any federal or Maryland income tax we have to pay or to cleaner tips. If you are in default under your Agreement, your royalty remains at 6%, regardless of the amount of your Gross Revenues.
- (4) Royalties on Gross Revenues, Mailer Fees, Software Access Fees and Local/Regional and National Advertising Fees, if applicable, as well as any fees or payments owed to our affiliates,

are payable on Wednesday of each week in arrears. Interest at the highest legal rate up to 1½% per month accrues from the day after payments are due. Payment is made by EFT.

- (5) We may increase this fee above 1% and/or the \$200 cap if 50% or more of our franchisees consent to the increase.
- (6) We have the right to change prices on mailers at any time upon 30 days advance written notice. You will pay the then-current price in effect for the mailers. The current price charged is \$0.325 per mailer. Mailers must be sent to between 9% and 13% of the Designated Households in your Territory each week, depending on the number of customers in your Territory. Initially, the minimum will be 9% of Designated Households in your Territory. The number of Designated Households in a Territory may fluctuate over time. We may reduce the required mailer percentage for a quarter (3 consecutive months) depending on customer count and Mark of Excellence (“MOE”) achievement during the preceding quarter. For added clarity, a “calendar quarter” is defined with reference to the following month groupings: January to March, April to June, July to September, and October to December. We produce the mailers and deliver them to the U.S. Postal Service on your behalf on a weekly basis and you are required to pay us for this service, in arrears, on Wednesday of each week. Postage is included in the Mailer Fee. You may take a “Mailer Holiday” during any three weeks (defined as Sunday through Saturday) of each calendar year. Based on our experience, we recommend that you choose to take your Mailer Holidays during the following weeks: (A) Thanksgiving week, and (B) the two weeks surrounding the Christmas and New Year holidays. You must provide written notice to us before you take a Mailer Holiday.

If you default on the payment of your mailer obligations 3 times in any consecutive 12-month period (whether or not you cure the prior failures to pay), we may terminate the Franchise Agreement immediately upon notice to you. In lieu of termination, we may allow you to sign an amendment with us where you agree to pay any past due amounts to us over time and pre-pay the cost of your mailer obligations 2 weeks in advance. Any such amendment will include a general release of all claims in favor of us (subject to applicable state law).

- (7) We will collect a \$5,000 transfer fee if you transfer or assign your interest in the Franchise Agreement or the Business. In addition, prior to the transfer or assignment and to cover the cost of any commissions that we are required to pay to third parties (i.e., a third party acts as a broker, agent or consultant in connection with the sale), you must pay to us the greater of (a) \$15,000, or (b) 10% of the total purchase price (up to \$30,000). Prior to the effective date of transfer, the transferee also must commit to three days of on-site training at an existing franchised business that we designate (the “On Site Training Facility”). All costs incurred in connection with the transferee’s training attendance at the On Site Training Facility shall be at the transferee’s sole expense.
- (8) We may audit your sales reports, bank statements, financial statements and tax returns. If the Royalty Fee or other Fees are underpaid by more than 2%, you pay us 3 times the amount due, plus our costs and 1½% interest per month on the underpayment. If less than 2% underpaid, you pay us the amount due, plus 1½% interest per month on the underpayment. The cost of the audit will vary depending on the quality of your records and the amount of time required to review these records.
- (9) Interest begins from the date of the underpayment.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	\$24,000 to \$44,000	Lump Sum	On signing Franchise Agreement	Us
Business Administration Set-Up Fee ("BASF") (2)	\$10,000	Lump Sum	On signing Franchise Agreement	Us
Mailer Set-Up Fee (3)	\$2,000	Lump Sum	Two calendar days after signing the Franchise Agreement	Us
Computer	\$1,000 to \$1,500	As Arranged	As Arranged	Various Third Party Suppliers
Washer, Dryer & Furniture	\$1,500 to \$3,000	As Arranged	As Arranged	Various Third Party Suppliers
Cleaning Equipment and Supplies	\$2,500	As Arranged	As Arranged	Various Third Party Suppliers
Travel and Living Expenses While Training (4)	\$1,500 to \$2,500	As Arranged	As Arranged	Various Third Party Suppliers (i.e. airlines, hotels, restaurants)
Deposits/Insurance	\$5,000 to \$7,000	As Arranged	As Arranged	Various Third Party Suppliers (landlords, insurance companies)
Opening Inventory	\$2,000 to \$2,500	As Arranged	As Arranged	Various Third Party Suppliers
Office Rent for 3 months plus 1 month security deposit (5)	\$3,000 to \$6,000	As Arranged	As Arranged	Landlord
Mailer Fees (first 3 months) (6)	\$11,408 to \$20,914	Weekly	The fee is due weekly in arrears on Wednesdays	Us
Vehicle Lease or Purchase (7)	\$0 - \$2,00	As Arranged	As agreed upon	Third Parties
Additional Funds for 3 months (8)	\$22,000 to \$30,000	As Incurred	As incurred	Various Third Party Suppliers
Total Initial Investment	\$85,908 to \$133,914			

NOTES

We have used our and TCA Inc.'s combined 15 years of experience, as well as information we have received from our franchisees, to make these estimates. Costs will vary depending upon a number of

factors. There is no assurance that your experience will correspond with these cost estimates. Except as noted below, or in other Items of this Disclosure Document, all payments are uniformly imposed and non-refundable. Payments you make to third-party suppliers may or may not be refundable depending on supplier terms. We do not provide financing for any portion of your initial investment.

- (1) **Initial Franchise Fee.** Amount varies as disclosed in Item 5. If your Territory has more than 55,000 Designated Households, your initial franchise fee will be greater than \$44,000 (See Item 5 for more information). The Initial Franchise Fee is refundable, less any expenses we incur (direct or indirect), if we terminate the Franchise Agreement as a result of your failure to: (a) complete the Initial Training to our satisfaction (as determined by us in our sole business judgment) within 120 days after the effective date of the Franchise Agreement, or (b) open the Business within 120 days after the effective date of the Franchise Agreement.
- (2) **BASF.** The BASF is a one-time payment, due upon signing the Franchise Agreement. This fee is non-refundable. As noted in Item 5, in consideration of the BASF, we will provide you with a variety of materials, information and insight on establishing your Business, including providing you with, among other things (a) monthly access to THE CLEANING AUTHORITY Employment Law Hotline during the term of your Franchise Agreement, (b) Operations Representatives support prior to training, and (c) the Pre-Work Manual. We also will use a portion of the BASF to reimburse ourselves for costs associated with your attendance at the Initial Training Program.
- (3) **Mailer Set-Up Fee.** The Mailer Set-Up Fee is refunded to you only if we terminate the Franchise Agreement before you complete the initial training. The Mailer Set-Up Fee is not refundable under any other circumstances.
- (4) **Travel and Living Expenses While Training.** These expenses include travel and living expense costs associated with Initial Training (applicable to all franchisees) and the 3-day On-Site Training (applicable to franchisees that purchase an existing THE CLEANING AUTHORITY business). These fees may or may not be refundable depending upon supplier terms. See Item 11.
- (5) **Office Rent.** You will need a small office of approximately 800 to 1,200 square feet, which will serve as your employees' "home base" and storage area for cleaning equipment and supplies, as well as other materials and equipment necessary for the operation of the Business. Only the geographic location of the office needs to be approved by us. Your office cannot be located in a residence. We will not unreasonably withhold our approval, and we will give our approval promptly. Office rentals will vary. You should consult a local real estate expert. Your office must be located within your Territory. These fees may or may not be refundable depending upon supplier terms.
- (6) **Mailer Fees.** Mailer Fees are due on the Wednesday for the following week for the balance of the term of the Franchise Agreement, except during any authorized Mailer Holiday that you select for your business. The payments must be made by EFT or by such other method as we may designate. We have assumed you will purchase mailers for 9% of the Designated Households in your Territory for the first 13 weeks and that you have between 30,000 and 55,000 Designated Households in your Territory. The Mailer Fees are non-refundable.
- (7) **Vehicle Lease or Purchase.** This estimate reflects the costs for purchasing or leasing a vehicle for a period of three months including, monthly vehicle payments, sales tax and title fees. The low range (\$0) assumes that you use your own vehicle for your Business. These fees are non-refundable.

- (8) **Additional Funds For Three Months.** This estimates your initial start-up expenses as an owner-operator for the first three months. It includes such costs as incorporation, monthly on-line access fees to the Internet, and wages (excluding any salary to you) and advertising expenses for the first three months. It does not include any royalty fees you are required to pay. These figures are estimates and we can't guarantee that your expenses won't be higher. Your costs will vary depending upon factors such as how well you follow our procedures; your management and sales skills; competition; economic conditions; the local wage market for your employees; the local market for our services; and other factors.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved products, services, fixtures, furniture, equipment, supplies and other items or services necessary to operate the Business ("Approved Supplies List"). The Approved Supplies List may specify the specific manufacturer of a specific product, service or piece of equipment. As further noted below, we, an affiliate or a third party vendor or supplier may be the only approved supplier for certain products or services.

As of the date of this Disclosure Document, we are the only approved supplier of the Mailer Program. You will pay the then-current price in effect for the Mailer Program and other approved products and supplies that you purchase from us or any affiliate. As of the date of this Disclosure Document, you must pay to us a one-time only Mailer Set-Up Fee equal to \$2,000 and an ongoing Mailer Fee equal to \$0.325 for each mailer you are required to purchase from us on a weekly basis. The Mailer Set-Up Fee is used to defer our cost of setting up a franchisee's Mailer Program. Our ongoing cost for the mailers is the cost of postage, production costs, the costs of obtaining a mailing list for your territory, the cost of delivering the mailers to the United States Postal Service, the cost of obtaining and maintaining the equipment and facilities used for mailing the mailers, administrative functions, commissions/payments due, salary expenses, other related costs and expenses, and profit. We believe the Mailer Set-Up Fee and the amounts currently charged per mailer (\$0.325) are approximately equal to or lower than the prevailing market price you would obtain if you engaged a third party on your own to provide comparable services of a comparable quality on a consistent basis. This does not mean that we offer the lowest price; however, based on our experience, vendors that provide lower pricing for a single franchisee or a small group of franchisees and/or for a limited period of time do not promote the same level of uniformity in long-term system-wide product quality and service that we, as the franchisor, are able to provide. If we are no longer able to provide these services, we will endeavor to provide these services to you through an alternate supplier at a comparable cost.

We also are the only approved supplier for certain pre-opening business administration and set-up assistance. As noted in Item 5, you must pay us a BASF in the amount of \$10,000 when you sign your Franchise Agreement. In consideration of the BASF, we will provide you with certain services and materials as described in Items 5 and 11. As with the Mailer Set-Up Fee and ongoing Mailer Fee, we believe the amount charged for services provided in exchange for the BASF is equal to or lower than the prevailing market price you would obtain if a third-party source was licensed by TCA to distribute our proprietary materials/information (such as the Manual Suite) and provide you with operational support pursuant to our standards and specifications, or if you paid a third-party to provide you with ongoing employment law advice during the term of your Franchise Agreement.

The approved lists also may include other specific products or services without reference to a particular manufacturer, or they may set forth the specifications and/or standards for other approved products or

services. For example, as further described in Item 11, we give you, at the time of your Initial Training, detailed specifications for your computer and the minimum hardware and software requirements needed to open a Business. As noted below, we, an affiliate or a third-party may be an approved supplier. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable, including by making them available in the Manual Suite.

You must use in connection with your business operations housecleaning products, devices and practices certified by the EPA, Green Seal, or another organization we specify. We will provide you with a list of such cleaning products in the Manual Suite or otherwise in writing. You must use our “green” logo in connection with your business operations.

Except for single source suppliers as we designate (e.g. the Mailer Program), you must notify us in writing if you want to offer for sale from the Business any brand of product, service or supply, or to use in the operation of the Business any other material, item or supply that is not then approved by us, or to purchase any product or service from a supplier that is not then designated as an approved supplier. Before giving our approval, we may ask the supplier to provide samples of materials that meet our specifications. We do not currently impose any fee either to you or the supplier for conducting this investigation. We will usually be able to tell you within 30 days whether or not the supplier is approved, but the time period will depend upon the cooperation we receive from the supplier in responding to our questions.

No officer of the franchisor owns an interest in any approved supplier.

Since most of the items you will purchase to begin operating your Business must meet our specifications, you can expect that the items purchased in accordance with our specifications will represent 50% to 70% of your total expenditures you will make to begin operations. Once you begin operating, the primary items you will purchase that must meet our specifications are cleaning products and mailing services. We would expect these items to represent 10-30% of your total expenses.

Under the Franchise Agreement, you are required to use a Call Center or similar type of answering service so that any customer that calls will reach a “live” voice, rather than an answering machine during normal business hours (usually from 8:00 a.m. to 5:00 p.m.). We do not allow you to use an answering machine or have your phones forwarded to a mobile phone or other similar device during business hours. We are an approved supplier for this service, however, you may contract with another “live voice” service to answer calls during business hours. During our last fiscal year, we received \$429,175 in revenue for the Call Center service, or 1.6% of our total revenues of \$27,578,885 during the same period of time as noted in our audited financial statements attached as Exhibit E. In addition, the costs to operate this service during the last fiscal year were the cost of obtaining and maintaining the equipment and facilities used for the Call Center, training costs, administrative functions, other related costs and expenses, and salary expenses. Importantly, it costs us more to provide the Call Center service to our franchisees than the revenue we generate from this service. We believe the cost of providing the Call Center service is less than the prevailing market rate that you would pay if you tried to obtain a similar service providing comparable quality on an individual basis. In addition and as noted above, franchisees are required to pay the BASF to us in exchange for certain business administration and support services. During our last fiscal year, we received \$50,000 from franchisee payments of the BASF, or 0.2% of our total revenues of \$27,578,885 during the same period of time as noted in our audited financial statements attached as Exhibit E.

Although you are not required to purchase cleaning supplies from us, we are one of several approved suppliers of cleaning products and supplies, including vacuum cleaners. During our last fiscal year, we received \$17,698,385 from our franchisees and our company-owned location for purchases related to the

Mailer Program (including the Mailer Set-Up Fee), cleaning products, and cleaning supplies, or 64.2% of our total revenues of \$27,578,885 during this same period of time as noted in our audited financial statements attached as Exhibit E. Therefore, the total revenue that we derived from franchisee purchases in fiscal year 2011 was \$18,177,560 or 65.9% of our total revenues of \$27,578,885. Except as noted above, neither we nor our affiliates are approved suppliers for any goods or services to our franchisees.

We have not negotiated special pricing rates or discounts with any suppliers, although we may do so in the future for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based upon your purchase of particular products or services or use of particular suppliers. Several of our approved suppliers sponsor our annual franchisee convention. During the fiscal year ending December 31, 2011, these approved suppliers paid a total of \$35,292 to us for convention sponsorships. The approved suppliers that sponsored our 2011 convention (and the dollar amount of each sponsorship) are as follows: Ecolab (\$20,608), Moody & Associates (\$5,000), Paychex (\$5,000), SecureNet (\$2,062), The Jordan Group (\$2,500), and AmerAssist (\$122). Except for these sponsorships, we do not currently receive rebates from any of our approved suppliers. We have not arranged any purchasing or distribution cooperatives among our franchisees, although we reserve the right to do so.

ITEM 9

FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement (“FA”), Mailer Services Agreement (“MSA”) or Other Agreements	Disclosure Document Item
a. Site selection and acquisition/lease	FA: Section 4	Items 7, 11 and 12
b. Pre-opening purchases/leases	FA: Sections 7.1 & 11 MSA: Section 1	Items 6, 7 and 8
c. Site development & other pre-opening requirements	FA: Sections 3.1, 3.2, 4, 10 & 11 Section 2 of Renewal Addendum	Items 7 and 11
d. Initial and ongoing training	FA: Sections 5 & 10 Section 3 of Renewal Addendum	Item 5 and 7
e. Opening	FA: Section 5 & 11.1	Items 7 and 11
f. Fees	FA: Sections 5, 6, 7, 9, 10, 11, 14, 18, 19, 20 & 23 MSA: Sections 1,3 & 5 Section 5 of Renewal Addendum	Items 5, 6, 7 and 11
g. Compliance with standards and policies/Operations Manual Suite	FA: Sections 8, 10 & 11	Items 8 and 11
h. Trademarks and proprietary information	FA: Sections 16 & 21	Items 13 and 14
i. Restrictions on Products/services offered	FA: Section 11	Items 8 and 16
j. Warranty and customer service requirements	FA: Section 11	Items 11, 16
k. Territorial development	FA: Section 3.2	Item 12

Obligation	Section in Franchise Agreement (“FA”), Mailer Services Agreement (“MSA”) or Other Agreements	Disclosure Document Item
l. Ongoing product/ services purchases	FA: Sections 7, 8, 9 & 11 MSA: Section 3	Item 8
m. Maintenance, appearance and remodeling requirements	FA: Sections 4 & 11	Item 11
n. Insurance	FA: Section 15	Items 7 and 8
o. Advertising	FA: Sections 7, 8, 11 & 17 MSA: Section 3	Items 6, 8 and 11
p. Indemnification	FA: Section 22.6	Item 6
q. Franchisee’s participation/ management/staffing	FA: Sections 10 & 11	Items 11 and 15
r. Records/reports	FA: Sections 11, 13 & 14	Items 6 and 8
s. Inspections/audits	FA: Sections 13 & 14	Item 6
t. Transfer	FA: Sections 18 & 19 MSA: Section 9	Item 17
u. Renewal	FA: Section 2.3 Renewal Addendum	Item 17
v. Post-termination obligations	FA: Sections 17.5 & 21	Item 17
w. Non-competition covenants	FA: Section 21	Item 17
x. Dispute resolution	FA: Sections 22 & 23 MSA: Section 10	Item 17
y. Personal Guaranty	FA: Exhibit A MSA: Page 3	Item 15

*Except as otherwise noted above, all references in the above chart relate to the Franchise Agreement.

ITEM 10 FINANCING

We do not offer direct or indirect financing of your initial franchise fee.

We may assist you in negotiating with financial institutions to obtain financing as part of your initial investment, but we cannot guarantee financing will be made available to you either by us or by any particular financial institution. We do not receive any direct or indirect payment for placing financing. We also will not guarantee any financing you might obtain.

We are listed on the SBA’s Franchise Registry Program. Under this program, your lender will be able to use an expedited and streamlined SBA loan processing through the SBA’s Franchise Registry Program, www.franchiseregistry.com.

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

Except as listed below, The Cleaning Authority, LLC is not required to provide you with any assistance.

Pre-Opening Obligations. Before you open your Business we will:

(1) Designate your Territory in which your office must be located as further described in this Item 11 (Section 3 of Franchise Agreement).

(2) Give you written specifications for the products and services which you will require and for which we require specifications, including approved suppliers and advice with respect to the specifications (Section 12 of Franchise Agreement).

(3) Loan you a copy of the Manual Suite (the "Manual Suite") (Section 11.6 of Franchise Agreement). The Table of Contents of our manuals as of the issuance date of this Disclosure Document is attached to this Disclosure Document as Exhibit F. The Manual Suite currently totals 676 pages. We reserve the right to modify our Manual Suite.

(4) Produce mailers for a percentage of Designated Households in the Territory (as such Designated Households are identified by a data compilation and demographic information service provider we or our affiliate identify), and deliver such mailers to the United States Postal Service on a weekly basis, for the Fee stipulated in Item 6 (Section 7.1 of Franchise Agreement and Mailer Services Agreement – Attachment III to Franchise Agreement). You must use our Mailer Program and the related services we provide.

(5) Train you in the operation of the Business (Section 10 of Franchise Agreement). You must attend and satisfactorily complete (in our sole determination) the initial training program ("Initial Training Program"), which is described below.

(6) Provide you with a variety of insight on establishing your Business (in addition to the Training Program, described in Item 11), including among other things (a) monthly access to THE CLEANING AUTHORITY Employment Law Hotline during the term of your Franchise Agreement, (b) Operations Representative support prior to training, and (c) a copy of the Pre-Work Manual. (Section 5 of the Franchise Agreement)

Post-Opening Obligations. During the operation of the Business, we will:

(1) Provide (a) Mailer Program services (Section 7.1 of Franchise Agreement and Mailer Services Agreement); (b) reasonable operating assistance (Section 12.1 of Franchise Agreement); (c) additions to the System as made available to other franchisees (Section 21.1 of Franchise Agreement); (d) modifications to the Manual Suite (Section 11.6 of Franchise Agreement); and (e) forms you use to report information we require (Section 12.3 of Franchise Agreement).

(2) Make available to you no more than once a year, a refresher-training program, at our headquarters or in the field convention once a year at our expense. This may be held in conjunction with our Annual Convention. You must pay your travel and living expenses. (Section 10 of Franchise Agreement)

(3) We also make available to you a Call Center where your telephone calls can be transferred to a live person. We reserve the right to terminate your involvement in this program if you are in default under your Franchise Agreement or you are abusive to our Call Center representatives, and we also reserve the right to cancel the Call Center program. (Section 9.3 of Franchise Agreement)

(4) Provide you with monthly access to The Cleaning Authority Employment Law Hotline. (Section 5 of the Franchise Agreement)

Advertising Programs.

National Advertising Fund.

Currently, the National Advertising Fee equals 1% of weekly gross revenues or \$200, whichever is less; however, if the owners of 50% or more of our franchises elect to increase the advertisement fee, we may increase this fee above 1% and/or increase or decrease the \$200 cap. Company-owned outlets will contribute to the National Advertising Fund on the same basis as franchised outlets. Details regarding the establishment, operation, and reporting of the National Advertising Fund are contained in the Manual Suite. We do not guarantee any specific amount of the National Advertising Fund will be spent in your Territory, and we are not obligated to expend any sums on advertising in your Territory. Our advertising program may utilize television, radio, print and Internet materials. We will not make any expenditure from the National Advertising Fund primarily to help us sell franchises, but we may use contributions to the Fund to develop, administer and maintain our website and to attend national trade shows to promote our name and system.

We have the right to make disbursements from the National Advertising Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. The disbursements may include payments to us for the expense of administering the National Advertising Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions. We will typically advertise in a designated market area or on a national basis, whichever we deem more appropriate. The National Advertising Fees are not held in a trust or escrow account. You have no property rights of any kind with respect to the National Advertising Fees, and we do not have any fiduciary obligations to you or other franchisees regarding the National Advertising Fees. We will provide you with annual reports of the income and expenses incurred by the fund upon your reasonable request. For the fiscal year ended December 31, 2011, National Advertising Fund expenditures were as follows: 66% production (search engine marketing), 7% media placement (television advertising), 16% administrative (including outside consultant fees), 1% other (design/artwork and press releases), and 10% of the National Advertising Fund balance carried over to 2012. If all of the National Advertising Fees are not spent in the fiscal year in which they accrue, the remaining accounts are retained in the National Advertising Fund for use in the following years.

Weekly Mailers.

As noted in Item 8, you must purchase all Mailer Program services from us. In return, we will produce mailers on your behalf for a percentage of Designated Households in your Territory (as such Designated Households are identified by a third-party data compilation and demographic information service provider we or our affiliate identify) and deliver them to the United States Postal Service on a weekly basis. The number of Designated Households in a Territory may fluctuate over time. You must pay us the weekly Mailer Fee (currently, \$0.325 per mailer) for this Mailer Program service. You may contract with us to produce more mailers than the minimum number specified in the Franchise Agreement. We do not guarantee or warrant that the actual number of mailers produced by us on your behalf will be delivered by the postal carrier to Designated Households in your Territory. You may temporarily suspend your weekly mailer obligations during any three weeks (defined as Sunday through Saturday) per

calendar year, although we recommend that you suspend your mailer obligations during the week of Thanksgiving and the two weeks surrounding the Christmas and New Year holidays.

The number of mailers you pay for on a weekly basis is based on the number of active customers you have in your Territory. The number of mailers varies from between 9% of the number of Designated Households in your Territory to 13% of the Designated Households in your Territory. You may also send more mailers than required under the Franchise Agreement.

If you have at least 300 customers and achieve a Mark of Excellence (“MOE”), which is defined as less than 0.8% weekly termination rate for an calendar entire quarter (3 consecutive months), we will reduce your mailer rate for the following quarter from 13% of Designated Households to 12% of Designated Households in your Territory.

Other Advertising.

With the exception of weekly mailers under the Mailer Program, which must be purchased from us, you may use your own advertising if it complies with our standards, and if we have approved of the advertising in advance. If you fail to obtain our prior approval for your own advertising, you will be in default under the Franchise Agreement. As noted above, we will tell you within 15 days after you submit advertising to us whether or not we have approved the advertising. We will provide standards and specifications for format, use of marks, approval, procedures, and other matters relating to advertising, in the Manual Suite. For example, currently, we expect that we will approve the following advertising and marketing media: the yellow pages, door hangers, cable television, billboards, newspapers, automobile logos, and supporting local youth athletic teams. We may modify our list of approved media at any time by written notice to you. Absent our prior written approval, you may not advertise, promote or reference the Marks or the Business on the Internet or any current or future form of electronic commerce, including, without limitation, all current and future forms of social media networks and platforms (e.g., Facebook, Twitter, LinkedIn, MySpace, etc.).

Advertising Cooperatives.

We have the sole right to form, change, dissolve or merge Advertising Cooperatives and to determine which of our franchisees must join Advertising Cooperatives. You must participate in any Advertising Cooperative we designate. If we form an Advertising Cooperative, we have the right to legally incorporate such an entity. We also have the right to draft bylaws and other corporate documents for the Advertising Cooperative and we reserve the right to change, dissolve, or merge the Cooperative. The Franchise Agreement does not provide and we currently do not have a plan for determining: (1) how the area or membership of the cooperative is defined; (2) who is responsible for the administration of the cooperative; (3) whether cooperatives must prepare annual or periodic financial statements; or (4) whether the cooperative must operate from written governing documents. As of the date of this Disclosure Document, we have formed no Advertising Cooperatives.

Site Selection.

You must locate your office within the Territory assigned to you. Your office may not be located in a home. You must select the site for your office, but we must consent to the proposed location prior to your lease or acquisition of the site. When consenting to a proposed location for your office, we will consider whether the proposed location is located within your Territory and the size of the proposed location. On average, office sites will have approximately 800-1,200 square feet. There are no time restrictions on the amount of time we have to consent to the proposed location. We will consent to your office location. If a

location for your office cannot be agreed upon, there are no other consequences except the Business cannot be operational. We do not provide you with any assistance in locating a site for your office.

Franchisee Advisory Council.

We have an Advisory Council currently made up of 6 franchisees, who are elected by the franchisee body at large. The Advisory Council meets via phone call or in person at least twice per year to discuss our growth plans and discuss other matters of common interest, including any advertising or marketing strategies. We will consider the Advisory Council's recommendation, but we have the sole right to accept or reject its recommendations. At least one member from our corporate office serves as a liaison to these meetings. We have the right to change, modify or dissolve the Advisory Council.

Computer and Software.

The minimum hardware and software requirements for opening a Business, as described more fully by us in writing, include a Microsoft compatible computer, HP Deskjet Printer and Microsoft Office Software. You will incur approximately \$1,000 to \$1,500 to purchase the required hardware and software components. You must install and maintain virus protection and a personal firewall. You will be responsible for making upgrades, maintenance and repairs from time to time at your sole expense. Currently, we estimate that the annual cost of any optional or required maintenance updating, upgrading or support expenses will cost approximately \$500. There are no contractual limitations on the cost and frequency of this obligation.

We give you, at the time of the Initial Training Program, detailed specifications for the computer. You must access from your computer and use daily in the operation of the Business TCA.net, our proprietary business management software, which collects detailed information about customers of the Business (including names, cleaning price, cleaning instructions, and other pertinent information for potential and actual customers of the Business), data related to employees of the Business, and financial information and tools. We will have access to and may use for our purposes, any of the information in TCA.net order to monitor your sales and customers. There are no limitations on our right to access your computer system, including TCA.net, and the information you are obligated to report therein. In connection with your use of TCA.net, you (and each manager of the Business and other key employees we designate) must sign (either manually or electronically, as we direct) the User Agreement attached as Exhibit K to this Disclosure Document. We may require you and any such manager(s) and employee(s) to acknowledge and agree to the terms of the User Agreement periodically during the term of the Franchise Agreement. In addition, you pay us a weekly access fee of \$25.00 for TCA.net. We reserve the right to increase this fee by up to 10% every 12 months. We have not increased this fee for the past 15 years.

If royalties, advertising, mailer, marketing and/or other fees are not paid by the time due, we have the right to "lock out" your access to TCA.net with no liability to us for the lost service. We will give 24-hour notice prior to such lock out.

Annual Convention.

We have an Annual Convention of franchisees, and you are required to attend. The meetings are generally within the continental United States, and the meetings usually last one and one-half days. If you do not attend the Annual Convention, you will be charged a fee of \$1,500. If you do not attend two consecutive Annual Conventions, you will be in default under your Franchise Agreement, and we reserve the right to set your royalty fee at 6% until you attend the next convention, terminate your Franchise Agreement, as well as any other remedy available to us under the Franchise Agreement, or at law or in equity.

Initial Training Program; Time of Opening.

We conduct the Initial Training Program at our headquarters as often as necessary to meet franchisee needs. The typical length of time between signing the Franchise Agreement and opening the Business is 30 to 45 days. The Initial Training Program usually lasts 10 business days. Your principal owner must attend the Initial Training Program, and complete training to our satisfaction at least one day prior to the opening of the Business. We have the right to terminate the Franchise Agreement if you fail to complete training or fail to open the Business within 120 days of the effective date of the Franchise Agreement.

TRAINING PROGRAM

The Initial Training Program consists of the following:

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Introduction to The Cleaning Authority A. What to expect the first week 1. Explanation of the syllabus 2. How to get the most out of what is said 3. Questions are often the key to success 4. The ongoing support from the Franchisor	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
Computer Overview B. Learning the basics 1. Main menu 2. Ease of operation 3. How most information is tied together 4. What the computer can do for your management ability	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
Computer Intermediate Tasks C. Basic Computer Functions 1. Input timesheets and balancing deposits 2. Input and schedule new customers 3. Employee database management 4. Accounts payable, complaints, compliments, inspections	4	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
Computer Software Management Reports & Payroll System D. Management Reports 1. Cost of Goods Sold % 2. Revenues 3. Fixed and variable costs 4. Advertising data	3	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
E. Payroll 1. Where to find the data 2. Input the data 3. Checking the reports	3	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Customer Information F. The Morning Rush <ol style="list-style-type: none"> 1. Easily the most frustrating time of day 2. Job tickets, keys, supplies (eve.), team meetings 3. Understanding how to make changes and rearrange teams and houses most efficiently 4. Don't get flustered, relax 5. Get teams out as early as possible 	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
G. Phone interview training <ol style="list-style-type: none"> 1. Using the computer-aided system 2. Answering the necessary questions 3. How to get in the door (main objective) 4. Getting first and last name 5. Setting up the appointment 6. Removing apprehensions 	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
H. In-home sales training (in office) <ol style="list-style-type: none"> 1. Presenting yourself as clean cut and honest 2. Know your competition 3. Be prepared to spend all day if necessary (appear) 4. Be sure to include all important info. Don't oversell. 5. Explain process of cleaning and make sure they understand (Be aware of customer amnesia) 6. Main Objective "Raising the Value of Our Service" 	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
I. Estimating <ol style="list-style-type: none"> 1. Phone estimating, be sure looks right 2. In-home estimating 3. Giving a good estimate (too high, too low) 4. Comparison to similar houses (neighbors) 	1	2	Corporate Headquarters in Columbia, Maryland and customer homes serviced by affiliate-owned location in Columbia, Maryland
J. Customer handouts <ol style="list-style-type: none"> 1. Crucial part to the information 2. Gives general and detailed information 3. Gives responsibilities of company and customer 4. All customers do not need all data 5. Explaining the agreement/contract 	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
K. Scheduling <ol style="list-style-type: none"> 1. Allow customer some flexibility 2. Assure customer you'll try to get them the same team 3. Geographical scheduling (putting yourself in a bind) 4. Stay away from promising at the house 5. Computer scheduling (realize area, team, size) 	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
L. Damage, breakage and theft <ol style="list-style-type: none"> 1. Do not commit too early to a customer 2. Be sure cleaners did it 3. Assure customer you will do everything to appease them 4. Ask necessary questions (what, when, how long, anyone else) 5. Involve the Police. 	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
M. Dealing with difficult customers <ol style="list-style-type: none"> 1. Get them calm first 2. What is their main reason for calling or being upset 3. Scheduling harassment 4. Not happy with clean or team 5. Problem rectification <ol style="list-style-type: none"> a. Redo the clean b. Cash back c. Inspection d. Free clean e. Termination f. Fix problem g. Reschedule credit 	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
N. Employee Information <ol style="list-style-type: none"> 1. Employee hiring 2. Applications 3. What to look for 4. What to watch out for 5. Non-compete agreements 6. Equal employment opportunity 7. Fingerprinting and background checks 	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
O. Understanding employee policies 1. Work rules 2. Work responsibilities 3. Benefits and pay 4. Bonuses program 5. Disciplinary action 6. Safety precautions and training	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
P. Dealing with employee problems 1. Absenteeism 2. Dishonesty/cheating 3. Attitude problems 4. Poor quality 5. Workers compensation 6. Unemployment	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
Q. Employee Training 1. Videos 2. On-the-job training 3. Paperwork & time sheets 4. Inspections & in-home tests 5. Right to Know Law 6. Structured training program guide	2	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
Cleaning Products and Supplies R. Proven cleaning products 1. What products are used on what 2. Products with multiple uses 3. Products never to be used	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
S. Chemical training 1. Environmental Nature of Chemicals 2. Green Seal standards 3. Proper storage and ventilation 4. Dilution techniques and stretching supplies	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
T. Product labeling and registration 1. Registration of MSDS sheets 2. Proper labeling and identification 3. Record keeping of chemicals used	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
U. Product refilling efficiency 1. Proper set up of products 2. Evening refilling 3. Cubby and tote checks	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
V. In-Home Inspection 1. Observed Quality of Clean 2. Communicate with Cleaning Team 3. Review Inspection Letter for Customer 4. Video Training 5. Employee Etiquette During Inspections	1	1	Corporate Headquarters in Columbia, Maryland and customer homes serviced by affiliate-owned location in Columbia, Maryland

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
W. Proper Cleaning Techniques 1. Observe Certified Cleaners Clean Actual Customers' Homes 2. Learn Proper Cleaning Techniques 3. Practice Techniques	0	32	Corporate Headquarters in Columbia, Maryland, and customer homes serviced by affiliate-owned location in Columbia, Maryland
X. Observe Actual Working Franchise 1. Observe Morning Rush 2. Observe Paperwork Flow 3. Observe Interaction with Employees 4. Observe Customer Management	0	3	At affiliate-owned or a franchisee-owned location that we specify
Y. Final Overview	1	0	Corporate Headquarters in Columbia, Maryland, or as we otherwise specify
Total	37	38	

As of the date of this Disclosure Document, Allen Thrift, along with other employees who have a minimum of 30 months' experience in the subjects identified above, will instruct the Initial Training Program. Mr. Thrift has served as our Senior Vice President since our formation in February 2010, and held this same position with our immediate predecessor, TCA Inc., from July 2008 through January 2010. Mr. Thrift also served as TCA Inc.'s Vice President of Operations from March 2002 through June 2008. We may also bring in outside consultants to assist us in this training. Instructional materials will include the Operations Manual Suite and our proprietary software system.

We do not charge you separately for your principal owner or manager to attend the Initial Training Program. A portion of the BASF is used to cover the costs of your lunches for the in-house training at our headquarters during the second week of training. You must pay the travel and living expenses for your principal owner or manager to attend such training at our headquarters. All franchisees are required to attend and, in our sole determination, satisfactorily complete the Initial Training Program.

In addition to Initial Training, the purchaser of an existing THE CLEANING AUTHORITY Business must attend a 3-day training session at an existing Business that we designate (the "On Site Training Facility"). The 3-day training will cover a variety of topics referenced in the above chart and is intended to immerse the purchaser in the daily operation of a Business. The purchaser must pay all travel and living expenses for the 3-day training at the On Site Training Facility.

ITEM 12 **TERRITORY**

As further described below, you will receive an exclusive geographic area ("Territory") identified by zip codes or as otherwise defined in Attachment I to your Franchise Agreement. You must operate the Business from a physical office located within the Territory, and we must consent to the site before you sign a lease or otherwise acquire the location. In determining whether to consent to the proposed site for your Business office, we will consider a variety of factors, including whether the site is located in your

Territory and proximity to major roads and highways. If your lease expires or you otherwise desire to move the Business office, you may do so after receiving our prior consent to the proposed new location.

The major criteria we use to define your Territory is the number of Designated Households within the Territory. This number is specified in Attachment I to your Franchise Agreement and will contain generally be between 30,000 and 55,000 Designated Households at the time you sign the Franchise Agreement. We reserve the right to allow for more Designated Households in your Territory. We make a good faith determination of the size and dimensions of the Territory. We determine the number of Designated Households in your Territory, at the time you sign the Franchise Agreement, with reference to information provided by third-party data compilation and demographic service providers. While your Territory is determined with reference to the number of Designated Households at the time you sign the Franchise Agreement, the number of Designated Households in a Territory may fluctuate over time. Before signing your Franchise Agreement, we and you will agree to your specific Territory. We make no representation regarding the viability of your specific Territory, and it is incumbent upon you to independently review the demographics of your Territory. You may provide cleaning services to customers anywhere within the Territory.

If you are in compliance with the Agreement and all other material agreements with us, we will not locate in the Territory another franchisor or affiliate-owned Business which operates a residential home cleaning business using the names and Marks. We and our affiliates have the right to operate residential and commercial property cleaning businesses under the Marks or grant a franchise for the operation of similar businesses (whether using the Marks or otherwise) anywhere outside the Territory. We and our affiliates further have the right to use the Marks, within your Territory, for other businesses, including commercial cleaning and other competitive cleaning businesses; however, so long as you are in full compliance with the Franchise Agreement, neither we nor our affiliates will provide residential cleaning services under the Marks in your Territory. We also reserve the right to own and operate (for ourselves or through an affiliate), or franchise others to own and operate, businesses within the Territory that offer and sell services similar to or competitive with those offered by you under names, service marks or trademarks other than the Marks, including through physical “brick and mortar” locations, alternative channels of distribution, or leasing products or services under a different mark. We also have the right to sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products or merchandise under the Marks from any location or to any purchaser (including, but not limited to sales made at retail locations, supermarkets, mail order and the Internet); and to acquire or be acquired by a competing business that operates and or franchises businesses similar to The Cleaning Authority Businesses and operate businesses under other systems or marks which may provide residential and/or commercial cleaning services which may be located within or outside the Territory, despite their proximity to the Territory.

Your rights to the Territory are not dependent upon you achieving certain sales volumes, market penetration or any other contingency, and may be altered only if you are not in compliance with the Agreement and all other material agreements with us. There may be other franchisees that offer and sell similar services near the Territory. We will not solicit or accept orders from customers located within your Territory for residential home cleaning competitive services using the names and Marks so long as you are in compliance with your agreements with us.

We are not required to pay you if we exercise any of our rights specified above inside your Territory.

Neither we nor our affiliates currently own or operate any business in any Territory that offers and sells services similar to or competitive with those you will offer under names, service marks or trademarks other than THE CLEANING AUTHORITY mark. Similarly, neither we nor our affiliates have any present plan or intent to do so.



Although you may not actively solicit customers outside of your Territory, you may service a customer in a non-franchised geographic or non-Company/affiliate operated area outside the Territory, (1) so long as that customer contacted you as the result of a word-of-mouth referral (or other similar form of inactive solicitation) and (2) only until that customer becomes located in another franchisee’s Territory or in an area where we or our affiliates operate. Your initial servicing of customers in that geographic area does not give you any rights to the customer or to the geographic area. If you are servicing more than ten customers located in a zip code outside of your Territory, we may require you to purchase additional territory which is sufficient to encompass such customers’ homes as we designate. If you do not purchase that additional territory after you receive a notice from us, then you must cease service to customers in that area. In addition, if we provide you notice that we have sold an area outside your Territory which contains customer(s) of yours, you must cease servicing such customer and hand over any information to the new franchisee in the Territory.

You do not have the right to relocate your office without our prior written authorization. For example, we may consent to the relocation of your office if the new location for your office would be more convenient for your employees. You do not receive the right to acquire additional franchises unless you sign another franchise agreement with us and pay the Additional Territory Fee.

Except as noted above, we do not restrict you from soliciting or accepting orders from outside your Territory, but you do not have the right to use other channels of distribution to make sales outside your Territory including through the Internet. By distribution rights, we mean all forms and channels of distribution, regardless of whether we use the method now or adopt it in the future.

ITEM 13
TRADEMARKS

We grant you a non-exclusive license to use, during the term of the Franchise Agreement and within the Territory only, the trademarks and any other current or future service marks or trademarks, which we may utilize in THE CLEANING AUTHORITY Business and System (the “Marks”). The following marks are registered or filed with the United States Patent and Trademark Office:

Mark	Registration Date	Registration No.
THE CLEANING AUTHORITY (word mark)	April 13, 1999	2,237,954
	July 5, 2005	2,965,197
	December 8, 2008	3,543,201

There are no agreements that limit our right to license the Marks to you under the Franchise Agreement. We have filed or intend to file all required affidavits and renewals for the Marks listed above.

You must follow our rules when you use the Marks. You cannot use a Mark as a part of a corporate name or in connection with an unauthorized product or service. You must consult with us and use only our approved signs at your office.

