Liquid Capital

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FRANCHISE DISCLOSURE DOCUMENT

Liquid Capital of America Corp.
MacArthur Plaza
5525 N. MacArthur Blvd., Suite 625
Irving, TX 75039
1-877-228-0800
birnbaum@liquidcapitalcorp.com
www.lcfranchise.com
www.liquidcapitalcorp.com

This franchise is for a business that offers factoring and other financing services.

The total investment necessary to begin operation of one Liquid Capital franchise ranges from $58,200 to $95,100, excluding amounts needed to fund client Advances, but including $50,000 that must be paid to the franchisor. The total investment necessary to begin operation of three Liquid Capital franchises under our multi-territory program ranges from $145,900 to $193,700, excluding amounts needed to fund client Advances, but including $130,000 that must be paid to the franchisor.

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

You may wish to receive your Disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Brian Birnbaum at MacArthur Plaza, 5525 N. MacArthur Blvd., Suite 625, Irving, TX 75039 and 1-866-272-3704.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information comparing franchisors is available. Call your state agency or your public library for sources of information. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," is available from the FTC. You can contact the FTC at 1-877-FTCHELP 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.

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

The Issuance Date: March 10, 2014

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 H** 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 BY ARBITRATION ONLY IN DELAWARE. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN DELAWARE THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THE FRANCHISOR HAS NOT REGISTERED, OR FILED FOR REGISTRATION, WITH THE USPTO THE MARK THAT IS DISCLOSED ON THE FTC COVER PAGE.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES IN DESIGNATED STATES

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

This Franchise Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states with franchise registration and disclosure (or business opportunity*) laws as of the dates listed:

California	Effective Date:	February 19, 2014
Florida	Effective Date:	January 7, 2014
Hawaii	Effective Date:	Pending
Illinois	Effective Date:	Pending
Indiana	Effective Date:	Pending
Kentucky	Effective Date:	January 25, 2005*
Maryland	Effective Date:	Pending
Michigan	Effective Date:	January 18, 2014
Minnesota	Effective Date:	Pending
Nebraska	Effective Date:	January 5, 2005*
New York	Effective Date:	Pending
North Dakota	Effective Date:	Pending
Rhode Island	Effective Date:	Pending
South Dakota	Effective Date:	Pending
Texas	Effective Date:	January 5, 2005*
Utah	Effective Date:	January 22, 2014
Virginia	Effective Date:	Pending
Washington	Effective Date:	Pending
Wisconsin	Effective Date:	Pending

* Denotes one time filing

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of **March 10, 2014**.

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ITEM 1
THE FRANCHISOR AND ANY PARENT, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is Liquid Capital of America Corp., referred to in this Disclosure Document as "**we**," "**us**," **or** "**our**". We refer to the person interested in buying the franchise as "**you**" or "**your**". If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement will apply to your owners. These are addressed in this Disclosure document where appropriate.

We were incorporated as a Delaware corporation on June 4, 2004. Our principal business address in the U.S. is MacArthur Plaza, 5525 MacArthur Blvd, Suite 625, Irving, TX 75039. We do business under the name "Liquid Capital". Our agents for service of process in the states requiring franchise registration are listed in **Exhibit I**.

We sell franchises for businesses that offer factoring and other financial services under the service mark and trade name "Liquid Capital" ("**Liquid Capital Businesses**"). We do not operate and have never operated a Liquid Capital Business, but we may do so in the future.

We began to offer franchises December 31, 2004. We are not engaged in any other businesses and have never offered franchises in any other line of business. However, as noted below, we offer to certain select individuals the opportunity to purchase an AD Franchise by way of a separate Disclosure Document.

Our parent, Liquid Capital Corp., an Ontario corporation ("**LCC**"), has offered franchises in Canada for factoring businesses operating under the trademark "Liquid Capital" since November 1999. LCC has also owned a Liquid Capital Business in Canada through its subsidiary, Liquid Capital Vanguard, which entered into a licensing agreement with LCC to provide factoring services in August 2000. LCC has never offered franchises in any other line of business. LCC maintains its principal business address at 5734 Yonge Street, Suite 400, Toronto, Ontario, Canada M2M 4E7.

Our affiliate, Liquid Capital Exchange, Inc. ("**LQ Exchange**") provides "**Back Office Support Services**," "**Exchange Services**," and, in some cases, financing to our franchisees. LQ Exchange shares our principal business address. LQ Exchange has never operated businesses of the type being franchised and has never offered franchises in any line of business.

The Franchise

California franchisees should refer to the chart attached to the California Addendum found at the **Exhibit G** for information regarding additional legal compliance requirements related to the Liquid Capital program which is described in the following paragraphs.