You must immediately notify us in writing of any apparent infringement or challenge to your use of the Marks and of any claim by any person of any rights in the Marks or in any similar name. We will take action, as we think appropriate. You will assist us in any hearings or suits to protect the Marks.

You must modify or discontinue the use of any or all of the Marks at your expense if we modify or discontinue them.

We are not aware of any uses that would materially affect your use of the Marks; nor are there any presently effective material adverse determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board; or of any court or State Trademark Administrator; or any pending infringement, opposition or cancellation; or pending material litigation involving the principal Marks.

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

There are no registered patents or pending patent applications that are material to the franchise. We own a copyright registration with the U.S. Copyright Office for our proprietary software, TCA.Net (Reg. No. TX0007317204; Reg. Date March 15, 2011). We also have a number of registered copyrights for various training videos, none of which, standing alone, is material to the franchise. In addition, we claim common law copyright ownership and protection for our THE CLEANING AUTHORITY Franchise Agreement, the Manual Suite, DVD training materials we lend you, and for various sales promotional and other materials published from time to time.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. You may not contest our interests in patents or copyrights.

The contents of the Manual Suite and other confidential information are our trade secrets. You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the Manual Suite. Upon termination of the Franchise Agreement, you must return to us all proprietary information, including but not limited to the Manual Suite and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take action, and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the Manual Suite at your cost.

All data that you collect from customers and potential customers in connection with the Business during the term of the Franchise Agreement ("Customer Data") is our proprietary information and property and you must provide the Customer Data to us at any time that we request. You have the right to use Customer Data while the Franchise Agreement or a renewal franchise agreement is in effect, but only in connection with operating the Business and only in accordance with the policies that we establish from time to time. You may not sell, transfer, or use Customer Data for any purpose other than operating and

marketing the Business. However, if you transfer the Business, as part of the transfer, you must also transfer use of the Customer Data to the buyer as part of the total purchase price paid for the Business. At the expiration or termination of the Franchise Agreement for any reason, you will promptly turn over to us the Customer Data and you will make no further use of that Customer Data (or any related information) for any purpose. Since your business relationship with all such Customers is attributable solely to the Marks and the goodwill associated with the Marks, all such business relationships with all customers will revert to us and become our sole and exclusive property upon termination or expiration of the Franchise Agreement.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL
OPERATION OF THE FRANCHISED BUSINESS

In the first two years of operating your Business, you must participate directly in the operation and management of the Business. During this time, you may also hire a manager to assist you in operating the Business. After you have operated the Business for at least two years, you are not required to be directly involved in the operation and management of the Business. Any manager you hire to assist you must complete Initial Training successfully, as determined by us, before being permitted to assume managerial duties of the Business. The manager need not have an equity interest in the Business.

You and each of your owners must sign a personal guaranty guaranteeing the Franchisee's obligations under the Franchise Agreement. The personal guaranty obligates each of the franchisee's owners to pay, on demand, all indebtedness owed by the franchisee to us and to otherwise perform all obligations of the franchisee under the Franchise Agreement. We do not currently require the spouses of franchisee principals to sign a personal guaranty, although we reserve the right to do so in the future versions of the Franchise Agreement. The guaranty is attached as Exhibit A to the Franchise Agreement (Exhibit C to this Disclosure Document).

In addition, all managers, your owners if you are a corporation or other legal entity, key employees and the spouses and immediate family members of all these individuals, must sign a Confidentiality and Noncompetition Agreement attached as Attachment IV to the Franchise Agreement (Exhibit C to this Disclosure Document) to maintain the confidentiality of the trade secrets and to conform with the covenants not to compete.

You, your managers and certain key employees must acknowledge and abide by the User Agreement (attached as Exhibit K to this Disclosure Document) before you and any such manager(s) and employee(s) first use or access the proprietary software. We may require you and any such manager(s) and employee(s) to acknowledge and agree to the User Agreement (as we may revise in our sole business judgment) periodically during the term of the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those services and products which we approve, and you must offer all services and products which we require. There are no limits on our right to make modifications to the approved products and services from time to time as we identify in the Manual Suite or otherwise in writing. Any failure to comply with these changes may result in termination of the Franchise Agreement (see Item 17).

You may offer both Core Services and Non-Core Services to customers, except that all Non-Core Services must be provided under (or otherwise done in association with) the Marks and you must pay a royalty on all revenues associated with your provision of Non-Core Services.

You may not actively solicit customers that are located outside of your Territory.

You may use only marketing and promotional materials that we have approved.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement (“FA”), Mailer Services Agreement (“MSA”)	Summary
a. Length of the franchise term	FA: Section 2.2 MSA: Section 2	Term is 15 years. Coterminous with the term of the Franchise Agreement.
b. Renewal or extension of the term	FA: Section 2.3; Renewal Addendum MSA: Not applicable	If you meet certain requirements, you can enter into a new Franchise Agreement for one 10-year renewal term.
c. Requirements for franchisee to renew or extend	FA: Sections 2.3, 2.4; Section 1 of Renewal Addendum MSA: Not applicable	Give notice at least 180 days but no more than 270 days before the Franchise Agreement expires, be in good standing under the Franchise Agreement and other agreements with us and our affiliates; comply with our then-current training requirements; sign a general release; sign our then-current form of Agreement(s) (including our then-current form of Franchise Agreement, which may contain terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and territorial rights). You also will sign a Renewal Addendum to the Franchise Agreement to clarify those terms of the Franchise Agreement that will not apply (e.g. the payment of the Initial Franchise Fee) in the form attached as Exhibit H.
d. Termination by franchisee	Not applicable	
e. Termination by franchisor without cause	FA: Not Applicable MSA: Section 6	Terminates upon termination of the Franchise Agreement.

Provision	Section in Franchise Agreement (“FA”), Mailer Services Agreement (“MSA”)	Summary
f. Termination by franchisor with cause	FA: Section 17.1 & 17.2 MSA: Section 6	We can terminate the Franchise Agreement for the reasons set forth in g. and h. below. We may terminate the MSA for any uncured default under the Franchise Agreement.
g. “Cause” defined – curable defaults	FA: Section 17.2 MSA: Section 6	You have 30 days to cure most defaults not listed in h. below. You have 24 hours to cure misuse of the Marks, 3 days to cure nonpayment of fees and 7 days to cure your failure to satisfactorily resolve customer complaints. You have 10 days to cure any default under the MSA.
h. “Cause” defined – non-curable defaults	FA: Section 17.2 MSA: Not applicable	Non-curable defaults include: insolvency; bankruptcy; appointment of a receiver; creditor proceeding; final judgment unsatisfied for 30 days; dissolution of your business entity; execution levied against Business or its assets; real or personal property sold after levy; failure to complete training; failure to open within 120 days after the effective date of the Franchise Agreement; unauthorized transfer; closure of Business without our consent for 2 more consecutive business days; insufficient funds to pay fees on 3 or more occasions in a 12-month period; material misrepresentation; felony conviction; failure to maintain insurance; failure to contact customers after receipt of complaint; failure on 3 or more occasions in any 12-month period to comply with the Franchise Agreement; failure to cure defaults under other agreements with us; abandonment of the franchise relationship; violation of health, safety, sanitation or regulatory law; submission of false reports; failure to pay creditors, employees or suppliers business permit suspended or revoked; failure to attend convention for 2 consecutive years; failure to pay taxes; and failure to conduct background checks.

Provision	Section in Franchise Agreement (“FA”), Mailer Services Agreement (“MSA”)	Summary
i. Franchisee’s obligations on termination/non-renewal	FA: Section 17.3 MSA: Not applicable	Obligations include payment of all amounts due, return of the Manual Suite and other of our property, turn over customer data; cancel assumed name registrations; return literature, signs, unused customer contract forms, promotion materials and other materials bearing the Marks; comply with post-termination covenants not to compete; cease communications with customers; return customer keys; surrender to us your telephone number, maintain confidentiality, and cease use of Marks (also see r., below)
j. Assignment of contract by franchisor	FA: Section 18.1 MSA: Section 9	No restriction on our right to assign. No restriction on our right to assign.
k. “Transfer” by franchisee – definition	FA: Sections 18.2, 19 MSA: Not applicable	Includes transfer of Agreement or assets or ownership change.
l. Franchisor approval of transfer by franchisee	FA: Sections 18.2, 19 MSA: Section 9	We have the right to approve all transfers but will not unreasonably withhold approval provided stated conditions are satisfied. You may not assign without our prior written consent.
m. Conditions for franchisor approval of transfer	FA: Section 19 MSA: Not applicable	Conditions include: new franchisee qualifies, sign termination and release agreement; cure defaults and pay all fees owed; transfer fee paid, purchase agreement approved, training completed including required on-site training, release signed by you, Agreement signed by new franchisee (also see r., below).
n. Franchisor’s right of first refusal to acquire franchisee’s business	FA: Section 19.3 MSA: Not applicable	We can match any bona fide written offer for your Business or the ownership units of you if you are a company, partnership or other entity.
o. Franchisor’s option to purchase franchisee’s business	FA: Section 17.6 MSA: Not applicable	We have the right to assume your Business operations on expiration or termination of the Franchise Agreement.
p. Death or disability of franchisee	FA: Section 20 MSA: Not applicable	You or your estate must transfer the Business to approved buyer within 30 days. The buyer must begin Initial Training within 3 months after the transfer.

Provision	Section in Franchise Agreement (“FA”), Mailer Services Agreement (“MSA”)	Summary
q. Noncompetition covenants during the term of the franchise	FA: Sections 21.2 MSA: Not applicable	No direct or indirect involvement in any competing business anywhere in the United States.
r. Noncompetition covenants after the franchise is terminated or expires	FA: Section 21.3 MSA: Not applicable	No competing business for 24 months within the Territory, or within 50 miles of the borders of the Territory and within 10 miles of the Territory of any other franchisee of ours. Competing business includes commercial cleaning businesses, as well as companies engaged in carpet cleaning, window cleaning and furniture cleaning.
s. Modification of the agreement	FA: Section 23.11 MSA: Not applicable	No modifications without consent of all parties, but Manual Suite are subject to change.
t. Integration/merger clause	FA: Section 23.11 MSA: Not applicable	Only the terms of the Franchise Agreement (including all related exhibits and agreements) and system standards in the Manual Suite are binding. Except for the statements contained in this Disclosure Document, you may not rely on any other oral or written statements you may have been provided about the franchise.
u. Dispute resolution by arbitration or mediation	FA: Sections 22.1, 22.2 MSA: Section 10	After mediation, all disputes (except certain claims) to be arbitrated in our home city (currently, Columbia, Maryland), subject to state law. Dispute resolution provisions of the Franchise Agreement apply to the MSA.
v. Choice of forum	FA: Section 22 MSA: Section 10	Litigation to be in Maryland (subject to state law) Choice of forum provisions of the Franchise Agreement apply to the MSA.
w. Choice of law	FA: Section 23 MSA: Section 10	Maryland common law applies, but Maryland statutory law does not apply unless the jurisdictional requirements of such statutes are satisfied (subject to state law) The governing law provisions of the Franchise Agreement apply to the MSA.

*Except as otherwise noted above, all references in the above chart relate to the Franchise Agreement.

ITEM 18 **PUBLIC FIGURES**

We currently do not use any public figures to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its 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 that 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.

This Item 19 consists of two separate charts, "Chart 1" and "Chart 2," which contain historical financial performance representations for the years 2010 and 2011 for our affiliate-owned location in Columbia, Maryland ("Company-Operated Location") and franchised locations ("Franchised Businesses"). We compiled this historical information from franchisee reports submitted to us via our proprietary business tracking software (TCA.net), except for Designated Household information that appears in certain charts below, which we obtain from one or more third-party demographic service providers. We have not audited or otherwise reviewed this information.

Keep in mind that if a franchisee purchased rights to a larger geographic area in which to perform cleaning services, the gross revenues referenced in the charts reflect the revenues from that franchisee's larger Territory. The number of Designated Households for each franchisee varies, and your Territory may have a different number of Designated Households. The Franchised Businesses below had territories ranging in size from 25,501 to 196,753 Designated Households at the time of signing their respective franchise agreements with us. The Company-Operated Location, which operates its business pursuant to an October 22, 2009, franchise agreement with us, had 66,479 Designated Households in its territory as of October 2009. As noted in Item 1, a Designated Household is a home which has an average annual income of \$60,000 or more, except in California where the estimated annual gross income for a Designated Household is \$75,000. The number of Designated Households in a Territory may fluctuate over time.

Chart 1: Overview

"Chart 1" provides a statement of actual gross revenues for the period January 1, 2011 through December 31, 2011 (the "Accounting Period"), which were compiled from Franchised Businesses and the one Company-Operated Location that were in business for the entire Accounting Period. Both tables under Chart 1 heading include an average cost of goods sold percentage for the Accounting Period. (Cost of goods sold generally includes expenses for labor, payroll taxes, workers' compensation and general liability insurance, cleaning supplies, mileage, and royalties payable to us from both the Franchised Business and the Company-Operated Location. It does not include overhead expenses such as advertising and mailer requirements, rent expense, telephone expenses, manager salaries, employee advertising, and the like.)

Chart 1 segregates and presents information based upon the top, middle and lower performing Franchised Businesses and the Company-Operated Location. We determined the "top," "middle," and "lower" performing Franchised Businesses and the Company-Operated Location by comparing the actual gross revenues achieved by each during the Accounting Period. We have not included information for Franchised Businesses open and operating less than the entire Accounting Period. As noted in Item 1, the Company-Operated Location has continuously operated as a THE CLEANING AUTHORITY business since 1996. In addition, Chart 1-A discloses the following information reported by Franchised Businesses and the Company-Operated Location during the Accounting Period: (1) actual total revenue numbers; (2) average gross revenues, (3) total number of customers; (4) average price per clean; (5) total number of cleans performed; (6) average cost of goods sold; (7) average customer loss; (8) total estimate calls and total

estimate appointments, and conversion percentages; (9) total sales made to new customers, and conversion percentage; (10) estimated total number of employees; and (11) average Territory size.

Chart 1
(Company-Operated Location & Franchised Businesses
Operating From January 1, 2011 to December 31, 2011)

2011	Top Third Businesses By Revenue (Note 1)	Middle Third Businesses By Revenue (Note 1)	Lower Third Businesses By Revenue (Note 1)
Total Number of Locations Open of all Businesses	55 (1 Corporate Office)	56	56
Total Actual Gross Revenues of all Businesses (Note 2)	\$79,511,814.18 (\$3,400,728.45)	\$46,235,600.49	\$27,228,082.22
Average Gross Revenue of all Businesses	\$1,445,669.35 (\$3,400,728.45)	\$825,635.72	\$448,215.75
Total Customers of all Businesses	34,318 (1,223)	21,369	13,509
Average Price per Clean of all Businesses (Note 3)	\$104.38 (\$123.03)	\$102.32	\$100.39
Total Number of Cleans of all Businesses	758,940 (27,607)	463,755	283,031
Average Cost of Goods Sold ("COGS") of all Businesses (Note 4)	61.5% (66%)	63.0%	64.8%
Average Customer Loss of all Businesses (Note 5)	0.78% (0.64%)	0.84%	0.92%
Total Estimate Calls of all Businesses (Note 6)	42,435 (1,112)	29,302	21,706
Total Estimate Appointments of all Businesses (Note 6)	24,928 (678)	17,774	13,048
Percentage Calls of all Businesses turning into Appointments of all Businesses	58.7% (60.97%)	60.7%	60.1%
Total Sales of all Businesses (Note 6)	17,712 (480)	12,828	9,196
Percentage Appointments of all Businesses turning into Sales of all Businesses	71.1% (70.8%)	72.2%	70.5%
Estimated Total Number of Employees of all Businesses (Note 6)	2,286 (76)	1,430	9,81
Average Territory Size (by Designated Household) of all Businesses (Note 7)	72,770	52,394	49,174

Note 1: Of the 56 Top Third Businesses (1 Company-Operated and 55 Franchised Businesses) operating the entire Accounting Period, 19 (33.9%) exceeded the Average Gross Revenue figure of \$1,445,669.35. In addition, of the

56 Middle Third Businesses operating for the entire Accounting Period, 29 (51.8%) exceeded the Average Gross Revenue figure of \$825,635.72. Finally, of the 56 Lower Third Businesses operating the entire Accounting Period, 39 (69.6%) exceeded the Average Gross Revenue figure of \$448,215.75.

Note 2: During the Accounting Period, the Top Third Businesses (1 Company-Operated and 55 Franchised Businesses) had gross revenues ranging from \$1,010,899.86 to \$3,400,728.45; the Middle Third Businesses had gross revenues ranging from \$653,083.00 to \$1,008,283.59; and the Lower Third Businesses had gross revenues ranging from \$141,899.49 to \$647,746.01. The actual gross revenues of the Company-Operated Location for the entire Accounting Period were \$3,400,728.45.

Note 3: Of the 56 Top Third Businesses (1 Company-Operated and 55 Franchised Businesses) operating the entire Accounting Period, 26 (46.4%) exceeded the Average Price per Clean figure of \$104.38. In addition, of the 56 Middle Third Businesses operating the entire Accounting Period, 22 (39.3%) exceeded the Average Price per Clean figure of \$102.32. Finally, of the 56 Lower Third Businesses operating the entire Accounting Period, 19 (33.9%) exceeded the Average Price per Clean figure of \$100.39. The Average Price per Clean for the Company-Operated Location was \$123.03.

Note 4: Of the 56 Top Third Businesses (1 Company-Operated and 55 Franchised Businesses) operating the entire Accounting Period, 25 (44.6%) exceeded the Average Cost of Goods Sold of 61.5%. In addition, of the 56 Middle Third Businesses operating the entire Accounting Period, 32 (57.1%) exceeded the Average Cost of Goods Sold of 63%. Finally, of the 56 Lower Third Businesses operating the entire Accounting Period, 25 (44.6%) exceeded the Average Cost of Goods Sold of 64.8%. The Cost of Goods Sold of the Company-Operated Location was 66%.

Note 5: Of the 56 Top Third Businesses (1 Company-Operated and 55 Franchised Businesses) operating the entire Accounting Period, 21 (37.5%) exceeded the Average Weekly Customer Loss of 0.78%. In addition, of the 56 Middle Third Businesses operating the entire Accounting Period, 28 (50%) exceeded the Average Weekly Customer Loss of 0.84%. Finally, of the 56 Lower Third Businesses operating the entire Accounting Period, 37 (66.1%) exceeded the Average Weekly Customer Loss of .92%. The Average Weekly Customer Loss of the Company-Operated Location was .64%.

Note 6: Numbers based on information submitted to us by Franchised Businesses and the one Company-Operated Location through TCA.net during the Accounting Period.

Note 7: Territory size is measured by the number of “Designated Households” that are located in the physical footprint of the Territory. As noted in Item 1, the number of “Designated Households” is determined by one or more third-party demographic service providers. The number of Designated Households generally fluctuates over time and TCA.net tracks these fluctuations.

Of the 56 Top Third Businesses (1 Company-Operated and 55 Franchised Businesses) operating the entire Accounting Period, 22 (39.3%) exceeded the Average Territory Size of 72,770 Designated Households. In addition, of the 56 Middle Third Businesses operating the entire Accounting Period, 22 (36%) exceeded the Average Territory Size of 52,394 Designated Households. Finally, of the 56 Lower Third Businesses operating for the entire Accounting Period, 28 (51%) exceeded the Average Territory Size of 49,174 Designated Households. The Territory Size of the Company-Operated location was 66,479 Designated Households.

Chart 2: Overview

“Chart 2” contains two different tables. Table 2-A is a statement of actual and average gross revenues compiled from all Franchised Businesses and the Company-Operated Location that were operational for the entire Accounting Period. Table 2-B is a statement of actual and average gross revenues compiled from all Franchised Businesses and the Company-Operated Location that were operational for the entire 2010 calendar year (i.e., January 1, 2010 through December 31, 2010).

Chart 2-A

**(Actual and Average Gross Revenues for
Company-Operated Location & Franchised Businesses
Operating From January 1, 2011 to December 31, 2011)**

	High	Low	Average Gross Revenues
TCA Franchised Businesses (167)	\$2,583,029.58	\$141,899.49	\$901,052.82 ⁽¹⁾
Company-Operated Location (1)	\$3,400,728.45	\$3,400,728.45	\$3,400,728.45
Total (168)	\$3,400,728.45	\$141,899.49	\$916,021.00 ⁽²⁾

Notes:

- (1) Of the 167 Franchised Businesses operating the entire Accounting Period, 67 (40.1%) exceeded the Average Gross Revenue of \$901,052.82.
- (2) Of the 168 Businesses operating the entire Accounting Period (167 Franchised Businesses and 1 Company-Operated Location), 68 (40.5%) exceeded the Average Gross Revenues of \$916,021.00.

Chart 2-B

**(Actual and Average Gross Revenues for
Company-Operated Location & Franchised Businesses
Operating From January 1, 2010 Through December 31, 2010)**

	High	Low	Average Gross Revenues
TCA Franchised Businesses (165)	\$2,487,915.69	\$233,819.00	\$821,312.56 ⁽³⁾
Company-Operated Location (1)	\$3,151,208.37	\$3,151,208.37	\$3,151,208.37
Total (166)	\$3,151,208.37	\$233,819.00	\$835,348.08 ⁽⁴⁾

Notes:

- (1) Of the 165 Franchised Businesses operating the entire Accounting Period, 63 (38.2%) exceeded the Average Gross Revenue of \$821,312.56.
- (2) Of the 166 Businesses operating the entire Accounting Period (165 Franchised Businesses and 1 Company-Operated Location), 64 (38.5%) exceeded the Average Gross Revenues of \$835,348.08.

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

Except for Designated Household information (which we obtained from one or more third-party demographic service providers), the information used in this Item 19 was taken from financial information submitted to us by our franchisees via TCA.net, our proprietary business management software that franchisees must use in the operation of their THE CLEANING AUTHORITY businesses. We require that our franchisees track all revenues of the franchised business (including customer information) in TCA.net, and strongly recommend that our franchisees use TCA.net to track key cost information of

their respective franchised businesses (for example, cost of cleaning supplies, labor, mileage reimbursement, payroll taxes, and insurance). We believe the majority of our franchisees follow this recommendation and use TCA.net to track key cost information in TCA.net. We have no reason to doubt the accuracy of the information included in this Item 19, but we have not verified it, and the information has not been audited.

Keep in mind that the financial performance figures in Chart 1 do not necessarily reflect all costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenues figures to obtain your net income or profit. Likewise, Chart 2 does not reflect any costs whatsoever of sales, operating expenses, or other costs or expenses whatsoever, which must be deducted from gross revenues to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised THE CLEANING AUTHORITY Business. Franchisees or former franchisees listed in this Disclosure Document may be one source of this information.

The information provided in this Item 19, including statements of actual sales, is based on historical results. The information is based on economic conditions as they existed during the relevant time frame (i.e., Charts 1 and 2-A: January 1, 2011 through December 31, 2011; Chart 2-B: January 1, 2010 through December 31, 2010). No consideration has been made in any category for inflation-related adjustments or weakness in general conditions.

The revenues and expenses of a Franchised Business will be directly affected by many factors, such as: (a) geographic location; (b) competition from other firms in the market; (c) population density of market; (d) size of the Territory serviced by the franchisee; (e) proximity to other Businesses; (f) advertising effectiveness based on market saturation; (g) whether the franchisee assumes the position as or hires a manager; (h) the payment of royalties, mailer fees, national advertising production and promotional fees; (i) the franchisee's service and pricing; (j) vendor prices on merchandise and products; (k) salaries and benefits to non-Business personnel; (l) Business personnel benefits (life and health insurance, etc.); and (m) employment conditions in the market.

Other than the preceding financial performance representation, The Cleaning Authority, 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 Mr. Tim Evankovich, our President and COO, 7230 Lee DeForest Drive, Suite 200, Columbia, MD 21046 and (410) 740-1900, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

We will provide substantially similar training and guidance to you in the operation of your franchise as we provided to the owners of the franchises shown in this section.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2009 to 2011*

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2009	177	175	-2
	2010	175	173	-2
	2011	173	174	+1
Company- Owned	2009	1	1	0
	2010	1	1	0
	2011	1	1	0
Total Outlets	2009	178	176	-2
	2010	176	174	-2
	2011	174	175	+1

* As of December 31, 2009, 2010 and 2011.

Table No. 2
Transfers of Outlets From Franchisees to New Owners
(Other than the Franchisor)
For Years 2009 to 2011*

State	Year	Number of Transfers
Arkansas	2009	0
	2010	0
	2011	1
Arizona	2009	0
	2010	1
	2011	0
Colorado	2009	0
	2010	1
	2011	0
Florida	2009	1
	2010	0
	2011	1
Georgia	2009	0
	2010	0
	2011	1
Kansas	2009	1
	2010	0
	2011	0
Maine	2009	0
	2010	0
	2011	1

State	Year	Number of Transfers
Michigan	2009	0
	2010	0
	2011	1
Minnesota	2009	0
	2010	0
	2011	1
North Carolina	2009	1
	2010	0
	2011	0
Texas	2009	0
	2010	0
	2011	1
Virginia	2009	0
	2010	0
	2011	2
Washington	2009	1
	2010	0
	2011	1
Total	2009	4
	2010	2
	2011	10

*As of December 31, 2009, 2010 and 2011. States not listed had no transfer activity to report.

**Table No. 3
Status of Franchised Outlets
For Years 2009 to 2011***

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Arizona	2009	5	0	0	0	0	0	5
	2010	5	1	0	0	0	1	5
	2011	5	0	0	0	0	0	5
Arkansas	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
California	2009	12	2	1	0	0	0	13
	2010	13	0	1	0	0	0	12
	2011	12	0	1	0	0	0	11
Colorado	2009	8	0	0	0	0	1	7
	2010	7	0	0	0	0	1	6
	2011	6	0	0	0	0	0	6

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Delaware	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Florida	2009	13	0	0	0	0	0	13
	2010	13	0	1	0	0	0	12
	2011	12	2	2	0	0	0	12
Georgia	2009	8	2	2	1	0	0	7
	2010	7	0	1	0	0	0	6
	2011	6	0	0	0	0	0	6
Idaho	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Illinois	2009	7	0	0	0	0	0	7
	2010	7	0	0	0	0	0	7
	2011	7	0	0	0	0	0	7
Indiana	2009	2	0	1	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Iowa	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Kansas	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Kentucky	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	1	1	0	0	0	1
Maine	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Maryland	2009	10	0	0	0	0	0	10
	2010	10	0	1	0	0	0	9
	2011	9	0	0	0	0	0	9
Massachusetts	2009	1	0	1	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Michigan	2009	13	0	0	0	0	0	13
	2010	13	0	0	0	0	0	13
	2011	13	0	0	0	0	0	13
Minnesota	2009	5	0	0	0	0	0	5
	2010	5	0	0	0	0	0	5
	2011	5	0	0	0	0	0	5
Missouri	2009	5	0	0	0	0	0	5
	2010	5	0	0	0	0	0	5
	2011	5	0	0	0	0	0	5
Nebraska	2009	2	0	0	0	0	0	2
	2010	2	0	1	0	0	0	1
	2011	1	0	0	0	0	0	1
Nevada	2009	2	1	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
New Hampshire	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	1	0	0	0	0
New Jersey	2009	7	0	1	0	0	1	5
	2010	5	1	0	0	0	0	6
	2011	6	0	0	0	0	0	6
New Mexico	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
New York	2009	4	0	1	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
North Carolina	2009	6	4	0	0	0	0	10
	2010	10	0	1	0	0	1	8
	2011	8	1	0	0	0	0	9
Ohio	2009	10	0	1	0	0	0	9
	2010	9	0	0	0	0	0	9
	2011	9	0	0	0	0	0	9
Oklahoma	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Oregon	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
Pennsylvania	2009	3	1	0	0	0	0	4
	2010	4	0	0	0	0	0	4
	2011	4	0	0	0	0	0	4
Rhode Island	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
South Carolina	2009	2	0	0	0	0	2	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Tennessee	2009	6	0	0	0	0	0	6
	2010	6	0	0	0	0	0	6
	2011	6	0	0	0	0	0	6
Texas	2009	14	1	1	0	0	1	13
	2010	13	1	0	0	0	0	14
	2011	14	0	0	0	0	0	14
Utah	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Virginia	2009	8	0	0	0	0	0	8
	2010	8	1	0	0	0	0	9
	2011	9	0	1	0	0	0	8
Washington	2009	8	1	1	0	0	0	8
	2010	8	0	0	0	0	0	8
	2011	8	1	0	0	0	0	9
Wisconsin	2009	3	0	0	0	0	0	3
	2010	3	1	0	0	0	0	4
	2011	4	0	0	0	0	0	4
Total	2009	178	12	9	1	0	4	176
	2010	176	5	6	0	0	1	174
	2011	174	7	6	0	0	0	175

*As of December 31, 2009, 2010 and 2011. States not listed had no franchised activity to report. If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4
Status of Company-Owned Outlets For Years 2009 to 2011*

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Maryland	2009	1	0	0	0	0	1
	2010	1	0	0	0	0	1
	2011	1	0	0	0	0	1
Total	2009	1	0	0	0	0	1
	2010	1	0	0	0	0	1
	2011	1	0	0	0	0	1

*As of December 31, 2009, 2010 and 2011. States not listed had no corporate activity to report.

Table No. 5
Projected Openings for Upcoming Fiscal Year

State	Franchised Agreements Signed But Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Company-Owned Outlets in the next Fiscal Year
California	0	2	0
Connecticut	0	2	0
Florida	0	1	0
Indiana	0	1	0
Louisiana	0	1	0
Massachusetts	0	2	0
Nevada	0	1	0
New York	0	3	0
Pennsylvania	0	1	0
South Carolina	0	1	0
Texas	0	2	0
Total	0	17	0

Exhibit G lists the names of all of our operating franchisees and the addresses and telephone numbers of their Businesses as of December 31, 2011, as well as the contact information for our franchisees that have signed a Franchise Agreement, but whose outlets were not operational as of December 31, 2011. Exhibit G also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, transferred cancelled, not renewed, cease to operate or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years current and former franchisees have signed confidentiality clauses. In some instances, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

THE CLEANING AUTHORITY Franchisee Advisory Council is sponsored by us, but its members are elected by franchisees. You can reach the organization at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046, (410) 740-1900, and Pete DeLorme (FAC Chairperson) at thecleaningauthority@charter.net.

No independent franchisee organization has asked to be included in this Disclosure Document.

ITEM 21 **FINANCIAL STATEMENTS**

As noted in Item 1, we were formed on February 4, 2010. As further described in Note 1 to our audited financial statements included in Exhibit E, we had no activity until the date of the Mergers. Accordingly, Exhibit E includes our audited financial statements for our fiscal year ended December 31, 2011 and from March 24, 2010, through December 31, 2010.

As noted in Item 1, on March 24, 2010, the assets and liabilities of TCA Inc. (our immediate predecessor) were merged with and into the Company. Accordingly, also enclosed are the audited consolidated comparative financial statements for our immediate predecessor, TCA Inc., for its fiscal years ended December 31, 2009 and an audited consolidated financial statement for TCA Inc. as of March 23, 2010, and for the period January 1, 2010 to March 23, 2010.

ITEM 22 **CONTRACTS**

Attached to this Disclosure Document are the following:

- Exhibit C – Franchise Agreement, including Territory Exhibit, Guaranty (to be signed by shareholders of a corporate franchisee, members of a limited liability company franchisee, or partners of a partnership franchisee), Mailer Services Agreement, EFT Agreement and Confidentiality and Noncompetition Agreement
- Exhibit D – State Specific Addenda to Franchise Agreement
- Exhibit H - Renewal Addendum
- Exhibit I - Questionnaire
- Exhibit J – Form of General Release Agreement
- Exhibit K – User Agreement

ITEM 23 **RECEIPTS**

The last two pages of this Disclosure Document (Exhibit L) are detachable documents acknowledging receipt of this Disclosure Document.

EXHIBIT A

**LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

EXHIBIT A

LIST OF STATE ADMINISTRATORS

<p>CALIFORNIA California Corporations Commissioner Department of Corporations 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 876-7500 Toll Free: (866) 275-2677</p>	<p>NEW YORK Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, New York 10271 (212) 416-8211</p>
<p>HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Department 600 Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Director of Division of Securities 445 E. Capitol Pierre, South Dakota 57501 (605) 773-4823</p>
<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p>MICHIGAN Michigan Attorney General's Office Consumer Protection Div., Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 373-7117</p>	<p>WASHINGTON Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (651) 296-4026</p>	<p>WISCONSIN Office of the Commissioner of Securities 345 West Washington Avenue, Fourth Floor Madison, Wisconsin 53703 (608) 261-9555</p>

AGENTS FOR SERVICE OF PROCESS

<p>CALIFORNIA California Corporations Commissioner 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677</p>	<p>NEW YORK New York State Department of State Division of Corporations Second Floor 41 State Street Albany, New York 12231</p>
<p>HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Commissioner 600 Boulevard Avenue, State Capitol Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Director of Division of Securities 445 E. Capitol Pierre, South Dakota 57501 (605) 773-4013</p>
<p>MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p>MICHIGAN Michigan Attorney General's Office Consumer Protection Div., Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 373-7117</p>	<p>WASHINGTON Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (651) 296-4026</p>	<p>WISCONSIN Commissioner of Securities 345 West Washington Avenue, Fourth Floor Madison, Wisconsin 53703 (608) 261-9555</p>

EXHIBIT B

**STATE SPECIFIC ADDENDA
TO DISCLOSURE DOCUMENT**

ADDENDUM TO THE CLEANING AUTHORITY®
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

See the cover page of the Disclosure Document for our URL address. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT WWW.CORP.CA.GOV.

2. The following statement is added to Item 3:

Neither The Cleaning Authority, LLC nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange.

3. The following statements are added to Item 17:

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement requires application of the laws and forum of Maryland. These provisions may not be enforceable under California law.

California Corporations Code, Section 31125 requires us to give you a Disclosure Document, approved by the Department of Corporations prior to a solicitation of a proposed material modification of an existing franchise.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of the franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement contains liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Maryland with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law and/or the California Franchise Relations Act are met independently without reference to this Addendum.

ADDENDUM TO THE CLEANING AUTHORITY®
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

1. Item 5 is amended by the addition of the following:

The Attorney General of the State of Illinois has required that, due to our financial condition, we defer the payment of all initial fees (including the Initial Franchise Fee, the Mailer Set-Up Fee, the BASF, and the first Mailer Fee payment) until you open your Business. Upon the opening of your Business, you must pay to us all initial fees.

2. Item 17 is amended by the addition of the following:

Maryland law generally applies to the Franchise Agreement. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, and we will comply with that law in Illinois.

The other conditions under which your franchise can be terminated and your rights of nonrenewal may be affected by Illinois Law, 815 Illinois Compiled Statutes 705/19 and 705/20.

Any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois may be unenforceable as to any cause of action which otherwise is enforceable in the courts of the State of Illinois.

Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive requirements with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims according to the provisions of Title 9 of the United States Code.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

ADDENDUM TO THE CLEANING AUTHORITY®
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

1. Item 5 is amended by the addition of the following:

The Attorney General of the State of Maryland has required that, due to our financial condition, we defer the payment of all initial fees (including the Initial Franchise Fee, the Mailer Set-Up Fee, the BASF, and the first Mailer Fee payment) until you open your Business. Upon the opening of your Business, you must pay to us all initial fees.

2. Item 17 is amended by the addition of the following:

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against us, including upon renewal, transfer or any amendment of the Franchise Agreement, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the General Release Agreement attached as Exhibit J shall operate to release us from any liability under the Maryland Franchise Registration and Disclosure Law.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO THE CLEANING AUTHORITY®
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN

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

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

- (a) A prohibition of the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 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 subfranchisor.

(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 franchisee 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 franchisee for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

THE FACT 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 shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

ADDENDUM TO THE CLEANING AUTHORITY®
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

1. The State Cover Page and Item 17 are amended by the addition of the following:

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

2. Item 13 is amended by the addition of the following:

The Minnesota Department of Commerce requires that we indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that their use of our Marks infringes upon the trademark rights of the third party. We will not indemnify any franchisee against the consequences of their use of our Marks except in accordance with the requirements of the Franchise Agreement, and as the condition to an indemnification, the franchisee must provide notice to us of any such claim immediately and tender the defense of the claim to us. If we accept tender of defense, we have the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

3. Item 17 is amended by the addition of the following:

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

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

Minnesota Rule 2860.4400J, among other things, prohibits us from requiring you to waive your rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes.

4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the relevant Minnesota statute are met independently without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO THE CLEANING AUTHORITY®
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

1. Item 17 is amended by the addition of the following:

We will not assign our rights under the Franchise Agreement, except to an assignee who in our good faith and judgment is willing and able to assume our obligations under the Franchise Agreement.

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchises Law.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement that is inconsistent with that law.

You must sign a general release when you renew the Franchise Agreement and in connection with any transfer under the Franchise Agreement. These provisions may not be enforceable under New York law.

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO THE CLEANING AUTHORITY®
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OR RHODE ISLAND

1. Item 17 is amended by the addition of the following:

The Rhode Island Franchise Investment Act at Section 19-28.1-14 provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. The provisions of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO THE CLEANING AUTHORITY®
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

1. Item 17 is amended by the addition of the following:

According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. This Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Amendment.

ADDENDUM TO THE CLEANING AUTHORITY®
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

1. The Disclosure Document is amended by the addition of the following:

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, if required by the Act (unless the Act is preempted by the Federal Arbitration Act), the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of arbitration, or is determined by the arbitrator.

In the event of a conflict of laws, to the extent required by the Act, the provisions of the Washington Franchise Investment Protection Act, shall prevail.

To the extent required by the Act, a release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act, except when executed according to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitation period for claims under the Act, rights or remedies under the Act, such as rights to jury trial might not be enforceable; however, we agree to enforce them to the extent the law allows.

To the extent required by the Act, transfer fees are collectible to the extent they reflect our reasonable estimated or actual costs in effecting a transfer.

2. The provisions of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

EXHIBIT C
FRANCHISE AGREEMENT

THE CLEANING AUTHORITY, LLC

FRANCHISE AGREEMENT

Dated

between

The Cleaning Authority, LLC

and

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EXHIBITS AND ATTACHMENTS

EXHIBIT A: Personal Guaranty and Assumption of Franchisee’s Obligations

ATTACHMENT I: Territory and Ownership Addendum

ATTACHMENT II: Electronic Funds Transfer Agreement

ATTACHMENT III: Mailer Services Agreement

ATTACHMENT IV: Confidentiality and Noncompetition Agreement

THE CLEANING AUTHORITY FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is entered into by and between The Cleaning Authority, LLC (“we,” “us,” “our” or “Franchisor”), a Maryland limited liability company, and _____ (“you,” “your” or “Franchisee”).

DEFINITIONS

Words and phrases used frequently in this Agreement will have the meaning indicated:

“**Affiliate**” means any entity that controls, is controlled by, or is under common control with another entity.

“**Cleaning Services**” means Residential Home Cleaning and/or Commercial Cleaning.

“**Collateral Agreement**” means any agreement between you and us, or between you and our Affiliates, or between you and a company from whom we require you to purchase goods or services, relating to or arising out of the franchise relationship created by this Agreement.

“**Commercial Cleaning**” means the (1) cleaning of commercial properties or businesses of any kind, (2) carpet cleaning, window cleaning, furniture cleaning, and any other specialized cleaning services provided inside or in connection with a residential home (single family or multi-family), and (3) carpet cleaning, window cleaning, furniture cleaning, and any other specialized cleaning services provided inside or in connection with commercial properties or businesses of any kind.

“**Customer**” means a party to whom Cleaning Services are provided by a TCA Business.

“**Designated Households**” means a household with an average income of \$60,000 or greater (or \$75,000 or greater, if your Territory is located in California), as determined with reference to information provided to us by third-party data compilation and demographic service providers. The identity of Designated Households in your Territory may change periodically due to income fluctuations and related demographic changes.

“**Effective Date**” means the date entered in the space so designated on the signature page of this Agreement, which is the date that we counter-sign this Agreement.

“**Franchise Agreement**” or “**Agreement**” means this document, all its attachments, exhibits, amendments and written modifications whenever made.

“**Franchised Business**” means the franchised TCA Business that you operate pursuant to this Agreement using the System and the Marks.

“**Franchisee**” means the person or entity named in this Agreement who is granted the right to operate the Franchised Business.

“**Gross Revenue**” means the total receipts, whether charged, paid or uncollected, from all activities of the Franchisee (and/or any affiliated party) that are directly or indirectly related to Cleaning Services and the Franchised Business. Gross Revenue also includes the fair market value of goods delivered and services rendered to you or others in consideration for activity for goods or services delivered by the Franchisee

(and/or any affiliated party). Gross Revenue does not include sales taxes charged to Customers or cleaner tips received from Customers.

“Local Marketing Cooperative” means a group, consisting of two (2) or more franchisees we select, plus our representatives, that determines how its members can best serve adjacent or common markets.

“Manual Suite” means our confidential and proprietary policy, training and operations manual suite and materials, loaned to you that contain the required and recommended policies and procedures related to the System and for the operation of a TCA Business. The term “Manual Suite” also includes all supplemental bulletins and revisions to the foregoing materials.

“Marks” means the words “The Cleaning Authority®,” any design or indicia incorporating these words, and any other trade names, trademarks, service marks, logos, emblems, words, symbols or other indicia of origin currently used, or developed in the future by us, for use in connection with the System.

“Mailer Fee” means the weekly fee we collect from you for Mailer Program services that we (or our designee) provide to you. The Mailer Fee includes production costs, all costs of postage, obtaining a mailing list for your Territory, delivering the mailers to the United States Post Office (or other delivery service provider that we designate) for subsequent delivery, obtaining and maintaining equipment and facilities used for preparing the mailers, administrative functions, commissions/payments due, salary expenses, other related costs and expenses, and profit.

“Mailer Program” means the direct mail marketing services that we (or our designee) provide to you pursuant to the terms of the Mailer Services Agreement attached as Attachment III.

“Mailer Set-up Fee” means an amount you pay to us to cover our costs associated with ordering mailing lists and setting up your brochure program for the Mailer Program.

“Residential Home Cleaning” means cleaning the inside of a residential home similar to a maid service, and includes all activities conducted directly or indirectly by a TCA Business within the home.

“System” means our unique and distinctive method of providing Cleaning Services and operating and marketing TCA Businesses under the Marks.

“TCA Business” means a business offering Cleaning Services operating under the System and using the Marks.

“Territory” means the geographic area described in Attachment I to this Agreement.

1. INTRODUCTION

We have developed the System and grant to others the right to use the System in TCA Businesses. TCA Businesses operate (a) under a uniform business format, (b) under the name “The Cleaning Authority” and feature the Marks, and (c) pursuant to various environmentally-conscious guidelines and recommendations (including, without limitation, the use of cleaning solutions, devices and related products that meet certain environmental standards), all as set forth in the Manual Suite.

You have applied to us for a franchise to operate a Franchised Business specializing in Residential Home Cleaning, using our Marks and the System. We have approved your application in reliance upon the representations made in your application, including those about your financial resources and the manner in which you propose to own and operate the Franchised Business. We will permit you to conduct

Commercial Cleaning (in addition to Residential Home Cleaning) so long as all such Commercial Cleaning is (a) provided to Customers under or in association with the Marks and (b) included in the calculation of Gross Revenues for Royalty Fee (as defined in Section 6) purposes.

The terms, conditions and promises contained in this Agreement are necessary to maintain our high standards of service to the public and to maintain the quality of those standards at all cleaning businesses using the Marks. You have read this Agreement and our Franchise Disclosure Document (“FDD”), you have been given the opportunity to clarify any provision that you do not understand, and you have conducted an independent investigation about the franchise described in this Agreement.

You recognize that the franchise involves business risks and that the success of the venture is largely dependent upon your business ability. Except as noted in the FDD, our recruiters and our officers are not authorized to make any claims or statements as to the prospects or chances of success that you can expect or that other franchisees have had.

2. GRANT AND TERM OF FRANCHISE

2.1. Grant. Subject to the terms and conditions of this Agreement, we grant you a franchise to operate the Franchised Business and a license to use the Marks and the System in the operation of the Franchised Business. You acknowledge and agree that neither this grant of rights, nor any other provision of this Agreement, become effective until the Effective Date, which is the date that we counter-sign this Agreement.

2.2. Initial Term. The initial term of this Agreement (“Initial Term”) and the franchise granted by this Agreement shall begin on the Effective Date and expire at midnight on the day preceding the fifteenth (15th) anniversary of the Effective Date, unless this agreement is terminated at an earlier date pursuant to Section 17.

2.3. Renewal Term. Upon expiration of the Initial Term of this Agreement, you shall have an option to renew your franchise for one (1) additional renewal term of ten (10) years (“Renewal Term”). If you would like to continue as a franchisee for the Renewal Term, you must comply with all of the following conditions prior to and at the end of the Initial Term:

(a) You must notify us in writing of your intent to renew at least one hundred and eighty (180) days but no more than two hundred and seventy (270) days before the expiration of this Agreement;

(b) For a period of twelve (12) months prior to your election to exercise this renewal option through the expiration of the Initial Term, you shall not have been in default of any provision of this Agreement or any Collateral Agreement; and, in our reasonable judgment, you shall have substantially complied with all the terms and conditions of this Agreement and any Collateral Agreement, as well as the operating standards prescribed by us during the term of this Agreement;

(c) You must comply with our then-current training and qualification requirements prior to commencing operations under the Renewal Term;

(d) You, all individuals who executed this Agreement and all guarantors of your obligations under this Agreement shall execute a general release, in a form prescribed by us, of any and all claims against us and our Affiliates, and their respective officers, directors, agents, and employees; and

(e) You must sign (1) our then-current form of franchise agreement; and (2) all other agreements that we customarily use for the granting of franchises at the time of your renewal. Our then-

current form of franchise agreement may provide for higher fees, fees not included in this Agreement, and other terms and conditions materially different from the terms of this Agreement and a different or modified Territory. We will not charge you an Initial Franchise Fee if you enter into a renewal franchise agreement for the Renewal Term.

If you comply with each of the foregoing conditions, we will send you the forms needed to execute our then-current form of franchise agreement approximately ninety (90) days before the expiration date of this Agreement. You must sign and return the franchise agreement and any required Collateral Agreements to us at least thirty (30) days before the expiration date of this Agreement. Your failure to provide the required notice or return the agreements in a timely manner shall constitute a waiver by you of your option to remain a franchisee beyond the expiration of the Initial Term and will result in the termination of this Agreement and the franchise granted by this Agreement at the expiration of the Initial Term.

2.4. Best Efforts. You shall at all times faithfully, honestly and diligently perform your obligations under this Agreement, continuously exert your best efforts to promote and enhance the business of the Franchised Business, and not engage in any other business or activity that may conflict with your obligations under this Agreement, except the operation of other TCA Businesses.

3. TERRITORY

3.1. Territory. The license to use our Marks and business method is limited to the Territory described in Attachment I. You may not operate the Franchised Business from a temporary or permanent site outside the Territory. You may not operate outside of your Territory, except that if you are in full compliance with this Agreement and receive an inquiry from a potential customer who is located outside of your Territory, you may provide Cleaning Services to that customer so long as the customer is not located in the territory assigned to another TCA Business franchisee or in a territory where we, or any Affiliate of ours, operate a company-owned TCA Business.

3.2. Additional Territory. If you are servicing more than ten (10) Customers in any zip code not included in your Territory, we may require you to purchase an additional territory encompassing the zip code(s) (the "Additional Territory") or stop servicing those Customers. If we require you to purchase this Additional Territory, the size of your Territory will be increased to include households within the Additional Territory and you must pay us a fee to acquire the Additional Territory, which shall be equal to \$0.80 times the number of Designated Households in the Additional Territory. If we subsequently sell rights to a third-party or decide to operate (through ourselves or an Affiliate) a business offering Cleaning Services in an area outside of your Territory in which you are serving Customers, and unless you previously acquired rights to that geographic area as an Additional Territory, you must immediately cease operating in that geographic area upon notice from us that the area has been sold or is now being operated by us or an Affiliate, without any compensation to you. If the area is sold to a third-party, you must provide us with all information we request regarding the Customers in the area, without any compensation to you.

3.3. Competition. Provided you are in full compliance with this Agreement, we will not, during the term of this Agreement, operate ourselves or through an Affiliate, or grant a franchise for the operation of, a Residential Home Cleaning business using the Marks within the Territory. This does not prohibit us or our franchisees from advertising or soliciting employees or independent contractors in your Territory for their respective businesses, nor does it prohibit us or any of our franchisees from running advertisements that may be published or circulated in your Territory.

We and our Affiliates reserve the right to: (a) operate Residential Home Cleaning and Commercial Cleaning businesses under the Marks or grant a franchise for the operation of similar businesses anywhere

outside the Territory, regardless of proximity to the boundaries of the Territory; (b) use the Marks for other businesses within the Territory, including Commercial Cleaning and other competitive cleaning businesses, however, so long as you are in full compliance with this Agreement, neither we nor our Affiliates will provide Residential Home Cleaning services under the Marks within your Territory; (c) own and operate (for ourselves or through an Affiliate), or franchise others to own and operate, businesses within the Territory that offer and sell services similar to or competitive with those offered by Franchisee under names, service marks or trademarks other than the Marks, including through physical “brick and mortar” locations, alternative channels of distribution or leasing similar products or services under a different mark; (d) sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products or merchandise under the Marks from any location or to any purchaser (including, but not limited to sales made at retail locations, supermarkets, mail order and the Internet and other current and future forms of electronic communication); and (e) acquire or be acquired by a competing business that operates and or franchises businesses similar to TCA Businesses and operate businesses under other systems or marks which may provide Residential Home Cleaning and/or Commercial Cleaning services which may be located within or outside the Territory, despite their proximity to the Territory.

4. LOCATION

4.1. *Location.* You are solely responsible for locating and choosing a site from which to operate the Franchised Business, however, we must consent to the proposed location of the Franchised Business prior to your lease or acquisition of the site. The location of the Franchised Business must be within the Territory and cannot be located in a residence. The first address of the Franchised Business is identified in Attachment I.

4.2. *Change of Location.* You may not relocate your Franchised Business to a new address without providing us with prior notice of the move and obtaining our prior written approval. As noted in Section 4.1, the location of the Franchised Business must be within your Territory.

5. INITIAL FEES

Upon signing this Agreement, you must pay to us an Initial Franchise Fee of \$_____ to use the System and the Marks, the Mailer Fee in the amount of \$2,000, as well as a Business Administration Set-Up Fee (“BASF”) of \$10,000, for which we will provide you with (a) monthly access to The Cleaning Authority Employment Law Hotline, (b) telephonic Operations Representative support prior to training, (c) a copy of the Pre-Work Manual, and (d) reimburse ourselves for certain costs we incur to provide you with the Initial Training Program described in Section 10.1 below.

As described in Section 10, you must attend and complete to our satisfaction Initial Training and open for business within one hundred and twenty (120) days after the Effective Date. Additionally, if you are purchasing an existing TCA Business, you must attend and complete to our satisfaction On Site Training. If, within one hundred and twenty (120) days after the Effective Date, you (a) fail to complete Initial Training and (as applicable) On Site Training to our satisfaction (as determined by us in our sole business judgment), or (b) fail to open and continuously operate the Franchised Business, we have the right to terminate this Agreement immediately without providing you an opportunity to cure the default. If we terminate this Agreement as a result of either above-noted event, we will retain the \$10,000 BASF plus an amount equal to compensate us for any direct or indirect expenses we incur (including commissions), and we will return to you the remaining balance of the Initial Franchise Fee paid by you. If this Agreement is terminated by us prior to your completion of Initial Training and/or On Site Training (as applicable), we will return the Mailer Fee to you.

6. ROYALTY FEE AND PAYMENT OBLIGATIONS

6.1. *Royalty Fee.* Beginning on the Effective Date, you will pay to us, on Wednesday of each week thereafter (or such other date as we may designate), a non-refundable royalty equal to six percent (6%) of Gross Revenues realized in the prior week (Sunday through Saturday) (“Royalty Fee”). The Royalty Fee is due and payable on all revenues derived from or attributable to all Cleaning Services provided to Customers and all other activities related (directly or indirectly) to the Franchised Business, including, without limitation, Residential Home Cleaning and Commercial Cleaning. This six percent (6%) Royalty Fee rate applies to the first \$400,000 of annualized Gross Revenue during the calendar year. Provided you are not in default under this Agreement or under any Collateral Agreement, the Royalty Fee is reduced to five percent (5%) of annualized Gross Revenues between \$400,000.01 and \$700,000, and further reduced to four percent (4%) of annualized Gross Revenues in excess of \$700,000. All numbers are based on a calendar year (January 1 – December 31).

6.2. *Payment Obligations.* You must authorize your bank, pursuant to Attachment II to this Agreement, to allow us to withdraw via electronic funds transfer (or such other manner as we may designate from time to time), on Wednesday of each week all monies you owe us for the prior week, including, but not limited to, Royalty Fees, Advertising Fees, charges you incur for supplies, Software Access Fees, Mailer Fees, Call Center Fees (all of which fees are defined below), and other fees that may be instituted during the term of this Agreement. You will notify us at least ninety (90) days before closing or changing the account against which such debits are to be made. If such account is closed or ceases to be used, you will immediately provide all documents and information necessary to permit us to debit the amounts due from an alternative account. You acknowledge that these requirements are only a method to facilitate prompt and timely payment of amounts due and will not affect any obligation or liability for amounts owed.

6.3. *Interest on Late Payments.* All fees and other amounts owed to us or our Affiliates that are received by us after the due date will bear interest at the rate of one and a half percent (1½%) per month or the highest legal rate for open account business credit in the state where the Franchised Business is located, whichever is less, until paid.

6.4. *Application of Payments.* We have the right to apply payments from you in any way we choose, to any amounts you owe us.

6.5. *Insufficient Funds Fee.* We have the right to charge a fee equal to \$25.00 for each time you deliver a check to us which does not clear your bank account, or where we are not able to do an electronic funds transfer because of insufficient funds in your account.

6.6. *Collection Costs and Expenses.* You must pay to us on demand any and all collection costs and expenses (including, without limitation, costs and commissions due a collection agency, costs incurred in creating or replicating reports demonstrating Gross Revenues of the Franchised Business, reasonable attorneys’ fees, court costs, expert witness fees, discovery costs and reasonable attorneys’ fees and costs on appeal, together with interest charges on all of the foregoing) incurred by us in enforcing the terms of this Agreement, including, without limitation, in collecting any monies owed by you to us.

6.7. *No Offset.* You shall not withhold or off-set any portion of any payment due to our alleged non-performance under this Agreement or any other agreement by and between you and us or our respective Affiliates.

7. MARKETING AND ADVERTISING

7.1 Mailer Fee and Mailer Set-up Fee. You must pay to us a Mailer Set-up Fee of \$2,000 when you sign the Mailer Services Agreement and simultaneously with your execution of this Agreement. This fee is used to defray the cost of purchasing mailing lists and setting up your brochures for the Mailer Program.

Pursuant to the terms of the attached Mailer Services Agreement and beginning at least one (1) week before you open for business, you must arrange with us to produce (for a percentage of Designated Households in your Territory) and deliver to the United States Postal Service (or other mail delivery service that we designate) on a weekly basis the number of mailers set forth below. You will pay us, in arrears, on Wednesday of each week a non-refundable Mailer Fee according to the schedule of mailers set out immediately below. We may change the Mailer Fee from time to time to reflect changes in the cost of design, production, list purchasing costs, and postage. You will pay the then-current price in effect for all mailers and related services purchased from us, which may be more than our cost to provide such mailers and services. Changes in cost of design, production, list purchasing costs and postage will be published via written notice to you, and will be effective thirty (30) days after delivery. We reserve the right to modify the method and timing of payment of the Mailer Fee as set forth in the Manual Suite.

<u>No. of Customers</u>	<u>% of Designated Households in Territory for Which a Mailer Must Be Produced Per Week</u>
1-100	9% of the Designated Households
101-150	10% of the Designated Households
151-200	11% of the Designated Households
201-250	12% of the Designated Households
Over 251	13% of the Designated Households

The number of mailers in the chart above is the minimum number of mailers that you are required to purchase on a weekly basis for a percentage of Designated Households in your Territory. The number of Designated Households in a Territory may fluctuate over time. If you have four (4) consecutive weeks where your weekly Gross Revenues equal at least \$20,000, then you may control the number of mailers you purchase, provided (a) the number of mailers you purchase on a weekly basis shall not be less than nine percent (9%) of the number of Designated Households in your Territory, and (b) if the weekly Gross Revenues fall below \$20,000 in any two (2) out of three (3) consecutive weeks, then the number of mailers you must purchase on a weekly basis will be as set forth in the schedule above. The number of Designated Households is based on the number of Designated Households at the time you sign this Agreement. However, if we increase your Territory, the number of Designated Households also includes the number of Designated Households added at the time we increase your Territory. You will be billed for the number of mailers produced by us on your behalf and delivered to the United States Postal Service. You may request an increase in the number of mailers at any time.

If you fail to comply with this Section 7.1, and do not cure this breach within thirty (30) days of our notice to you, we may terminate this Agreement. In addition, if we send three (3) or more notices of your failure to comply with this Section 7.1 within any consecutive twelve (12) month period, we will be entitled to terminate this Agreement immediately pursuant to Section 17.2, regardless of whether the breaches were cured after notice to you. In lieu of termination, we may allow you to sign an amendment with us where you will agree to pay any past due amounts to us and/or our Affiliates over time and pre-pay the cost of your mailer obligations two (2) weeks in advance. Any such amendment will include a general release of all claims in favor of us and our Affiliates.

You may temporarily suspend your obligations under this Section 7.1 during any three (3) weeks (defined as Sunday through Saturday) per calendar year (although we recommend that you suspend your mailer obligations during the week of Thanksgiving and the two weeks surrounding the Christmas and New Year holidays). You must provide written notice to us before you suspend your mailer obligations consistent with this Section 7.1.

Further, after receipt of written notice from you (and our verification) that you have at least three hundred (300) Customers and achieved a Mark of Excellence (“MOE”), which is defined as less than a eighth tenths of a percent (0.8%) weekly termination rate for an entire calendar quarter (three (3) consecutive months), we will reduce your mailer rate for the following quarter from thirteen percent (13%) of Designated Households to twelve percent (12%) of Designated Households in your Territory. For added clarity, a “calendar quarter” is defined with reference to the following month groupings: January- March, April - June, July - September, and October - December. You are responsible for keeping track of your Customer count and termination rate, and then providing us with written notice of your achievement of a MOE.

We have the right to formulate and design the content of the mailers, and to discontinue the mailers if, in our sole business judgment, we determine a more effective alternative method of advertising. Neither we nor our Affiliates make any representations regarding the accuracy of the mailing lists.

Likewise, we make no representation or warranty that the actual number of mailers produced by us (or our designee) on your behalf and delivered to the United States Postal Service (or other delivery service that we designate) will be delivered by the postal carrier to Designated Households in your Territory. If we are no longer able to provide this direct-mail service, we will use our best efforts to find a replacement company to provide similar services for you.

7.2 National Advertising Fee. You must contribute to the national advertising fund (“National Advertising Fund”) an amount equal to one percent (1%) of the weekly Gross Revenues of your Franchised Business or \$200, whichever is less (the “Advertising Fee”). We may increase the Advertising Fee above one percent (1%) of weekly Gross Revenues and/or increase or decrease the \$200 cap if fifty percent (50%) or more of our franchisees agree to the contribution change. We have the sole discretion to use the National Advertising Fund and the monies in the National Advertising Fund for any purpose that we designate that we believe will build and maintain brand recognition for the benefit of the System. We will direct all programs that the National Advertising Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. We do not guarantee that the Advertising Fees you pay will be used in your Territory, and we are not obligated to expend any sums on advertising in your Territory. Our advertising program may utilize television, radio, print and Internet materials. We will not make any expenditure from the National Advertising Fund primarily to help us sell franchises, but we may use the Advertising Fees to develop, administer and maintain the System website and to attend national trade shows to promote our Marks and the System. We have the right to make disbursements from the National Advertising Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. The disbursements may include payments to us for the expense of administering the National Advertising Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions. We will typically advertise in a designated market area or on a national basis, whichever we deem more appropriate. The Advertising Fees are not held in a trust or escrow account. We will provide you with annual reports of the income and expenses incurred by the fund upon your reasonable request. You have no property rights of any kind with respect to the Advertising Fees, and we do not have any fiduciary obligations to you or any other franchisees regarding the Advertising Fees.

7.3. *Advertising Council.* We have the right to form an advertising council composed of franchisees and our representatives, and the right to determine how such a council will be selected, funded and governed.

7.4. *Regional Marketing Cooperative.* We can require local marketing cooperatives to be formed, changed, dissolved or merged. If we organize a cooperative, your participation will be mandatory. You will pay monthly contributions to the cooperative based on the method of computation and in amounts determined by majority vote of its members. Your contribution to the cooperative will be in addition to your other required advertising expenses noted in this Section 7. The cooperative will combine your funds with those of other TCA Businesses to achieve joint marketing efforts. We will administer the funds in accordance with directions we receive from the cooperative. They may be used for marketing, advertising, public relations and promotional programs.

7.5. *Local Marketing.* Absent our prior written approval, you may not advertise, promote or reference the Marks or the Business on the Internet or any current or future form of electronic commerce, including, without limitation, all current and future forms of social media networks and platforms (e.g., Facebook, Twitter, LinkedIn, MySpace, etc.). Your local advertising and marketing materials must follow our guidelines in the Manual Suite and must be submitted to us at least fifteen (15) days prior to first use for approval, which we may grant or withhold in our business judgment. If we do not approve your submission within fifteen (15) days after the day we receive the materials, we will be deemed to have not approved the materials. Your advertising and marketing materials may not contain any statement or material which, in our sole business judgment may be considered: (a) in bad taste or offensive to the public or to any group of persons; (b) defamatory of any person or an attack on any competitor; (c) to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; or (d) inconsistent with our public image or that of the System. You acknowledge and agree that any and all copyright in and to advertising and marketing materials developed by you or on your behalf will be our sole property, and you must execute such documents (and, if necessary, require your independent contractors to execute such documents) as may be deemed reasonably necessary by us to give effect to this provision.

8. TELEPHONE NUMBERS AND TELEPHONE BOOK ADVERTISING

8.1. *Telephone Number.* You must obtain a separate telephone number that is identified with the Franchised Business and no other business. At the termination or expiration of this Agreement, that telephone number becomes our property. You agree to sign any documents required by us to assign the telephone number to us.

8.2. *Directory Book Advertising.* If we determine that it is the best interest of the Franchised Business for you and another TCA Business franchisee to purchase joint directory advertisements (e.g., Yellow Pages display online listings and so on), you must purchase a joint display ad of the type, size and content that we determine.

9. SOFTWARE ACCESS FEE; CALL CENTER FEE

9.1. *Software Access Fee.* We currently charge you a weekly Software Access Fee in the amount of \$25.00. This fee is due in arrears on Wednesday of each week. Therefore, each Wednesday we will charge your account through an electronic funds transfer (\$25.00), and this will cover your software access for the prior week. The Software Access Fee allows you access to our on-line Internet system. If you do not pay us the Software Access Fee, in addition to any other remedy we may have under this Agreement, we may suspend or terminate your access to our on-line Internet system. We reserve the right, upon at least thirty (30) days' notice, to increase the Software Access Fee, but we will not increase this fee by

more than ten percent (10%) in any twelve (12) month period. Your costs to connect to the Internet and any related telephone line charges will be your sole responsibility.

9.2. *Live Voice.* All telephone calls to the Franchised Business must be answered by “live” voices during normal business hours. You may not have your phones answered by answering machines, voicemail, or transferred to cellular telephones or other similar devices. If you do not comply with this “live” voice requirement, we have the right to maintain your Royalty Fee at a rate equal to six percent (6%) of the Gross Revenues of the Franchised Business regardless of the level of Gross Revenues, in addition to any other remedies available to us under this Agreement, including default and termination.

9.3. *Call Center.* We have established a Call Center for you to use for incoming calls, which you may use to satisfy the “live” voice requirement of Section 9.2 above. We will charge you a fee for the Call Center service and you agree to pay the then-current fees that we may charge for this service. Currently, the Call Center Fee is \$1.25 per call and is due on a weekly basis in arrears. We reserve the right to increase the Call Center Fee and to charge a minimum fee for this service. We reserve the right to terminate your access to the Call Center, and we also reserve the right to cancel the Call Center program. We will provide you at least thirty (30) days’ notice prior to terminating the Call Center.

10. TRAINING

10.1. *Initial Training and On Site Training.* Before beginning business operations, you must complete to our satisfaction, our initial training program (“Initial Training”). Initial Training is conducted at our home office or another training site we select. Additionally, if you are purchasing an existing TCA Business, you must attend and complete to our satisfaction a three (3) day training session at an existing TCA Business (typically, at the location of the existing TCA Business that you are purchasing) that we designate (“On Site Training”) before beginning business operations. Both the Initial Training and On Site Training will be conducted by our employees or agents experienced in the cleaning business. Except for a portion of the BASF used to reimburse us for certain expenses associated with your attendance at Initial Training, we do not charge you a separate fee to attend either type of training. You must pay all travel and living expenses and wages/compensation accruing during the applicable training period for you (or your manager).

10.2. *Ongoing Training.* You and your employees are strongly encouraged to attend ongoing training that we may offer from time to time. Ongoing training may be in the form of regional training programs, study groups, franchisee meetings, conventions and electronic means. We will make available to you no more than once a year, a refresher training program. This may be held at our headquarters or in conjunction with our Annual Convention. You must pay your travel and living expenses, as well as wages/compensation accruing during all ongoing support and training.

10.3. *Attendance at Annual Convention.* We require you to attend our Annual Convention. You are responsible for the costs of travel and accommodations. If you do not attend the Annual Convention, you must pay us a fee of \$1,500. If you do not attend the Annual Convention for two (2) years in a row, you will be in default of this Agreement, and we will have the right in our sole business judgment to terminate this Agreement (or, in lieu of termination, maintain your Royalty Fee at six percent (6%) of Gross Revenues regardless of the level of your Gross Revenues until you attend the next Annual Convention), as well as any other rights and remedies available to us at law or in equity.

11. OPERATING REQUIREMENTS

11.1. Opening. You must open the Franchised Business within a reasonable time after signing this Agreement, but in no event later than one hundred and twenty (120) days after the Effective Date.

11.2. Supervision. During the first two (2) years of operating your Franchised Business, you must participate directly in the operation and management of the Franchised Business. During this time, you may also hire a manager to assist you in operating the Franchised Business. After the first two (2) years of operation, you may designate a full time manager to supervise the Franchised Business (a) whose identity has been disclosed to us; and (b) who successfully completes our designated training program. The manager must devote full working time to the direction and supervision of the Franchised Business. All managers of the Franchised Business must sign our then-current form of confidentiality and non-compete agreement included in the Manual Suite, as noted in Section 21 below. Further, if any manager and/or other employee of the Franchised Business has access to our proprietary software and related materials, such manager(s) and employee(s) must comply with Section 11.7 below.

11.3. Site Appearance; Hours of Operation. You must maintain the premises of the Franchised Business in clean and attractive condition, and you must keep the location open during the hours and days listed in the Manual Suite.

11.4. Products and Services Offered. You must offer for sale only the services and products that we specify in this Agreement and in the Manual Suite. We will furnish to you from time to time lists of approved supplies and approved suppliers. You must only use approved products, services, fixtures, furniture, equipment, supplies and other items or services (“approved supplies”) in connection with the operation of the Franchised Business as set forth in the approved supplies and approved suppliers lists, as we may amend from time to time. Although we do not do so for every item, we have the right to approve the manufacturer, distributor and/or supplier of approved supplies and in some instances, require that you use designated sources or suppliers. You acknowledge and agree that certain approved supplies may be available only from one source, and that we or our Affiliates may be that source. You will pay the then-current price in effect for all products and supplies that you purchase from us and our Affiliates. All products, services, fixtures, furniture, equipment, supplies and other items or services used in the operation of the Franchised Business that are not included in the approved supplies or approved suppliers lists must conform to the specifications and standards we establish from time to time. Without limiting the generality of the foregoing, this means that you must (a) install the computer hardware and software that we specify to manage and administer the Franchised Business and execute the form of confidentiality, non-disclosure and non-compete agreement specified in the Manual Suite, (b) use our proprietary software in the manner set forth in the Manual Suite, including with respect to entry of required data and information, (c) use the computer and general business forms that we specify, (d) require your employees to wear the uniforms we specify in the Manual Suite, and (e) use only the types of cleaning products we specify in the Manual Suite. **ALTHOUGH APPROVED BY US OR DESIGNATED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER AND SOFTWARE SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIES OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY ON US.**

11.5 Commercial Cleaning. You may not offer, sell, provide (or assist in the offer, sale or provision) of Commercial Cleaning services to Customers, either directly (through Franchisee) or indirectly (through Franchisee's owners and other affiliated parties, including separate entities which you may own or hold or acquire an interest) unless (a) such Commercial Cleaning services are provided under or in association with the Marks, and (b) you pay a Royalty Fee on all revenues derived from or associated with the provision of Commercial Cleaning services. To be clear, even if you, directly or indirectly (as noted in the preceding sentence), offer, sell or provide Commercial Cleaning services (or assist in the offer, sale, or provision of such services) under trademarks *different from* the Marks, then in addition to committing a material default of this Agreement, all revenue or other consideration related to such work will be deemed "Gross Revenue" under this Agreement and we will be entitled to collect a Royalty Fee. Further, all such Customers that receive Commercial Cleaning services from you or any affiliated party (under the Marks or any other trademark) will be deemed Franchisor's Customers under Section 11.8 of this Agreement.

11.6. Manual Suite. For the duration of this Agreement, we will loan you the Manual Suite, operation bulletins and other materials containing mandatory and suggested procedures, specifications and rules that we prescribe from time to time. We may make the Manual Suite available to you in any format we designate, including by electronic means. The Manual Suite and the other materials are our confidential and proprietary information and property and must be returned to us whenever this Agreement expires or is terminated for any reason. If you fail to return the Manual Suite and other materials, you must pay us \$1,000, in addition to any other remedy available to us.

We have the right to add to or modify the Manual Suite from time to time, to improve our standards, change our operating procedures and software system, maintain the goodwill associated with the Marks and to meet competition.

You must keep the Manual Suite current and up-to-date. If there is a dispute about the contents of the Manual Suite, the terms of the master copy at our home office will control. You agree to operate the Franchised Business in conformance with all mandatory provisions of the Manual Suite and you acknowledge that the Manual Suite is designed to protect our standards, systems, names and Marks, and not to control the day-to-day operation of the Franchised Business.

11.7. Trade Secrets and Proprietary Information. The contents of the Manual Suite and all the operating procedures, standards and rules we prescribe for the Franchised Business are confidential and proprietary. You will maintain, both during and after the term of this Agreement, absolute confidentiality of the Manual Suite and all other information that we designate as confidential or proprietary and disclose to you. You will give this information to your employees only to the extent necessary for the operation of the Franchised Business in accordance with this Agreement. You will not use this information in any other business or in any way not authorized by us in writing.

11.8. Customer Data. You agree that all data that you collect from Customers and potential customers in connection with the Franchised Business during the term of this Agreement ("Customer Data") is our proprietary information and property and you also agree to provide the Customer Data to us at any time that we request. You have the right to use Customer Data while this Agreement or a renewal franchise agreement is in effect, but only in connection with operating the Franchised Business and only in accordance with the policies that we establish from time to time. You may not sell, transfer, or use Customer Data for any purpose other than operating and marketing the Franchised Business. However, if you transfer the Franchised Business (as provided in Sections 18 and 19 below), as part of the transfer, you must also transfer use of the Customer Data to the buyer as part of the total purchase price paid for the Franchised Business. At the expiration or termination of this Agreement for any reason, you will promptly turn over to us the Customer Data and you will make no further use of that Customer Data (or any related information) for any purpose whatsoever. Further, you recognize that your business

relationship with all such Customers is attributable solely to the Marks and the goodwill associated therewith. As such, all such business relationships with all Customers will revert to us and become our sole and exclusive property upon termination or expiration of this Agreement.

11.9 User Agreement. You, your manager(s) and certain employees will be required to acknowledge and abide by the terms of use set forth in the User Agreement (a current copy of which is included in the Manual Suite), before you and any such manager(s) and employee(s) commence use of our proprietary software, TCA.net, and periodically during the term of this Agreement. We have the right to modify the User Agreement and the proprietary software in our sole business judgment. We may require you and any such manager(s) and employee(s) to acknowledge and agree to the terms of the User Agreement (as may be modified by us in our sole business judgment) periodically during the term of this Agreement.

11.10. Procedures and Rules; Government Regulations. You must comply fully with all standards, operating procedures and rules that we prescribe from time to time, including those contained in the Manual Suite. You must secure and maintain in force and effect all government-required licenses, permits and certificates, and you must operate the Franchised Business in compliance with all applicable laws and regulations.

11.11. Franchisee Identification. Your identity as our franchisee must be clearly visible in all dealings with the public. This identification must appear on all Customer contracts, checks and negotiable instruments, as set forth in the Manual Suite or otherwise as we may specify in writing.

11.12. Public Figures. You may not use a public figure to promote or advertise the Franchised Business without our prior written consent.

11.13. General Operations. You must conduct the Franchised Business in a way that reflects favorably on you, our System, our other franchisees, our Affiliates and us. You must protect the good name, goodwill and reputation of the entire System, and avoid all deceptive, misleading and unethical practices.

11.14. Your Employees. You are responsible for the day-to-day actions of your employees. You must conduct a satisfactory employee background check on all of your employees prior to their hire, and all of your employees must wear uniforms prescribed from time to time by us in the Manual Suite while they are providing services to Customers of the Franchised Business. If you fail to conduct a satisfactory background check on any employee prior to their hire, such conduct constitutes a material default for which we may terminate this Agreement immediately. In addition, you also will pay to us a fine equal to \$1,000 for each day that the employee remains in your employ without completion of a satisfactory background check.

11.15 Works Made-for-Hire. All ideas, concepts, procedures, techniques or processes concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you will assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item

11.16 Tax Payments. You will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of the Initial Franchise Fee, the Royalty Fee, the Mailer Fee, the Advertising Fee, and other fees that are referenced in this Agreement, whether assessed against you through withholding or other means or whether paid by us directly. In either case, you will pay to us (and to the appropriate governmental

authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

11.17 Pricing. To the extent permitted by applicable law, we reserve the right to specify in writing a specific price and/or establish in writing minimum and/or maximum prices for the products and services you sell. You must sell any such products and services at the specified price or, if applicable, in accordance with the minimum and/or maximum prices established by us from time to time. Where no specified price or minimum/maximum price has been established by us with respect to a particular product or service that you sell, you may sell such applicable product or service at any reasonable price you choose. You acknowledge and agree that the specified price and maximum and minimum prices for products and services that you and other franchisees sell may vary from region to region to the extent necessary to reflect differences in costs and other factors applicable to such regions.

12. OPERATING ASSISTANCE

12.1. Advice and Guidance. We will provide you with reasonable operating assistance, as we determine from time to time to be necessary for the operation of the Franchised Business. We will inform you of operating problems that we discover through our reviews and reports that we learn from you and other franchisees. We may charge you for operating assistance made necessary by your failure to comply with this Agreement or operating assistance you request that is greater than the assistance we normally provide.

12.2. Service and Products. We research, advise and provide you with information about vendors who offer products and services useful to your operation of the Franchised Business. You agree to use in operating your Franchised Business only those products, services and methods that we have approved for TCA Businesses as meeting our specifications and standards for quality, function and performance. You acknowledge that we may designate a single vendor or source of supply, and that we or an Affiliate may be that vendor/source. For example, as of the date of this Agreement, we are the sole provider of weekly mailer services under the Mailer Program, as described in Section 7.1. You will pay the then-current price in effect for all required purchases from us and/or our Affiliates. You acknowledge that we and/or our Affiliates may make a profit on the services or products we provide you. We further reserve the right to receive rebates and other consideration from suppliers and vendors as a result of your purchase of required products and services.

12.3. Supplies and Forms. We will design and develop the computer-generated reports and other printed forms specified in the Manual Suite that we require you to use in the Franchised Business.

13. RECORDS AND FINANCIAL REPORTS

13.1. Forms and Records. You are required to use the forms and reports specified in the Manual Suite. These reports must be completed and sent to us within the time periods set forth in the Manual Suite. You also must establish and maintain the bookkeeping, accounting, and financial statements and record keeping systems required by us and set out in the Manual Suite.

13.2. Financial Reports. Upon our request, you must send to us, no later than ninety (90) days after each fiscal year end, the verified statements, (including financial statements and reports of Gross Revenue) as identified in the Manual Suite that truthfully reflect the financial condition of the Franchised Business.

14. AUDIT RIGHTS

14.1. Right to Audit. We have the right, but not the obligation, during business hours and without prior notice, to copy, audit and inspect (or to have our designee copy, audit and inspect) all records and financial reports of the Franchised Business. We further have the right to conduct any such audit remotely, in which case you must copy and deliver to us or our designee – at your sole expense – all records and financial reports of the Franchised Business that we identify. These audits will be made at our expense unless they are made necessary by your failure to comply with this Agreement. In that event, we have the right to charge you for the costs of the audit, including our or our agent's employees' or agents' travel expenses, room, board and compensation. Our right to audit, as set forth above, continues for twenty-four (24) consecutive months after the latter of (a) the termination or expiration of this Agreement, or (b) the date on which you cease to operate the Franchised Business, provide Cleaning Services or use the Marks.

14.2. Resolution of Discrepancies. If our audit reveals an overpayment by you to us, we will promptly refund the overpayment. If our review reveals an underpayment by you to us, you will pay us the shortfall on demand. If the shortfall amounts to more than two percent (2%) of the amount actually due, you will also pay us on demand three (3) times the amount due, one and a half percent (1½%) interest on the underpayment, plus all costs that we incurred in conducting the review, including our employees' or agents' travel expenses, room, board and compensation, even if you otherwise are in compliance with this Agreement.

15. INSURANCE

15.1. Insurance. At all times during the term of this Agreement, you shall maintain in force, at your sole expense, the following: (a) general comprehensive public liability insurance against claims for bodily and personal injury, death and property damage caused by, or incurred in connection with, the operation of, or conduct of the Franchised Business by you; and (b) general casualty insurance (including fire, broad form standard coverage, and intentional and malicious mischief) including coverage on equipment, furnishings, signs and supplies; motor vehicle liability insurance and worker's compensation insurance. Your policy must have endorsements to add back coverage for losses due to care, custody or control, and for losses due to workmanship or work not properly performed. Your broad form liability must also provide lost key coverage to re-key Customer homes or offices if the Customers' keys become lost or damaged while in your care, custody or control, and third party dishonesty coverage on all employees to pay for theft by an employee of any Customer or property. The insurance coverage shall be maintained under one or more policies of insurance containing the amounts and types of coverage that we prescribe from time to time, and must be underwritten by an insurance company rated "A" or higher by Alfred M. Best & Company, Inc., or such other insurance rating company as we designate. All such public liability and motor vehicle liability insurance policies shall name us as an additional insured, and provide that we receive thirty (30) days prior written notice of any termination, expiration or cancellation of any such policy. The amount and specific types of coverage as set forth in the Manual Suite, may be changed by us from time to time. The policies must be an "occurrence" policy, and not a "claims-made" policy.

15.2. Proof of Insurance. Prior to opening the Franchised Business, you must file with us a certificate of insurance showing evidence of all required insurance coverage. You must annually file with us a certificate of insurance showing maintenance of all required insurance coverage.

16. THE MARKS

16.1. Ownership and Usage. We are the sole owner of the Mark “THE CLEANING AUTHORITY®” and all other Marks that we license to you in this Agreement. Your right to use the Marks arises solely from this Agreement and you may only use the Marks according to the rules that we prescribe from time to time.

You must operate the Franchised Business only as “THE CLEANING AUTHORITY®,” the words standing alone, or such other Marks as we may prescribe from time to time in the Manual Suite. You may not add any words before or after the Marks or use the Marks with words that reflect your name, your company name, your geographic location or any other information; provided that you may use your name or company name (as applicable) with a “d/b/a The Cleaning Authority” designation thereafter on Customer contracts, business checks/invoices, and in connection with your dealings with vendors or suppliers of the Franchised Business.

You may not use the Marks or any variations of the Marks or marks or names confusingly similar to the Marks in any manner not authorized by us in writing as part of any URL, domain name, Website, meta-tag, download, application, posting, social networking profile, directory listing, screen name, anonymous name, blog, vlog, e mail account, instant messaging account, texting identity, user generated content, or any other identification of you or the Franchised Business in any electronic medium.

You shall operate under, and prominently display, the names and Marks in the operation of your Franchised Business as may be prescribed from time to time by us. You shall use no commercial trade name, service mark or other commercial symbol, including associated logos, which do not satisfy the criteria established by us. In the event we deem it advisable, you shall file for and maintain a “certificate of trade name” in the county or other appropriate jurisdiction in which your Territory is located. Under no circumstances, however, shall you be permitted to use the names and Marks, or any part thereof, in the name of a corporation, limited liability company or partnership involved in the operation of your Franchised Business. If we request, you must also sign such other documents as we reasonably require in order to allow others in your state to use our names and Marks, including without limitation any documents required by the applicable Secretary of State or Department of Commerce located in your state.

From time to time, we may elect to discontinue the use of certain names and Marks and to commence the use of new names and Marks. In addition, we may change the principal name of the TCA Businesses to a name other than THE CLEANING AUTHORITY. You shall pay all expenses incurred in connection with discontinuing the use of existing names and Marks on or within your Franchised Business, and all expenses incurred by you in commencing the use of new names and Marks therein.

You acknowledge that your right to use the names and Marks arise solely from this Agreement and that all such use and any goodwill (including Customer relationships) and other intangible benefits established thereby shall inure to our exclusive benefit.

You shall not use any of the names and Marks in combination with any other words, letters, prefixes, suffixes, logos or designs, other than in the manner authorized by us. If you use the Marks in a form not approved by us, the ownership of rights in the new form of use is imputed to us, and you will make no claim of right in the Marks as used.

You agree that upon the termination or expiration of this Agreement for any reason whatsoever, you shall forthwith discontinue the use of the names and Marks and thereafter shall no longer use, or have any right to use, the names and Marks.

You shall immediately notify us immediately of any infringement of or challenge to, our use of present and future names and Marks. You shall not communicate with any person other than us or our attorneys in connection with any such infringement, challenge or claim, unless authorized by us in writing.

In all events, we have the right to take such action as we deem appropriate, including the exclusive control of any litigation or any trademark office or other necessary proceeding arising out of any such infringement, challenge or claim relating to any of the names and Marks, including but not limited to the right to compromise, settle or otherwise resolve the claim, and determine whether to appeal a final determination of claim. You will execute all instruments and documents, render assistance, and all things that we believe are necessary and advisable to defend, protect or maintain our interests in the Marks.