A Liquid Capital franchise gives you the right to offer the factoring and other financial services provided by a Liquid Capital Business in a designated geographic area ("**Territory**"). Franchisees operate under the Liquid Capital business system ("**System**") and Liquid Capital

trademark, as well as other trade names, service marks, trademarks, logos, and commercial symbols we authorize ("**Marks**").

Factoring is currently the primary financial service offered by Liquid Capital Businesses, although other financial services may be added in the future. Factoring is the purchase of a business client's accounts receivable for immediate cash at a discount. There is typically a base "**Discount Fee**," which is calculated as a percentage of the client's accounts that are outstanding for a specified base time period. Fees may also include an additional "**Daily Fee**," which is calculated as a percentage of the client's accounts that are outstanding for longer than the base time period.

Cash and other extensions of credit to the client are called "**Advances**". Advances are usually a percentage of the client's accounts being purchased. For example, if the accounts are $1,000, a factor might advance $800 (less fees in the amount of the Discount Fee) in cash against those accounts, with the remaining $200 treated as a reserve.

The factor may purchase all or most of a client's accounts ("**Full Factoring**"). The factor performs various accounting duties and collects the accounts. As part of the Liquid Capital System, we have arranged for these ledgering, collection and other related services to be handled by LQ Exchange or by one or more approved service providers ("**Service Provider**") with which LQ Exchange contracts. Currently, the only approved third party service provider is LQ Exchange. Liquid Capital franchisees may also use LQ Exchange to identify other approved persons (principally other Liquid Capital franchisees) to fund up to 85% of the Advances to a factoring client.

In the Liquid Capital System, LQ Exchange signs an agreement ("**Purchase and Sale Agreement**") with each approved factoring client who is identified and processed by a Liquid Capital franchisee. The Purchase and Sale Agreement establishes the terms of the factoring arrangement with that client. Liquid Capital franchisees are not parties to the Purchase and Sale Agreement. Instead, LQ Exchange and each franchisee who participates in the factoring arrangement ("**Participant**") enter into a separate agreement that identifies each party's role in the arrangement. All Participants in a Full Factoring arrangement sign a Participation Agreement with LQ Exchange. (See **Exhibit C**).

These agreements identify the "**Participation Percentage**" of each Participant who has agreed to fund Advances to a client. The Participation Percentage is each Participant's share of the total factoring arrangement. It represents the amount of total Advances to the client that the Participant has agreed to contribute and the amount of total fees from the client that the Participant is entitled to receive. In the Liquid Capital System, the minimum Participation Percentage that a Participant may have is 20% of the total factoring arrangement, although we have the right to approve a Participation Percentage of less than 20% in our discretion.

Participants may fully fund their proportionate share of the Advance themselves (or through lenders other than LQ Exchange), or they may finance it through LQ Exchange, if LQ Exchange determines that the Participant satisfies LQ Exchange's lending criteria. LQ Exchange may provide financing for the lesser of (a) an amount between 75% and 85% of the Advances to factoring clients or (b) an amount between 56.25% and 65% of eligible accounts (those that are

less than 90 days old and credit approved). Alternatively, franchisees who participate in the factoring arrangement may secure financing from other sources if they first have the lending source sign a Financing Estoppel Agreement (as defined in the Franchise Agreement), in the form contained in the Manual.

All Participants pay to LQ Exchange an Exchange Fee and a "**Back Office Services Fee**" (for all transactions offered and processed through LQ Exchange) for the provision of credit, collection and administrative services provided by LQ Exchange, directly or through the Service Provider. The franchisee that identifies and initially processes the factoring client is called the "**Originating Franchisee**". The Originating Franchisee is paid an Originating Franchisee Fee by the other Participants in the factoring transaction. The franchisee who manages the on-going relationship with the client and the other Participants is called the "**Managing Participant**". Other Participants pay the Managing Participants a "**Management Fee**".

You may also refer a factoring client to LQ Exchange or another factoring company. LQ Exchange will process the client and, if it determines that the client meets LQ Exchange's criteria, LQ Exchange may fund the Client or refer it to another factor. If LQ Exchange or the referring factor factors the client's accounts directly, it will pay a referral fee which you will receive after LQ Exchange deducts a portion of the fee for its processing and other related services.

The operation of factoring transactions in the Liquid Capital System is graphically illustrated in ITEM 19 of this disclosure document. We reserve the right to require you to offer additional financial services, or to reduce or eliminate some of the financial services you may offer, at any time upon 30 days advanced written notice to you. We reserve the right to change fees for such additional services, and to outline such fees in the Manual.

Our franchise agreement is attached as **Exhibit B** to this disclosure document (the "**Franchise Agreement**"). Under the Franchise Agreement, you will operate a Liquid Capital Business in the Territory described in the Franchise Agreement. The Franchise Agreement gives you certain protections against the location of other Liquid Capital Businesses in your Territory.