17. DEFAULT AND TERMINATION

17.1. Automatic Termination. You will be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if: (a) you become insolvent or make a general assignment for the benefit of creditors; (b) a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; (c) you are adjudicated a bankrupt or insolvent; (d) a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for the Franchised Business or assets is filed and consented to by you; (e) a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (f) proceedings for a composition with creditors under any state or federal law are instituted by or against you; (g) a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); (h) you (if you are an entity) are dissolved; (i) execution is levied against the Franchised Business or assets; or (j) the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

17.2. Termination Without Cure Period. This Agreement will terminate immediately upon delivery of written notice to you if:

(a) You do not satisfactorily complete (as determined by us in our sole business judgment) the Initial Training and any applicable On Site Training within one hundred and twenty (120) days after the Effective Date.

(b) You fail to open the Franchised Business within one hundred and twenty (120) days after the Effective Date.

(c) You transfer, or attempt to transfer, your interest in this Agreement, your Territory, the Franchised Business, any ownership interest in you (if you are an entity) without our prior written approval, or otherwise make or attempt to make an unauthorized assignment or transfer;

(d) You sell, or attempt to sell, the assets of the Franchised Business without complying with this Agreement, or, if you are an entity, there is a change in the ownership structure or in the identity of the owners, directors or investors and you fail to comply with the provisions of Section 19.2 of this Agreement;

(e) You discontinue the active conduct of the Franchised Business, without our prior written consent, for more than two (2) consecutive business days;

(f) You misuse or make any unauthorized use of the Marks, engage in any conduct which we reasonably believe threatens to or actually impairs the Marks or our reputation or the goodwill associated therewith, and do not cure such misuse or unauthorized use within twenty-four (24) hours' notice from us;

(g) You have three (3) or more checks returned to us or our Affiliates for insufficient funds within any consecutive twelve (12) month period, or your bank account does not have sufficient funds to cover an electronic funds transfer to us or our Affiliate on three (3) or more occasions in any consecutive twelve (12) month period;

(h) You or any of your owners, guarantors or investors, made any material misrepresentation on the franchise application;

(i) You, any of your owners, guarantors or investors, or the operating corporation or any of the foregoing: (1) is convicted of, pleads guilty to, or enters a plea of *nolo contendere* to any felony; or, (2) is convicted of, pleads guilty to, or enters a plea of *nolo contendere* to any criminal offense related to the Franchised Business, other than minor traffic violations; or, (3) is convicted of, pleads guilty to, or enters a plea of *nolo contendere* to any crime or commits any act within or without the Franchised Business that could, in our sole opinion, tend to reflect poorly upon the goodwill of our name or any of our Marks, the System or upon the Franchised Business;

(j) You fail to maintain the insurance coverage required by or in accordance with the specifications listed in this Agreement or the Manual Suite, or fail to provide satisfactory evidence of insurance to us within forty-eight (48) hours of our request;

(k) You fail to contact a Customer within forty-eight (48) hours after receiving a Customer complaint;

(l) You fail on three (3) or more separate occasions during any consecutive twelve (12) month period, to comply with any provision of this Agreement, including your obligation to pay when due the Royalty Fees, Advertising Fees, or other monies due us or our Affiliates, regardless of whether the failures were corrected after notice to you;

(j) You fail to cure, within the applicable cure period, any default under any Collateral Agreement;

(k) You voluntarily or involuntarily abandon the franchise relationship;

(l) You commit violations of any health, safety, sanitation or other regulatory law, ordinance, standard, practice or regulation or operate the Franchised Business in a manner that presents a health or safety hazard to your employees, Customers or the general public;

(m) You submit to us two (2) or more sales reports, financial statements, other information or supporting records, in any period of twelve (12) consecutive months, which understate by more than (2%) the Gross Revenues of the Franchised Business, or materially distort any other material information;

(n) You consistently fail to pay your creditors, employees, or suppliers on a timely basis;

(o) You have your business permit suspended or revoked;

(p) You fail to attend our Annual Convention for two (2) consecutive years;

(q) We send you notice of your failure to comply with any provisions of this Agreement three (3) or more times in any consecutive twelve (12) month period, regardless of whether you cured the prior failures;

(r) You are delinquent in any of your taxes, including without limitation, payroll or withholding taxes; or

(s) You fail to conduct a satisfactory background check on any employee prior to their hire.

17.3. Termination Following Expiration of Cure Period. We have the further right to terminate this Agreement, effective upon expiration of the cure period set forth below, if:

(a) You commit a breach of any provision of this Agreement other than those breaches identified in Sections 17.1 and 17.2 above (whether or not such breach is corrected after notice) or fail to comply with any provision of this Agreement or any specification, standard or operating procedure prescribed by us and do not correct such failure within thirty (30) days after written notice is delivered to you.

(b) You fail to pay any Royalty Fees or other monies due to us or our Affiliates, within three (3) days after written notice is delivered to you; or

(c) You fail to resolve to our satisfaction any Customer complaint in the manner and within the timeframe set forth in the Manual Suite, and you do not correct such failure within seven (7) days after written notice is delivered to you.

Your opportunity to cure a default under this Agreement or any Collateral Agreement shall not in any way constitute a waiver of performance of your obligations under this Agreement, or a waiver of any other provision of this Agreement.

17.4. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section 17, this Agreement will be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

17.5. Obligations After Termination or Expiration. Upon termination or expiration of this Agreement, you must:

(a) Immediately pay all fees and charges due and owing to us or our Affiliates;

(b) Return to us all copies of the Manual Suite;

(c) Cancel all assumed name registrations or other registrations relating to, or incorporating, the Marks;

(d) Turn over to us the Customer Data and make no further use of that Customer Data (or any related information) for any purpose whatsoever.

(e) Return to us, or destroy according to our direction, all literature, signs, unused Customer contract forms, promotional materials and other materials containing the Marks or otherwise identifying you as having any association with us;

(f) Stop all use of any of the Marks or any colorable imitation of them in any business;

(g) Comply with the post-term covenant not to compete, found in Section 21, below;

(h) Immediately cease all communications with Customers;

(i) Notify your telephone company and all listing agencies of the termination of your right to use any telephone numbers used or advertised with the Marks, and transfer those number(s) to us or our designee; if you do not voluntarily transfer these numbers and listings, the telephone company and all listing agencies may accept this Agreement as evidence of your authorization to do so, and of our exclusive rights in the telephone numbers and directory listings, and of our authority to direct their transfer on your behalf; and,

(j) Return to Customers (or if we request, to us) all keys in your possession which relate to that particular Customer, and provide to us copies of all Customer agreements and any related information we request, and provide us with all other information and access necessary for us (or our designee) to continue servicing the Customer and related business relationships; and

(k) Immediately cease identifying yourself or the Franchised Business as associated in any way with us, the System and brand, or as formerly associated with any of the foregoing.

17.6. Option to Assume the Franchised Business Operations. Upon the expiration or termination of this Agreement for any reason, we will have the option to assume the TCA Business operations in the Territory and you are prohibited from offering or providing Cleaning Services to Customers in the Territory. If we intend to exercise this option, we must give notice to you within three (3) days after the effective date of the termination or expiration and you must provide us with a copy of each Customer agreement for the Franchised Business within three (3) days thereafter at no cost to us since the Customer Data is our property. We may assign this option to another person or entity. You agree to facilitate our conversations with such Customers to ensure an orderly transition of the TCA Business operations.

17.7. Early Termination Damages. If we terminate this Agreement due to your material breach, or if you otherwise cease to operate the Franchised Business without our prior written approval or repudiate the franchise, you will pay to us a lump sum of damages calculated as follows: (x) the average weekly Royalty Fee and Advertising Fee that you owed to us under this Agreement for the fifty-two (52) week period preceding the effective date of termination; multiplied by (y) the lesser of (1) 104 or (2) the number of weeks remaining in the then-current term of this Agreement. If you have not operated the Franchised Business for at least fifty-two (52) weeks, (x) shall equal the average weekly Royalty Fee and Advertising Fee that you owed to us during the period that you operated the Franchised Business. You acknowledge that a precise calculation of the full extent of our damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Your payment to us under this Section shall be in lieu of any direct monetary damage that we may incur as a result of your default; however such payment shall be in addition to all amounts set forth in Section 17.5(a) and any attorneys' fees and other costs and expenses to which we are entitled pursuant to Sections 6.6 or 22.4. Except as provided in this Section, your payment of this lump sum shall be in addition to any other right or remedy that we may have under this Agreement.

17.8. Pre-Termination Options of Franchisor. Prior to the termination of this Agreement, if you fail to pay any amounts owed to us or our Affiliates or fail to comply with any term of this Agreement, then in addition to any right we may have to terminate this Agreement or to bring a claim for damages, we will have the right to:

(a) Remove the listing of the Franchised Business from all advertising published or approved by us;

(b) Prohibit you from attending any meetings or seminars held or sponsored by us or taking place on our premises;

(c) Maintain your Royalty Fee at six percent (6%), regardless of the level of your Gross Revenues;

(d) Terminate access to any computer or inventory control, Call Center, or related system provided to you by us; and/or

(e) Suspend all services provided to you by us or our Affiliates under this Agreement or otherwise, including but not limited to, inspections, training, marketing assistance, Mailer Program services, annual business reviews, and the sale of products and supplies.

Our actions, as outlined in this Section 17.7, may continue until you have brought your accounts with us and any of our Affiliates current, cured any default, and complied with our requirements, and we have acknowledged the same in writing. The taking of any of the actions permitted in this Section 17.7 shall not suspend or release you from any obligation that would otherwise be owed to us or our Affiliates under the terms of this Agreement or otherwise.

18. ASSIGNMENT

18.1. Assignment by Us. We shall have the absolute, unrestricted right, exercisable at any time, to transfer and assign all or any part of our rights and obligations under this Agreement to any person or entity, and to undergo a change in ownership and control, without your consent. You acknowledge and agree that, upon any such assignment, we will be released from all future liability under this Agreement and any Collateral Agreement.

18.2. Assignment by You. This Agreement and the rights it grants are personal to you. You and/or any individual or entity that directly or indirectly controls you may not sell, assign or transfer this Agreement, any of your rights or obligations under this Agreement, or your ownership interests in you or the Franchised Business without our prior written consent which consent shall not be unreasonably withheld. You may not acquire or maintain an interest (including a security interest) in this Agreement or Franchised Business following the date of assignment to a third party where you do not have a majority ownership interest.

19. SALE OF ASSETS OR OWNERSHIP INTERESTS TO A THIRD PARTY

19.1. Sale of Assets of Franchised Business. The franchise rights granted to you for the Franchised Business are personal to you and may not be sold, assigned or transferred. However, we will grant a franchise to a person to whom you sell the assets of the Franchised Business or ownership interests in you if you are an entity, provided that:

(a) The prospective purchaser meets our then-current standards for franchisees;

(b) You and your members, partners or shareholders execute our then-current termination and release agreement, after which you and your members, partners or shareholders will continue to be liable for all post-termination obligations, including, without limitation, all post-termination non-compete obligations, indemnification obligations for matters occurring before the date of assignment, the return of the Manual Suite, and non-use of our Marks and other proprietary/confidential information restrictions;

(c) You cure any defaults under this Agreement and any Collateral Agreement and pay all fees due and owing to us and our Affiliates;

(d) The prospective purchaser (and, as applicable, its owners) executes our then-current form of franchise agreement and related exhibits and addenda and any Collateral Agreements;

(e) We must receive a transfer fee of \$5,000 and, if a third-party acts as a broker, agent or consultant in connection with the sale, we also must receive the greater of (1) \$15,000, or (2) ten percent (10%) of the total purchase price, which you and we agree will cover the cost of third-party commissions that we are required to pay in connection with the sale;

(f) The prospective purchaser has scheduled Initial Training and any other training that we require in connection with an assignment, including On Site Training;

(g) The prospective purchaser is not operating a cleaning business other than a business under a franchise agreement with us; and

(h) You reveal to us in advance of the sale all of the terms and conditions of your sale of business assets or ownership interests; and we review in advance of, and after signing by you, all documents to be signed by you and the purchaser that relate to the transfer of assets, real estate, leases, stock, inventory and any similar documents.

Any transfer, assignment or sale of the assets of, or ownership interests in, you or the Franchised Business that does not meet the above conditions and that does not have our prior written approval will be deemed void and of no effect and a breach of this Agreement.

19.2. Change of Ownership of Franchisee. If you are a business entity such as a corporation, partnership or limited liability company, any change in the ownership or in the identity of the shareholders, members, partners, directors or investors constitutes an “assignment” requiring our prior written approval. In that regard, the same assignment criteria set forth in Section 19.1 of this Agreement apply to all changes of ownership, except that we may choose to waive the payment of a transfer fee and the Initial Training and/or On Site Training requirements, depending on the nature of the ownership change.

19.3. Right of First Refusal. If at any time during the term of this Agreement, you (or any party holding any ownership interest in you) receive a bona fide offer to purchase or lease the Franchised Business or your assets or ownership interests you, which offer you are willing to accept, you shall communicate in writing to us the full terms of the offer and the name of the offeror. We (or our designee) may elect to purchase or lease the interest that the seller proposes to transfer on substantially the same terms set forth in the offer. If we (or our designee) elect to purchase or lease the interest, we shall give you written notice of the election within fifteen (15) days after we receive your communication of the offer. If we fail to give you written notice of election within fifteen (15) days, you may sell or lease interest on the terms offered, subject to the provisions in this Agreement relating to the assignment. The sale or lease to the offeror must, however, be completed within sixty (60) days after the expiration of the fifteen (15) day period during which we (or our designee) may give written notice of election to purchase or lease; otherwise, an additional notice must be given to us and an additional option period must expire prior to any such transfer. If we (or our designee) elects to purchase or lease the interest we shall have the right to substitute equivalent cash for any non-cash consideration included in the bona fide offer to purchase or lease the interest and we and you shall use our best efforts to complete the purchase or lease within sixty (60) days from the date of our notice of election to purchase or lease.

19.4. *No Waiver.* Our consent to any assignment shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the assignee, nor a waiver of our right to give or withhold approval to future assignment requests.

20. DEATH OR DISABILITY

20.1. *Death or Permanent Disability.* The Manual Suite contains a procedure for transferring this franchise to a family member in the event of the death or disability of you or a person with an ownership interest in you, without payment of an Initial Franchise Fee or a transfer fee. If you do not follow the process in the Manual Suite, this Agreement shall terminate automatically without notice thirty (30) days after the death or permanent disability. Permanent disability occurs when your or your owner's usual active participation in the Franchised Business has ceased for a period of thirty (30) consecutive days. Upon your death or permanent disability, or the death or permanent disability of one of your owners or guarantors, the executor, administrator or other personal representative of such person shall transfer his or her interest in this Agreement or his or her interest in you to a third party approved by us in accordance with all of the applicable provisions of Section 18 and 19 within a reasonable period of time, not to exceed ninety (90) days from the date of death or permanent disability.

21. COVENANT NOT TO COMPETE

21.1 *General Acknowledgement.* You recognize that (a) the business of providing Cleaning Services is very competitive; (b) the System is currently operated in numerous states throughout the United States and is intended to be national in scope; (c) by virtue of this Agreement and your relationship with us, you will have access to and will receive certain confidential and proprietary information regarding the System and the business being conducted by us for the purpose of maintaining and further developing your business and the business and goodwill of the System; (d) for these very reasons, you will have the attendant ability to divert customer trade; and (e) consequently, we have strong legitimate interests in obtaining the covenants herein for the protection of our business and goodwill and the entire System. You therefore agree to be bound by the following covenants and expressly acknowledge, for yourself and each individual bound by these covenants, that you and s/he each possess skills and abilities of a general nature and have other opportunities for exploiting those skills, so that enforcement of the covenants made in this Section will not deprive you, him or her of an ability to earn a living.

21.2 *In-Term Covenant.* During the term of this Agreement, neither you, your manager, or your other managerial or supervisory employees, nor any of your owners, guarantors, officers, directors, partners and/or managing members, nor any spouses or immediate family members of all such individuals, will, directly or indirectly, for yourselves or for any other person or entity, alone or through or on behalf of others, own, engage in, be employed by, advise, assist, lease or sublease to, invest in, franchise, lend money to, sell or lease the assets of the Franchised Business to, or have any financial or other interest in, any Residential Home Cleaning business, Commercial Cleaning business or other cleaning business within the United States other than as a franchisee of ours under this Agreement (or another franchise agreement with us). For purposes of this Section 21.2, the term "immediate family member" means children, parents, and siblings.

21.3. *Post-Term Covenant.* For a period of twenty-four (24) months after the expiration, assignment or termination of this Agreement for any reason, or the date on which you cease to operate the Franchised Business or use the Marks, whichever is later, neither you, your manager, or your other managerial or supervisory employees, nor any of your owners, guarantors, officers, directors, partners and/or managing members, nor any spouses or immediate family members of all such individuals, will, directly or indirectly, for yourselves or for any other person or entity, alone or through or on behalf of others, own,

engage in, be employed by, advise, assist, lease or sublease to, invest in, franchise, lend money to, sell or lease the assets of the Franchised Business to, or have any financial or other interest in, any Residential Home Cleaning business, Commercial Cleaning business or other cleaning business within your Territory, plus the area formed by extending the boundaries of the Territory fifty (50) miles in all directions or within ten (10) miles of any territory of any of our franchisees in existence on the date of termination, assignment or expiration of this Agreement. For purposes of this Section 21.3, the term “immediate family member” means children, parents, and siblings.

21.4 Confidentiality and Noncompetition Agreements. You also agree to be bound by the terms and conditions of the Confidentiality and Noncompetition Agreement attached hereto as Attachment IV. If you are a corporation or other legal entity, all of your owners, officers, directors, partners and/or members, and all of the spouses and immediate family members of all such individuals, must enter into a Confidentiality and Noncompetition Agreement substantially in the form of Attachment IV as approved by Franchisor. You shall also require each of your managers, key employees, and any independent contractors performing the same functions, at the time of their employment or contracting with you, to enter into a Confidentiality and Noncompetition Agreement substantially in the form of Attachment IV as approved by Franchisor. You, on behalf of yourself and each of the other individuals, acknowledge to Franchisor that this restriction is reasonable to protect the System, and that this restriction will not prevent anyone from earning a living. At our request, you shall enforce any such Confidentiality and Noncompetition Agreement on our behalf. For purposes of this Section 21.4, the term “immediate family member” means children, parents, and siblings.

22. REMEDIES AND INDEMNITIES

22.1. Arbitration; Mediation. Except as qualified below, any dispute between you and us or any of our or your Affiliates arising under, out of, in connection with or in relation to this Agreement, the parties’ relationship, or the Franchised Business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current rules and procedures and under the auspices of the American Arbitration Association. The arbitration must take place in Maryland, or at such other place as may be mutually agreeable to the parties. Any arbitration must be resolved on an individual basis and not joined as part of a class action or the claims of other parties. The arbitrators must follow the law and not disregard the terms of this Agreement. The decision of the arbitrators will be final and binding on all parties to the dispute; however, the arbitrators may not under circumstances: (a) stay the effectiveness of any pending termination of this Agreement; (b) assess punitive or exemplary damages; or (c) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. A judgment may be entered upon the arbitration award by any state or federal court in Maryland or the state where the Franchised Business is located.

Before the filing of any arbitration, the parties agree to mediate any dispute that does not include injunctive relief or specific performance actions covered under Section 22.2. Mediation will be conducted at a mutually-agreeable location in Columbia, Maryland, and by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. If not resolved within thirty (30) days, or if one party refuses to participate in mediation within this same time frame, the parties are free to pursue arbitration. Mediation is a compromise negotiation for purposes of the federal and state rules of evidence, and the entire process is confidential.

These provisions are self-executing and will remain in full force and effect after expiration or termination

of this Agreement.

22.2. Injunctive Relief. Notwithstanding Section 22.1 above, you recognize that the Franchised Business is one of a large number of businesses identified by the Marks and similarly situated and selling to the public similar services, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that we might otherwise have by virtue of any breach of this Agreement by you. Finally, we and our Affiliates have the right to commence a civil action against you or take other appropriate action for the following reasons: to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Marks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

22.3. Jurisdiction and Venue in Legal Actions. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 22.1, must be brought in the applicable federal or state court located closest to the geographic area where we maintain our corporate headquarters at the time of the action. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section 22.3 will survive termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section 22.3 and, with a complete understanding thereof, agree to be bound in the manner set forth above.

22.4. Costs of Enforcement. If we are successful in obtaining an injunction, or any other judicial relief or order from an arbitrator against you, or in successfully defending any claim you have brought against us, you will pay us an amount equal to all of our costs of prosecuting and/or defending the action, including reasonable attorneys' fees, costs of investigation, court and arbitration costs, expert witness fees, and other litigation or arbitration expenses.

22.5. Damages for Trademark Infringement. If you violate our federal, state or common law trademark or service mark rights, our right to injunctive relief will not preclude our recovery of money damages from you as provided by federal, state or common law.

22.6. Indemnification of the Franchisor. If we or any of our Affiliates, successors, assigns, directors, officers, members, owners, investors, employees and/or agents are subjected to any claim, demand or penalty or become a party to any suit or other judicial or administrative proceeding or any investigation, or enter into any settlement by reason of:

(a) A claimed act or omission by you, Customers of the Franchised Business, your employees, agents, assignees, owners, directors, investors or officers; or,

(b) Any act or omission with respect to the Franchised Business or that of your Affiliates, officers, directors, or agents,

You and all guarantors of your obligations under this Agreement shall at all times indemnify, defend and hold us, our Affiliates, successors, assigns, directors, officers, members, owners, investors, employees and agents harmless against all judgments, settlements, penalties and expenses, including attorneys' fees,

court costs, and other expenses of litigation, incurred or imposed in connection with the resulting investigation or defense. Your obligation extends equally to any proceeding brought by or against us for collection of money judgments arising out of the above recited actions; and, your obligation continues after the termination or expiration of this Agreement.

You must give us notice of any such action, suit, proceeding, claim or demand, inquiry or investigation as soon as possible. We may voluntarily, but we are not obligated to, assume the defense or settlement of the proceeding or claim. We have the sole right to choose our own attorneys and to consent to judgment or to agree to settlement, if there are reasonable grounds.

23. CONTRACT INTERPRETATION; MODIFICATION; NOTICE

23.1. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, or the United States Arbitration Act (9 U.S.C. § 1 et seq.), as amended, this Agreement and the parties' relationship hereunder shall be governed by Maryland common law. You expressly acknowledge and agree that Maryland statutory law (including, without limitation, the Maryland Franchise Registration and Disclosure Law) does not apply to this Agreement or to the parties' relationship hereunder unless (a) you are a Maryland resident at the time this Agreement is executed, (b) the Franchised Business is located in Maryland at the time this Agreement is executed, or (c) you otherwise meet the jurisdictional requirements of Maryland statutory law without reference to this Governing Law provision and without regard to applicable conflicts of laws principles.

23.2 Guaranty. All owners of a fifteen percent (15%) or more equity interest in you if you are a corporation, limited liability company, partnership or other legal entity must execute the form of personal guaranty and assumption of Franchisee's obligations at the end of this Agreement. Any person or entity that at any time after the date of this Agreement, through one or more transactions, acquires a fifteen percent (15%) or more equity interest in you pursuant to the provisions of this Agreement or otherwise must execute the form of personal guaranty and assumption of Franchisee's obligations at the end of this Agreement within ten (10) days from the date such person or entity acquires such equity interest. Before approving and entering into any transaction that would result in the transfer of a fifteen percent (15%) or more equity in you to any individual or entity, you must notify such person or entity about the content of this Section.

23.3 Right to Information. You consent to us obtaining, using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose whatsoever or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by us or our Affiliates (or disclosed to us or our Affiliates) in accordance with this Agreement.

23.4. Construction. All references in this Agreement to the singular apply to the plural where appropriate, and all references to the masculine include the feminine. If any part of this Agreement is declared invalid, that declaration will not affect the validity of the balance of this Agreement. If applicable law or rule requires a longer notice period than that stated in this Agreement, the statutory or regulatory notice requirements will be substituted. Section headings are for convenience only and do not define, limit or construe the contents thereof. The parties agree that if any provision of this Agreement is capable of two constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render the provision valid and enforceable, the provision shall have the meaning which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed simply according to its fair meaning and not strictly against the Franchisor or the Franchisee. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent possible under the laws and public policies applied in each jurisdiction in

which enforcement is sought. Accordingly, if any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication is to apply only with respect to the operation of such provision and the particular jurisdiction in which such adjudication is made. All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if completely invalid and unenforceable provisions were not contained herein and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. The parties shall substitute a valid and enforceable provision for any specification, standard, operating procedure, rule or other application of the franchisee or the franchisor which is determined to be invalid or unenforceable and is not waived by the other party.

23.5. *Waiver.* No waiver by us of any breach or series of breaches of this Agreement will constitute a waiver of any additional breach or waiver of the performance of any of your obligations under this Agreement. Our acceptance of any payment from you, or our failure, refusal or neglect to exercise any right to insist upon your full compliance with obligations under this Agreement or with any specification, standard or operating procedure or rule, will not constitute a waiver of any provision of this Agreement. No exercise or enforcement by us of any right or remedy hereunder shall preclude the exercise or enforcement by us of any right or remedy hereunder which we are entitled by law to enforce. Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, at our sole discretion and as we may deem applicable in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular site or circumstance, density or population, business potential, population of trade area, existing business practices, practices, or any other condition which we deem to be of importance to the successful operation of any such franchisee's business. You agree you shall not complain on account of any variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require us to grant you a like or similar variation hereunder.

23.6. *Waiver of Collateral Estoppel.* You and we agree that we should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which we are involved with third parties, without having the disposition of such disputes directly affect this Agreement or resulting business relationship. We and you therefore each agree that a decision of a court of law in litigation to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any action between you and us. You and we waive the right to assert the principles of collateral estoppel in any action between us relating to this Agreement so that one party is prevented from raising against the other party to this Agreement the loss by that party of a similar claim or defense in another action.

23.7. *Waiver of Bond Requirements.* You agree that if you violate this Agreement and we seek injunctive relief, you waive any requirement that we post a bond in connection with the granting of such relief. You further agree that if the court will not waive the requirement for a bond, the required bond shall be in a nominal amount, as determined by the court, but not to exceed \$5,000.

23.8. *Waiver of Punitive Damages.* You and we (including your owners and guarantors) hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and against any Affiliates, owners, employees or agents of the other and agree that in the event of a dispute between or among any of them, each shall be limited to the recovery of actual damages sustained by it and any equitable relief to which it might be entitled.

23.9. *WAIVER OF JURY TRIAL.* IF YOU OR WE INITIATE LITIGATION INVOLVING THIS AGREEMENT OR ANY ASPECT OF THE RELATIONSHIP BETWEEN US (EVEN IF OTHER PARTIES OR OTHER CLAIMS ARE INCLUDED IN SUCH LITIGATION), ALL PARTIES TO THE LITIGATION WAIVE THEIR RIGHT TO A TRIAL BY JURY. THIS WAIVER SHALL APPLY TO ALL CAUSES OF ACTION THAT ARE OR MIGHT BE INCLUDED IN SUCH ACTION,

INCLUDING BUT NOT LIMITED TO, CLAIMS RELATED TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR SIMILAR CAUSES OF ACTION, AND IN CONNECTION WITH ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES BETWEEN YOU AND US (INCLUDING ANY OWNERS OF OURS OR YOURS AND INCLUDING ACTIONS INVOLVING AFFILIATES, EMPLOYEES OR AGENTS OF OURS OR YOURS).

23.10. Notices. All notices required or permitted to be given hereunder to one party by the other shall be in writing and shall be deemed given (a) at the earlier of actual receipt or three (3) days after sent by certified or registered mail, (b) one business day after sent by a commercial delivery service providing next day service, (c) when sent by facsimile or electronic mail (followed up by mail), or (d) when actually delivered to the other party, whichever is earlier. All notices sent by mail or commercial delivery service shall be sent to us at our then-current principal business address, and if to you, at your home address or business address, or the most current address of which we have been notified in writing.

23.11. Scope and Modification of this Agreement. This Agreement and the attachments hereto constitute the entire agreement between you and us and supersede all earlier and contemporaneous oral or written agreements or understandings between you and us about the subject matter of this Agreement. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Nothing in this agreement requires you to waive reliance on the representations made in our FDD. No modification or change to this Agreement will have any effect unless memorialized in writing and signed by you and our authorized agent or employee.

23.12. Independent Contractors. You and we are independent contractors and no training, assistance or supervision, which we may give or offer to you, will defeat this status. We will not be liable for damages to any person or property arising directly or indirectly out of the operation of the Franchised Business. We will not be liable for taxes levied upon you or the Franchised Business. The relationship created by this Agreement is not a relationship between principal and agent, nor is it a fiduciary relationship.

23.13. Survival of Obligations. The obligations in this Agreement, which by their terms require performance after the expiration or termination of this Agreement, will be enforceable despite the expiration or termination of this Agreement for any reason whatsoever.

23.14. Successors. Subject to the restrictions on assignment recited above, this Agreement is binding upon, and inures to the benefit of, the permitted successors, assignees, heirs and personal representatives of the parties.

23.15. Effective Date. This Agreement becomes effective on the Effective Date, which is the date that we counter-sign this Agreement.

23.16. Counterparts. This Agreement may be executed in counterparts and each copy so executed and delivered shall be deemed an original.

23.17. Time. Time is of the essence of this Agreement for each provision in which time is a factor.

23.18. Delegation of Performance. *Delegation of Performance.* We have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

23.19. Business Judgment. We may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever we have expressly reserved in this Agreement or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including without limitation our judgment of what is in the best interests of the franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether: (a) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us; (b) our decision or the action taken promotes our financial or other individual interest; (c) our decision or the action we take applies differently to you or other franchisees or our company-owned or Affiliate-owned operations; or (d) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. You and we intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, you and we agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

23.20. Patriot Act Representations. You represent and warrant that to your actual and constructive knowledge: (a) neither you (including your directors, officers and managers), nor any of your Affiliates, or any funding source for the Franchised Business, are identified on the list at the United States Treasury's Office of Foreign Assets Control; (b) neither you nor any of your Affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (c) neither you nor any of your Affiliates is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (d) neither you nor any of your Affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the Lists); (e) neither you nor any of your Affiliates, during the term of this Agreement, will be on any of the Lists; and (f) during the term of this Agreement, neither you nor any of your Affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. You agree to notify us in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

23.21. Notice of Potential Profit. We and/or our Affiliates will from time to time make available to you goods, products and services for use in your Business on the sale of which we and/or our Affiliates will make a profit. Further, we and/or our Affiliates may from time to time receive consideration from suppliers and manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our Affiliates are entitled to said profits and/or consideration.

24. ACKNOWLEDGEMENTS

You acknowledge that you have conducted an independent investigation and financial assessment of the business contemplated by this Agreement and the market in which the Franchised Business is located and recognize that it involves business risks making the success of the venture largely dependent upon the business abilities of you, as well as other variables.

You have read this Agreement and our FDD in their entirety, and you have been given the opportunity to clarify any provisions and information that you did not understand and to consult with an attorney or other professional advisor. Except as noted in the FDD, you acknowledge that you have not received or relied upon, any representations, warranties or guarantees, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement. You have no knowledge of any representations by us, or our officers, directors, shareholders, employees, agents or servants, about the business contemplated by this Agreement, that are contrary to the terms of this Agreement, the documents incorporated herein or the FDD, and further represent to us, that you have made no misrepresentations in obtaining this Agreement. We have fully and adequately explained the provisions of each of these agreements or documents to your satisfaction and we have afforded you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement.

You have received our FDD at least fourteen (14) calendar days prior to the execution of any agreements or payment of any consideration, or earlier as may be required by applicable law. You also have received an executable form of this Agreement at least seven (7) calendar days prior to the execution of any such agreements or the payment of any consideration to us.

You are aware of the fact that some present and future franchise owners of ours may operate under different forms of agreements, and consequently, that our obligations and rights in respect to our various franchisees may differ materially in certain circumstances. You further acknowledge that we and our Affiliates have our own business interests that are not intended to be restricted by this Agreement. Except as expressly provided in this Agreement, we and our Affiliates may pursue our own business interests without obligation to, and irrespective of, the impact of our actions upon, you and your Franchised Business. These actions include, but are not limited to, ownership, operation or disposition of our company or Affiliate-owned locations or other businesses, and the sale of products through other methods of distribution.

[Signature Page Follows.]

Signature Pages

The parties have duly executed and delivered this Agreement as of the Effective Date.

If you are an Individual Franchisee, sign below:

Printed Name of Individual Franchisee

Your Signature

Your Home Address

City, State and Zip Code

Date Signed by You

Your Home Telephone Number

If you are a Business Entity Franchisee, sign below:

Printed Name of Entity

State of Formation

Printed Name and Title of Person Signing

Signature

Date Signed _____

THE CLEANING AUTHORITY, LLC

By: _____
(Vice) President

Date Signed: _____

The **Effective Date** of this Agreement is: _____.

The Franchise Agreement expires at midnight on: _____.

THE CLEANING AUTHORITY

*EXHIBIT A - PERSONAL GUARANTY AND ASSUMPTION
OF FRANCHISEE'S OBLIGATIONS*

In consideration of, and as inducement to the execution by The Cleaning Authority, LLC (the "Company") of that certain Franchise Agreement (the "Agreement") by and between the franchisee named therein (the "Franchisee") and the Company of even date herewith, each of the undersigned hereby personally irrevocably, and unconditionally: (1) jointly and severally guarantees to the Company, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) jointly and severally agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including without limitation, the covenants in Section 21 of the Agreement, the dispute resolution provisions in Section 22 of the Agreement and the indemnification obligations in Section 22.6 of the Agreement:

Each of the undersigned waives:

- (1) acceptance and notice of acceptance by the Company of the foregoing undertakings;
- (2) notice of demand for (a) payment of any indebtedness, or (b) performance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligation hereby guaranteed;
- (4) any right they may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (5) any and all other notices and legal or equitable defenses to which they may be entitled.

Each of the undersigned consents and agrees that:

- (1) direct and immediate liability under this guaranty shall be joint and several;
- (2) any payment or performance required under the Agreement shall be rendered upon demand if Franchisee fails or refuses punctually to do so;
- (3) such liability shall not be contingent or conditioned upon pursuit by the Company of any remedies against Franchisee or any other person;
- (4) such liability shall not be dismissed, relieved or otherwise affected by any extension of time, credit or other indulgence which the Company may occasionally grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement; and
- (5) such liability shall not be dismissed, relieved or otherwise affected by the bankruptcy or insolvency of the Franchisee entity.

The undersigned further agrees that they will abide by all of the covenants of the Franchisee under the Franchise Agreement as if the undersigned were the Franchisee, including without limiting the noncompetition covenants of the Franchisee and the covenants regarding trade secrets and proprietary TCA 2012 Franchise Agreement
Exhibit A (Guaranty)

information.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his/her signature on the same day and year as the Agreement was executed.

WITNESS

GUARANTOR(S)

THE CLEANING AUTHORITY

ATTACHMENT II – ELECTRONIC FUNDS TRANSFER
(The Cleaning Authority, LLC)

Account Number

ABA Routing #

Bank Name (Please Print)

Address

The undersigned hereby authorizes The Cleaning Authority, LLC (“The Cleaning Authority”) to initiate debit entries by either electronic or paper means to the undersigned’s bank account indicated above at the Bank indicated above, (the “Bank”), and authorizes the Bank to debit the same to such account and to make payment to The Cleaning Authority, or its assigns, at 7230 Lee DeForest Drive, Suite 200, Columbia, MD 21046, or such other address as may be designated by The Cleaning Authority. The undersigned agrees that in making payment for such charges, the Bank’s rights shall be the same as if each were a charge made and signed personally by the undersigned. The Bank shall have no obligation whatsoever regarding the calculation or verification of the amount of any such payments.

This authority shall remain in full force and effect until The Cleaning Authority and the Bank have received a minimum of 90 day advance written notice from the undersigned of the termination of authority granted herein. Until the Bank actually receives such notice, the undersigned agrees that the Bank shall be fully protected in paying any amounts pursuant to this authority. The undersigned further agrees that if any such payments are not made, whether with or without cause, and whether intentionally or inadvertently, the Bank shall be under no liability whatsoever to the undersigned.

Printed Name of Franchisee or Franchisee Corporation

Signature of Franchisee (and Title, if signing on behalf of a Corporation)

Date Signed: _____

THE CLEANING AUTHORITY

ATTACHMENT III – MAILER SERVICES AGREEMENT

This Mailer Services Agreement is entered into as of the ____ day of _____, by and between The Cleaning Authority, LLC (“Franchisor”) and _____ (the “Company”). All capitalized terms not defined herein have the meanings ascribed to them in the Franchise Agreement (defined below).

WHEREAS, the Company and Franchisor are parties to that certain Franchise Agreement dated the date hereof (“Franchise Agreement”);

WHEREAS, pursuant to the terms of the Franchise Agreement, the Company is required to purchase Mailer Program services from Franchisor;

WHEREAS, the parties desire to memorialize the terms and conditions of their agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1.) Mailer Set-up Fee. Simultaneously with its signing of the Franchise Agreement, the Company shall pay to Franchisor a mailer set-up fee of \$2,000 to cover Franchisor’s cost in setting up a mailing service for the Company in the territory described on Exhibit A to the Franchise Agreement (“Territory”).

2.) Term. Unless sooner terminated as provided herein, the term of this Agreement shall be commensurate with the term of the Franchise Agreement and upon termination of the Franchise Agreement, this Agreement shall immediately terminate, provided the payment obligations hereunder shall survive termination.

3.) Mailer Fees. The Company shall pay to Franchisor a mailer fee based upon the number of mailers the Company is contractually required to purchase for a percentage of Designated Households in the Territory, as outlined in the Franchise Agreement. Each payment shall be due by Wednesday of each week for prior week (with the week running Sunday through Saturday), except for any week in which the Company is authorized by the Franchisor to temporarily suspend mailings, as described in the Franchise Agreement. The payment shall be made by electronic funds transfer, or such other method as Franchisor may designate from time to time. Franchisor reserves the right to increase the mailer fee to reflect changes in the cost of design, production, list purchasing costs, postage and profit. The Company will pay the then-current price in effect for the services provided by Franchisor under this Agreement, which may be more than Franchisor’s cost to provide such mailer services. Franchisor will provide the Company with thirty (30) days’ prior written notice of any change in the amount of the mailer fee. The current mailer fee is \$0.325 for each mailer produced by Franchisor on the Company’s behalf.

4.) Franchisor’s Obligations. Provided the Company is current in its obligations to Franchisor, Franchisor shall produce mailers for a percentage of Designated Households in the Territory and deliver such mailers to the United States Postal Service (or other mail delivery service specified by Franchisor) on a weekly basis. In addition, the Company may request that (a) Franchisor produce additional mailers on the Company’s behalf, and that (b) Franchisor deliver such additional mailers to the United States Postal Service (or other mail delivery service specified by Franchisor) on the Company’s behalf. The Company will pay Franchisor’s then-current mailer fee for additional mailers produced pursuant to this section.

5.) Fees and Other Amounts. All fees and other amounts owed to Franchisor that are received by Franchisor after the due date will bear interest at the lesser of the rate of one and one-half percent (1½%) per month or the highest legal rate for open account business credit in the state in which the Territory is located, provided that if the Territory includes more than one state, then the applicable state shall be the state in which the principal office of the Company is located. All unpaid amounts shall continue to accrue interest until paid in full.

6.) Termination. This Agreement shall automatically terminate upon the termination of the Franchise Agreement. In addition, Franchisor shall have the right to terminate this Agreement upon ten (10) days' notice to the Company if the Company is in default under any of the terms and conditions of the Franchise Agreement, or under any of the terms and conditions of this Agreement, and such default continues for a period of ten (10) days after written notice to the Company. Further, a default under this Agreement constitutes a default under the Franchise Agreement.

7.) Pre-Termination Options of Franchisor. Prior to the termination of this Agreement, if the Company is in default of its obligations hereunder, Franchisor may, in addition to any other remedies it may have, suspend all services required to be provided to the Company hereunder. In addition, if the Company is in default under the terms of this Agreement, Franchisor reserves the right to withhold provision of services to the Company as set forth in the Franchise Agreement, as well as to maintain the Company's Royalty Fee at six percent (6%) regardless of the level of the Company's Gross Revenues. These remedies are in addition to any other remedies available at law or in equity to the Franchisor.

8.) Mailing Lists and Delivery. Franchisor obtains mailing lists and identifies Designated Households from third-party data compilation and demographic information service provider(s) that Franchisor and/or its affiliates select. Franchisor makes no representation or warranty regarding the accuracy of any such mailing lists or demographic information related to Designated Households, which Franchisor uses to perform its obligations hereunder. Further, Franchisor is unable to represent or warrant that the actual number of mailers produced by it on the Company's behalf and delivered to the United States Postal Service (other other mail delivery service specified by Franchisor) will be delivered by the postal carrier to Designated Households in the Company's Territory.

9.) Assignment. This Agreement is fully assignable by Franchisor. This Agreement may not be assigned by the Company without the prior written consent of Franchisor.

10.) Miscellaneous. The choice of law, choice of forum/venue and dispute resolution provisions set forth in the Franchise Agreement apply to the parties' dealings under this Agreement. The Company acknowledges and agrees that this Agreement does not become effective until this Agreement is counter-signed by Franchisor. If Franchisor institutes any action against the Company to collect amounts owed hereunder, Franchisor will be entitled to recover from the Company all attorney fees that Franchisor incurs in connection with such action, together with court costs and expenses of suit, such as investigation, audit, professional fees and witness fees or charges.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

FRANCHISOR:
The Cleaning Authority, LLC

COMPANY:

By: _____
Its: _____

By: _____
Its: _____

GUARANTY

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned jointly and severally agrees as follows: (a) the undersigned guarantees to The Cleaning Authority, LLC (“Franchisor”) that _____ (the “Company”) shall promptly pay and perform each and every undertaking, agreement and covenant of the Company set forth in the attached Mailer Services Agreement, and (b) the undersigned jointly and severally agree to be personally bound by, and personally liable for any breach of each and every provision in the Mailer Services Agreement by the Company, and (c) the undersigned jointly and severally guaranties payment of all amounts owed to Franchisor from time to time by the Company.

GUARANTOR(S):

Date: _____

THE CLEANING AUTHORITY

*ATTACHMENT IV – CONFIDENTIALITY AND
NONCOMPETITION AGREEMENT*

THIS CONFIDENTIALITY AND NONCOMPETITION AGREEMENT (this "**Agreement**") is entered into as of the ____ day of _____, 20__, by the undersigned individual (the "**Undersigned**") for the benefit of THE CLEANING AUTHORITY, LLC ("**Franchisor**"), and if applicable, _____, a Franchisee of THE CLEANING AUTHORITY® system ("**Franchisee**") under that certain Franchise Agreement dated as of the ____ day of _____, 20__ (the "**Franchise Agreement**"), whereby Franchisor granted a license to Franchisee to use THE CLEANING AUTHORITY trademarks (the "**Marks**") and methods in connection with selling and providing residential cleaning services (collectively, the "**System**"). All capitalized terms not defined herein have the meanings set forth in the Franchise Agreement.

RECITALS:

- A. The Undersigned is a prospective purchaser of a THE CLEANING AUTHORITY franchise; or alternatively, is an owner, officer and/or director of Franchisee; or alternatively, the Undersigned is the spouse of one of the foregoing; as specified below with the Undersigned's signature (the "**Position**"). If the Undersigned is also a director, officer or owner of Franchisee then the Undersigned is sometimes referred to in this Agreement as a "**Controlling Agent**."
- B. The Position will place the Undersigned in a position of trust and confidence in which the Undersigned will have access to and will receive certain confidential and proprietary information regarding the System and the business being conducted by Franchisor, Franchisee and other franchisees, including without limitation operations manuals, trade secrets, information, know-how, ideas, techniques, research, methods, improvements and copyrighted materials, owned or developed by Franchisor, whether or not published, confidential or suitable for registration or copyright, and the goodwill associated with them, and information relating to System specifications, operating methods, equipment, standards, services, marketing and promotional programs, procedures and techniques which are not in the public domain or generally known in the cleaning business, and any other information and material which Franchisor may designate as confidential (collectively, the "**Information**").
- C. The Undersigned consequently agrees that it is reasonable and necessary for the protection of the System and for the benefit of Franchisor, and if applicable, Franchisee, to keep the Information confidential and not to compete with any THE CLEANING AUTHORITY cleaning business, all pursuant to the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and conditions contained herein, and as an inducement to Franchisor to divulge Information to the Undersigned as a prospective franchisee, or to enter into a Franchise Agreement with Franchisee, and/or in consideration of the Undersigned's relationship with Franchisee, the Undersigned agrees as follows:

1. **Ownership of Information.** The Undersigned expressly acknowledges that Franchisor has sole ownership of the Marks and the Information, including without limitation the operations manual and all information contained therein, and that the Information has been provided to the Undersigned in trust and confidence, and that no ownership in the same or in any goodwill relating to the same shall inure to the Undersigned by virtue of the Position.

2. **Confidentiality.** The Information, all information and knowledge about the System which is not in the public domain, and such other information and material as Franchisor may designate as confidential shall be deemed Information for purposes of this Agreement. The Undersigned agrees to keep all of the Information confidential, and to use the Information only for the purposes and in the manner authorized by Franchisor. The Undersigned agrees that s/he will not, at any time, while holding the Position or thereafter, in any manner or form, directly or indirectly, disclose, duplicate, sell, or otherwise make known any Information, or any portion thereof, including without limitation Information concerning Franchisor, Franchisee, the Franchise Agreement, the System, other franchisees of Franchisor, or Customers or suppliers of any of them, to any person or entity other than individuals in the System who have a need for the Information in order to perform their jobs.

3. **Usage.** The Undersigned agrees that s/he shall not, at any time: (a) use or display any names, marks, color combinations, designs, signs, symbols or other designations which are confusingly similar to the Marks in connection with any other business or activity in which the Undersigned has an interest except as authorized by Franchisor in writing; (b) engage in any trade practice or other activity which is harmful to the goodwill of, or reflects unfavorably upon the reputation of, Franchisor, Franchisee or the System, or which is in violation of any applicable law; or (c) directly or indirectly contest the validity or ownership of the Marks or the Information or the license of Franchisee or the rights of Franchisor thereto.

4. **Return of Confidential Material.** If the Undersigned ceases to hold a Position as described in Paragraph A above, s/he shall promptly return to Franchisee or Franchisor all copies in any medium of anything containing or relating to the Information, and all property belonging to Franchisee and Franchisor, or either of them, in the Undersigned's possession, custody or control, including without limitation any of such items produced or prepared by the Undersigned.

5. **Noncompetition.** The Undersigned recognizes that: (a) the business of providing cleaning services (hereinafter, "**Cleaning Business**") is very competitive; (b) the System is currently operated in numerous states throughout the United States and is intended to be national in scope; (c) by virtue of his or her Position, the Undersigned will have access to and will receive certain confidential and proprietary information regarding the System and the business being conducted by Franchisor for the purpose of maintaining and further developing Franchisee's business and the business and goodwill of the System; (d) for these very reasons, the Position also provides the Undersigned with the attendant ability to divert customer trade; and (e) consequently, Franchisor and Franchisee have strong legitimate interests in obtaining the covenants herein for the protection of their respective businesses and goodwill. Therefore, the Undersigned (and all persons or entities within or under the Undersigned's control, including spouses and immediate family members of such persons or entities) agree to be bound by the following covenants and expressly acknowledge for each individual bound by these covenants, that he or she possesses skills and abilities of a general nature and has other opportunities for exploiting those skills, so that enforcement of the covenants made in this Section will not deprive him or her of an ability to earn a living:

5.1 During the term of the Franchise Agreement, neither the Undersigned (nor any other person or entity within or under the Undersigned's control, including spouses and immediate family members of such persons or entities) will, directly or indirectly, for themselves or for any other person or entity, alone or through or on behalf of others, own, engage in, be employed by, advise, assist, lease or sublease to, invest in, franchise, lend money to, sell or lease the assets of Franchisee's franchised THE CLEANING AUTHORITY business (the "**Franchised Business**") to, or have any financial or other interest in, any Cleaning Business within the United States, including without limitation, any residential cleaning, carpet cleaning, window cleaning, furniture cleaning, commercial cleaning or other Cleaning Business, other than as a franchisee of Franchisor under a THE CLEANING AUTHORITY Franchise Agreement (or another franchise agreement with Franchisor); and

5.2 For a period of twenty-four (24) months after the Undersigned ceases to hold a Position with Franchisee, neither the Undersigned (nor any other person or entity within or under the Undersigned's control, including spouses and immediate family members of such persons or entities) will, directly or indirectly, for themselves or for Franchisee or any other person or entity, alone or through or on behalf of others, own, engage in, be employed by, advise, assist, lease or sublease to, invest in, franchise, lend money to, sell or lease the assets of the Franchised Business to, or have any financial or other interest in, any Cleaning Business, including without limitation, any residential cleaning, carpet cleaning, window cleaning, furniture cleaning, commercial cleaning or other cleaning business within the Territory serviced by Franchisee under the Franchise Agreement, plus the area formed by extending the boundaries of the Territory fifty (50) miles in all directions or within ten (10) miles of any territory of any of Franchisor's franchisees in existence on the date that the Undersigned ceases to hold a Position with Franchisee.

6. Family Members. The Undersigned agrees that his/her obligations hereunder shall apply to the Undersigned's spouse and other immediate family members.

7. Modification. Each of the covenants set forth in this Agreement shall be construed as independent of any other covenant or provision of this Agreement. Franchisor reserves the right to reduce the scope of the restrictions under any covenant unilaterally and without the consent of any other person or entity, effective upon giving notice thereof. In the event that any restriction contained in this Agreement is found to be unlawful as to scope or duration or otherwise invalid, it is the parties' intention that the provision not be declared ineffective in its totality, but that the provision be declared invalid only to the extent of the illegality, and that the provision continue, as so revised, in full force and effect. This Agreement shall automatically be deemed amended to restate the limits of the restriction accordingly.

8. Injunctive Relief. In the event of an actual or threatened breach by the Undersigned of any of the provisions of this Agreement, the Undersigned, Franchisor, and Franchisee agree that the remedy at law will be inadequate, and that Franchisee and/or Franchisor shall immediately be entitled to injunctive relief restraining the Undersigned from such breach without having to show any actual damages. Nothing herein shall be construed as prohibiting Franchisee and/or Franchisor from pursuing any other available remedies for such breach.

9. Survival. The provisions of this Agreement shall survive the expiration or termination of the Franchise Agreement and any agreement or relationship between Franchisor and/or Franchisee and the Undersigned for any reason, and shall be enforceable notwithstanding the existence of any claim or cause of action of the Undersigned against Franchisor and/or Franchisee predicated on any contract or other basis whatsoever.

10. No Right to Employment. Nothing contained in this Agreement shall in any way be deemed to confer upon the Undersigned any right to obtain a franchise agreement from Franchisor, or to employment with Franchisor or Franchisee.

11. Applicable Law. Except to the extent governed by federal trademark, copyright and arbitration statutes, this Agreement shall be governed by Maryland common law. The Undersigned expressly acknowledge and agree that Maryland statutory law does not apply to this Agreement or to the parties relationship hereunder unless (a) Franchisee is a Maryland resident at the time the Franchise Agreement is executed, (b) the Franchised Business is located in Maryland at the time the Franchise Agreement is executed, or (c) Franchisee otherwise meets the jurisdictional requirements of Maryland statutory law without reference to this Applicable Law provision and without regard to applicable conflicts of laws principles.

12. Venue. Any proceeding brought by Franchisor or Franchisee against the Undersigned may be brought and conducted in the City of Columbia, Howard County, Maryland. If the Undersigned ever was a Controlling Agent, any proceeding initiated by the Undersigned must be brought and conducted in the City of Columbia, Howard County, Maryland. The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

13. General. This Agreement contains the entire understanding between the parties with respect to the subjects hereof, and supersedes all prior oral and written negotiations, understandings and agreements. Except as otherwise expressly provided herein, this Agreement may be amended only by an instrument in writing signed by Franchisor and the Undersigned. The waiver of any breach or violation of this Agreement shall not be deemed to amend this Agreement and shall not constitute a waiver of any other or subsequent breach. Headings are for convenience and shall not limit or control interpretation. Words in this Agreement shall be deemed to refer to whatever number and gender the context requires. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns. Both Franchisee and Franchisor shall be third party beneficiaries of this Agreement and entitled to enforce it as though each of them was a signatory.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the parties have caused this Confidentiality and Noncompetition Agreement to be executed as of the date first set forth above.

THE "UNDERSIGNED":

_____	_____
(Signature)	(Residential Street Address)
_____	_____
(Print Name)	(City, State, Zip Code)
_____	_____
(Position)	(Residential Telephone Number)

(Date)	

ACCEPTED BY:

(Franchisor or Franchisee)

By: _____

Its: _____

Date: _____

EXHIBIT D

STATE SPECIFIC ADDENDA TO FRANCHISE AGREEMENT

ADDENDUM TO THE CLEANING AUTHORITY, LLC
FRANCHISE AGREEMENT
REQUIRED BY
THE ILLINOIS FRANCHISE AND DISCLOSURE ACT OF 1987

This Addendum to The Cleaning Authority, LLC Franchise Agreement dated _____ (“Franchise Agreement”) between The Cleaning Authority, LLC (“we,” “us,” and “our”) and _____ (“you” and “your”) is entered into simultaneously with the execution of the Franchise Agreement.

1. Section 2 of the Franchise Agreement, under the heading “Grant and Term of Franchise,” is amended by the addition of the following subsection:

2.5 The conditions under which this franchise can be terminated and the parties’ rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

2. The first sentence in Section 5 of the Franchise Agreement, under the heading “Initial Fees,” is deleted and replaced with the following:

When you open the Franchised Business, you must pay to us an Initial Franchise Fee of \$_____ to use the System and the Marks, the Mailer Fee in the amount of \$2,000, as well as a Business Administration Set-Up Fee (“BASF”) of \$10,000 for which we will provide you with (a) monthly access to The Cleaning Authority Employment Law Hotline, (b) telephonic Operations Representative support prior to training, (c) a copy of the Pre-Work Manual, and (d) reimburse ourselves for certain costs we incur to provide you with the Initial Training Program described in Section 10.1 below.

3. The first sentence in Section 7.1 of the Franchise Agreement, after the heading “Mailer Fee and Mailer Set-up Fee,” is deleted and replaced with the following:

You must pay to us a Mailer Set-up Fee of \$2,000 when you open the Franchised Business.

4. Section 17 of the Franchise Agreement, under the heading “Default and Termination,” is amended by the addition of the following subsection:

17.9 The conditions under which this franchise can be terminated and the parties’ rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

5. Section 22.3 of the Franchise Agreement under the heading “Jurisdiction and Venue in Legal Actions” is amended by adding the following to the end of the Section:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois.

6. Section 23.1 of the Franchise Agreement under the heading “Governing Law is amended by adding the following to the end of the Section:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.

7. Section 24 of the Franchise Agreement under the heading “Acknowledgements”, is amended by the addition of the following sentence:

Section 41 of the Illinois Franchise Disclosure act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims according to the provisions of Title IX of the United States Code.

8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.
9. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.
10. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

THE CLEANING AUTHORITY, LLC

[INSERT FRANCHISEE NAME]

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

ADDENDUM TO THE CLEANING AUTHORITY, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE MARYLAND FRANCHISE REGISTRATION
AND DISCLOSURE LAW

This Addendum to The Cleaning Authority, LLC Franchise Agreement dated _____ (“Franchise Agreement”) between The Cleaning Authority, LLC (“we,” “us,” and “our”) and _____ (“you” and “your”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The first sentence in Section 5 of the Franchise Agreement, under the heading “Initial Fees,” is deleted and replaced with the following:

When you open the Franchised Business, you must pay to us an Initial Franchise Fee of \$_____ to use the System and the Marks, the Mailer Fee in the amount of \$2,000, as well as a Business Administration Set-Up Fee (“BASf”) of \$10,000 for which we will provide you with (a) monthly access to The Cleaning Authority Employment Law Hotline, (b) telephonic Operations Representative support prior to training, (c) a copy of the Pre-Work Manual, and (d) reimburse ourselves for certain costs we incur to provide you with the Initial Training Program described in Section 10.1 below.

2. The first sentence in Section 7.1 of the Franchise Agreement, after the heading “Mailer Fee and Mailer Set-up Fee,” is deleted and replaced with the following:

You must pay to us a Mailer Set-up Fee of \$2,000 when you open the Franchised Business.

3. The following sentence is added to the end of Sections 2.3(d) (“Renewal”), 7.1 (“Mailer Fee”) and 19.1(b) (“Sale of Assets of the Franchised Business”) of the Franchise Agreement:

The general release required herein shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Section 22.3.of the Franchise Agreement under the heading “Jurisdiction and Venue in Legal Actions”:

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following sentence is added to the end of Section 23.1 of the Franchise Agreement under the heading “Governing Law”:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that Law.

6. Section 23 of the Franchise Agreement under the heading “Contract Interpretation” is amended by the addition of the following subsection:

23.22 Nothing in this Agreement operates to reduce the 3-year statute of limitations afforded to you for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

No representations contained in this agreement are intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.
8. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.
9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

THE CLEANING AUTHORITY, LLC

[INSERT FRANCHISEE NAME]

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MINNESOTA ADDENDUM TO THE CLEANING AUTHORITY, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE MINNESOTA FRANCHISE LAW

This Addendum to The Cleaning Authority, LLC Franchise Agreement dated _____ (“Franchise Agreement”) between The Cleaning Authority, LLC (“we,” “us,” and “our”) and _____ (“you” and “your”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The following sentence is added to the end of Sections 2.3(d) (“Renewal”), 7.1 (“Mailer Fee”) and 19.1(b) (“Sale of Assets of the Franchised Business”) of the Franchise Agreement:

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

2. The following sentence is added to the end of Section 2.3 of the Franchise Agreement under the heading “Renewal”:

With respect to franchises governed by Minnesota Franchise Law, we shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that a franchisee be given 180 days’ notice for non renewal of the Franchise Agreement.

3. Section 16 of the Franchise Agreement under the heading “The Marks” is amended by adding the following subsection to the end of the section:

16.2 We will indemnify you against liability to third parties resulting from claims by third parties that your use of the Marks infringes upon the trademark rights of the third party. We do not indemnify you against the consequences of your use of the Marks except in accordance with the requirements of this Agreement. As a further condition to indemnification, you must provide notice to us of any such claim immediately and tender the defense of the claim to us. If we accept tender of defense, we have the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

4. Section 17 of the Franchise Agreement under the heading “Early Termination Damages” is amended by adding the following to the end of the section:

Any provision that requires you to consent to liquidated damages, termination penalties, or judgment notes may not be enforceable until Minnesota law.

5. Section 17 of the Franchise Agreement under the heading “Default and Termination,” is amended by adding the following subsection to the end of the section:

17.9 With respect to franchises governed by Minnesota Franchise Law, we will comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days’ notice of termination (with 60 days to cure).

6. Section 22.3 of the Franchise Agreement under the heading “Jurisdiction and Venue in Legal Actions” is amended by adding the following to the end of the section:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. Nothing in this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction

7. Section 23.9 of the Franchise Agreement under the heading “Waiver of Jury Trial” is hereby deleted in its entirety.
8. Section 23.7 of the Franchise Agreement is hereby deleted in its entirety.
9. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the relevant Minnesota statute are met independently without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.
10. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.
11. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

THE CLEANING AUTHORITY, LLC

[INSERT FRANCHISEE NAME]

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

ADDENDUM TO THE CLEANING AUTHORITY, LLC
FRANCHISE AGREEMENT
REQUIRED BY
THE NEW YORK GENERAL BUSINESS LAW

This Addendum to The Cleaning Authority, LLC Franchise Agreement dated _____ (“Franchise Agreement”) between The Cleaning Authority, LLC (“we,” “us,” and “our”) and _____ (“you” and “your”) is entered into simultaneously with the execution of the Franchise Agreement.

1. Section 18.1 of the Franchise Agreement under the heading “Assignment by Us,” shall be amended by adding the following to the end of the section:

We will not assign our rights under this Agreement, except to an assignee who in our good faith and judgment is willing and able to assume our obligations under this Franchise Agreement.

2. Section 22.2 of the Franchise Agreement under the heading “Injunctive Relief,” shall be amended by adding the following to the end of the section:

Our right to obtain injunction relief exists only after proper proofs are made and the appropriate authority has granted such relief.

3. Section 22.6 of the Franchise Agreement under the heading “Indemnification of the Franchisor,” shall be amended by adding the following to the end of the section:

Notwithstanding the foregoing, you shall not be required to indemnify us for any claims arising out of a breach of this Agreement or other civil wrongs that we commit.

4. Section 23.1 of the Franchise Agreement under the heading “Governing Law,” shall be amended by adding the following to the end of the section:

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

6. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

THE CLEANING AUTHORITY, LLC

[INSERT FRANCHISEE NAME]

By: _____

Its:

Date: _____

By: _____

Its:

Date: _____

ADDENDUM TO THE CLEANING AUTHORITY, LLC
FRANCHISE AGREEMENT
REQUIRED BY RHODE ISLAND

This Addendum to The Cleaning Authority, LLC Franchise Agreement dated _____ (“Franchise Agreement”) between The Cleaning Authority, LLC (“we,” “us,” and “our”) and _____ (“you” and “your”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The Rhode Island Franchise Investment Act at Section 19-28.1-14 provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”
2. The provisions of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.
3. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.
4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

THE CLEANING AUTHORITY, LLC

[INSERT FRANCHISEE NAME]

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

ADDENDUM TO THE CLEANING AUTHORITY, LLC
FRANCHISE AGREEMENT
REQUIRED BY THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT

This Addendum to The Cleaning Authority, LLC Franchise Agreement dated _____ (“Franchise Agreement”) between The Cleaning Authority, LLC (“we,” “us,” and “our”) and _____ (“you” and “your”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The State of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19.100.180 (“Act”), which may supersede the Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise.
2. In any arbitration involving a franchise purchased in Washington, if required by the Act (unless the Act is preempted by the Federal Arbitration Act), the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of arbitration, or is determined by the arbitrator.
3. In the event of a conflict of laws, to the extent required by the Act, the provisions of the Act shall prevail.
4. To the extent required by the Act, a release or waiver of rights executed by you shall not include rights under the Act, except when executed according to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitation period for claims under the Act, rights or remedies under the Act, such as rights to jury trial might not be enforceable; however, we agree to enforce them to the extent the law allows.
5. To the extent required by the Act, transfer of fees are collectible to the extent they reflect our reasonable estimated or actual costs in effecting a transfer.
6. The provisions of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.
7. Any capitalized term that is not defined in this Addendum shall have the meaning given it in the Franchise Agreement.
8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

THE CLEANING AUTHORITY, LLC

[INSERT FRANCHISEE NAME]

By: _____

Its:

Date: _____

By: _____

Its:

Date: _____

EXHIBIT E
FINANCIAL STATEMENTS

**THE CLEANING AUTHORITY, LLC AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011**

Ellin & Tucker, Chartered



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS CONSULTANTS



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**THE CLEANING AUTHORITY, LLC AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Cleaning Authority, LLC

We have audited the accompanying Consolidated Balance Sheet of The Cleaning Authority, LLC and Affiliate (collectively referred to as the Company) as of December 31, 2011, and the related Consolidated Statements of Operations, Equity, and Cash Flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Cleaning Authority, LLC and Affiliate as of December 31, 2011 and the result of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

ELLIN & TUCKER, CHARTERED
Certified Public Accountants

Baltimore, Maryland
March 29, 2012

INDEPENDENT MEMBER OF



WITH AFFILIATED OFFICES WORLDWIDE

CONSOLIDATED BALANCE SHEET

THE CLEANING AUTHORITY, LLC AND AFFILIATE
CONSOLIDATED BALANCE SHEET
December 31, 2011

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 265,563
Accounts Receivable	499,828
Condominiums Held for Sale (Note 2)	2,400,828
Inventory	85,201
Prepaid Expenses	<u>6,254</u>
 Total Current Assets	 <u>3,257,674</u>

PROPERTY AND EQUIPMENT:

Land	687,383
Buildings and Improvements	9,198,222
Furniture and Fixtures	307,883
Equipment	<u>913,906</u>
	11,107,394
Less: Accumulated Depreciation	<u>2,614,593</u>
	<u>8,492,801</u>

OTHER ASSETS:

Deposits	150
Capitalized Loan Costs, Net	44,078
Due from Related Parties	<u>478,648</u>
 Total Other Assets	 <u>522,876</u>
 Total Assets	 <u><u>\$ 12,273,351</u></u>

(See Independent Auditors' Report and Accompanying Notes)

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

Checks Issued in Excess of Bank Balance	\$ 32,925
Current Maturities of Long-Term Debt (Note 3)	268,262
Current Maturities of Capital Lease Obligations (Note 4)	172,486
Accounts Payable	658,798
Accrued Expenses	235,370
Due to Related Parties (Note 6)	<u>347,895</u>
 Total Current Liabilities	 <u>1,715,736</u>

LONG-TERM LIABILITIES:

Long-Term Debt (Note 3)	10,163,254
Capital Lease Obligations (Note 4)	<u>208,807</u>
 Total Long-Term Liabilities	 <u>10,372,061</u>
 Total Liabilities	 <u>12,087,797</u>

COMMITMENTS AND CONTINGENCIES (Note 5)

EQUITY:

The Cleaning Authority, LLC Members' Deficit	(93,485)
Noncontrolling Interest	<u>279,039</u>
 Total Equity	 <u>185,554</u>
 Total Liabilities and Equity	 <u><u>\$ 12,273,351</u></u>

**THE CLEANING AUTHORITY, LLC AND AFFILIATE
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2011**

<u>REVENUES:</u>	
Initial Franchise Fees	\$ 313,774
Continuing Franchise Fees	27,683,986
Rental Income	<u>212,317</u>
	28,210,077
FRANCHISEE SUPPORT SERVICES	<u>15,151,056</u>
Gross Profit	13,059,021
GENERAL AND ADMINISTRATIVE EXPENSES	<u>5,543,992</u>
Income from Operations	7,515,029
<u>OTHER INCOME (EXPENSES):</u>	
Interest Income	4,645
Interest Expense	<u>(644,140)</u>
Net Income including Noncontrolling Interest	6,875,534
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(223,300)</u>
Net Income Attributable to The Cleaning Authority, LLC	<u><u>\$ 7,098,834</u></u>

(See Independent Auditors' Report and Accompanying Notes)

**THE CLEANING AUTHORITY, LLC AND AFFILIATE
CONSOLIDATED STATEMENT OF EQUITY
For the Year Ended December 31, 2011**

	<u>Members' Equity</u>	<u>Noncontrolling Interest</u>	<u>Total Equity</u>
BALANCE - BEGINNING OF YEAR	\$ 183,500	\$ 502,339	\$ 685,839
Members' Distributions	(7,375,819)	-	(7,375,819)
Net Income (Loss)	<u>7,098,834</u>	<u>(223,300)</u>	<u>6,875,534</u>
BALANCE - END OF YEAR	<u><u>\$ (93,485)</u></u>	<u><u>\$ 279,039</u></u>	<u><u>\$ 185,554</u></u>

(See Independent Auditors' Report and Accompanying Notes)

**THE CLEANING AUTHORITY, LLC AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011**

OPERATING ACTIVITIES:

Net Income including Noncontrolling Interest	\$ 6,875,534
<u>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</u>	
Depreciation and Amortization	772,647
<u>Decrease (Increase) in Assets:</u>	
Accounts Receivable	60,524
Inventory	(9,728)
Prepaid Expenses	66,891
Deposits	3,103
<u>(Decrease) Increase in Liabilities:</u>	
Accounts Payable	51,608
Accrued Expenses	<u>(68,758)</u>
 Net Cash Provided by Operating Activities	 <u>7,751,821</u>

INVESTING ACTIVITIES:

Acquisition of Property and Equipment	(42,912)
Net Advances to Related Parties	<u>(66,976)</u>
 Net Cash Used in Investing Activities	 <u>(109,888)</u>

FINANCING ACTIVITIES:

Increase in Checks Issued in Excess of Bank Balance	32,925
Principal Payments on Long-Term Debt	(540,668)
Payment of Capital Lease Obligations	(280,835)
Members' Distributions	<u>(7,375,819)</u>
 Net Cash Used in Financing Activities	 <u>(8,164,397)</u>
 Net Change in Cash and Cash Equivalents	 (522,464)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>788,027</u>
---	----------------

CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 265,563</u></u>
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SUPPLEMENTAL DISCLOSURES:

Cash Paid During the Year for Interest	<u><u>\$ 644,140</u></u>
--	--------------------------

(See Independent Auditors' Report and Accompanying Notes)

**THE CLEANING AUTHORITY, LLC AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Cleaning Authority, LLC (Cleaning Authority) is primarily engaged in the sale and support of franchises operating in the cleaning industry throughout the United States. Authority Development Company, LLC (ADC) owns and operates a commercial condominium office building.

Principles of Consolidation

The consolidated financial statements include the accounts of Cleaning Authority and its affiliate, ADC, (collectively referred to as the Company). All significant intercompany balances and transactions have been eliminated in consolidation. The Company is a wholly owned subsidiary of TCA Operating, LLC.

Variable Interest Entities (VIE)

VIEs are primarily entities that lack sufficient equity to finance their activities without additional subordinated financial support from other parties or whose equity holders as a group lack certain power, obligations, or rights. VIEs with which the Company is involved are evaluated to determine whether the Company has a controlling financial interest in the VIE and is, therefore, the primary beneficiary of the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes.

The Company has concluded that ADC is a VIE and Cleaning Authority is the primary beneficiary. Accordingly, the consolidated financial statements include the accounts of ADC. The following summarizes the carrying amounts of ADC's assets and liabilities at December 31, 2011:

Accounts Receivable	\$ 342,652
Condominiums Held for Sale	2,400,828
Due from Related Parties	227,977
Land and Building - Net	7,776,129
Capitalized Loan Costs	<u>44,078</u>
 Total Assets	 <u>\$ 10,791,664</u>
 Checks Issued in Excess of Bank Balance	 \$ 32,925
Long-Term Debt	10,431,516
Accounts Payable	<u>48,184</u>
 Total Liabilities	 10,512,625
 Members' Equity (Noncontrolling Members' Interest)	 <u>279,039</u>
 Total Liabilities and Equity	 <u>\$ 10,791,664</u>

(See Independent Auditors' Report)

THE CLEANING AUTHORITY, LLC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Accounting Standards Codification

All references in the consolidated financial statements to the Codification refer to the Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (GAAP) issued by the Financial Accounting Standards Board. The Codification is the single source of authoritative GAAP in the United States.

Cash and Cash Equivalents

The Company maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes they are not exposed to any significant credit risks on cash.

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable consist mainly of royalty and advertising fees due from franchisees and are carried at the original amount less an estimate for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and using historical experience applied to the aging of accounts. At December 31, 2011, the Company considers all receivables to be fully collectible and, accordingly, no allowance has been provided for doubtful accounts.

Inventory

Inventory is stated at the lower of cost or market, with cost determined using the weighted average method.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over the useful lives of the assets. Depreciation expense charged to operations for the year ended December 31, 2011 was \$767,304.

Revenue Recognition

Revenue from sales of individual franchises is recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided to the franchisee have been performed. Revenue for ongoing franchise royalty fees is recognized when the amounts are earned and the amount and timing of the revenue can be reasonably estimated.

(See Independent Auditors' Report)

THE CLEANING AUTHORITY, LLC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

When a franchise is sold, Cleaning Authority agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, personnel training, implementation of an accounting system, design of a quality control system and advertising.

Cleaning Authority recognizes revenue from product sales at the time of shipment to customers for products shipped by third-party carriers or upon pick-up by the customer. Shipping and handling charges to franchisees are included in continuing franchise fee revenue. Shipping and handling costs incurred by the Company are included in costs of goods sold.

ADC's building is leased under operating leases with terms up to 10 years. ADC recognizes rental income and abatements from its leases when earned on a straight-line basis, in accordance with the Leases Topic of the Codification. Pass-through expenses are comprised of real estate taxes, operating expenses and common area maintenance costs, which are reimbursed by tenants in accordance with specific allowable costs per tenant lease agreements.

Use of Estimates

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

Income Taxes

The Company is a limited liability company not subject to income taxes. Accordingly, no provision has been made for federal and state income taxes since these taxes are the responsibility of the individual members.

The Company follows the provisions of Accounting for Uncertainty in Income Taxes under the Income Taxes Topic of the Codification. The Codification requires the evaluation of tax positions taken or expected to be taken in the Company's tax returns and does not allow recognition of tax positions which do not meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. Management evaluated the Company's tax position and concluded the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

Advertising Costs

The Company expenses advertising and promotional costs as they are incurred. Advertising costs charged to franchisee support services for the year ended December 31, 2011 were \$1,155,128.

(See Independent Auditors' Report)

**THE CLEANING AUTHORITY, LLC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

Subsequent Events

The Company evaluated subsequent events and transactions for potential recognition and disclosure in the consolidated financial statements through March 29, 2012, the date the consolidated financial statements were available to be issued.

2. CONDOMINIUMS HELD FOR SALE

Condominiums held for sale consist of commercial office condominiums in the building owned by ADC. Condominiums held for sale are stated at the lower of cost or market. Cost is determined by specific identification.

3. NOTES PAYABLE

Notes payable at December 31, 2011 consist of the following:

Mortgage note payable, due in monthly installments of \$67,439, including interest at 6.25% through April 2015, at which time the interest rate is adjusted to a variable rate subject to a floor of 6.25%; collateralized by deed of trust; guaranteed by Cleaning Authority and other related parties	\$ 8,757,565
Notes payable to related parties, bearing interest at a variable rate based upon the annual IRS Blended AFR rate, 0.20% at December 31, 2011; unsecured; no scheduled principal payments; subordinated to mortgage note payable; due June 2016	<u>1,673,951</u>
Total	10,431,516
Less: Current Maturities	<u>268,262</u>
Total	<u>\$ 10,163,254</u>

Maturities of long-term debt are as follows:

Year Ending December 31,	2012	\$ 268,262
	2013	279,481
	2014	297,457
	2015	316,590
	2016	2,010,905
	Thereafter	<u>7,258,821</u>
Total		<u>\$ 10,431,516</u>

(See Independent Auditors' Report)

THE CLEANING AUTHORITY, LLC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

4. CAPITAL LEASE OBLIGATIONS

The Company leases various computer equipment, office equipment, and furniture and fixtures under capital leases with varying expiration dates through 2015. Under these obligations, interest is imputed on the leases at varying rates ranging from 4.99% to 9.59%. The following is a schedule of the future minimum lease payments under these leases as of December 31, 2011:

Year Ending December 31,	2012		\$ 189,893
	2013		171,703
	2014		41,355
	2015		3,797
Total Minimum Lease Payments			406,748
Less: Amount Representing Interest			25,455
Present Value of Minimum Lease Payments			381,293
Less: Current Maturities			172,486
Capital Lease Obligations			\$ 208,807

The cost and accumulated depreciation of equipment under capital leases were \$1,014,236 and \$894,324, respectively, at December 31, 2011.

5. COMMITMENTS AND CONTINGENCIES

Leasing Arrangements

Cleaning Authority leases office space at an annual cost of \$1,080,000 from ADC under a non-cancellable operating lease that expires in April 2020. All rental transactions between Cleaning Authority and ADC have been eliminated in consolidation.

Another related party leases office space from ADC under a non-cancellable operating lease that expires in December 2013. The following is a schedule, by year, of future minimum rental payments required under that lease as of December 31, 2011:

Year Ending December 31,	2012		\$ 212,317
	2013		212,317
Total			\$ 424,634

(See Independent Auditors' Report)

**THE CLEANING AUTHORITY, LLC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

Litigation

The Company is involved in legal disputes from time to time in the normal course of business. Currently, various cases and claims exist, whereby the Company has claimed contractual violations by certain current and former franchisees. In some cases, the franchisees have counterclaimed for matters, including violations of certain State Franchise Acts.

In February 2012, the Company entered into a Settlement Agreement and Release (Settlement) with a former franchisee. The Settlement related to the Company's allegations of breach of contract and fraudulent filing of bankruptcy. As a result of the Settlement, the former franchisee signed a Promissory Note for \$450,000 payable to the Company in monthly installment payments.

In September 2009, S&T Management, LLC (S&T), which merged with the Company during 2010, received a communication from an Assistant U.S. Attorney in the Department of Justice (DOJ) in the Western District of Oklahoma. The communication claimed certain mail entered into the United States Postal Service (USPS) system on behalf of the Company by S&T had failed to meet the requirements for the discounted postage rates that were claimed and received. The letter further asserted that, "absent satisfactory rebuttal to these allegations," the United States intended to initiate civil litigation against S&T and its individual principals and would seek to recover monetary damages under the False Claims Act in an amount up to three times the actual loss suffered by the USPS, plus civil penalties. The calculation of liability for the alleged violations ranged from \$2.7 to \$11.7 million, before the application of treble damages and civil penalties under the False Claims Act. In June 2010, the Company sent a detailed rebuttal on the merits to the claims and, in August 2011, received a response requesting further documents. In October 2011, S&T produced the requested documents. There have been no further communications from the DOJ, and S&T has not received notice of any suit, request for injunctive relief or restrictive order decree.

The outcome of this matter cannot be currently determined; however, the Company intends to vigorously defend its position if an action is initiated. The Company believes that its mailings were submitted to and accepted by the USPS in compliance with the bundling, traying and other preparation requirements specified by the USPS. No amounts have been recorded in these consolidated financial statements related to this matter.

6. RELATED PARTY TRANSACTIONS

The Company participates in transactions with its members, companies and individuals affiliated through common ownership. A summary of the transactions from the year ended December 31, 2011 follows:

(See Independent Auditors' Report)

**THE CLEANING AUTHORITY, LLC AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

<u>Revenue from Affiliated Entities:</u>	
Continuing Franchise Fees	\$ 363,050
Rental Income	212,317
<u>Expenses:</u>	
Cost of Services Provided by an Affiliated Entity	453,743

7. SUMMARY OF FRANCHISE BUSINESSES

Following is a summary of changes in the number of franchise businesses during the year ended December 31, 2011:

<u>Company–Operated Businesses:</u>	
In Operation, December 31, 2010	1
New Franchises Sold	-
Ceased Operations	-
	<hr/>
In Operation, December 31, 2011	1
	<hr/>
<u>Franchised Businesses:</u>	
In Operation, December 31, 2010	173
New Franchises Sold	5
Ceased Operations	(5)
	<hr/>
In Operation, December 31, 2011	173
	<hr/>
Total in Operation, December 31, 2011	<u>174</u>

8. EMPLOYEE BENEFIT PLAN

Cleaning Authority maintains a defined contribution plan under the provisions of Section 401(k) of the Internal Revenue Code, covering substantially all of its employees meeting certain eligibility requirements. The plan provides for matching contributions of 100% of employee contributions, up to 4% of the participating employee's contributions. Employer contributions to the Plan for the year ended December 31, 2011 were \$82,659.

(See Independent Auditors' Report)

ADDITIONAL FINANCIAL INFORMATION



Ellin & Tucker, Chartered

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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL FINANCIAL INFORMATION

To the Board of Directors of
The Cleaning Authority, LLC

We have audited the consolidated financial statements of The Cleaning Authority, LLC and Affiliate as of and for the year ended December 31, 2011, and our report thereon dated March 29, 2012, which expressed an unqualified opinion on those consolidated financial statements on Page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information on Pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

ELLIN & TUCKER, CHARTERED
Certified Public Accountants

Baltimore, Maryland
March 29, 2012

SCHEDULE OF CONSOLIDATING BALANCE SHEETS

**THE CLEANING AUTHORITY, LLC AND AFFILIATE
SCHEDULE OF CONSOLIDATING BALANCE SHEETS
December 31, 2011**

ASSETS

	The Cleaning Authority, LLC	Authority Development Company, LLC	Eliminations	Consolidated
<u>CURRENT ASSETS:</u>				
Cash and Cash Equivalents	\$ 265,563	\$ -	\$ -	\$ 265,563
Accounts Receivable	461,355	342,652	(304,179)	499,828
Condominiums Held for Sale	-	2,400,828		2,400,828
Inventory	85,201	-	-	85,201
Prepaid Expenses	6,254	-	-	6,254
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	818,373	2,743,480	(304,179)	3,257,674
<u>PROPERTY AND EQUIPMENT:</u>				
Land	-	687,383	-	687,383
Buildings and Improvements	80,592	9,117,630	-	9,198,222
Furniture and Fixtures	307,883	-	-	307,883
Equipment	913,906	-	-	913,906
	<hr/>	<hr/>	<hr/>	<hr/>
	1,302,381	9,805,013	-	11,107,394
Less: Accumulated Depreciation	585,709	2,028,884	-	2,614,593
	<hr/>	<hr/>	<hr/>	<hr/>
	716,672	7,776,129	-	8,492,801
<u>OTHER ASSETS:</u>				
Deposits	150	-	-	150
Capitalized Loan Costs, Net	-	44,078	-	44,078
Due from Related Parties	250,671	227,977	-	478,648
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Assets	250,821	272,055	-	522,876
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 1,785,866	\$ 10,791,664	\$ (304,179)	\$ 12,273,351

(See Independent Auditors' Report on Additional Financial Information)

LIABILITIES AND EQUITY

	The Cleaning Authority, LLC	Authority Development Company, LLC	Eliminations	Consolidated
<u>CURRENT LIABILITIES:</u>				
Checks Issued in Excess of Bank Balance	\$ -	\$ 32,925	\$ -	\$ 32,925
Current Maturities of Long-Term Debt	-	268,262	-	268,262
Current Maturities of Capital Lease Obligations	172,486	-	-	172,486
Accounts Payable	610,614	48,184	-	658,798
Accrued Expenses	235,370	-	-	235,370
Due to Related Parties	347,895	-	-	347,895
	<u>1,366,365</u>	<u>349,371</u>	<u>-</u>	<u>1,715,736</u>
<u>LONG-TERM LIABILITIES:</u>				
Long-Term Debt	-	10,163,254	-	10,163,254
Capital Lease Obligations	208,807	-	-	208,807
Deferred Rent	304,179	-	(304,179)	-
	<u>512,986</u>	<u>10,163,254</u>	<u>(304,179)</u>	<u>10,372,061</u>
	<u>1,879,351</u>	<u>10,512,625</u>	<u>(304,179)</u>	<u>12,087,797</u>
<u>EQUITY:</u>				
The Cleaning Authority, LLC Members' Deficit	(93,485)	-	-	(93,485)
Noncontrolling Interest	-	279,039	-	279,039
	<u>(93,485)</u>	<u>279,039</u>	<u>-</u>	<u>185,554</u>
	<u>\$ 1,785,866</u>	<u>\$ 10,791,664</u>	<u>\$ (304,179)</u>	<u>\$ 12,273,351</u>

THE CLEANING AUTHORITY, LLC AND AFFILIATE
SCHEDULE OF CONSOLIDATING STATEMENTS OF OPERATIONS
For the Year Ended December 31, 2011

	The Cleaning Authority, LLC	Authority Development Company, LLC	Eliminations	Consolidated
REVENUES:				
Initial Franchise Fees	\$ 313,774	\$ -	\$ -	\$ 313,774
Continuing Franchise Fees	27,683,986	-	-	27,683,986
Rental Income	-	1,149,249	(936,932)	212,317
	27,997,760	1,149,249	(936,932)	28,210,077
FRANCHISEE SUPPORT SERVICES	15,151,056	-	-	15,151,056
Gross Profit	12,846,704	1,149,249	(936,932)	13,059,021
GENERAL AND ADMINISTRATIVE EXPENSES	5,707,526	773,398	(936,932)	5,543,992
Income from Operations	7,139,178	375,851	-	7,515,029
OTHER INCOME (EXPENSES):				
Interest Income	3,109	1,536	-	4,645
Interest Expense	(43,453)	(600,687)	-	(644,140)
Net Income (Loss) including Noncontrolling Interest	7,098,834	(223,300)	-	6,875,534
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	-	(223,300)	-	(223,300)
Net Income Attributable to The Cleaning Authority, LLC	<u>\$ 7,098,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,098,834</u>

(See Independent Auditors' Report on Additional Financial Information)

The Cleaning Authority, LLC And Affiliate

Consolidated Financial Report
December 31, 2010

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Independent Auditor's Report

To the Board of Directors and Member
The Cleaning Authority, LLC

We have audited the accompanying consolidated balance sheet of The Cleaning Authority, LLC and Affiliate (collectively, the Company) as of December 31, 2010, and the related statements of income, equity and cash flows for the period March 24, 2010 to December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Cleaning Authority, LLC and Affiliate as of December 31, 2010, and the results of their operations and their cash flows for the period March 24, 2010 to December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Frederick, Maryland
March 24, 2011

The Cleaning Authority, LLC And Affiliate

Consolidated Balance Sheet

December 31, 2010

Assets

Current Assets	
Cash and cash equivalents	\$ 788,027
Accounts receivable	560,352
Condominiums held for sale	2,400,828
Inventories	75,473
Prepaid expenses	73,145
Due from related parties	320,324
Total current assets	<u>4,218,149</u>
Property And Equipment	
Land	687,383
Building and improvements	9,182,281
Furniture and fixtures	307,883
Equipment	886,935
	<u>11,064,482</u>
Less accumulated depreciation	<u>1,847,289</u>
	<u>9,217,193</u>
Other Assets	
Deposits	3,253
Capitalized loan costs, net	49,421
	<u>52,674</u>
	<u>\$ 13,488,016</u>

See Notes To Consolidated Financial Statements.