Competition

Factoring is a financing alternative that can be offered to businesses in a wide range of product and service industries. Based on our experience and that of our affiliate, LCCC, we believe that the factoring services offered by franchisees operating under the Liquid Capital System will be most attractive to small and mid-size business clients operating in the following industries: transportation, service, temporary and contract labor, and companies selling to the retail trade. In offering factoring services to these business clients, you will compete with other factoring companies, some of which may be larger and have greater resources than you. You will also compete with other types of financing sources, including banks and other financial institutions. We believe that our marketing program and the initial training and on-going guidance provided by us and LQ Exchange will help you to compete.

Industry-Specific Regulation

You must comply with all laws, rules and regulations governing the operation of the Liquid Capital Business. You must also comply with federal, state, and local laws applicable to businesses generally. Factoring generally is not regulated by federal, state or local laws, although there are some exceptions. ***California applicants should refer to the California Section of the State-Specific Addendum, attached to this disclosure document as Exhibit G, for information regarding registration as a lender and/or broker under California's Finance Lenders Law***.

The perfection of security interests in the collateral securing a client's obligations is regulated by state law, generally under state Uniform Commercial Codes. Under your and our agreements with Exchange, either Exchange or the Service Provider will handle the perfection of security interests in the collateral. In addition, if you raise funds from investors to make Advances, you must comply with all applicable federal and state securities laws. You should consider all applicable laws and regulations when evaluating your purchase of a Liquid Capital franchise.

ITEM 2
BUSINESS EXPERIENCE

Brian Birnbaum – President and Director

Mr. Birnbaum has served as President and Director of Liquid Capital in Irving, Texas since our incorporation in June 2004 through the present. Mr. Birnbaum has also served as President of Liquid Capital Canada Corp. in Toronto, Ontario, since July 2007. Mr. Birnbaum has concurrently held the position of Vice President for LQ Exchange, in Irving, Texas since its formation in September 2004 through the present. Since June 1999, he has also served as Vice President and Chief Operating Officer for LCC in Toronto, Ontario, where, among other duties, he has responsibility for factoring advisory and training programs.

Barnett Gordon – Vice President, Chief Financial Officer, Secretary and Director

Mr. Gordon has served as our Vice President, Chief Financial Officer, Secretary and Director since our incorporation in June 2004 through the present and as Vice President, Secretary and Director for LQ Exchange in Irving, Texas since its formation in September 2004 through the present. Mr. Gordon has also served as Vice President, Chief Financial Officer, Secretary and Director for Liquid Capital Canada in Toronto, Ontario, since July 2007. He also serves as Chief Financial Officer and Secretary for LCC, located in Toronto, Ontario, and has held this position since June 1999 through the present.

Andrew Meroney – Vice President

Mr. Meroney has served as our Vice President since June 2013 through the present. Previously he served as Vice President of The Commercial Finance Group, Inc. in Las Vegas, Nevada. Mr. Meroney was our Vice President from May 2008 until December 30, 2010.

Robert (Thompson-) So – Vice President, Chief Strategy Officer

Mr. So has served as our Vice President and Chief Strategy Officer since May 2013 to the present. Mr. So also serves as President and CEO of 4th & Meadowbrook Consulting, Inc. in Mississauga, Ontario since March 2011 to the present. From July 2006 until March 2011 Mr. So served as Managing Director of Capital Markets and Investments for New Solutions Capital, Inc. in Mississauga, Ontario.

Michael A. Peterson – Director of Franchise Sales

Mr. Peterson has served as Director of Franchise Sales for Liquid Capital since January 1, 2014. Mr. Peterson has also served as the President of Franchise Beacon, LLC in Irvine, California since December 2008 and Director of Training for Edge Franchise Corporation in Dana Point, California since August 2013. Previously he was CAO from November 2012 to March 2013 for PNT USA, Inc. in San Clemente, California. From June 2010 to November 2012 Mr. Peterson was also Vice President of Operations for Play N Trade Franchise, Inc. in San Clemente, California. From January 2009 to June 2010 he was the Senior Director of Play N Trade Franchise, Inc. in San Clemente, California.