Liabilities And Equity

Current Liabilities

Current obligations under capital leases	\$ 280,313
Notes payable, current portion	232,207
Accounts payable	607,190
Accrued expenses	304,128
Due to related parties	256,547
Total current liabilities	1,680,385

Long-Term Liabilities

Capital leases payable, less current obligations	381,815
Notes payable, less current portion	10,739,977
	11,121,792

Commitments And Contingencies (Note 5)

Equity

The Cleaning Authority, LLC member's equity	183,500
Noncontrolling interest	502,339
Total equity	685,839

\$ 13,488,016

The Cleaning Authority, LLC And Affiliate

**Consolidated Statement Of Income
For The Period From March 24, 2010 To December 31, 2010**

	Amount	% Of Revenue
Revenue:		
Initial franchise fees	\$ 153,991	0.7%
Continuing franchise fees	19,827,715	93.3%
Income from sale of condominiums held for sale	1,042,230	4.9%
Rental income	224,325	1.1%
	<u>21,248,261</u>	<u>100.0%</u>
Costs of goods sold and services rendered	<u>10,660,491</u>	<u>50.2%</u>
Gross profit	10,587,770	49.8%
General and administrative expenses	<u>6,602,466</u>	<u>31.1%</u>
Operating income	<u>3,985,304</u>	<u>18.7%</u>
Other income (expenses):		
Interest income	11,438	0.1%
Interest expense	(567,338)	-2.7%
	<u>(555,900)</u>	<u>-2.6%</u>
Net income	3,429,404	16.1%
Net loss attributable to noncontrolling interest	<u>(1,003,816)</u>	<u>-4.7%</u>
Net income attributable to The Cleaning Authority, LLC	<u>\$ 4,433,220</u>	<u>20.8%</u>

See Notes To Consolidated Financial Statements.

The Cleaning Authority, LLC And Affiliate

**Consolidated Statement Of Equity
For The Period From March 24, 2010 To December 31, 2010**

	The Cleaning Authority, LLC Member's Equity	Noncontrolling Interest	Total Equity
Balance at March 24, 2010	\$ -	\$ 1,506,155	\$ 1,506,155
Member's liabilities assumed in excess of assets contributed (Note 2)	(379,805)	-	(379,805)
Contribution of merged entity (Note 2)	172,667	-	172,667
Net income (loss)	4,433,220	(1,003,816)	3,429,404
Distributions	(4,042,582)	-	(4,042,582)
Balance at December 31, 2010	<u>\$ 183,500</u>	<u>\$ 502,339</u>	<u>\$ 685,839</u>

See Notes To Consolidated Financial Statements.

The Cleaning Authority, LLC And Affiliate

Consolidated Statement Of Cash Flows
For The Period From March 24, 2010 To December 31, 2010

Cash Flows From Operating Activities	
Net income	\$ 3,429,404
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	578,868
Impairment loss on condominiums held for sale	661,644
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	8,108
Condominiums held for sale	1,285,619
Prepaid expenses	15,201
Inventories	(9,148)
Increase (decrease) in:	
Accounts payable	(430,806)
Accrued expenses	(90,322)
Net cash provided by operating activities	<u>5,448,568</u>
Cash Flows From Investing Activities	
Net advances to related parties	(170,138)
Purchase of property and equipment	(8,215)
Cash contributed by merged entities	321,487
Net cash provided by investing activities	<u>143,134</u>
Cash Flows From Financing Activities	
Net advances from related parties	13,653
Payment for loan costs	(53,426)
Principal payments on obligations under capital lease	(198,272)
Proceeds from long-term debt	10,198,700
Principal payments on long-term debt	(10,739,888)
Distributions to members	(4,042,582)
Net cash used in financing activities	<u>(4,821,815)</u>
Net increase in cash and cash equivalents	769,887
Cash And Cash Equivalents:	
Beginning	<u>18,140</u>
Ending	<u>\$ 788,027</u>

(Continued)

The Cleaning Authority, LLC And Affiliate

**Consolidated Statement Of Cash Flows (Continued)
For The Period From March 24, 2010 To December 31, 2010**

Supplemental Disclosure of Noncash Investing and Financing Activities:	
Merger of The Cleaning Authority, Inc.:	
Current assets	\$ 391,774
Long-term assets:	
Property and equipment	636,245
Deposits	150
	<u>1,028,169</u>
Current liabilities	1,228,307
Long-term liabilities:	
Capital leases payable, less current obligations	171,385
Deferred rent	286,576
	<u>1,686,268</u>
Liabilities assumed in excess of assets contributed, net of cash	<u>\$ (658,099)</u>
Merger of S & T Management, LLC:	
Current assets	\$ 764,376
Long-term assets:	
Property and equipment	660,948
	<u>1,425,324</u>
Current liabilities	845,760
Long-term liabilities:	
Capital leases payable, less current obligations	450,090
	<u>1,295,850</u>
Assets contributed in excess of liabilities assumed, net of cash	<u>\$ 129,474</u>
Supplemental Disclosure Of Cash Flow Information	
Cash paid for interest	<u>\$ 534,186</u>

See Notes To Consolidated Financial Statements.

The Cleaning Authority, LLC And Affiliate

Notes To Consolidated Financial Statements

Note 1. Nature Of Business And Significant Accounting Policies

Nature of business: The Cleaning Authority, LLC (The Cleaning Authority) was established on February 4, 2010 under the laws of the State of Maryland and was dormant until the reorganization plan discussed below. The Cleaning Authority is primarily engaged in the sale and support of franchises operating in the cleaning industry across the United States. The Authority Development Company, LLC (Affiliate) is a variable interest entity of The Cleaning Authority and was established in 2006. The Affiliate owns a building and leases a portion of it to The Cleaning Authority, which guarantees the debt associated with financing the building. The Cleaning Authority and the Affiliate are collectively referred to as the Company.

Pursuant to a reorganization plan on March 23, 2010, the assets and liabilities of The Cleaning Authority, Inc. were merged with and into The Cleaning Authority, LLC (The Cleaning Authority). In addition, on April 5, 2010, the assets of S & T Management, LLC were merged with and into The Cleaning Authority. Immediately prior to the merger, both S & T Management, LLC and The Cleaning Authority were owned by the same parent company; therefore, balances have been merged at recorded book values at the date of merger. Details of the reorganization are disclosed further in Note 2.

A summary of the Company's significant accounting policies follows:

Principles of consolidation: The accompanying consolidated financial statements include the accounts of The Cleaning Authority and the Affiliate. All significant inter-company accounts and transactions have been eliminated in consolidation.

Revenue recognition: Revenue from sales of individual franchises is recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided to the franchisee have been performed. Revenue for ongoing franchise royalty fees is recognized when amounts are earned and the amount and timing of the revenue can be reasonably estimated.

When a franchise is sold, The Cleaning Authority agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, personnel training, implementation of an accounting system, design of a quality control program and advertising.

The Cleaning Authority recognizes revenue from product sales at the time of shipment to customers for products shipped by third-party carriers or upon pick-up by the customer. Shipping and handling charges to customers are included in the continuing franchise fee revenue. Shipping and handling costs incurred by the Company are included in costs of goods sold.

The Affiliate's building is leased under operating leases with terms up to ten years. The Affiliate recognizes rental income and rental abatements from its leases when earned on a straight-line basis, in accordance with the Leases Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Pass-through expenses are comprised of real estate taxes, operating expenses and common area maintenance costs, which are reimbursed by tenants in accordance with specific allowable costs per tenant lease agreements.

Cash and cash equivalents: The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Financial credit risk: The Company maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes they are not exposed to any significant credit risks on cash.

The Cleaning Authority, LLC And Affiliate

Notes To Consolidated Financial Statements

Note 1. Nature Of Business And Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable consist mainly of royalty and advertising fees payable by franchises and are carried at the original amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivables are written off when deemed uncollectible. Recoveries of accounts receivables previously written off are recorded when received. The Company considers all receivables to be fully collectible and accordingly, no allowance has been made for doubtful accounts.

Accounts receivable are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. In accordance with Company policies, no interest is charged on receivables that are outstanding for more than 90 days.

Condominiums held for sale: Condominiums held for sale consist of commercial office condominiums in the building owned by the Affiliate. Condominiums held for sale are stated at the lower of cost or market. Cost is determined by specific identification. During the period March 24, 2010 to December 31, 2010, the Affiliate recognized a \$661,644 impairment loss on condominiums held for sale which is recorded in Cost of goods sold and services rendered on the Consolidated Statement Of Income.

Inventories: Inventories are stated at the lower of cost on the first-in first-out basis or market.

Property and equipment: Property and equipment are stated at cost. Depreciation of the building and improvements, furniture, fixtures, and equipment is determined on a straight-line basis over their useful lives, which range from 3 to 39 years. Depreciation expense charged to operations for the period from March 24, 2010 to December 31, 2010, was \$574,863.

Capital loan costs: The Affiliate capitalized costs associated with obtaining a mortgage payable on the building. The costs are being recognized over ten years. Amortization expense was \$4,005 during the period from March 24, 2010 to December 31, 2010.

Valuation of long-lived assets: The Company records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets.

Income taxes: As a limited liability company, The Cleaning Authority's and the Affiliate's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

The FASB issued new guidance on accounting for uncertainty in income taxes. The Company adopted this new guidance as of the date of inception of March 24, 2010. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. However, a reserve of \$30,000 has been recorded in accrued expenses related to potential liabilities related to The Cleaning Authority, Inc., which was merged with and into The Cleaning Authority pursuant to the reorganization plan discussed in Note 2.

Distributions: The Cleaning Authority makes distributions to its member during the year and subsequent to year-end.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Cleaning Authority, LLC And Affiliate

Notes To Consolidated Financial Statements

Note 1. Nature Of Business And Significant Accounting Policies (Continued)

Advertising costs: The Company expenses advertising and promotional costs as they are incurred. Advertising costs charged to operations for the period from March 24, 2010 to December 31, 2010, was \$599,675.

Subsequent events: The Company evaluated subsequent events through March 24, 2011, which represents the date the financial statements were available to be issued.

Note 2. Reorganizations

On March 24, 2010, a new entity, The Cleaning Authority, LLC, was formed and the following assets and liabilities from The Cleaning Authority, Inc. were merged into the new entity. Upon the reorganization, The Cleaning Authority, Inc. ceased to exist.

Current assets	\$ 670,068
Long-term assets:	
Property and equipment	636,245
Deposits	150
	<hr/>
	1,306,463
	<hr/>
Current liabilities	1,228,307
Long-term liabilities:	
Capital leases payable, less current obligations	171,385
Deferred rent	286,576
	<hr/>
	1,686,268
	<hr/>
Liabilities assumed in excess of assets contributed	<u>\$ (379,805)</u>

On April 5, 2010, the following assets and liabilities from S & T Management, LLC were merged into The Cleaning Authority, LLC. Upon the reorganization, S & T Management, LLC ceased to exist.

Current assets	\$ 807,569
Long-term assets:	
Property and equipment	660,948
	<hr/>
	1,468,517
	<hr/>
Current liabilities	845,760
Long-term liabilities:	
Capital leases payable, less current obligations	450,090
	<hr/>
	1,295,850
	<hr/>
Assets contributed in excess of liabilities assumed	<u>\$ 172,667</u>

The Cleaning Authority, LLC And Affiliate

Notes To Consolidated Financial Statements

Note 3. Capital Lease Obligations

The Company leases various computer equipment, office equipment, and furniture and fixtures under capital leases with varying expiration dates through 2015. Under these obligations, interest is imputed on the leases at varying rates ranging from 4.99% to 9.59% and provide for combined monthly principal and interest payments of \$27,113. The following is a schedule of the future minimum lease payments under these leases, together with the present value of the net minimum lease payments as of December 31, 2010:

Years Ending December 31,

2011	\$ 313,756
2012	189,893
2013	172,196
2014	41,355
2015	3,797
Total minimum lease payments	<u>720,997</u>
Less the amount representing interest	<u>(58,869)</u>
Present value of net minimum lease payments	<u>\$ 662,128</u>

The cost basis of equipment under capital lease as of December 31, 2010, was \$1,014,236. Accumulated depreciation on equipment under capital lease as of December 31, 2010 totaled \$634,666, for a net book value of \$379,570.

Note 4. Notes Payable

Notes payable at December 31, 2010, consist of the following:

Notes payable to related parties, bearing interest at a variable rate based upon the annual IRS Blended AFR rate, 0.59% at June 30, 2010; unsecured; with no scheduled principal payments; subordinated to mortgage note payable; due June 2016.	\$ 1,989,195
\$9,900,000 mortgage note payable for Affiliate's building; payable in monthly installments of \$67,439, including interest at 6.5% through April 2015, at which time interest rate resets to the five-year average monthly Treasury Constant for the preceding month plus 300 basis points subject to a floor rate of 6.5%; secured by deed of trust; guaranteed by The Cleaning Authority and other related parties; final balloon payment of approximately \$6,100,000 due April 2020.	8,982,989
	<u>\$ 10,972,184</u>

The Cleaning Authority, LLC And Affiliate

Notes To Consolidated Financial Statements

Note 4. Notes Payable (Continued)

During April 2010, the Company refinanced the existing mortgage note payable with a different financial institution. The mortgage note payable, described above, contains certain financial covenants. At December 31, 2010, the Company was in violation of certain covenants. The financial institution waived the noncompliance with these covenants.

The mortgage note payable requires a compensating balance account to be maintained. The Company maintains a money market account which has been included in cash and cash equivalents. At December 31, 2010, the balance was \$403,569.

Maturities of long-term debt, as of December 31, 2010, are due in future years as follows:

Years Ending December 31,

2011	\$	232,207
2012		247,759
2013		264,352
2014		282,056
2015		300,945
Thereafter		9,644,865
		<u>\$ 10,972,184</u>

Note 5. Commitments And Contingencies

Leasing Arrangements

The Cleaning Authority leases office space from the Affiliate under a non-cancellable operating lease that was amended on April 1, 2010, and expires in April 2020. The amended terms of the lease provide for annual escalations and the pass-through of property taxes and occupancy expenses. The rent escalations are being amortized over the life of the lease. All rental transactions between The Cleaning Authority and the Affiliate have been eliminated in consolidation.

Another related party leases office space from the Affiliate under a non-cancellable operating lease that expires in April 2020. The terms of the lease provide for annual escalations and the pass-through of property taxes and occupancy expenses. The rent escalations are being amortized over the life of the lease.

The following is a schedule, by year, of future minimum rental payments required under the lease as of December 31, 2010, for the other related party:

Years Ending December 31,

2011	\$	220,873
2012		227,500
2013		234,325
2014		241,354
2015		248,595
Thereafter		1,071,229
		<u>\$ 2,243,876</u>

The Cleaning Authority, LLC And Affiliate

Notes To Consolidated Financial Statements

Note 5. Commitments And Contingencies (Continued)

Litigation

The Company is involved in legal disputes from time to time in the normal course of business. Currently, various cases and claims exist, whereby the Company has claimed contractual violations by certain current and former franchisees. In some cases, the franchisees have counterclaimed for matters, including violations of certain State Franchise Acts.

Additionally, in September 2009 S & T Management, LLC, which recently merged into the Company, received a communication from an Assistant U.S. Attorney in the Western District of Oklahoma's office of the Department of Justice. The communication claimed that certain mail entered into the United States Postal Service (USPS) system on behalf of the Company by S & T Management, LLC had failed to meet the requirements for the discounted postage rates that were claimed and received. The letter further asserted that "absent satisfactory rebuttal to these allegations," the United States intended to initiate civil litigation against S & T Management, LLC and its individual principals, and that the Government would seek in such litigation to recover monetary damages under the False Claims Act in an amount up to three times the actual loss suffered by the USPS plus civil penalties. The September 2009 communication advanced five alternate grounds in support of the assertion that S & T Management, LLC had claimed discounts for its mailings to which it was not entitled. The calculation of liability for the alleged violations ranged from \$2.7 to \$11.7 million before the application of treble damages and civil penalties under the False Claims Act. The USPS did not question the number of pieces mailed per week or the adequacy of the documentation provided by S & T Management, LLC for the weekly mailings. In June 2010, the Company sent a detailed rebuttal on the merits to the claims made by the Government. There have been no further letters from the U.S. Attorney's office since June. In addition, the Government has not served the Company or S & T Management, LLC with notice of any suit, or any request for injunctive or restrictive order or decree, against the Company or S & T Management, LLC based on any of the allegations set forth in the Government's September 2009 communication, or on any other grounds.

The probable outcome of this matter cannot be currently determined; however, the Company intends to vigorously defend its position if the USPS initiates litigation. The Company maintains that its mailings were submitted to and accepted by the USPS in compliance with the bundling, traying and other preparation requirements specified by the USPS approved commercial software package on which S & T Management, LLC's subcontractor relied. No amounts have been recorded in these financial statements.

The Cleaning Authority, LLC And Affiliate

Notes To Consolidated Financial Statements

Note 6. Related Party Balances

The Company participates in transactions with its members and companies and individuals affiliated through common ownership. A summary of the transactions from the period from March 24, 2010 to December 31, 2010, and the amounts due to and from those related parties as of December 31, 2010, are listed below:

Income from:		
Continuing franchise fees from an affiliated entity	\$	265,666
Rental income from an affiliated entity		179,638
Expense from:		
Cost of services rendered by an affiliated entity		369,535
Amounts due from related parties:		
Due from related parties		320,324
Rent receivable from an affiliated entity		77,059
Amounts due to related parties:		
Notes payable to related parties		1,989,195
Due to related parties		256,547

Note 7. Summary of Franchise Businesses

Following is a summary of changes in the number of franchise businesses during the period ended December 31, 2010:

Company-operated businesses	
In operation, March 24, 2010	1
New franchises sold	-
Ceased operations	-
In operation, December 31, 2010	<u>1</u>
Franchised businesses	
In operation, March 24, 2010	177
New franchises sold	3
Ceased operations	(7)
In operation, December 31, 2010	<u>173</u>
Total in operation, December 31, 2010	<u><u>174</u></u>

Note 8. Employee Benefit Plan

The Cleaning Authority maintains a defined contribution plan under the provisions of Section 401(k) of the Internal Revenue Code, covering substantially all of its employees meeting certain eligibility requirements. The plan provides for The Cleaning Authority to make matching contributions of 100% of employee contributions, up to 4% of the participating employee's contributions. Employer contributions made to the plan for the period from March 24, 2010 to December 31, 2010, was \$58,756.



Independent Auditor's Report On The Supplementary Information

To the Board of Directors and Member
The Cleaning Authority, LLC

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information, which follows, is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual companies. The consolidating information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

McGladrey & Pullen, LLP

Frederick, Maryland
March 24, 2011

The Cleaning Authority, LLC And Affiliate

Consolidating Balance Sheet

December 31, 2010

Assets	The Cleaning Authority, LLC	The Authority Development Company, LLC	Total	Elimination	Consolidated
Current Assets					
Cash and cash equivalents	\$ 346,021	\$ 442,006	\$ 788,027	\$ -	\$ 788,027
Accounts receivable	483,293	499,270	982,563	(422,211)	560,352
Condominiums held for sale	-	2,400,828	2,400,828	-	2,400,828
Inventories	75,473	-	75,473	-	75,473
Prepaid expenses	13,807	59,338	73,145	-	73,145
Due from related parties	391,794	-	391,794	(71,470)	320,324
Total current assets	1,310,388	3,401,442	4,711,830	(493,681)	4,218,149
Property And Equipment					
Land	-	687,383	687,383	-	687,383
Building and improvements	80,592	9,101,689	9,182,281	-	9,182,281
Furniture and fixtures	307,883	-	307,883	-	307,883
Equipment	886,935	-	886,935	-	886,935
	1,275,410	9,789,072	11,064,482	-	11,064,482
Less accumulated depreciation	254,096	1,593,193	1,847,289	-	1,847,289
	1,021,314	8,195,879	9,217,193	-	9,217,193
Other Assets					
Deposits	150	3,103	3,253	-	3,253
Capitalized loan costs, net	-	49,421	49,421	-	49,421
	150	52,524	52,674	-	52,674
	\$ 2,331,852	\$ 11,649,845	\$ 13,981,697	\$ (493,681)	\$ 13,488,016

Liabilities And Equity	The Cleaning Authority, LLC	The Authority Development Company, LLC	Total	Elimination	Consolidated
Current Liabilities					
Current obligations under capital leases	\$ 280,313	\$ -	\$ 280,313	\$ -	\$ 280,313
Notes payable, current portion	-	232,207	232,207	-	232,207
Accounts payable	592,538	14,652	607,190	-	607,190
Accrued expenses	248,780	55,348	304,128	-	304,128
Due to related parties	222,695	105,322	328,017	(71,470)	256,547
Total current liabilities	1,344,326	407,529	1,751,855	(71,470)	1,680,385
Long-Term Liabilities					
Capital leases payable, less current obligations	381,815	-	381,815	-	381,815
Notes payable, less current portion	-	10,739,977	10,739,977	-	10,739,977
Deferred rent	422,211	-	422,211	(422,211)	-
	804,026	10,739,977	11,544,003	(422,211)	11,121,792
Equity					
The Cleaning Authority, LLC member's equity	183,500	-	183,500	-	183,500
Noncontrolling interest	-	502,339	502,339	-	502,339
Total equity	183,500	502,339	685,839	-	685,839
	\$ 2,331,852	\$ 11,649,845	\$ 13,981,697	\$ (493,681)	\$ 13,488,016

The Cleaning Authority, LLC And Affiliate

Consolidating Statement Of Income

For The Period From March 24, 2010 To December 31, 2010

	The Cleaning Authority, LLC	The Authority Development Company, LLC	Total	Elimination	Consolidated
Revenue:					
Initial franchise fees	\$ 153,991	\$ -	\$ 153,991	\$ -	\$ 153,991
Continuing franchise fees	19,827,715	-	19,827,715	-	19,827,715
Income from sale of condominiums held for sale	-	1,042,230	1,042,230	-	1,042,230
Rental income	-	1,097,873	1,097,873	(873,548)	224,325
	19,981,706	2,140,103	22,121,809	(873,548)	21,248,261
Costs of goods sold and services rendered	8,548,775	2,111,716	10,660,491	-	10,660,491
					-
Gross profit	11,432,931	28,387	11,461,318	(873,548)	10,587,770
General and administrative expenses	6,970,952	505,062	7,476,014	(873,548)	6,602,466
Operating income (loss)	4,461,979	(476,675)	3,985,304	-	3,985,304
Other income (expenses):					
Interest income	7,869	3,569	11,438	-	11,438
Interest expense	(36,628)	(530,710)	(567,338)	-	(567,338)
	(28,759)	(527,141)	(555,900)	-	(555,900)
Net income (loss)	4,433,220	(1,003,816)	3,429,404	-	3,429,404
Net loss attributable to noncontrolling interest	-	(1,003,816)	(1,003,816)	-	(1,003,816)
Net income attributable to The Cleaning Authority, LLC	\$ 4,433,220	\$ -	\$ 4,433,220	\$ -	\$ 4,433,220

The Cleaning Authority, Inc. And Affiliate

Consolidated Financial Report
March 23, 2010

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Independent Auditor's Report

To the Board of Directors and Stockholders
The Cleaning Authority, Inc.

We have audited the accompanying consolidated balance sheet of The Cleaning Authority, Inc. and Affiliate (collectively, the Company) as of March 23, 2010, and the related statements of income, equity (deficit) and cash flows for the period January 1, 2010 to March 23, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Cleaning Authority, Inc. and Affiliate as of March 23, 2010, and the results of their operations and their cash flows for the period January 1, 2010 to March 23, 2010 in conformity with accounting principles generally accepted in the United States of America.

On March 23, 2010, the assets and liabilities of The Cleaning Authority, Inc. were merged with and into The Cleaning Authority, LLC pursuant to a reorganization plan.

McGladrey & Pullen, LLP

Frederick, Maryland
March 24, 2011

The Cleaning Authority, Inc. And Affiliate

Consolidated Balance Sheet

March 23, 2010

Assets

Current Assets

Cash and cash equivalents	\$	296,434
Accounts receivable		310,332
Condominiums held for sale		4,348,091
Prepaid expenses		80,013
Due from related parties		10,821
Total current assets		<u>5,045,691</u>

Property And Equipment

Land		687,383
Building		9,101,688
Leasehold improvements		138,157
Furniture and fixtures		565,555
Equipment		729,747
		<u>11,222,530</u>
Less accumulated depreciation		<u>2,063,639</u>
		<u>9,158,891</u>

Deposits

3,253

\$ 14,207,835

See Notes To Consolidated Financial Statements.

Liabilities And Equity (Deficit)

Current Liabilities	
Current obligations under capital leases	\$ 134,386
Notes payable, current portion	149,429
Accounts payable	642,434
Accrued expenses	381,531
Due to related parties	238,377
Total current liabilities	<u>1,546,157</u>
Long-Term Liabilities	
Capital leases payable, less current obligations	171,385
Notes payable, less current portion	11,363,943
	<u>11,535,328</u>
Commitments And Contingencies (Note 4)	
Equity (Deficit)	
Common stock, no par value, 1,000 shares authorized, 960 issued and outstanding	960
Additional paid-in capital	6,040
Retained earnings (deficit)	(386,805)
Total stockholders' equity (deficit) attributable to The Cleaning Authority, Inc.	<u>(379,805)</u>
Noncontrolling interest	1,506,155
Total equity	<u>1,126,350</u>
	<u>\$ 14,207,835</u>

The Cleaning Authority, Inc. And Affiliate

**Consolidated Statement Of Income
For The Period From January 1, 2010 To March 23, 2010**

	Amount	% Of Revenue
Revenues:		
Initial franchise fees	\$ 86,453	3.8%
Continuing franchise fees	2,067,583	91.8%
Rental income	99,093	4.4%
	<u>2,253,129</u>	<u>100.0%</u>
 Franchise selling expenses	 <u>109,780</u>	 <u>4.9%</u>
 Gross profit	 2,143,349	 95.1%
 General and administrative expenses	 <u>1,851,761</u>	 <u>82.2%</u>
 Operating income	 291,588	 12.9%
 Other income (expenses):		
Interest income	51	0.0%
Interest expense	(158,939)	-7.1%
	<u>(158,888)</u>	<u>-7.1%</u>
 Net income	 132,700	 5.8%
 Net income attributable to noncontrolling interest	 <u>89,152</u>	 <u>4.0%</u>
 Net income attributable to The Cleaning Authority, Inc.	 <u>\$ 43,548</u>	 <u>1.8%</u>

See Notes To Consolidated Financial Statements.

The Cleaning Authority, Inc. And Affiliate

**Consolidated Statement Of Equity (Deficit)
For The Period From January 1, 2010 To March 23, 2010**

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity (Deficit)	Noncontrolling Interest	Total Equity
Balance at December 31, 2009	\$ 960	\$ 6,040	\$ (244,751)	\$ (237,751)	\$ 1,417,003	\$ 1,179,252
Net income	-	-	43,548	43,548	89,152	132,700
Distributions	-	-	(185,602)	(185,602)	-	(185,602)
Balance at March 23, 2010	\$ 960	\$ 6,040	\$ (386,805)	\$ (379,805)	\$ 1,506,155	\$ 1,126,350

See Notes To Consolidated Financial Statements.

The Cleaning Authority, Inc. And Affiliate

**Consolidated Statement Of Cash Flows
For The Period From January 1, 2010 To March 23, 2010**

Cash Flows From Operating Activities	
Net income	\$ 132,700
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	158,287
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(148,930)
Prepaid expenses	(17,734)
Increase (decrease) in:	
Accounts payable	223,239
Accrued expenses	140,227
Deferred revenue	(51,453)
Net cash provided by operating activities	<u>436,336</u>
Cash Flows From Investing Activities	
Net advances to related parties	(8,937)
Net cash used in investing activities	<u>(8,937)</u>
Cash Flows From Financing Activities	
Net advances from related parties	42,477
Principal payments on obligations under capital lease	(29,638)
Principal payments on long-term debt	(106,528)
Distributions to stockholders	(185,602)
Net cash used in financing activities	<u>(279,291)</u>
Net increase in cash and cash equivalents	148,108
Cash And Cash Equivalents:	
Beginning	<u>148,326</u>
Ending	<u>\$ 296,434</u>
Supplemental Schedule Of Noncash Investing And Financing Activities	
Obligations under capital leases incurred for the purchase of property and equipment	<u>\$ 57,000</u>
Settlement of obligations under capital leases through trade in of property and equipment	<u>\$ 31,200</u>
Supplemental Disclosure Of Cash Flow Information	
Cash paid for interest	<u>\$ 158,939</u>

See Notes To Consolidated Financial Statements.

The Cleaning Authority, Inc. And Affiliate

Notes To Consolidated Financial Statements

Note 1. Nature Of Business And Significant Accounting Policies

Nature of business: The Cleaning Authority, Inc. (The Cleaning Authority) was incorporated on May 3, 1996 under the laws of the state of Maryland. The Cleaning Authority is primarily engaged in the sale and support of franchises operating in the cleaning industry across the United States. The Authority Development Company, LLC (Affiliate) is a variable interest entity of The Cleaning Authority and was established in 2006. The Affiliate owns a building and leases a portion of it to The Cleaning Authority, which guarantees the debt associated with financing the building. The Cleaning Authority and the Affiliate are collectively referred to as the Company.

On March 23, 2010, the assets and liabilities of The Cleaning Authority, Inc. were merged with and into The Cleaning Authority, LLC pursuant to a reorganization plan.

A summary of the Company's significant accounting policies follows:

Principles of consolidation: The accompanying consolidated financial statements include the accounts of The Cleaning Authority and the Affiliate. All significant inter-company accounts and transactions have been eliminated in consolidation.

Revenue recognition: Revenue from sales of individual franchises is recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided to the franchisee have been performed. Revenue for ongoing franchise royalty fees is recognized when amounts are earned and the amount and timing of the revenue can be reasonably estimated.

When a franchise is sold, The Cleaning Authority agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of a quality control program.

The Affiliate's building is leased under operating leases with terms up to 10 years. The Affiliate recognizes rental income and rental abatements from its leases when earned on a straight-line basis in accordance with the Leases Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Pass-through expenses are comprised of real estate taxes, operating expenses and common area maintenance costs which are reimbursed by tenants in accordance with specific allowable costs per tenant lease agreements.

Cash and cash equivalents: The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Financial credit risk: The Company maintains cash in bank deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes they are not exposed to any significant credit risks on cash.

Accounts receivable: Accounts receivable consists mainly of royalty fees payable by franchises and is carried at the original amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The Company considers all receivables to be fully collectible, and accordingly, no allowance has been made for doubtful accounts.

Accounts receivable are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. In accordance with Company policies, no interest is charged on receivables that are outstanding for more than 90 days.

The Cleaning Authority, Inc. And Affiliate

Notes To Consolidated Financial Statements

Note 1. Nature Of Business And Significant Accounting Policies (Continued)

Condominiums held for sale: Condominiums held for sale consist of commercial office condominiums in the building owned by the affiliate. Condominiums held for sale are stated at the lower of cost or market. Cost is determined by specific identification.

Property and equipment: Property and equipment are stated at cost. Depreciation of the building, furniture, fixtures, and equipment is determined on a straight-line basis over their useful lives which range from three to thirty-nine years. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful life or the remaining lease term. Depreciation expense charged to operations for the period from January 1, 2010 to March 23, 2010 was \$158,287.

Valuation of long-lived assets: The Company records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets.

Income taxes: Effective January 1, 2005, The Cleaning Authority, with the consent of its stockholders, elected to be taxed under sections of federal and state income tax law, which provide that, in lieu of corporation income taxes, the stockholders will separately account for their pro rata shares of The Cleaning Authority's income, deductions, losses and credits. Under current United States tax law, The Cleaning Authority may be subject to income taxes at the maximum corporate rate if certain assets are sold at a gain for a ten-year period following the election. As a limited liability company, the Affiliate's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the financial statements.

In accordance with the FASB's new guidance on accounting for uncertainty in income taxes, management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for the years before 2007.

Distributions: The Company makes distributions to stockholders and members during the year and subsequent to year-end to assist them with paying the income taxes on the income of the Company if deemed necessary.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs: The Company expenses advertising and promotional costs as they are incurred. Advertising costs charged to operations for the period from January 1, 2010 to March 23, 2010 was \$133,349.

Subsequent events: The Company evaluated subsequent events through March 24, 2011, which represents the date the financial statements were available to be issued.

The Cleaning Authority, Inc. And Affiliate

Notes To Consolidated Financial Statements

Note 2. Notes Payable

Notes payable at March 23, 2010, consist of the following:

Notes payable to related parties, bearing interest at a variable rate based upon the annual IRS Blended AFR rate, unsecured, with no scheduled principal payments, subordinated to note payable for building, due June 2016.	\$ 1,820,714
Note payable for building, original principal of \$13,000,000, with monthly payments of \$91,594, including interest at 6.87%, maturing June 1, 2016. Loan was refinanced in April 2010.	<u>9,692,658</u>
	<u>\$ 11,513,372</u>

As noted above, the Company had entered into a note payable with a bank for \$13,000,000, which was secured by the office building owned by the Affiliate, and contained certain covenants and cross-collateralization agreements. The loan was subsequently refinanced on April 5, 2010 with a different financial institution. The new loan bears interest at a rate of 6.5%, which interest rate resets on the five-year anniversary date of the loan to the five year average monthly Treasury Constant for the preceding month plus three percent, subject to a floor rate of 6.5%. The new loan matures on April 5, 2020, and requires monthly payments of principal and interest of \$66,846, with a balloon payment at maturity of all remaining principal and interest then due. The following schedule of annual projected maturities of notes payable due in future years reflects the payment schedule under the new loan agreement:

Years Ending March 23,	
2011	\$ 149,429
2012	173,466
2013	185,084
2014	197,479
2015	210,705
Thereafter	<u>10,597,209</u>
	<u>\$ 11,513,372</u>

The Cleaning Authority, Inc. And Affiliate

Notes To Consolidated Financial Statements

Note 3. Capital Lease Obligations

The Company leases various computer equipment, office equipment, and furniture and fixtures under capital leases with varying expiration dates through 2015. Under these obligations, interest is imputed on the leases at varying rates ranging from 5.29% to 8.97% and provide for combined monthly principal and interest payments of \$13,062. The following is a schedule of the future minimum lease payments under these leases, together with the present value of the net minimum lease payments as of March 23, 2010:

Years Ending March 23,	
2011	\$ 156,746
2012	139,052
2013	15,186
2014	15,186
2015	15,186
Total minimum lease payments	<u>341,356</u>
Less the amount representing interest	<u>(35,585)</u>
Present value of net minimum lease payments	<u>\$ 305,771</u>

The cost basis of equipment under capital lease as of March 23, 2010 is \$751,492. Accumulated depreciation on equipment under capital lease as of March 23, 2010 totaled \$317,402, for a net book value of \$434,090.

Note 4. Commitments And Contingencies

Leasing Arrangements

The Cleaning Authority leases office space from the Affiliate under a non-cancellable operating lease that was amended on April 1, 2010 and expires April 2020. The amended terms of the lease provide for annual escalations and the pass-through of property taxes and occupancy expenses. The rent escalations are being amortized over the life of the lease. All rental transactions between The Cleaning Authority and the Affiliate have been eliminated in consolidation.

Two other related parties lease office space from the Affiliate under non-cancellable operating leases that expire April 2020. The terms of the leases provide for annual escalations and the pass-through of property taxes and occupancy expenses. The rent escalations are being amortized over the life of the lease.

The following is a schedule by year of future minimum rental payments required under these leases as of March 23, 2010 for the two other related parties:

Years Ending March 23,	
2011	\$ 336,033
2012	346,113
2013	356,497
2014	367,192
2015	378,208
Thereafter	<u>2,105,411</u>
	<u>\$ 3,889,454</u>

The Cleaning Authority, Inc. And Affiliate

Notes To Consolidated Financial Statements

Note 4. Commitments And Contingencies (Continued)

Guarantees

The Cleaning Authority is co-guarantor of the mortgage (disclosed in Note 2) secured by property it leases from the Affiliate, along with two personal bank loans of related parties. The total combined balance of the mortgage loan and related party loans at March 23, 2010 was \$11,062,658. These loans contain cross-collateralization and cross-default provisions and mature at various dates through September 2011. If the affiliate ceases to make the required payments, the financial institution has the option to seek repayment from any of the co-guarantors. On April 5, 2010, the related parties repaid their personal bank loans and the Affiliate refinanced the mortgage note payable. The Cleaning Authority remains a co-guarantor on the refinanced mortgage note payable in the amount of \$9,900,000.

Note 5. Related Party Balances

The Company participates in transactions with its stockholders and companies affiliated through common ownership. A summary of the related party transactions for the period January 1, 2010 to March 23, 2010, and the amounts due to and from those related parties as of March 23, 2010, are listed below:

Income from:	
Continuing franchise fees from an affiliated entity	\$ 36,239
Rental income from affiliated entities	94,369
Amounts due from related parties:	
Due from related parties	10,821
Amounts due to related parties:	
Due to related parties	238,377

Note 6. Summary of Franchise Businesses

Following is a summary of changes in the number of franchise businesses during the period ended March 23, 2010:

Company-operated businesses	
In operation, January 1, 2010	1
New franchises sold	-
Ceased operations	-
In operation, March 23, 2010	<u>1</u>
Franchised businesses	
In operation, January 1, 2010	177
New franchises sold	1
Ceased operations	(1)
In operation, March 23, 2010	<u>177</u>
Total in operation, March 23, 2010	<u><u>178</u></u>

Note 7. Employee Benefit Plan

The Cleaning Authority maintains a defined contribution plan under the provisions of Section 401(k) of the Internal Revenue Code, covering substantially all of its employees meeting certain eligibility requirements. The plan provides for The Cleaning Authority to make matching contributions of 100% of employee contributions, up to 4% of the participating employee's contributions. Employer contributions made to the plan for the period from January 1, 2010 to March 23, 2010 was \$16,663.