Charles R. Franklin – Director of Franchise Development

Mr. Franklin has served as Director of Franchise Development for Liquid Capital since January 1, 2014. Mr. Franklin has also served as the Managing Member and CEO of Franchise Beacon, LLC in Irvine, California since December 2008 and Director of Franchise Development for Edge Franchise Corporation in Dana Point, California since July 2013. Previously he was Executive Vice President of Franchise Development from January 2013 to April 2013 for PNT USA, Inc. in San Clemente, California. From March 2011 to January 2013 Mr. Franklin was also Executive Vice President of Franchise Development of PNT Franchise, Inc. in San Clemente, California. From February 2012 to March 2013 he was the Chief Development Officer of Amada Franchise, Inc. in San Clemente, California. Mr. Franklin also served as Vice President of Sales for PNT Franchise, Inc. in San Clemente, California from April 2010 through March 2011. He was also the Vice President of Franchise Development of PNT Franchise, Inc. in San Clemente, California from January 2009 to April 2010.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee

The initial franchise fee ("**Initial Franchise Fee**") for a single Territory franchise is $50,000. If you qualify for our multi-territory program, the Initial Franchise Fee is $130,000 for the first three Territories and $40,000 for each additional Territory.

During our last fiscal year, ended December 31, 2013, we collected uniform Initial Franchise Fees of $50,000.

Under the multi-territory program, you must have a minimum net worth of $1,000,000 and must purchase an initial package of three franchises. You must also employ at least two full-time employees by the third month of operation. We will train five of your employees for no additional fee. Your minimum annual performance goals under the Franchise Agreement will take effect beginning in the third year of your operations.

The Initial Franchise Fee is paid when you sign the Franchise Agreement and is determined uniformly for all franchises of the same type. If we terminate your Franchise Agreement because your Controlling Principal fails to satisfactorily complete initial training and you do not cure within the applicable cure period, we will refund to you 75% of all money we have received from you, less our reasonable out-of-pocket costs and expenses.

ITEM 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Continuing Royalty	8% of Gross Revenue.[2]	Note 3	
Back Office Services Fee (Full Factoring)	The greater of (i) a percentage (not to exceed 0.75%) of the accounts represented by the invoices listed on a schedule of accounts	Note 3	Each Participant who signs a Participation Agreement or Confirmation of Transaction will pay to LQ Exchange its share of this fee in proportion to its Participation Percentage (as shown in the Participation Agreement).
Exchange Fee	Currently, .25% of the accounts represented by the invoices listed on schedule of accounts and processed through LQ Exchange	Note 3	In Funding Transactions involving more than 1 Participant, each Participant who signs a Participation Agreement or Confirmation of Transaction will pay LQ Exchange its share of this fee in proportion to its Participation Percentage (as shown in the Participation Agreement or Confirmation of Transaction, as applicable). These fees are processed by the LQ Exchange directly or through an approved Service Provider.

Type of Fee[1]	Amount	Due Date	Remarks
Originating Franchisee Fee	Currently, 12% of the gross revenue earned by all Participants signing a Participation Agreement or Confirmation of Transaction other than the Originating Franchisee.	Note 3	Each Participant who signs a Participation Agreement or Confirmation of Transaction other than the Originating Franchisee will pay to the Originating Franchisee its share of this fee in proportion to its Participation Percentage (as shown in the Participation Agreement or Confirmation of Transaction, as applicable). These fees are processed by the LQ Exchange directly or through an approved Service Provider.
Management Fee	Maximum of 0.5% of the Accounts (as defined in the Franchise Agreement) represented by the schedule of accounts.	Note 3	Each Participant who signs a Participation Agreement or Confirmation of Transaction other than the Managing Participant will pay to the Managing Participant its share of this fee in proportion to its Participation Percentage (as shown in the Participation Agreement or Confirmation of Transaction, as applicable). These fees are processed by the LQ Exchange directly or through an approved Service Provider.
Marketing Fund Contribution	Up to $500 per month.	1st day of the month	The Fund (as defined in the Franchise Agreement) contribution can be increased on each anniversary of the date of the Franchise Agreement by no more than 10% of the amount charged in the most recent year. As of the date of this Disclosure Document, we have been charging $250 per month. We reserve the right to increase that amount up to $500 per month.
Cooperative Advertising	Currently, none. If a cooperative is established, as required by the cooperative documents.	When invoiced	We may establish cooperatives to conduct local or regional promotions. Any associated costs are in addition to your Fund contributions.