Independent Auditor's Report On The Supplementary Information

To the Board of Directors and Stockholders
The Cleaning Authority, Inc.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information, which follows, is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual companies. The consolidating information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

McGladrey & Pullen, LLP

Frederick, Maryland
March 24, 2011

The Cleaning Authority, Inc. And Affiliate

**Consolidating Balance Sheet
March 23, 2010**

Assets	The Cleaning Authority, Inc.	The Authority Development Company, LLC	Total	Elimination	Consolidated
Current Assets					
Cash and cash equivalents	\$ 278,294	\$ 18,140	\$ 296,434	\$ -	\$ 296,434
Accounts receivable	310,332	-	310,332	-	310,332
Condominiums held for sale	-	4,348,091	4,348,091	-	4,348,091
Prepaid expenses	80,013	-	80,013	-	80,013
Due from related parties	1,429	319,507	320,936	(310,115)	10,821
Total current assets	670,068	4,685,738	5,355,806	(310,115)	5,045,691
Property And Equipment					
Land	-	687,383	687,383	-	687,383
Building	-	9,101,688	9,101,688	-	9,101,688
Leasehold improvements	138,157	-	138,157	-	138,157
Furniture and fixtures	565,555	-	565,555	-	565,555
Equipment	729,747	-	729,747	-	729,747
	1,433,459	9,789,071	11,222,530	-	11,222,530
Less accumulated depreciation	797,214	1,266,425	2,063,639	-	2,063,639
	636,245	8,522,646	9,158,891	-	9,158,891
Deposits	150	3,103	3,253	-	3,253
	\$ 1,306,463	\$ 13,211,487	\$ 14,517,950	\$ (310,115)	\$ 14,207,835

Liabilities And Equity (Deficit)	The Cleaning Authority, Inc.	The Authority Development Company, LLC	Total	Elimination	Consolidated
Current Liabilities					
Current obligations under capital leases	\$ 134,386	\$ -	\$ 134,386	\$ -	\$ 134,386
Notes payable, current portion	-	149,429	149,429	-	149,429
Accounts payable	573,509	68,925	642,434	-	642,434
Accrued expenses	366,580	14,951	381,531	-	381,531
Due to related parties	153,832	108,084	261,916	(23,539)	238,377
Total current liabilities	1,228,307	341,389	1,569,696	(23,539)	1,546,157
Long-Term Liabilities					
Capital leases payable, less current obligations	171,385	-	171,385	-	171,385
Notes payable, less current portion	-	11,363,943	11,363,943	-	11,363,943
Deferred rent	286,576	-	286,576	(286,576)	-
	457,961	11,363,943	11,821,904	(286,576)	11,535,328
Equity (Deficit)					
Common stock, no par value, 1,000 shares authorized, 960 issued and outstanding	960	-	960	-	960
Additional paid-in capital	6,040	-	6,040	-	6,040
Retained earnings (deficit)	(386,805)	-	(386,805)	-	(386,805)
Total stockholders' equity (deficit) attributable to The Cleaning Authority, Inc.	(379,805)	-	(379,805)	-	(379,805)
Noncontrolling interest	-	1,506,155	1,506,155	-	1,506,155
Total equity	(379,805)	1,506,155	1,126,350	-	1,126,350
	\$ 1,306,463	\$ 13,211,487	\$ 14,517,950	\$ (310,115)	\$ 14,207,835

The Cleaning Authority, Inc. And Affiliate

**Consolidating Statement Of Income
For The Period From January 1, 2010 To March 23, 2010**

	The Cleaning Authority, Inc.	The Authority Development Company, LLC	Total	Elimination	Consolidated
Revenues:					
Initial franchise fees	\$ 86,453	\$ -	\$ 86,453	\$ -	\$ 86,453
Continuing franchise fees	2,067,583	-	2,067,583	-	2,067,583
Rental income	-	405,795	405,795	(306,702)	99,093
	2,154,036	405,795	2,559,831	(306,702)	2,253,129
Franchise selling expenses	109,780	-	109,780	-	109,780
Gross profit	2,044,256	405,795	2,450,051	(306,702)	2,143,349
General and administrative expenses	1,995,008	163,455	2,158,463	(306,702)	1,851,761
Operating income	49,248	242,340	291,588	-	291,588
Other income (expenses):					
Interest income	51	-	51	-	51
Interest expense	(5,751)	(153,188)	(158,939)	-	(158,939)
	(5,700)	(153,188)	(158,888)	-	(158,888)
Net income	43,548	89,152	132,700	-	132,700
Net income attributable to noncontrolling interest	-	89,152	89,152	-	89,152
Net income attributable to The Cleaning Authority, Inc.	\$ 43,548	\$ -	\$ 43,548	\$ -	\$ 43,548

The Cleaning Authority, Inc. And Affiliate

Consolidated Financial Report
December 31, 2009

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors and Stockholders
The Cleaning Authority, Inc.

We have audited the accompanying consolidated balance sheet of The Cleaning Authority, Inc. and Affiliate (collectively, the Company) as of December 31, 2009, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of The Cleaning Authority, Inc. for the years ended December 31, 2008 and 2007, were audited by other auditors whose report, dated March 16, 2009, expressed an unqualified opinion on those financial statements before the restatement discussed below.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our report dated March 27, 2010, we expressed an opinion that, except for the lack of consolidation of the financial statements of The Authority Development Company, LLC, a Variable Interest Entity, the 2009 financial statements presented fairly, in all material respects, the Company's financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. As described in Note 8 to the financial statements, the Company has consolidated the financial statements of The Authority Development Company, LLC and restated its 2009, 2008 and 2007 financial statements. Accordingly, our present opinion on the 2009 financial statements, as presented herein, is different from that expressed in our previous report.

In our opinion, the 2009 financial statements referred to above, as restated, present fairly, in all material respects, the financial position of The Cleaning Authority, Inc. and Affiliate as of December 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 8 to the financial statements, The Cleaning Authority, Inc. did not consolidate the accounts of The Authority Development Company, LLC in the 2008 and 2007 financial statements. The financial statements for those years have been restated to include The Authority Development Company, LLC. We audited the adjustments necessary to restate the 2008 and 2007 financial statements disclosed in Note 8. In our opinion, such adjustments are appropriate and have been properly applied.

On March 23, 2010, the assets and liabilities of The Cleaning Authority, Inc. were merged with and into The Cleaning Authority, LLC pursuant to a reorganization plan.

McGladrey & Pullen, LLP

Frederick, Maryland
March 27, 2010, except for Note 8
as to which the date is June 18, 2010

The Cleaning Authority, Inc. And Affiliate

Consolidated Balance Sheets
December 31, 2009, 2008 And 2007

Assets	2009	2008	2007
Current Assets			
Cash and cash equivalents	\$ 148,326	\$ 12,312	\$ 251,269
Accounts receivable	161,402	243,471	270,539
Condominiums held for sale	4,348,091	4,287,111	6,069,438
Prepaid expenses	62,279	8,649	30,153
Due from related parties	1,884	159,968	104,329
Note receivable - stockholder	-	471,480	320,108
Total current assets	4,721,982	5,182,991	7,045,836
Property And Equipment			
Land	687,383	687,383	687,383
Building	9,101,688	9,101,689	9,017,225
Leasehold improvements	138,157	138,157	138,157
Furniture and fixtures	565,555	565,555	559,686
Equipment	744,747	774,305	699,433
	11,237,530	11,267,089	11,101,884
Less accumulated depreciation	1,946,152	1,347,874	702,654
	9,291,378	9,919,215	10,399,230
Deposits	3,253	3,253	26,878
	\$ 14,016,613	\$ 15,105,459	\$ 17,471,944

See Notes To Consolidated Financial Statements.

Liabilities And Stockholders' Equity (Deficit)	2009	2008	2007
Current Liabilities			
Current obligations under capital leases	\$ 163,985	\$ 119,746	\$ 107,885
Notes payable, current portion	214,318	373,569	1,238,869
Accounts payable	419,195	358,174	108,719
Accrued expenses	241,304	157,299	177,992
Deferred revenue	51,453	13,054	13,054
Due to related parties	195,900	93,203	200,000
Total current liabilities	1,286,155	1,115,045	1,846,519
Long-Term Liabilities			
Capital leases payable, less current obligations	145,624	316,247	440,487
Notes payable, less current portion	11,405,582	11,621,150	12,378,846
	11,551,206	11,937,397	12,819,333
Commitments And Contingencies (Note 5)			
Stockholders' Equity (Deficit)			
Common stock, no par value, 1,000 shares authorized, 960 issued and outstanding	960	960	960
Additional paid-in capital	6,040	6,040	6,040
Retained earnings (deficit)	(244,751)	705,558	2,847,951
Total stockholders' equity (deficit) attributable to The Cleaning Authority, Inc.	(237,751)	712,558	2,854,951
Noncontrolling interest	1,417,003	1,340,459	(48,859)
Total equity	1,179,252	2,053,017	2,806,092
	\$ 14,016,613	\$ 15,105,459	\$ 17,471,944

The Cleaning Authority, Inc. And Affiliate

Consolidated Statements Of Operations
Years Ended December 31, 2009, 2008 And 2007

	2009		2008		2007	
	Amount	Percent of Sales	Amount	Percent of Sales	Amount	Percent of Sales
Revenues:						
Initial franchise fees	\$ 486,502	5.5%	\$ 544,701	4.2%	\$ 689,940	4.9%
Continuing franchise fees	8,088,080	90.8%	9,668,772	75.1%	9,509,729	67.3%
Sale of condominiums	-	0.0%	2,485,490	19.3%	3,849,295	27.2%
Rental income	336,890	3.8%	169,412	1.3%	86,993	0.6%
	<u>8,911,472</u>	<u>100.1%</u>	<u>12,868,375</u>	<u>99.9%</u>	<u>14,135,957</u>	<u>100.0%</u>
Cost of revenues:						
Franchise selling expenses	827,825	9.3%	1,341,392	10.4%	1,086,715	7.7%
Cost of condominiums sold	-	0.0%	2,180,491	16.9%	3,224,955	22.8%
	<u>827,825</u>	<u>9.3%</u>	<u>3,521,883</u>	<u>27.3%</u>	<u>4,311,670</u>	<u>30.5%</u>
Gross profit	8,083,647	90.8%	9,346,492	72.6%	9,824,287	69.5%
General and administrative expenses	6,723,983	75.5%	7,604,894	59.1%	6,967,901	49.3%
Operating income	1,359,664	15.3%	1,741,598	13.5%	2,856,386	20.2%
Other income (expenses):						
Interest income	19,985	0.2%	31,886	0.2%	42,531	0.3%
Interest expense	(868,156)	-9.7%	(814,285)	-6.3%	(439,257)	-3.1%
	<u>(848,171)</u>	<u>-9.5%</u>	<u>(782,399)</u>	<u>-6.1%</u>	<u>(396,726)</u>	<u>-2.8%</u>
Net income	511,493	5.8%	959,199	7.4%	2,459,660	17.4%
Net income (loss) attributable to noncontrolling interest	(197,876)	-2.2%	1,389,318	10.8%	17,306	0.1%
Net income (loss) attributable to The Cleaning Authority, Inc.	\$ 709,369	8.0%	\$ (430,119)	-3.4%	\$ 2,442,354	17.3%

See Notes To Consolidated Financial Statements.

The Cleaning Authority, Inc. And Affiliate

Consolidated Statements Of Stockholders' Equity (Deficit)
Years Ended December 31, 2009, 2008, And 2007

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2006, as previously reported	\$ 960	\$ 6,040	\$ 1,281,683	\$ 1,288,683	\$ -	\$ 1,288,683
Adjustment for noncontrolling interest (Note 8)	-	-	-	-	(66,165)	(66,165)
Balance at December 31, 2006, as restated	960	6,040	1,281,683	1,288,683	(66,165)	1,222,518
Net income	-	-	2,442,354	2,442,354	17,306	2,459,660
Distributions	-	-	(876,086)	(876,086)	-	(876,086)
Balance at December 31, 2007	960	6,040	2,847,951	2,854,951	(48,859)	2,806,092
Net income (loss)	-	-	(430,119)	(430,119)	1,389,318	959,199
Distributions	-	-	(1,712,274)	(1,712,274)	-	(1,712,274)
Balance at December 31, 2008	960	6,040	705,558	712,558	1,340,459	2,053,017
Net income (loss)	-	-	709,369	709,369	(197,876)	511,493
Contributions	-	-	-	-	274,420	274,420
Distributions	-	-	(1,659,678)	(1,659,678)	-	(1,659,678)
Balance at December 31, 2009	<u>\$ 960</u>	<u>\$ 6,040</u>	<u>\$ (244,751)</u>	<u>\$ (237,751)</u>	<u>\$ 1,417,003</u>	<u>\$ 1,179,252</u>

See Notes To Consolidated Financial Statements.

The Cleaning Authority, Inc. And Affiliate

Consolidated Statements Of Cash Flows
Years Ended December 31, 2009, 2008 And 2007

	2009	2008	2007
Cash Flows From Operating Activities			
Net income	\$ 511,493	\$ 959,199	\$ 2,459,660
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	632,101	653,250	465,108
Loss on disposal of equipment	1,790	603	47,139
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	82,069	27,068	(88,121)
Condominiums held for sale	(60,980)	1,782,327	2,337,249
Income tax receivable	-	-	29,825
Prepaid expenses	(53,630)	21,504	84,053
Deposits	-	23,625	(3,253)
Increase (decrease) in:			
Accounts payable	61,021	249,455	3,759
Accrued expenses	84,005	44,786	(173,341)
Deferred revenue	38,399	-	65,479
Net cash provided by operating activities	1,296,268	3,761,817	5,227,557
Cash Flows From Investing Activities			
Net advances to related parties	(5,924)	(153,387)	(1,046,625)
Investment in note receivable - stockholder	(125,856)	(151,372)	(18,616)
Purchases of property and equipment	(6,054)	(173,838)	(3,361,679)
Net cash used in investing activities	(137,834)	(478,597)	(4,426,920)
Cash Flows From Financing Activities			
Net advances from (repayments to) related parties	102,697	(495,579)	1,096,671
Payments on treasury stock payable	-	-	(125,000)
Principal payments on obligations under capital lease	(126,384)	(112,379)	(97,456)
Principal payments on notes payable	(374,819)	(1,238,869)	(1,588,376)
Proceeds from long-term borrowings	-	-	904,346
Contributions from noncontrolling interest holders in affiliate	274,420	-	-
Distributions to stockholders	(898,334)	(1,675,350)	(927,929)
Net cash used in financing activities	(1,022,420)	(3,522,177)	(737,744)
Net increase (decrease) in cash and cash equivalents	136,014	(238,957)	62,893
Cash And Cash Equivalents			
Beginning	12,312	251,269	188,376
Ending	\$ 148,326	\$ 12,312	\$ 251,269

(Continued)

The Cleaning Authority, Inc. And Affiliate

Consolidated Statements Of Cash Flows (Continued)
Years Ended December 31, 2009, 2008 And 2007

	2009	2008	2007
Supplemental Schedule Of Noncash Investing And Financing Activities			
Due from and due to related parties settled through distributions to stockholders	<u>\$ 761,344</u>	<u>\$ -</u>	<u>\$ -</u>
Accrued distributions to stockholders	<u>\$ -</u>	<u>\$ 36,924</u>	<u>\$ -</u>
Obligations under capital leases incurred for the purchase of property and equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 645,829</u>
Supplemental Disclosure Of Cash Flow Information			
Cash paid for interest	<u>\$ 868,156</u>	<u>\$ 814,285</u>	<u>\$ 506,577</u>

See Notes To Consolidated Financial Statements.

The Cleaning Authority, Inc. And Affiliate

Notes To Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: The Cleaning Authority, Inc. (The Cleaning Authority) was incorporated on May 3, 1996 under the laws of the state of Maryland. The Cleaning Authority is primarily engaged in the sale and support of franchises operating in the cleaning industry across the United States. The Authority Development Company, LLC (Affiliate) is a variable interest entity of The Cleaning Authority and was established in 2006. The Affiliate owns a building and leases a portion of it to The Cleaning Authority, which guarantees the debt associated with financing the building. The Cleaning Authority and the Affiliate are collectively referred to as the Company.

On March 23, 2010, the assets and liabilities of The Cleaning Authority, Inc. were merged with and into The Cleaning Authority, LLC pursuant to a reorganization plan.

A summary of the Company's significant accounting policies follows:

Principles of consolidation: The accompanying consolidated financial statements include the accounts of The Cleaning Authority and the Affiliate. All significant inter-company accounts and transactions have been eliminated in the consolidation.

Revenue recognition: Revenue from sales of individual franchises is recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided to the franchisee have been performed. Revenue for ongoing franchise royalty fees is recognized when amounts are earned and the amount and timing of the revenue can be reasonably estimated.

When a franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of a quality control program.

Deferred revenue at December 31, 2009, represents that portion of total revenue from initial franchise sales attributable to services required to be provided by the Company that have not yet been performed. Deferred revenue at December 31, 2008 and 2007 represents rental income received in advance from tenants.

The Affiliate's building is leased under operating leases with terms up to 10 years. The Affiliate recognizes rental income and rental abatements from its leases when earned on a straight-line basis in accordance with the Leases Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Pass-through expenses are comprised of real estate taxes, operating expenses and common area maintenance costs which are reimbursed by tenants in accordance with specific allowable costs per tenant lease agreements.

Cash and cash equivalents: The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Financial credit risk: The Company maintains cash in bank deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes they are not exposed to any significant credit risks on cash.

Accounts receivable: Accounts receivable consists mainly of royalty fees payable by franchises and is carried at the original amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The Company considers all receivables to be fully collectible, and accordingly, no allowance has been made for doubtful accounts.

The Cleaning Authority, Inc. And Affiliate

Notes To Consolidated Financial Statements

Note 1. Nature Of Business And Significant Accounting Policies (Continued)

Accounts receivable are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. In accordance with Company policies, no interest is charged on receivables that are outstanding for more than 90 days.

Condominiums held for sale: Condominiums held for sale consist of commercial office condominiums in the building owned by the Affiliate. Condominiums held for sale are stated at the lower of cost or market. Cost is determined by specific identification.

Property and equipment: Property and equipment are stated at cost. Depreciation of the building, furniture, fixtures, and equipment is determined on a straight-line basis over their useful lives which range from three to thirty-nine years. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful life or the remaining lease term. Depreciation expense charged to operations for the years ended December 31, 2009, 2008, and 2007 totaled \$632,101, \$653,250, and \$465,108, respectively.

Valuation of long-lived assets: The Company records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets.

Income taxes: Effective January 1, 2005, the Company, with the consent of its stockholders, elected to be taxed under sections of federal and state income tax law, which provide that, in lieu of corporation income taxes, the stockholders will separately account for their pro rata shares of the Company's income, deductions, losses and credits. As a result of this election, no income taxes have been recognized in the accompanying financial statements. Under current United States tax law, the Company may be subject to income taxes at the maximum corporate rate if certain assets are sold at a gain for a ten-year period following the election.

The Financial Accounting Standards Board (FASB) issued new guidance on accounting for uncertainty in income taxes. The Company adopted this new guidance for the year ended December 31, 2009. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2006.

Distributions: The Company makes distributions to stockholders during the year and subsequent to year-end to assist them with paying the income taxes on the income of the Company if deemed necessary.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs: The Company expenses advertising and promotional costs as they are incurred. Advertising costs for the years ended December 31, 2009, 2008, and 2007 totaled \$635,612, \$1,114,446, and \$1,113,767, respectively.

Subsequent events: The Company evaluated subsequent events for potential required disclosure through June 18, 2010, which represents the date the financial statements were available to be issued.

Reclassification: Certain reclassifications to the 2008 and 2007 balances have been made in the accompanying financial statements to make them consistent with the 2009 presentation. These reclassifications had no effect on previously reported net income (loss).

The Cleaning Authority, Inc. And Affiliate

Notes To Consolidated Financial Statements

Note 2. Note Receivable – Stockholder

The Company had an unsecured note receivable from a stockholder that accrued interest at 5%. During 2009, the note receivable was settled through a stockholder distribution. The outstanding balance of the note receivable and accrued interest as of December 31, 2008 and 2007 was \$471,480 and \$320,108, respectively.

Note 3. Notes Payable

Notes payable at December 31, 2009, 2008, and 2007, consist of the following:

	2009	2008	2007
Notes payable to related parties, bearing interest at a variable rate based upon the annual IRS Blended AFR rate, unsecured, with no scheduled principal payments, due June 2016	\$ 1,820,714	\$ 1,821,964	\$ 2,206,091
Note payable for building, original principal of \$13,000,000, with monthly payments of \$91,594, including interest at 6.87%, maturing June 1, 2016, loan was refinanced in April 2010	9,799,186	10,172,755	11,411,624
	<u>\$ 11,619,900</u>	<u>\$ 11,994,719</u>	<u>\$ 13,617,715</u>

As noted above, the Company had entered into a note payable with a bank for \$13,000,000, which was secured by the office building owned by the Affiliate, and contained certain covenants and cross-collateralization agreements. Subsequent to year end, the loan was in technical default due to violation of certain financial covenants. The loan was refinanced on April 5, 2010 with a different financial institution. The new loan bears interest at a rate of 6.5%, which interest rate resets on the five-year anniversary date of the loan to the five year average monthly Treasury Constant for the preceding month plus three percent, subject to a floor rate of 6.5%. The new loan matures on April 5, 2020, and requires monthly payments of principal and interest of \$66,846, with a balloon payment at maturity of all remaining principal and interest then due. The following schedule of annual projected maturities of long-term debt due in future years reflects the payment schedule under the new loan agreement:

Years Ending December 31,	
2010	\$ 214,318
2011	170,678
2012	182,108
2013	194,305
2014	207,317
Thereafter	10,651,174
	<u>\$ 11,619,900</u>

The Cleaning Authority, Inc. And Affiliate

Notes To Consolidated Financial Statements

Note 4. Capital Lease Obligations

The Company leases various computer equipment, office equipment, and furniture and fixtures under capital leases with varying expiration dates through 2012. Under these obligations, interest is imputed on the leases at varying rates ranging from 8.9% to 19% and provide for combined monthly principal and interest payments of \$13,666. The following is a schedule of the future minimum lease payments under these leases, together with the present value of the net minimum lease payments as of December 31, 2009:

Years Ending December 31,

2010	\$	163,985
2011		163,985
2012		23,302
Total minimum lease payments		<u>351,272</u>
Less the amount representing interest		(41,663)
Present value of net minimum lease payments	\$	<u><u>309,609</u></u>

The cost basis of equipment under capital lease as of December 31, 2009 is \$766,492. Accumulated depreciation on equipment under capital lease as of December 31, 2009 totals \$328,069, for a net book value of \$438,423.

Note 5. Commitments And Contingencies

Leasing Arrangements

The Cleaning Authority leases office space from the Affiliate under a non-cancellable operating lease that was amended on April 1, 2010 and expires April 2020. The amended terms of the lease provide for annual escalations and the pass-through of property taxes and occupancy expenses. The rent escalations are being amortized over the life of the lease. All rental transactions between The Cleaning Authority and the Affiliate have been eliminated in consolidation.

Two other related parties lease office space from the Affiliate under non-cancellable operating leases that expire April 2020. The terms of the leases provide for annual escalations and the pass-through of property taxes and occupancy expenses. The rent escalations are being amortized over the life of the lease.

The following is a schedule by year of future minimum rental payments required under these leases as of December 31, 2009 for the two other related parties:

Years Ending December 31,

2010	\$	335,415
2011		345,709
2012		356,081
2013		366,763
2014		377,766
Thereafter		2,214,648
	\$	<u><u>3,996,382</u></u>

Rent expense paid to nonrelated parties charged to operations for the years ended December 31, 2009, 2008, and 2007 was \$0, \$0, and \$263,218, respectively.

The Cleaning Authority, Inc. And Affiliate

Notes To Consolidated Financial Statements

Note 5. Commitments And Contingencies (Continued)

Guarantees

The Cleaning Authority is co-guarantor of the mortgage (disclosed in Note 3) secured by property it leases from the Affiliate, along with two personal bank loans of related parties. The total combined balance of the mortgage loan and related party loans at December 31, 2009 was approximately \$11,054,000. These loans contain cross collateralization and cross default provisions. Subsequent to year end, the loans were in technical default due to violation of certain financial covenants and mature at various dates through September 2011. All scheduled payments have been made in accordance with the applicable loan terms. If the Affiliate ceases to make the required payments, the financial institution has the option to seek repayment from any of the co-guarantors. On April 5, 2010, the related parties repaid their personal bank loans and the Affiliate refinanced the mortgage note payable. The Cleaning Authority remains a co-guarantor on the refinanced mortgage note payable in the amount of \$9,900,000.

Note 6. Related Party Transactions

The Company participates in transactions with its stockholders and companies affiliated through common ownership. A summary of the related party transactions for the years ended December 31, 2009, 2008, and 2007, and the amounts due to and from those related parties as of December 31, 2009, 2008, and 2007, are listed below:

	2009	2008	2007
Income from:			
Continuing franchise fees from an affiliated entity	\$ 142,380	\$ 151,277	\$ 143,049
Rental income from affiliated entities	323,616	155,505	101,389
Interest income from stockholder	16,347	24,346	18,616
Interest income from affiliated entities	2,226	-	-
Costs incurred for:			
Interest expense to an affiliated entity	475	-	-
Amounts due from related parties:			
Advances to affiliated entities	1,884	159,968	104,329
Note receivable - stockholder	-	471,480	320,108
Amounts due to related parties:			
Advances from affiliated entities	195,900	93,203	200,000

Note 7. Employee Benefit Plan

The Cleaning Authority maintains a defined contribution plan under the provisions of Section 401(k) of the Internal Revenue Code, covering substantially all of its employees meeting certain eligibility requirements. The plan provides for The Cleaning Authority to make matching contributions of 100% of employee contributions, up to 4% of the participating employee's contributions. Employer contributions to the plan for the years ended December 31, 2009, 2008 and 2007 were \$65,141, \$62,707, and \$51,539, respectively.

The Cleaning Authority, Inc. And Affiliate

Notes To Consolidated Financial Statements

Note 8. Restatement

In 2009, the Company adopted the Variable Interest Entities Subtopic of the Consolidation Topic of the FASB Accounting Standards Codification (ASC) as required by accounting principles generally accepted in the United States of America and restated the 2009 financial statements that were previously issued excluding the adoption. In addition, the Company has recorded restatements to the financial statements as of and for the years ended December 31, 2008 and 2007 to correct errors in financial reporting. The subtopic clarifies existing accounting principles related to the preparation of financial statements when the equity investors in an entity do not have the characteristics of a controlling financial interest, or when the equity at risk is not sufficient for the entity to finance its activities without additional subordinated financial support. A company is required to consolidate the variable interest entities' financial statements with its own. An adjustment in the amount of \$66,165 was recorded on the previously reported December 31, 2006 equity balances to reflect the restatement effects of consolidating the noncontrolling interest.

The impact of these restatements on the 2009, 2008 and 2007 financial statements is outlined below:

Year ended December 31, 2009:

	As Previously Reported	Effect of The Authority Development Company, LLC	As Restated Consolidated Totals
Current assets	\$ 366,434	\$ 4,355,548	\$ 4,721,982
Property and equipment, net	659,809	8,631,569	9,291,378
Other assets	150	3,103	3,253
Current liabilities	873,049	413,106	1,286,155
Long-term liabilities	391,095	11,160,111	11,551,206
Stockholders' equity (deficit) attributable to The Cleaning Authority, Inc.	(237,751)	-	(237,751)
Noncontrolling interest	-	1,417,003	1,417,003
Net income (loss)	709,369	(197,876)	511,493

Year ended December 31, 2008:

	As Previously Reported	Effect of The Authority Development Company, LLC	As Restated Consolidated Totals
Current assets	\$ 905,003	\$ 4,277,988	\$ 5,182,991
Property and equipment, net	851,954	9,067,261	9,919,215
Other assets	150	3,103	3,253
Current liabilities	728,302	386,743	1,115,045
Long-term liabilities	316,247	11,621,150	11,937,397
Stockholders' equity attributable to The Cleaning Authority, Inc.	712,558	-	712,558
Noncontrolling interest	-	1,340,459	1,340,459
Net income (loss)	(430,119)	1,389,318	959,199

The Cleaning Authority, Inc. And Affiliate

Notes To Consolidated Financial Statements

Note 8. Restatement (Continued)

Year ended December 31, 2007:

	As Previously Reported	Effect of The Authority Development Company, LLC	As Restated Consolidated Totals
Current assets	\$ 2,684,797	\$ 4,361,039	\$ 7,045,836
Property and equipment, net	981,462	9,417,768	10,399,230
Other assets	23,775	3,103	26,878
Current liabilities	394,596	1,451,923	1,846,519
Long-term liabilities	440,487	12,378,846	12,819,333
Stockholders' equity attributable to The Cleaning Authority, Inc.	2,854,951	-	2,854,951
Noncontrolling interest	-	(48,859)	(48,859)
Net income	2,442,354	17,306	2,459,660

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors and Stockholders
The Cleaning Authority, Inc.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information, which follows, is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual entities. The consolidating information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements, as restated, taken as a whole.

McGladrey & Pullen, LLP

Frederick, Maryland
June 18, 2010

The Cleaning Authority, Inc. And Affiliate

Consolidating Balance Sheet
December 31, 2009

Assets	The Cleaning Authority, Inc.	The Authority Development Company, LLC	Total	Elimination	Consolidated
Current Assets					
Cash and cash equivalents	\$ 142,753	\$ 5,573	\$ 148,326	\$ -	\$ 148,326
Accounts receivable	161,402	-	161,402	-	161,402
Condominiums held for sale	-	4,348,091	4,348,091	-	4,348,091
Prepaid expenses	62,279	-	62,279	-	62,279
Due from related parties	-	247,355	247,355	(245,471)	1,884
Total current assets	<u>366,434</u>	<u>4,601,019</u>	<u>4,967,453</u>	<u>(245,471)</u>	<u>4,721,982</u>
Property And Equipment					
Land	-	687,383	687,383	-	687,383
Building	-	9,101,688	9,101,688	-	9,101,688
Leasehold improvements	138,157	-	138,157	-	138,157
Furniture and fixtures	565,555	-	565,555	-	565,555
Equipment	744,747	-	744,747	-	744,747
	<u>1,448,459</u>	<u>9,789,071</u>	<u>11,237,530</u>	<u>-</u>	<u>11,237,530</u>
Less accumulated depreciation	788,650	1,157,502	1,946,152	-	1,946,152
	<u>659,809</u>	<u>8,631,569</u>	<u>9,291,378</u>	<u>-</u>	<u>9,291,378</u>
Deposits	<u>150</u>	<u>3,103</u>	<u>3,253</u>	<u>-</u>	<u>3,253</u>
	<u>\$ 1,026,393</u>	<u>\$ 13,235,691</u>	<u>\$ 14,262,084</u>	<u>\$ (245,471)</u>	<u>\$ 14,016,613</u>

Liabilities And Stockholders' Equity (Deficit)	The Cleaning Authority, Inc.	The Authority Development Company, LLC	Total	Elimination	Consolidated
Current Liabilities					
Current obligations under capital leases	\$ 163,985	\$ -	\$ 163,985	\$ -	\$ 163,985
Notes payable, current portion	-	214,318	214,318	-	214,318
Accounts payable	384,706	34,489	419,195	-	419,195
Accrued expenses	189,090	52,214	241,304	-	241,304
Deferred revenue	51,453	-	51,453	-	51,453
Due to related parties	83,815	112,085	195,900	-	195,900
Total current liabilities	873,049	413,106	1,286,155	-	1,286,155
Long-Term Liabilities					
Capital leases payable, less current obligations	145,624	-	145,624	-	145,624
Notes payable, less current portion	-	11,405,582	11,405,582	-	11,405,582
Deferred rent	245,471	-	245,471	(245,471)	-
	391,095	11,405,582	11,796,677	(245,471)	11,551,206
Stockholders' Equity (Deficit)					
Common stock, no par value, 1,000 shares authorized, 960 issued and outstanding	960	-	960	-	960
Additional paid-in capital	6,040	-	6,040	-	6,040
Retained earnings (deficit)	(244,751)	-	(244,751)	-	(244,751)
Total stockholders' equity (deficit) attributable to The Cleaning Authority, Inc.	(237,751)	-	(237,751)	-	(237,751)
Noncontrolling interest	-	1,417,003	1,417,003	-	1,417,003
Total equity (deficit)	(237,751)	1,417,003	1,179,252	-	1,179,252
	\$ 1,026,393	\$ 13,235,691	\$ 14,262,084	\$ (245,471)	\$ 14,016,613

The Cleaning Authority, Inc. And Affiliate

Consolidating Statement Of Operations
Year Ended December 31, 2009

	The Cleaning Authority, Inc.	The Authority Development Company, LLC	Total	Elimination	Consolidated
Revenues:					
Initial franchise fees	\$ 486,502	\$ -	\$ 486,502	\$ -	\$ 486,502
Continuing franchise fees	8,088,080	-	8,088,080	-	8,088,080
Rental income	-	1,517,974	1,517,974	(1,181,084)	336,890
	<u>8,574,582</u>	<u>1,517,974</u>	<u>10,092,556</u>	<u>(1,181,084)</u>	<u>8,911,472</u>
Franchise selling expenses	<u>827,825</u>	<u>-</u>	<u>827,825</u>	<u>-</u>	<u>827,825</u>
Gross profit	7,746,757	1,517,974	9,264,731	(1,181,084)	8,083,647
General and administrative expenses	<u>7,047,732</u>	<u>857,335</u>	<u>7,905,067</u>	<u>(1,181,084)</u>	<u>6,723,983</u>
Operating income	699,025	660,639	1,359,664	-	1,359,664
Other income (expenses):					
Interest income	19,985	-	19,985	-	19,985
Interest expense	(9,641)	(858,515)	(868,156)	-	(868,156)
	<u>10,344</u>	<u>(858,515)</u>	<u>(848,171)</u>	<u>-</u>	<u>(848,171)</u>
Net income (loss)	709,369	(197,876)	511,493	-	511,493
Net loss attributable to noncontrolling interest	<u>-</u>	<u>(197,876)</u>	<u>(197,876)</u>	<u>-</u>	<u>(197,876)</u>
Net income attributable to The Cleaning Authority, Inc.	\$ 709,369	\$ -	\$ 709,369	\$ -	\$ 709,369

EXHIBIT F

OPERATIONS MANUAL SUITE TABLE OF CONTENTS



Pre-Work Manual



Pre-Work Manual

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January 2011

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Franchise Operations Manual

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Employee Manual



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EXHIBIT G
FRANCHISEE LIST

The Cleaning Authority Franchisee List

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Phone: 901-850-0661
Rick Roland
rick@midsouthtca.com

KNOXVILLE, TN
The Cleaning Authority
11000 Kingston Pike, Suite 6
Knoxville, TN 37934
Phone: 865-288-0080
Peter DeLorme
thecleaningauthority@charter.net

MOUNT JULIET, TN
The Cleaning Authority
2524 N. Mount Juliet Road
Mount Juliet, TN 37122
Phone: 615-758-9992
Mike Sheehan
tcamj@tds.net

NASHVILLE, TN
The Cleaning Authority
4825 Trousdale Drive, Suite 104
Nashville, TN 37220
Phone: 615-832-6243
Sam Francescon
sam@tcanashville.com

The Cleaning Authority Franchisee List

SMYRNA, TN
The Cleaning Authority
21-A S. Lowry Street
Smyrna, TN 37167
Phone: 615-459-0261
Wylie McNair
tcasmyrna@bellsouth.net

TEXAS

ARLINGTON, TX
The Cleaning Authority
1475 Heritage Pkwy, Suite 329
Mansfield, TX 76063
Phone: 817-477-9306
Angela & Troy Snow
tcaarlington@yahoo.com

AUSTIN, TX
The Cleaning Authority
5555 N Lamar Blvd, Suite K116
Austin, TX 78751
Phone: 512-454-6425
Drew Liedeker
Tca_Austin@sbcglobal.net

DALLAS, TX
The Cleaning Authority
9619 Wendell Road
Dallas, TX 75243
Phone: 972-403-1940
Morley Robinson
tcadallas@yahoo.com

FORT BEND, TX
The Cleaning Authority
226 FM 359
Richmond, TX 77406
Phone: 281-343-5053
Jim Hilburn
tcawesthouston@aol.com

FORT WORTH, TX
The Cleaning Authority
5296A Trail Lake Drive
Fort Worth, TX 76133
Phone: 817-423-9900
Jack Reynolds
Jackreynolds@sbcglobal.net

HUMBLE, TX
The Cleaning Authority
1208 E First Street, Suite A
Humble, TX 77338
Phone: 281-540-5200
Kirk Parker
tca_humble@yahoo.com

LEAGUE CITY, TX
The Cleaning Authority
1303 W. League City Pkwy.
League City, TX 77573
Phone: 281-557-1247
Christina Cronan
texas.cleaningauthority@gmail.com

LEWISVILLE, TX
The Cleaning Authority
1411 Lemay Drive, Suite 307
Carrollton, TX 75007
Phone: 972-242-6900
Eddie & LaVaughn Braddy
Omari.inc@verizon.net

North Tarrant County, TX
The Cleaning Authority
7511A Boulevard 26
North Richland Hills, TX 76180
Phone: 817-577-7144
David Fortune
david@thecleaningauthority.biz

PEARLAND, TX
The Cleaning Authority
2402 S Park Avenue
Pearland, TX 77581
Phone: 281-412-4966
Amy Statler
Tca.pearland@sbcglobal.net

ROUND ROCK, TX
The Cleaning Authority
1700 Bryant Drive, Suite 105
Round Rock, TX 78664
Phone: 512-255-8354
Bryan Knox
tcarock@austin.rr.com

SAN ANTONIO NORTH, TX
The Cleaning Authority
909 Isom Road
San Antonio, TX 78216
Phone: 210-366-9694
Gary Lenard
tca.sa.north@me.com

SPRING, TX
The Cleaning Authority
23802 FM 2978, Suite B-2
Tomball, TX 77375
Phone: 281-288-4448
Doug & Katie Rowe
tcauthority@sbcglobal.net

West Houston, TX
The Cleaning Authority
8926 Clarkcrest, Suite D
Houston, TX 77063
Phone: 713-334-2953
Demetria(Metch) Lisk
tcawesthouston@att.net

UTAH

SALT LAKE CITY, UT
The Cleaning Authority
7127 South 400 West, Suite 8
Midvale, UT 84047
Phone: 801-569-8797
Scott & Jay Rees
scottrees@integraonline.com

WEST VALLEY CITY, UT
The Cleaning Authority
2854 South Redwood Rd, Suite C3
West Valley City, UT 84119
Phone: 801-746-8355
Pete Nielson
pcn@integraonline.com

VIRGINIA

ALEXANDRIA, VA
The Cleaning Authority
8808 E Pear Tree Court
Alexandria, VA 22309
Phone: 703-619-6200
Sonja Caison
sonja@caisonfinancial.com

CHANTILLY, VA
The Cleaning Authority
4431 Brookfield Corporate Drive
Suite E
Chantilly, VA 20151
Phone: 703-378-9191
Ron Goings
TCACHantilly@aol.com
ron@thecleaningauthority.com

DUMFRIES, VA
The Cleaning Authority
17313 Jefferson Davis Hwy
Dumfries, VA 22026
Phone: 703-441-0895
Toby Dickerson
thecleaningauthority@earthlink.net

FAIRFAX, VA
The Cleaning Authority
2981 Prosperity Avenue
Fairfax, VA 22031
Phone: 703-532-0010
Brian Wallace
tca-fairfax@verizon.net

LEESBURG, VA
The Cleaning Authority
2Cardinal Park Drive, Suite 105A
Leesburg, VA 20175
Phone: 540-291-9746
Janel and Orin Keyser
tcaeesburg@gmail.com

NEWPORT NEWS, VA
The Cleaning Authority
803 Old Oyster Point Road
Newport News, VA 23602
Phone: 757-594-9994
Ed & Michele Cape
tcapeninsula@hotmail.com

RICHMOND, VA
The Cleaning Authority
8401 Mayland, Drive, Suite G
Richmond, VA 23294
Phone: 804-273-0757
Stephen Lord
info@tcarichmond.com

The Cleaning Authority Franchisee List

VIRGINIA BEACH, VA
The Cleaning Authority
150 Thalia Village Shoppes
Virginia Beach, VA 23452
Phone: 757-368-7000
David & Bambi Rivera
Tca39_vabeach@yahoo.com

WASHINGTON

BELLEVUE, WA
The Cleaning Authority
18394 Redmond Way
Redmond, WA 98052
Phone: 425-556-5456
Anne Underwood
anneunderwood@msn.com

EDMONDS, WA
The Cleaning Authority
9661 Firdale Avenue
Edmonds, WA 98020
Phone: 206-542-4534
Colleen Nickolette
Tca.edmonds@gmail.com

KENT, WA
The Cleaning Authority
4040 Auburn Way N, Suite 1
Auburn, WA 98002
Phone: 253-737-4052
Lauren Clifford
tcakent@live.com

OLYMPIA-TACOMA, WA
The Cleaning Authority
3011 Pacific Avenue SE, Ste.103
Olympia, WA 98501
Phone: 360-956-3363
Paul & Linda Lord
pauljlord@yahoo.com
paul@thecleaningauthority.com

PUYALLUP, WA
The Cleaning Authority
10904 132nd Street East
Puyallup, WA 98374
Phone: 253-770-7773
Paul and Linda Lord
pauljlord@yahoo.com

SEATTLE, WA
The Cleaning Authority
6348 6th Avenue, S.
Seattle, WA 98108
Phone: 206-352-9555
Marie Clifford
tcaseattle@yahoo.com

SNOQUALMIE VALLEY, WA
The Cleaning Authority
125 E. North Bend Way
North Bend, WA 98045
Phone: 425-260-5338
Paul & Stephanie McMahon
tca.eastside@gmail.com

SPOKANE, WA
The Cleaning Authority
109 South Scott Street, Suite C5
Spokane, WA 99202
Phone: 509-242-0826
Mark Silver
mark@tcaspokane.com

VANCOUVER, WA
The Cleaning Authority
8819 NE 117th Ave. Unit C
Vancouver, WA 98662
Phone: 360-260-5502
John Arenz
vancouverca@qwest.net

WISCONSIN

APPLETON, WI
The Cleaning Authority
3020 E. College Ave., Suite E
Appleton, WI 54915
Phone: 920-882-9800
Holly Schreiber
Tca_Appleton@tds.net

BROOKFIELD, WI
The Cleaning Authority
225 Regency Court, Suite 101
Brookfield, WI 53045
Phone: 262-784-9400
Jeff & Phyllis Decoste
tca.brookfield@gmail.com

CEDARBURG, WI
The Cleaning Authority
W67 N222 Evergreen Blvd, Suite 115
Cedarburg, WI 53012
Phone: 262-375-4095
Chris & Jen Lanagan
jenlanagan@yahoo.com

MADISON-WEST, WI
The Cleaning Authority
2140 W. Greenview Drive Suite 1,
Middleton, WI 53562
Phone: 608-831-1750
Chris & Jen Lanagan
jenlanagan@yahoo.com

**FRANCHISE AGREEMENTS SIGNED BUT
OUTLET NOT OPENED
As of December 31, 2011**

STATE	NAME	CITY	PHONE
New York	Jorma Hutteunen	Port Chester	914-602-1203
New York	Rick Williams	Hamburg	814-790-4202
New York	Mike McManus	Penfield	315-573-3873

**TERMINATED, TRANSFERRED, CANCELLED,
FAILED TO RENEW OR OTHER
As of December 31, 2011**

<u>STATE</u>	<u>NAME</u>	<u>CITY</u>	<u>PHONE</u>	<u>REASON FOR LEAVING</u>
Arkansas	Rod Hicks	Little Rock	501-455-3581	Transferred
California	Jaime & Robert Carlos	Rancho Cucamonga	909-367-5897	Terminated
Florida	Ron & Marie Cheshire	Altamonte Springs	407-362-8066	Terminated
Florida	Maurizio Monticciolo	Brandon	813-210-3740	Terminated
Florida	Jason Zaffuto	Palmetto	941-721-8825	Transferred
Georgia	Jeff Cannon	Marietta	770-509-5672	Transferred
Kentucky	Bill & Barb Vance	Florence	859-630-5205	Terminated
Maine	Brian Harger	Topsham	207-725-2936	Transferred
Michigan	Jack and Robin DenUyl	Holland	616-796-9709	Transferred
Minnesota	Michele Smith	Burnsville	952-898-1560	Transferred
New Hampshire	Sid & Gargi Das	Manchester	603-566-6769	Terminated
Texas	Tom Cleveland	League City	281-557-1247	Transferred
Washington	Gery Bell and Rachel Ereth	Puyallup	253-770-7773	Tranferred
Virginia	Hal and Lee Cline	Leesburg	540-338-4387	Transferred
Virginia	Kim Agger	Richmond	804-273-0757	Transferred
Virginia	Rod Frasier	Richmond-South	804-380-8803	Terminated

**FRANCHISEES WHO HAVE NOT COMMUNICATED WITH US
WITHIN 10 WEEKS OF ISSUANCE DATE**

None.