Type of Fee[1]	Amount	Due Date	Remarks
Additional Training and Retraining	Currently, none.	When invoiced	We may require a fee for additional training or retraining but have no present plans to do so. You or any of your representatives that attend our initial Basic Operational Training Course (as defined in the Franchise Agreement) may repeat all or portions of our Basic Operational Training Course at no charge. You must pay wages, travel and living expenses of those attending additional training or retraining.
Annual Conference	$1,500-$3,000	At least bi-annual	A conference, fee, which fee fluctuates with each conference depending on its location, shall be your sole responsibility.
Training for Additional or Replacement Personnel	$500/day per person	When invoiced	We will offer an initial Basic Operational Training Course to up to 3 of your representatives at no charge. After the original attendees have completed the initial Basic Operational Training Course, you must pay us a fee of $500 a day to train any of your personnel or representatives that did not attend the initial Basic Operational Training Course. You must also pay wages, travel and living expenses of those attending training.
Transfer Fee	50% of our then-current Initial Franchise Fee plus our reasonable expenses.	When invoiced	Not required if a Transfer does not affect a Change in Control (as defined in the Franchise Agreement) or if the Transfer is to one of your Immediate Family Members or an Immediate Family Member of one of your owners. An "Immediate Family Member" is your spouse, your natural and adoptive parents, natural or adopted siblings, and natural and adopted children and their spouses.
Renewal Fee	50% of our then-current Initial Franchise Fee	On renewal	We will waive the renewal fee if, during the initial term, you purchase accounts with an aggregate face value that equals or exceeds 10 times the minimum volume (adjusted annually in conformance with the CPI).
Supplier Approval Fee	Our reasonable expenses.	When invoiced	Payable only if you ask us to approve an item or supplier not currently approved.

Type of Fee[1]	Amount	Due Date	Remarks
Audit Fee	Our expenses, including reasonable accounting and legal fees.	When invoiced.	Paid only if an audit (I) results from your failure to prepare, deliver or preserve required records or (ii) results in the discovery of a discrepancy in your reported Gross Revenues of (3%) or more.
Insurance Fee	Amount of all insurance payments we make on your behalf plus any associated out of pocket expenses.	1st day of the month following the month in which we made the payment.	Payable only if you fail to maintain the required insurance, and we secure it for you. We have no obligation to obtain insurance for you.
Interim Management Fee	8% of Gross Revenues plus our out-of-pocket expenses.	When invoiced	We can manage your business after the death or permanent disability of your Controlling Principal or after you default under the Franchise Agreement or any Participation Agreement.
Short-term Loan Expenses	Interest (currently, the lesser of the maximum legal rate or 24 % per annum) and related transaction costs	When invoiced	Payable to LQ Exchange if LQ Exchange advances funds on your behalf to cure any shortfall in your Liquid Capital Remittance Account ("LCRA").
Interest	The lesser of 24% per annum or the highest rate allowed by applicable law.	When invoiced.	Payable only if you fail to pay amounts due on time.
Insufficient Funds Charge	Prevailing rate.	On demand	Payable only if any electronic funds transfer is not honored.
Indemnification	Varies.	On demand.	You must hold us, LQ Exchange and any Service Provider harmless against third party claims relating to your Liquid Capital Business.
Enforcement Costs	Our cost, including legal fees, to enforce the Franchise Agreement.	On demand.	Payable only if you do not comply with the Franchise Agreement.

Notes:

(1) All fees and expenses in this ITEM 6 are non-refundable and, unless otherwise indicated in the preceding chart, are imposed uniformly by us and are payable to

us. We may change the percentages paid as Back Office Services Fees (but percentage for the Back Office Services Fee for Full Factoring transactions will not exceed 0.75%), as the Exchange Fee, and as the Originating Franchisee Fee and Management Fee by changes to the Rules and Regulations, but you will know the amount of the current fees before you sign a Participation Agreement or Confirmation of Transaction. Changes in these fees will apply only to factoring transactions entered into after a change is made.

(2) Gross Revenue means the entire amount of all revenue earned (whether or not received) by you from any source (including each funding transaction, referral fees, and recharges) in connection with the Franchised Business in any form. No deductions will be allowed for uncollected or uncorrectable Accounts (as defined in the Franchise Agreement) and no allowances will be made for bad debts.

(3) Your Liquid Capital Remittance Account, or ("**LCRA**"), is debited and credited upon each Advance to account for your portion of the total Advance, revenue you earn, and fees you must pay. You will receive daily activity reports and monthly statements regarding the status of your LCRA.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Low – High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	$50,000	Lump Sum	Execution of Franchise Agreement	Us
Office Supplies (2)	$500 to $1,000	Lump Sum or Installments	As Invoiced	Suppliers
Lease (3)	$0 to $2,000	As Arranged	As Invoiced	Landlord
Furniture, Fixtures, & Equipment (4)	$0 to $12,000	As Arranged	As Invoiced	Suppliers
Signage (5)	$0 to $2,000	As Arranged	As Invoiced	Suppliers
Computer Hardware & Software (6)	$2,500 to $9,000	As Arranged	As Invoiced	Suppliers
Insurance (7)	$1,000 to $1,500	As Arranged	As Invoiced	Insurance Broker
Initial Training (8)	$600 to $2,600	As Arranged	As Invoiced	Employees and Suppliers

Type of Expenditure	Amount (Low – High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Professional Services (9)	$1,500 to $5,000	As Arranged	As Invoiced	Attorney; Accountant
Additional Funds During the First Three Months of Operation (10)	$2,100 to $10,000			
Client Advances (11)	See Note 11			
TOTAL (12)	$58,200 to $95,100			

THE ABOVE CHART IS BASED ON YOUR PURCHASE OF A SINGLE FRANCHISE.

Notes:

(1) If your Controlling Principal fails to satisfactorily complete initial training and you do not cure within the applicable cure period, we will refund 75% of all funds we have received from you, less our reasonable out-of-pocket costs and expenses. To our knowledge, none of the other costs listed above are refundable, although exact terms will be established by the suppliers of those goods and services.

(2) This estimate includes the cost of offices supplies, stationery, business cards and similar products needed for the operation of your Liquid Capital Business for approximately the first three months of operations.

(3) You may operate from your home or from other business premises. Initially, we anticipate that you will operate from your home or from an executive suite. The high end of the estimate includes the first month's rent and security deposit equal to one month's rent for an executive suite.

(4) These amounts include the cost of the furniture, fixtures, equipment for one Liquid Capital Business.

(5) You are not required to display any signage at your business location, but if you do, all signage must meet our specifications.

(6) This amount includes the cost of computer hardware and software that you must use in the operation of your Liquid Capital Business.

(7) This amount represents an estimate of the annual liability insurance premiums for the insurance coverage described in the Franchise Agreement. Your cost of liability insurance may vary depending on the insurer, the location of your Liquid Capital Business, your claims history, and other factors.

(8) We do not charge a fee for our Basic Operational Training Course. However, you must pay travel, lodging and related costs to attend our Training Course. The estimated range is limited to your out-of-pocket costs to attend our Basic Operational Training Course. These costs will vary depending upon your selection of lodging and dining facilities, mode and distance of transportation. Wages for your personnel while in training are not included.

(9) This estimate is for the cost to establish an entity to hold the franchise and review the franchise documentation. The cost of professional services can vary widely.

(10) You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses. We estimate the start-up phase to be three months from the date you open for business. These amounts do not include any estimates for debt service. You must also pay the continuing royalty and other related fees described in ITEM 6 of this disclosure document. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves.

(11) Because of the highly variable nature of these amounts, we are unable to estimate the amount you will need to fund client Advances during the start-up phase described in Note (10).

(12) We relied on five year's experience in operating in the United States to compile these estimates. You should review these figures carefully with your business advisor.

Type of Expenditure	Amount (Low – High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	$130,000	Lump Sum	Execution of Franchise Agreement	Us
Office Supplies (2)	$500 to $2,000	Lump Sum or Installments	As Invoiced	Suppliers
Lease (3)	$0 to $4,000	As Arranged	As Invoiced	Landlord
Furniture, Fixtures, & Equipment (4)	$2,000 to $12,000	As Arranged	As Invoiced	Suppliers
Signage (5)	$0 to $2,000	As Arranged	As Invoiced	Suppliers
Computer Hardware & Software (6)	$7,600 to $15,000	As Arranged	As Invoiced	Suppliers
Insurance (7)	$1,000 to $1,500	As Arranged	As Invoiced	Insurance Broker

Type of Expenditure	Amount (Low – High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Training (8)	$1,200 to $7,200	As Arranged	As Invoiced	Employees and Suppliers
Professional Services (9)	$1,500 to $5,000	As Arranged	As Invoiced	Attorney; Accountant
Additional Funds During the First Three Months of Operation (10)	$2,100 to $15,000			
Client Advances (11)	See Note 11			
TOTAL (12)	$145,900 to $193,700			

THE ABOVE CHART IS BASED ON YOUR PURCHASE OF THREE FRANCHISES UNDER OUR MULTI-TERRITORY PROGRAM.

Notes:

(1) See ITEM 5 for a description of the Initial Franchise Fee under our multi-territory program. If your Controlling Principal fails to satisfactorily complete initial training and you do not cure within the applicable cure period, we will refund 75% of all funds we have received from you, less our reasonable out-of-pocket costs and expenses. To our knowledge, none of the other costs listed above are refundable, although exact terms will be established by the suppliers of those goods and services.

(2) This estimate includes the cost of offices supplies, stationery, business card and similar products needed for the operation of your Liquid Capital Business for approximately the first 90 days of operations.

(3) You may operate from your home or from other business premises. Initially, we anticipate that you will operate from your home or from an executive suite. The high end of the estimate includes the 1st month's rent and security deposit equal to 1 month's rent for an executive suite.

(4) These amounts include the cost of the furniture, fixtures, equipment for your Liquid Capital Business.

(5) You are not required to display any signage at your business location, but if you do, all signage must meet our specifications.