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

EXHIBIT H
RENEWAL ADDENDUM

RENEWAL ADDENDUM

THIS RENEWAL ADDENDUM is made and entered into as of the ____ day of _____, 20__ (the "Effective Date"), by and among THE CLEANING AUTHORITY, LLC, a Maryland corporation whose principal address is 7230 Lee Deforest Drive, Suite 200, Columbia, Maryland 21046 ("Franchisor"), and _____, a(n) _____ whose principal address is _____ ("Franchisee") and _____ and _____ who reside at _____ (collectively "Guarantor").

INTRODUCTION

Franchisor and Franchisee have been parties to a franchise agreement under which Franchisee has operated a residential home cleaning business ("Business") under the "The Cleaning Authority" name and service mark in _____ (the Territory), under a franchise agreement that expires on _____ ("Original Franchise Agreement").

According to the terms of the Original Franchise Agreement, Franchisee has the right to renew that franchise upon meeting certain conditions. One of the conditions for renewal is that Franchisee sign Franchisor's then-current form of Franchise Agreement and any ancillary agreements used at the time of renewal (the "Current Franchise Agreement"). However, Franchisor's Current Franchise Agreement contains a number of pre-opening obligations on the part of both parties that are not applicable on renewal, and it requires payment of an initial franchise fee that is not required upon renewal. Therefore, the parties have executed Franchisor's Current Franchise Agreement as of the date hereof, but wish to amend that agreement as set forth in this Renewal Addendum.

Guarantor personally guaranteed the obligations of Franchisee under the Original Franchise Agreement and will personally guarantee the obligations of Franchisee under the Current Franchise Agreement.

NOW, THEREFORE, the parties hereto agree to amend the Franchise Agreement as follows:

1.) Effective Date. The Current Franchise Agreement, as amended by this Renewal Addendum, shall be effective _____ (the Effective Date), provided Franchisee meets the following additional obligations prior to such effective date:

If the foregoing obligations have not been met prior to the Effective Date, then the Franchise Agreement shall not become effective and all franchise rights of Franchisee shall expire on _____.

2.) Pre-Opening Obligations. Because the Business is already operating, all obligations of either party that are required to be performed prior to the opening of the Business are hereby waived. Such waiver shall not, however, constitute a waiver of any similar obligation that may otherwise apply if the Business is moved (with Franchisor's consent).

3.) Refresher Training. Franchisor shall make available to Franchisee a refresher training program in Franchisor's home office, currently located in Columbia, Maryland, within six (6) months following execution of this Renewal Addendum. Franchisee is not required to attend such training, but Franchisee acknowledges Franchisor has strongly urged Franchisee to do so and has advised Franchisee that completion of that training could be an important factor in the successful future operation of the business. Franchisee will not be charged for such training, but Franchisee must pay the costs incurred for travel, lodging, meals, compensation, etc.

4.) General Release. In consideration of the agreement of Franchisor to renew Franchisee's franchise rights for the Business, the receipt and sufficiency of which is hereby acknowledged, Franchisee, (on behalf of itself, its heirs, successors and assigns, affiliates, directors, officers and shareholders, and any other party claiming an interest through them) and Guarantor (on behalf of himself/herself/themselves and his/her/their heirs, successors and assigns) (collectively and individually referred to as the "Franchisee Parties") release and forever discharge TCA, its predecessors, successors, assigns, affiliates, directors, officers, shareholders, agents and employees in their corporate and individual capacities and their respective heirs, personal representatives, successors and assigns (collectively and individually referred to as the "Franchisor Parties") of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which any Franchisee Party may now or in the future own or hold, that in any way relate to the Franchise Agreement or the business relationship between the parties (collectively, "Claims"), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between any Franchisee Party and any Franchisor Party.

Franchisee and Franchisor acknowledge and agree that the release of claims in this Section 4 does not relate to the offer and sale of the current Franchise Agreement.

5.) Term. The Term of the Current Franchise Agreement shall be ten (10) years from the Effective Date of the Current Franchise Agreement.

6.) No Renewal Term. The provisions of Section 2.3 (Renewal Term) of the Franchise Agreement are hereby deleted.

6.) Fees. The provisions of paragraphs 5 and 7.1 of the Franchise Agreement are hereby deleted.

7.) Ratification. Except as specifically amended by this Renewal Addendum, the parties hereby ratify and reaffirm their obligations under the Current Franchise Agreement. All capitalized terms used in this Renewal Addendum will have the same meaning as provided for in the Current Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Renewal Addendum as of the date first above written.

FRANCHISOR:
THE CLEANING AUTHORITY, LLC

FRANCHISEE:

By: _____
Its:

By: _____
Its:

GUARANTOR:

Print Name

Print Name

EXHIBIT I
QUESTIONNAIRE

STATEMENT OF FRANCHISEE
[Note: Dates and Answers Must be Completed
in the Prospective Franchisee's Own Handwriting]

In order to make sure that no misunderstanding exists between you, the Franchisee, and us, THE CLEANING AUTHORITY, LLC (also called “CLEANING AUTHORITY”, the “FRANCHISOR” or “we”) and to make sure that no violations of law might have occurred, and understanding that we are relying on the statements you make in this document, you assure us as follows:

A. The following dates are true and correct:

- | Date | Initials | |
|----------------|----------|---|
| 1. _____, 20__ | _____ | The date on which I received a Franchise Disclosure Document (“FDD”) on THE CLEANING AUTHORITY® Business. |
| 2. _____, 20__ | _____ | If I am a resident of Iowa, New York, Oklahoma or Rhode Island, the date of my/our first face-to-face meeting with any person to discuss the possible purchase of a THE CLEANING AUTHORITY Business. |
| 3. _____, 20__ | _____ | The date on which I received a completed copy (other than signatures) of the Franchise Agreement which I later signed. |
| 4. _____, 20__ | _____ | If I am a resident of Iowa, Michigan, New York, Oklahoma, Oregon, Rhode Island, Washington or Wisconsin, the earliest date on which I/we signed the Franchise Agreement or any other binding document (not including any Letter or other Receipt). |
| 5. _____, 20__ | _____ | If I am a resident of Iowa, Michigan, New York, Oklahoma, Oregon, Rhode Island, Washington or Wisconsin, the earliest date on which I/we delivered cash, check or other consideration to The Cleaning Authority, LLC, or any other person or company. |

B. Representations.

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, “side agreements,” options, right-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in any way on same, except as expressly set forth in the Franchise Agreement, an attached written addendum signed by me and The Cleaning Authority, LLC, and the FDD provided to me, except as follows: _____

_____ (If none, you should write NONE in your own handwriting and initial.)

2. No oral, written, visual or other promises, agreements, commitments, representation, understandings, “side agreements” or otherwise which expanded upon or were inconsistent with the FDD or the Franchise Agreement or any attached written addendum signed by me and an officer of The Cleaning Authority, LLC, were made to me by any person or entity, nor have I relied in any way on same, except as follows: _____

_____ (If blank, then the answer is “None”.)

3. Except as set forth in Item 19 of the FDD provided to me, no oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross revenues, or otherwise,) which stated or suggested a specific level or range of actual or potential sales, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) from THE CLEANING AUTHORITY® Businesses, was made to me by any person or entity, nor have I relied in any way on any such, except as follows: _____

_____ (If blank, then the answer is “None”.)

4. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including but not limited to my obtaining financing, or my fully performing any of my obligations), nor have I relied in any way on same, except as expressly set forth in the Franchise Agreement or any attached written addendum signed by me and The Cleaning Authority, LLC, except as follows: _____

_____ (If none, you should write NONE in your own handwriting and initial.)

5. No franchise seller, other than _____ (identified by me on the Receipt page), was involved in offering the franchise to me, except as follows: _____

_____ (If none, you should write NONE in your own handwriting and initial.)

6. The FDD was delivered to me in the state of _____. The execution copies of the Franchise Agreement and related documents were delivered to me in the state of _____.

7. The individuals signing for me constitute all of the executive officers, partners, shareholders, investors and/or principals. Each of such individuals has reviewed the FDD and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written addendum and any Personal Guarantees.

8. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and The Cleaning Authority, LLC has strongly recommended that I obtain such independent advice. I have also been strongly advised by The Cleaning Authority, LLC to discuss my proposed purchase of a THE CLEANING AUTHORITY® Business with existing and former THE CLEANING AUTHORITY® franchisees of my own choosing prior to signing any binding documents or paying any sums.

9. I understand that except for federal trademark and arbitration law, all disputes with The Cleaning Authority, LLC will be governed by Maryland common law and that Maryland statutory law (including, without limitation, the Maryland Franchise Registration and Disclosure Law) will not apply to this Agreement or to my business relationship with The Cleaning Authority, LLC unless (a) I am a Maryland resident at the time the Franchise Agreement is executed, (b) the Franchised Business is located in Maryland at the time the Franchise Agreement is executed, or (c) I otherwise meet the jurisdictional requirements of Maryland statutory law without reference to the contractual choice of law provision and without regard to applicable conflicts of laws principles (subject to state law).

10. I understand that the current economic and financial situation could negatively impact the residential and commercial cleaning industry, THE CLEANING AUTHORITY® franchise system and my business.

11. I understand that I must participate in the Mailer Program and purchase all related Mailer Program services from The Cleaning Authority, LLC. I further understand that The Cleaning Authority, LLC will earn a profit from the Mailer Program and related services that I purchase from The Cleaning Authority, LLC.

12. I understand that a) entry into any business venture necessarily involves some unavoidable risk or loss or failure; b) while the purchase of a franchise may improve the chances for success, the purchase of a THE CLEANING AUTHORITY® Business or any other franchise is a speculative investment; c) investment beyond that outlined in the FDD may be required to succeed; d) there exists no guaranty against possible loss or failure in this or any other business; and e) the most important factors in the success of any THE CLEANING AUTHORITY® Business, including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, and require sound judgment and extremely hard work.

If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform the President of The Cleaning Authority, LLC at (410) 740-1900.

You understand and agree that, except as set forth in Item 19 of the FDD, we do not make or authorize our employees or representatives (including salespersons, brokers or others) to make any financial performance representations. If you receive any financial information beyond that disclosed in Item 19, you should report it promptly to the persons identified in Item 19. You also understand that your results may differ from the financial performance information set forth in Item 19 of the FDD.

You understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete. ***If you cannot represent and warrant that all of the above responses are true, correct and complete, do not sign this form (and do not sign a Franchise Agreement with The Cleaning Authority, LLC) until you first resolve any discrepancies with The Cleaning Authority, LLC. If the discrepancies cannot be resolved to your satisfaction, you should not acquire a THE CLEANING AUTHORITY® franchise.***

[Continued on the following page.]

The representations contained in this document are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law to the extent applicable. Except to the extent we have negotiated changes to the Franchise Agreement that differ from the FDD, nothing in this Statement of Franchisee or in any related agreement is intended to disclaim representations made in The Cleaning Authority, LLC's FDD that was furnished to you.

PROSPECTIVE FRANCHISEE:

Reviewed by FRANCHISOR

Date

By: _____

Date

Its: _____

EXHIBIT J

FORM OF GENERAL RELEASE AGREEMENT

GENERAL RELEASE AGREEMENT

(Form subject to change.)

For and in consideration of the Agreements and covenants described below, The Cleaning Authority, LLC (“TCA”) _____ (“Franchisee”) and _____ (“Guarantors”) enter into this General Release of Claims (“Agreement”).

RECITALS

- A. TCA and Franchisee entered into a THE CLEANING AUTHORITY® Franchise Agreement dated _____, ____.
- B. Guarantors personally guaranteed Franchisee’s obligations under the Franchise Agreement.
- B. [NOTE: Describe the circumstances relating to the release.]
- C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, TCA and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

- 1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
- 4. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, (on behalf of itself, its heirs, successors and assigns, affiliates, directors, officers and shareholders, and any other party claiming an interest through them) and Guarantors (on behalf of themselves, their heirs, successors and assigns) (collectively and individually referred to as the “Franchisee Parties”) release and forever discharge TCA, its predecessors, successors, assigns, affiliates, directors, officers, shareholders, agents and employees in their corporate and individual capacities and their respective heirs, personal representatives, successors and assigns (collectively and individually referred to as the “Franchisor Parties”) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which any Franchisee Party may now or in the future own or hold, that in any way relate to the Franchise Agreement or the business relationship between the parties (collectively, “Claims”), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between any Franchisee Party and any Franchisor Party.
- 5. **Acknowledgement.** The release of Claims set forth in Section 4 is intended by the Franchisee Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of any Franchisee Party against any Franchisor Party regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Franchisee Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the

matters mentioned herein may later be discovered and that it is the Franchisee Parties' respective intentions to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. The Franchisee Parties further acknowledge and agree that no violation of this Agreement shall void the releases set forth in this Agreement.

6. **Reservation of Claims Against Non-Settling Parties.** TCA and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of _____.

10. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this General Release Agreement as of the date first above written.

Dated: _____, 20__ THE CLEANING AUTHORITY, LLC

By _____

Its _____

Dated: _____, 20__ FRANCHISEE:

By _____

Its _____

Dated: _____, 20__ GUARANTORS:

Print Name

Print Name

EXHIBIT K
USER AGREEMENT

SUBJECT TO MODIFICATION BY THE CLEANING AUTHORITY, LLC
IN ITS SOLE BUSINESS JUDGEMENT

IMPORTANT LEGAL NOTICE

THIS IS A LEGALLY BINDING AGREEMENT GOVERNING YOUR USE OF TCA.NET. PLEASE REVIEW IT CAREFULLY. BEFORE YOU MAY USE TCA.NET, YOU MUST AGREE TO BE BOUND BY THIS USER AGREEMENT. IF YOU DO NOT AGREE, YOU MAY NOT USE TCA.NET.

USER AGREEMENT

1. **Definitions.** Capitalized terms not defined elsewhere in this User Agreement (this “**Agreement**”) are defined as noted at the end of this Agreement.

2. **Permission to Access and Use TCA.Net.** Franchisor hereby grants to Franchisee the non-exclusive, non-transferable right (a) to access and use TCA.Net during the term of this Agreement (the “**Term**”) in accordance with terms of this Agreement, and (b) to authorize its employees and agents (its “**Authorized User(s)**”) to access and use TCA.Net on Franchisee’s behalf during the Term, subject to and in accordance with the terms of this Agreement.

3. **Permitted Use of TCA.Net.** Franchisee and its Authorized Users may use TCA.Net only in connection with Franchisee’s operation of its Franchised Business (as defined in the Franchise Agreement) in accordance with the Franchise Agreement.

4. **Fees.** Franchisee shall pay Franchisor a weekly fee of Twenty-Five Dollars (\$25.00) per location, or any other amount specified by Franchisor pursuant to the Franchise Agreement, for the right to access and use TCA.Net as permitted under this Agreement.

5. **Access Controls.**

a. *Appointment of Account Administrator.* Franchisee, or if Franchisee is an entity, an officer of Franchisee (the “**Account Administrator**”) will act on behalf of Franchisee on all matters related to TCA.Net. The Account Administrator must have authority to enter into binding contracts (including this Agreement) on behalf of Franchisee with respect to Franchisee’s and its Authorized Users’ use of TCA.Net. The Account Administrator shall follow all protocols and instructions with respect to the administration, configuration, security and use of TCA.Net as may from time to time be communicated by Franchisor to the Account Administrator. Franchisee shall be responsible for ensuring that its Account Administrator complies with this Agreement.

b. *Access Level Groups.* Franchisee, acting through its Account Administrator, may assign different Authorized Users to different access level groups. Franchisor shall have no responsibility for assigning Authorized Users to access level groups.

c. *Password Security.* Franchisee agrees that it is solely responsible for ensuring that (1) its Authorized Users do not share their User Identities with other individuals, including other Authorized Users, except that the Account Administrator may provide the appropriate User Identity to each member of an access level group, and (2) its Authorized Users understand the need and take appropriate measures to keep all User Identities secret and confidential. Franchisor will have the right to assume that any individual accessing or using TCA.Net under a given User Identity is the individual associated with such User Identity in its records and will grant access to Franchisee’s Account Information and other capabilities accordingly. Franchisee will be entirely responsible for the acts and omissions of anyone using a User Identity associated with Franchisee’s name in Franchisor’s records as though such acts and omissions were the acts and omissions of Franchisee, whether or not such acts or omissions or the use of the User Identity were authorized by Franchisee.

d. *Security Risks.* Franchisee acknowledges that Internet-based solutions can not be made perfectly secure or reliable and that data processing entails the likelihood of some human and machine errors, omissions, downtime, delays, and losses, including inadvertent loss or corruption of data, which may give rise to losses or damage. Franchisee accepts responsibility for adopting reasonable measures to limit its exposure with respect to such potential losses and damage. Franchisee will notify Franchisor immediately of any known or suspected unauthorized use of a User Identity registered to Franchisee or any other breach of security. At Franchisee's request, Franchisor will deactivate any or all User Identities associated with Franchisee's name in Franchisor's records; provided, however, that Franchisor will have a commercially reasonable period of time to do so.

e. *Right to Deny Access.* For the protection of Franchisee and its Authorized Users, Franchisor reserves the right (1) to deactivate any User Identity; (2) to require Authorized User(s) to change User Identities; or (3) to deny, limit or terminate access to TCA.Net or any portion thereof, at any time, as necessary or advisable to protect the security and integrity of TCA.Net. Whenever Franchisor is able to do so without compromising the security or integrity of TCA.Net, Franchisor will give Franchisee reasonable notice before taking such action. If Franchisor determines, in its Reasonable Business Judgment, that it is advisable to take immediate action, without prior notice to Franchisee, Franchisor will notify Franchisee as soon as reasonably practicable of its action and, if it can do so without compromising the security of TCA.Net or any investigation, the reason(s) for the action.

6. **Use of Discussion Forums.**

a. *Rules Governing Use of Discussion Forums.* The following additional terms and conditions govern the use of Discussion Forums made available through TCA.Net ("**Discussion Forums**"). Franchisee and its Authorized Users may not

- post any Content that is protected by copyright, trademark, privacy or publicity rights, trade secret rights, confidentiality rights, contract rights, or other rights without the express permission of the owner of the respective right;
- post any Content that is harmful; hateful; threatening; abusive; harassing; belittling, defamatory or libelous; sexually explicit, vulgar, lewd, obscene, or pornographic; offensive; inappropriate; or inflammatory;
- post any Content that is intended to embarrass anyone;
- post any Content that the user knows (or reasonably should know) is false, deceptive or misleading;
- post any Content that contains software viruses or any other computer code, files or programs designed to interrupt, destroy or limit the functionality of any computer software or hardware or telecommunications equipment;
- post any Content that violates the Franchise Agreement;
- post any private information about another person, including addresses, phone numbers, email addresses, social security numbers, credit card or financial account information, health information, and so on;
- impersonate any person or entity, or falsely state or otherwise misrepresent oneself, one's age, or one's affiliation with any person or entity;
- use a Discussion Forum in a manner that violates any laws or regulations;
- use a Discussion Forum to solicit money, goods or services for private gain;
- use a Discussion Forum to solicit money, goods or services for any charitable purposes without Franchisor's written consent;
- use a Discussion Forum to promote political views or candidates or religious or philosophical views;

- use a Discussion Forum to further or promote any criminal or illegal activity or to provide instructional information about illegal activities; or
- use a Discussion Forum in a manner that, in our Reasonable Business Judgment, restricts or inhibits the productive use of the Discussion Form by any other user.

b. *Right to Monitor and Remove User Generated Content.* Franchisor and its Authorized Users acknowledge that Franchisor has the right (but not the obligation) to monitor Postings and the right (but not the obligation), in its Reasonable Business Judgment, to remove any Postings that violates this Agreement for any other reason.

c. *Confidentiality of Postings.* In order to foster open dialogue, protect the confidential information and trade secrets of Franchisor and its Franchisees, protect the goodwill in the brand, and avoid copyright infringement, Franchisee and its Authorized Users (1) shall keep all Postings strictly confidential; (2) shall not copy, distribute, display or perform publicly, or prepare derivative works based on any Postings (for example, by re-posting any excerpts on other Web sites); (3) shall not use any Postings except in connection with Franchisee’s operation of its Franchised Business in accordance with the terms of the Franchise Agreement; and (4) shall not use any Postings in any manner that is reasonably likely to damage the goodwill in the brand. All postings shall be deemed to be the “confidential and proprietary information” of Franchisor. This subsection shall survive the termination of this Agreement.

7. **Restrictions on Use of TCA.Net.** Franchisee and its Authorized Users will not and will not suffer any third party to

a. access, view, use, copy, modify or prepare derivative works of any part of TCA.Net, except as expressly authorized in this Agreement;

b. resell, distribute, rent, lease, sublicense, lend, give, market, commercialize, assign, or otherwise transfer rights or usage of all or any part of TCA.Net to any third party, except as expressly authorized in this Agreement;

c. reverse engineer, translate, disassemble, decompile, or cause or allow discovery of the source code for any part of TCA.Net or attempt to do so;

d. remove, obscure or alter the copyright, trademark or other proprietary notices affixed to or contained Content made available through TCA.Net;

e. use TCA.Net in any manner or in connection with any data that (1) infringes upon or violates any patent, copyright, trade secret, trademark, publicity, privacy or other right of any third party, (2) violates any applicable international, federal, state, provincial or local law, rule, regulation or ordinance; or (3) violates any applicable privacy policy or other privacy promise;

f. attempt to gather and use information available through TCA.Net to transmit any unapproved advertising; or

g. engage in conduct intended to or likely to damage TCA.Net, for example, by knowingly introducing any viruses, worms, other malicious code to TCA.Net.

8. **Right to Modify Web Service.** Franchisor retains the right, in its sole and absolute discretion, to modify, alter or enhance the operation and functionality of TCA.Net without prior notice to Franchisee.

9. **Term and Termination.**

a. *Term.* The Term of this Agreement will commence on the later of October 31, 2009, or the date on which Franchisee or one of its Authorized Users first accesses and uses TCA.Net and shall continue until this Agreement is terminated as provided below or as otherwise provided in the Franchise Agreement.

b. *Termination.*

(1) Franchisor may, in its sole determination, terminate this Agreement if Franchisee (one of its Authorized Users) is in material breach of this Agreement by notifying

Franchisee, in writing, of such termination. Franchisee will not be entitled to a cure period unless a cure period is specified in Franchisor's notice.

(2) Franchisor may terminate this Agreement at anytime upon written notice to Franchisee, if Franchisor ceases generally to provide TCA.Net to its Franchisees.

(3) This Agreement shall automatically terminate without necessity of notice if the Franchise Agreement expires or is terminated.

c. *Franchisee's Obligations Upon Termination.* Upon the expiration or termination of this Agreement for any reason, Franchisee will cease all use of TCA.Net and will return in a secure manner all copies of the documentation relating to the Software in Franchisee's possession or under its control and will certify to Franchisor that it has done so.

d. *Franchisor's Obligations Upon Termination.* If this Agreement is terminated pursuant to Section 9(b)(2), and provided the Franchise Agreement is still in full force and effect, Franchisor will provide a copy of Franchisee's Account Information to Franchisee in a standard format and secure manner as reasonably requested by Franchisee.

e. *Cross-Default.* A termination of this Agreement will not automatically result in termination of the Franchise Agreement; provided, however, a material breach by Franchisee (or one of its Authorized Users) of its obligations under the terms of this Agreement will constitute a material breach of the Franchise Agreement.

f. *Survival.* Sections 1, 5(c-d), 6(c), 7, 9(c-e), and 10-14 of this Agreement will survive the termination of this Agreement.

10. **Intellectual Property.**

a. *TCA.Net.* Franchisee acknowledges and agrees that, as between Franchisor and Franchisee, Franchisor owns all rights, title and interests in and to TCA.Net and each component thereof, including all intellectual property rights therein or appurtenant thereto. Franchisee further acknowledges and agrees that TCA.Net contains the valuable trade secrets of Franchisor and third parties. Franchisee will not acquire any right, title or interest in TCA.Net or any portion or component thereof pursuant to this Agreement, other than the right to access and use TCA.Net as expressly granted in this Agreement, subject to the terms and conditions of this Agreement.

b. *Account Information.* The parties acknowledge and agree that (1) Franchisee has the right to use the Account Information in the operation of its Franchised Business, subject to the terms of the Franchise Agreement; and (2) Franchisor has the right to use Account Information for the purpose of performing Franchisor's obligations hereunder and in any other way or manner that Franchisor believes, in its Reasonable Business Judgment, is in the best interests of the System.

c. *Postings.* By submitting Postings to TCA.Net Discussion Forums, Franchisee and its Authorized Users are assigning all worldwide copyrights in such Postings to Franchisor. Franchisees and their Authorized Users may not copy, distribute, display or perform publicly or prepare derivative works based on any Postings without Franchisor's prior written permission.

d. *Feedback.* By submitting comments, suggestions and other feedback relating to TCA.Net or The Cleaning Authority® franchise system (the "**System**") through TCA.Net (collectively, "**Feedback**"), Franchisee and its Authorized Users grant to Franchisor a perpetual, non-revocable, worldwide, fully-paid up, royalty free license to use, reduce to practice, make, exploit, reproduce, display and perform publicly, sublicense, distribute, and prepare derivative works based on such Postings and Feedback (and all know-how related thereto) for any purpose whatsoever, including but not limited to designing, developing, marketing and operating web-enabled services. Unless Franchisee or its Authorized User expressly states otherwise in the communication in which the Feedback is provided, Franchisor shall have the right to assume that neither Franchisee nor its Authorized User claim any patent rights in the Feedback. Upon Franchisor's request, Franchisee will execute such further instruments and

take such further actions as Franchisor may reasonably request, at Franchisor's expense, to evidence or protect Franchisor's rights in such Feedback.

11. **Disclaimer of Representations and Warranties.** TCA.NET AND ANY RELATED PRODUCTS AND SERVICES PROVIDED TO USER HEREUNDER ARE PROVIDED "AS IS," "AS AVAILABLE," WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, FRANCHISOR, ITS AFFILIATES, ITS LICENSORS AND ITS SERVICE PROVIDERS MAKE NO WARRANTIES, EXPRESS, IMPLIED, STATUTORY (INCLUDING ANY IMPLIED WARRANTIES ARISING UNDER THE MARYLAND UNIFORM COMPUTER INFORMATION TRANSACTIONS ACT, CODIFIED AT MD. CODE COM. LAW, TIT. 22-101 ET SEQ.), OR ARISING BY COURSE OF DEALING, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OR TITLE, IN CONNECTION WITH TCA.NET OR ANY RELATED PRODUCTS AND SERVICES PROVIDED HEREUNDER, AND ALL SUCH WARRANTIES ARE HEREBY DISCLAIMED.

12. **Limitations on Liability.**

a. IN NO EVENT WILL FRANCHISOR, ITS AFFILIATES, LICENSORS, OR SERVICE PROVIDERS, OR ITS OR THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS, BE LIABLE TO FRANCHISEE OR ANY AUTHORIZED USER (NOR TO ANY THIRD PARTY CLAIMING THROUGH FRANCHISEE OR ANY AUTHORIZED USER) FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL LOSSES OR DAMAGES (INCLUDING LOSS OF PROFITS, REVENUES, SAVINGS, OR GOODWILL OR LOSS, CORRUPTION OR THEFT OF DATA) ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING IN CONNECTION WITH (1) TCA.NET OR ANY RELATED PRODUCTS OR SERVICES PROVIDED HEREUNDER, (2) FRANCHISEE OR ANY AUTHORIZED USER'S USE OF OR INABILITY TO USE TCA.NET OR ANY RELATED PRODUCTS OR SERVICES PROVIDED HEREUNDER, OR (3) FRANCHISEE'S ACCOUNT INFORMATION.

b. IN NO EVENT WILL FRANCHISOR'S, ITS AFFILIATES', ITS LICENSORS', ITS SERVICE PROVIDERS', OR ITS OR THEIR DIRECTORS', OFFICERS', EMPLOYEES', OR AGENTS' COMBINED AGGREGATE LIABILITY HEREUNDER TO FRANCHISEE OR ANY AUTHORIZED USER (OR ANY THIRD PARTY CLAIMING THROUGH FRANCHISEE OR ANY AUTHORIZED USER) FOR ANY CAUSE WHATSOEVER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING IN CONNECTION WITH (1) TCA.NET OR ANY RELATED PRODUCTS OR SERVICES PROVIDED HEREUNDER, (2) FRANCHISEE OR ANY AUTHORIZED USER'S USE OF OR INABILITY TO USE TCA.NET, ANY OTHER PRODUCTS OR SERVICES PROVIDED HEREUNDER, OR (3) FRANCHISEE'S ACCOUNT INFORMATION, EXCEED ONE HUNDRED DOLLARS (\$100.00).

c. THE FOREGOING LIMITATIONS OF LIABILITY WILL APPLY TO THE FULLEST EXTENT PERMITTED BY LAW, WHETHER THE ALLEGED LIABILITY IS BASED ON CONTRACT, NEGLIGENCE OR OTHER TORT, STRICT LIABILITY OR ANY OTHER BASIS, EVEN IF AN AUTHORIZED REPRESENTATIVE OF FRANCHISOR OR ITS AFFILIATES, LICENSORS OR SERVICE PROVIDERS HAD BEEN ADVISED OF OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES, AND WITHOUT REGARD TO THE SUCCESS OR EFFECTIVENESS OF OTHER REMEDIES.

d. USER ACKNOWLEDGES THAT FRANCHISOR COULD NOT MAKE TCA.NET AVAILABLE TO USER ON THE TERMS SET FORTH IN THIS AGREEMENT IF FRANCHISOR'S LIABILITY AND THAT OF THIRD PARTIES WERE NOT LIMITED AS SET FORTH IN THIS AGREEMENT.

13. **Indemnification.** Franchisee will indemnify, defend and hold Franchisor, its affiliates, its third-party licensors and its service providers, and its and their respective directors, officers, employees, licensors, service providers and agents, harmless from and against any and all claims, demands, causes of

action, damages, losses, liabilities, costs or expenses, including reasonable attorneys' fees and disbursements, arising out of or in connection with Franchisee's (or any of Franchisee's Authorized Users') breach of this Agreement.

14. **General Terms.**

a. *Relationship Of The Parties.* Franchisor and Franchisee agree that each is an independent contractor in the performance of each and every part of this Agreement. Each will be responsible for the management, direction, control, supervision, and compensation of its own employees, contractors and agents.

b. *Third-Party Service Providers.* Franchisor reserves the right to subcontract its obligations under this Agreement to selected third-party service providers. The subcontracted services may include hosting and maintenance services. Franchisor will remain responsible, however, for the proper performance of all of its obligations under this Agreement, whether Franchisor performs those obligations directly or through a third-party service provider.

c. *Reasonable Business Judgment.* Whenever in this Agreement Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably, in good faith, or in the best interests of the System, Franchisor will satisfy its obligations whenever it exercises Reasonable Business Judgment in making a decision or exercising its rights. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interests. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving client service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

d. *Assignment.* Franchisee may not sell, assign, license, sub-license or otherwise convey in whole or in part, by operation of law or otherwise, to any third party this Agreement or any of Franchisee's rights or obligations hereunder, unless such assignment, sale or other action is approved in advance and in writing by Franchisor; provided, that in no event will any such assignment, sale or other action be deemed to relieve or release Franchisee from any obligations under this Agreement. Franchisor may assign this Agreement at any time.

e. *Successors and Assigns.* The terms, conditions and obligations of this Agreement will inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns.

f. *Force Majeure.* Neither party will be liable to the other party for any failure or delay in performance caused by reasons beyond its reasonable control, including, but not limited to, acts of God, acts of any governmental authority, strikes or labor disputes, acts of war or terrorism, fire, severe weather or natural disasters, or other similar events. Without limiting the foregoing, Franchisor will not be responsible for any loss or unavailability of TCA.Net or any Account Information that results from a cause over which it does not have direct control, including, but not limited to, failure of electronic or mechanical equipment, computer viruses, unauthorized access, theft, operator errors, fiber optic cable cuts, interruption or failure of telecommunication or digital transmission links, Internet failures or delays, or other similar events.

g. *Notices.* Any notice required or permitted to be given under this Agreement will be deemed given when given in accordance with the notice provisions of the Franchise Agreement.

h. *Governing Law; Personal Jurisdiction.* This Agreement will be governed under the laws of Maryland (excluding the Maryland Uniform Computer Information Transactions Act, codified at Md. Code Com. Law., tit. 22-101 et seq., which the parties agree will not apply to this Agreement), without regard to its conflicts of law provisions. The United Nations Convention on Contracts for the International Sale of Goods will not apply to this Agreement. All actions or proceedings arising out of or relating to this Agreement will be venued exclusively in state or federal court in Maryland, U.S.A., and

the parties hereby irrevocably consent and submit themselves to the personal and exclusive jurisdiction of said courts for all such purposes.

i. *No Waiver.* The failure of either party at any time to require performance of any provision of this Agreement or to exercise any right provided for herein will not be deemed a waiver of such provision or such right. All waivers must be in writing. Unless the written waiver contains an express statement to the contrary, no waiver by a party of any breach of any provision of this Agreement or of any right provided for herein will be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right under this Agreement.

j. *Severability.* If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law, such provision will be changed and interpreted so as to best accomplish the objectives of the original provision to the fullest extent allowed by law and the remaining provisions of this Agreement will remain in full force and effect.

k. *Rules of Interpretation.* As used in this Agreement, the word “or” is not exclusive and the words “including” or “include” are not limiting.

l. *Amendment.*

(1) Franchisor may supplement or amend this Agreement at any time by posting the revised Agreement on the login page of the Site and/or the Franchise Agreement (specifically, the Manual Suite). Continued use of TCA.Net by Franchisee and its Authorized Users will constitute Franchisee’s and its Authorized User’s agreement to be bound by the revised Agreement. Franchisor will alert you to any changes by posting a notice on the login page for at least 60 days following such change.

(2) This Agreement may be supplemented or amended by notices and instructions posted on the applicable areas of TCA.Net. If the terms and conditions set forth in any such notice conflict with the terms and conditions of this Agreement, the contrary terms and conditions set forth in the notice will govern, but only with respect to the subject matter of the notice.

m. *Order of Interpretation/Entire Agreement.* This Agreement is intended to supplement the Franchise Agreement and will be interpreted, to the extent possible, as supplementary to, not conflicting with the Franchise Agreement. To the extent any term of this Agreement is interpreted to conflict with a term of the Franchise Agreement, that term will govern, but only with respect to the subject matter hereof. This Agreement, together with the Franchise Agreement contains the entire agreement between Franchisor and Franchisee with respect to the subject matter hereof and supersedes all previous communications, negotiations and agreements, whether oral or written, between Franchisor and Franchisee with respect to such subject matter.

Definitions

“**Account Information**” means data and other information transmitted to TCA.Net by a Franchisee or one of its Authorized Users and all data, reports, and other information generated by TCA.Net based on such information, except that “Account Information” does not include any “Postings.”

“**Content**” means all of the text, images, photographs, graphics, audio and/or video clips and other information and materials published, posted or displayed on the Site, together with all related metadata..

“**Franchise Agreement**” means the franchise agreement between Franchisee and Franchisor, together with all related manuals, policies and practices, including The Cleaning Authority Operations Manual, Software Manual, Employee Manual or Pre-Work Manual; as from time to time amended.

“**Franchisee**” means the franchisee associated in Franchisor’s records with the User Identity used to access TCA.Net.

“**Franchisor**” means The Cleaning Authority, LLC

“**Posting(s)**” means all comments and other Content posted by a Franchisee or its Authorized Users on a Discussion Forum (as defined in Section 6 above).

“**Site**” means the Web site currently located at <https://tcanet.thecleaningauthority.com/login.asp> and all Updates thereto.

“**Software**” means the proprietary franchise management software developed by Franchisor and made available to Franchisees and their Authorized Users through TCA.Net, together with all related documentation provided by Franchisor to Franchisee, and all Updates to the foregoing.

“**TCA.Net**” means, collectively, this Site, the Content, the Account Information, the Software, and all of the software, code, hardware and connectivity used to host, operate and maintain the foregoing and provide the Software as a service to Franchisees, together with all Updates thereto.

“**Updates**” means, collectively, any and all fixes, updates, additions, deletions, modifications, enhancements or new versions.

“**User Identity**” means a unique combination of username and password used to access TCA.Net.

EXHIBIT L
RECEIPTS

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.

Except as noted below, if The Cleaning Authority, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If The Cleaning Authority, LLC offers you a franchise in New York or Rhode Island, we must give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If The Cleaning Authority, LLC offers you a franchise in Iowa, we must give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If The Cleaning Authority, LLC offers you a franchise in Michigan or Washington, we must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If The Cleaning Authority, 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 the appropriate state agency identified on Exhibit A.

The franchisor is The Cleaning Authority, LLC, located at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046. Its telephone number is (410) 740-1900.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Eric Wexler, Vice President of Franchise Development, The Cleaning Authority, LLC, 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046 and (410) 740-1900; and

Issuance Date: March 30, 2012

The Cleaning Authority, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a Disclosure Document dated March 30, 2012 (with effective dates of state registration as listed in the State Effective Dates page) that included the following Exhibits:

- A. LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
- B. STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT
- C. FRANCHISE AGREEMENT (INCLUDING ALL EXHIBITS)
- D. STATE SPECIFIC ADDENDA TO FRANCHISE AGREEMENT
- E. FINANCIAL STATEMENTS
- F. OPERATIONS MANUAL SUITE TABLE OF CONTENTS
- G. FRANCHISEE LIST
- H. RENEWAL ADDENDUM
- I. QUESTIONNAIRE
- J. FORM OF GENERAL RELEASE AGREEMENT
- K. USER AGREEMENT
- L. RECEIPTS

Date	Signature	Printed Name
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Date	Signature	Printed Name
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Please sign this copy of the receipt, date your signature, and keep this copy for your records.

Prospective Franchisee's Copy

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.

Except as noted below, if The Cleaning Authority, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If The Cleaning Authority, LLC offers you a franchise in New York or Rhode Island, we must give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If The Cleaning Authority, LLC offers you a franchise in Iowa, we must give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If The Cleaning Authority, LLC offers you a franchise in Michigan or Washington, we must give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If The Cleaning Authority, 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 the appropriate state agency identified on Exhibit A.

The franchisor is The Cleaning Authority, LLC, located at 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046. Its telephone number is (410) 740-1900.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Iric Wexler, Vice President of Franchise Development, The Cleaning Authority, LLC, 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046 and (410) 740-1900; and

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- J. FORM OF GENERAL RELEASE AGREEMENT
- K. USER AGREEMENT
- L. RECEIPTS

Date	Signature	Printed Name

Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, return the signed Receipt to: Iric Wexler, Vice President of Franchise Development, The Cleaning Authority, LLC, 7230 Lee DeForest Drive, Suite 200, Columbia, Maryland 21046.

Franchisor's Copy