(6) This amount includes the cost of computer hardware and software that you must use in the operation of your Liquid Capital Business.

(7) This amount represents an estimate of the annual insurance premiums for the insurance coverage described in the Franchise Agreement. Your cost of insurance may vary depending on the insurer, the location of your Liquid Capital Business, your claims history, and other factors.

(8) We do not charge a fee for our Basic Operational Training Course. However, you must pay travel, lodging and related costs to attend our Training Course. The estimated range is limited to your out-of-pocket costs to attend our Basic Operational Training Course. These costs will vary depending upon your selection of lodging and dining facilities, mode and distance of transportation. Wages for your personnel while in training are not included.

(9) This estimate is for the cost to establish an entity to hold the franchises and review the franchise documentation. The cost of professional services can vary widely.

(10) You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses. We estimate the start-up phase to be three months from the date you open for business. These amounts do not include any estimates for debt service. You must also pay the continuing royalty and other related fees described in ITEM 6 of this disclosure document. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves.

(11) Because of the highly variable nature of these amounts, we are unable to estimate the amount you will need to fund client Advances during the start-up phase described in Note (10).

(12) We relied on LCC's experience in the Canadian market to compile these estimates. You should review these figures carefully with your business advisor.

Unless otherwise stated above, these estimates are subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments we control. Unless otherwise stated, the amounts described above are not refundable.

We do not offer any financing for your Initial Franchise Fee or any portion of your initial investment. However, if LQ Exchange determines that you satisfy its lending criteria, you may finance through LQ Exchange the lesser of (a) an amount between 75% and 85% of your Advances to factoring clients or (b) and an amount between 56.25% and 65% of eligible accounts (those that are less than 90 days old and credit approved).

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may use only the products, services, supplies, inventory, equipment, contracts and related forms, computer hardware and software, fixtures, furnishings, and signs that we have approved as meeting our specifications and standards for quality, design appearance, function and performance. We have the right to designate or approve suppliers of any of these items. We will give you a list of any approved or designated suppliers, and may periodically notify you of revisions to the list.

We and our affiliates may be designated or approved as suppliers, and in some cases may be the only designated or approved suppliers. We and our affiliates may receive revenue based on your required purchases, either from selling the items to you or from payments we receive from third party suppliers we designate or approve.

Purchases from Us, Our Affiliates, and Designated or Approved Third Party Suppliers. Currently, you have no obligation to purchase or lease any of the products or services used in establishing or operating your Liquid Capital Business from us, our affiliates, or designated or approved third party suppliers except as follows:

Back Office Support Services and Exchange Services. LQ Exchange is our only designated supplier of Back Office Support Services and our only approved supplier of Exchange Services, although we may approve other suppliers in the future. Back Office Support Services are those administrative and other services that support the relationships of Liquid Capital franchisees with their clients and the interests of Liquid Capital franchisees under the Participation Agreements and Confirmations of Transaction. They include the servicing, administration and collection of client accounts under the purchase and sale agreements between clients and LQ Exchange and the administration of and accounting for Advances, fee receipts, and payments under all Participation Agreements and Confirmations of Transaction. The Franchise Agreement and the Rules and Regulations include a detailed listing of Back Office Support Services, which may be modified periodically, except that no modification will alter your fundamental status and rights under the Franchise Agreement, any Participation Agreement, or any Confirmation of Transaction. Exchange Services are the identification of Participants to help fund advances to clients and the processing of Advances funded by those Participants.

Factoring Services. As a Liquid Capital franchisee, you may refer clients only to LQ Exchange and any of its approved Service Providers for factoring and other financial services. If you refer a client to LQ Exchange and the Exchange determines that the client meets an approved Service Provider's criteria, LQ Exchange will refer the client to the Service Provider to factor the client's accounts directly. If the Service Provider factors the accounts, it will pay a referral fee to LQ Exchange. After deducting a fee for its services, LQ Exchange will remit to you the balance of the referral fee. The amount you will receive is typically 80% to 100% of the referral fee paid by the Service Provider.

Contracts and Forms. When you offer factoring services, you must use our form of Purchase and Sale Agreement, Participation Agreement, Confirmation of Transaction and other

related forms. We publish these forms in the Rules and Regulations and provide you access to them through a web-based forms generator.

Standards and Specifications. All products and services you use in the operation of your Liquid Capital Business must meet our standards and specifications, including the following:

Signage. You are not required to display any signage at your business premises, but if you do, we have the right to determine whether your signage complies with our specifications and standards. We will not unreasonably withhold our approval.

Computer System. You must install and maintain a computer system according to the standards found in our Operations Manual. You may acquire these components from any source. The computer system affords you access to our web-based forms generator and assists with the operation of your business, including providing access to e-mail, generating accounts listings, performing accounting functions and providing contact management. ITEM 11 includes a description of our specifications for your computer system.

Insurance. Before you begin your Liquid Capital Business, you must obtain from insurers that are reasonably acceptable to us, and maintain during the term of the Franchise Agreement, certain required insurance coverage. We specify the required policies and amounts of coverage in the Rules and Regulations. Currently, we require only $1,000,000 public liability coverage and, if applicable and required by law, workers compensation insurance. We may add additional coverages in the future. At our request, these policies must include a waiver of subrogation in favor of us and our affiliates. Policies must also contain a clause that the insurer will not cancel or change or refuse to renew the insurance without first giving us at least 30 days prior written notice. Except for workers' compensation insurance policies, these policies must also name us and our affiliates as additional named insureds and must provide that our interests will not be affected by your breach of any policy provisions or by your negligence or that of your agents or employees. You must deliver to us copies of all policies or certificates of insurance and any renewals at our request.

Business Premises. You must obtain our consent to the location of the Liquid Capital Business and our prior written consent if you wish to operate another business at the premises of the Liquid Capital Business.

Advertising Materials. You must submit all marketing and promotional materials you develop to us for our approval before you use them, and you must not use any advertising or promotional material unless it has been approved by us. If you receive written notice from us that your advertising or promotional materials are misusing the Marks or are otherwise violating our standards and specifications, then you agree to promptly discontinue the use of these materials.

Supplier Approval Procedure. You must use products and services that conform to our standards and specifications. If we have approved a particular product or service, or the supplier for a particular product or service, and you want to use a different product or supplier, you must give us written notice. You must also submit to us, or to someone we designate, specifications, photographs, samples and/or other information we request. We may also inspect the proposed

supplier's facilities. You cannot acquire a product or service from the supplier until and unless we have issued our approval. Within a reasonable time (generally, 5 business days) after receiving the information you submit, we will determine whether the product, service or the supplier meets our standards and specifications. Our specifications and our criteria for supplier approval, are formulated and modified based on our assessment of the capabilities necessary to service Liquid Capital franchisees and their clients, are generally issued through written communications and, unless we consider them to be proprietary or trade secrets, are available to franchisees and approved suppliers. We may revoke our approval of an item or a supplier if they fail to continue to meet our standards. You must reimburse us for the costs that we incur in the supplier approval process, whether or not approval is given.

Purchasing Arrangements

For the year ended December 31, 2013, our Affiliate, LQ Exchange, received revenue for Back Office and Financing services in the amount of $1,124,323. We do not negotiate purchase arrangements (including price terms) with suppliers for the benefit of our franchisees, and we or our Affiliates may receive rebates from approved or designated sources. We do not provide material benefits to franchisees based upon their use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives for the Liquid Capital System. No person identified in ITEM 2 of this disclosure document owns any interest in our suppliers.

Your obligations to purchase or lease items from us, our designated or approved suppliers, or under our specifications are all considered "**Required Purchases**." We describe these obligations in detail in the preceding sections of this ITEM 8. You are not required to purchase or lease any equipment from us or from our designated or approved suppliers; however, the only exchange service that you may use is Exchange and all of your factoring arrangements must comply with our standards and specifications. We estimate that the magnitude of Required Purchases in relation to all purchases you must make to establish your Liquid Capital Business is approximately 50% to 90% and that the magnitude of Required Purchases in relation to all purchases you must make to operate your Liquid Capital Business is approximately 90% to 95%, although these figures are difficult to determine due to the variable nature and type of the expenditures required.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Section 8.1	ITEM 8 and ITEM 11
b.	Pre-opening purchases/leases	Section 8.3	ITEM 5, ITEM 6, ITEM 8 and ITEM 11

	Obligation	Section in Franchise Agreement	Disclosure Document Item
c.	Site development and other pre-opening requirements	n/a	ITEM 8 and ITEM 11
d.	Initial and ongoing training	Article VII.	ITEM 6 and ITEM 11
e.	Opening	n/a	ITEM 11
f.	Fees	Sections 4.1, 4.2, and 4.3	ITEM 5 and ITEM 6
g.	Compliance with standards and policies/Operating Manuals	Sections 8.1 and 10.1	ITEM 8, ITEM 11, ITEM 14 and ITEM 16
h.	Trademarks and proprietary information	Article IX.	ITEM 11, ITEM 13 and ITEM 14
i.	Restrictions on products/services offered	Section 8.3	ITEM 8 and ITEM 16
j.	Warranty and customer service requirements	Section 8.1	ITEM 16
k.	Territorial development and sales quotas	Sections 2.2 and 13.2	ITEM 12
l.	Ongoing product/service purchases	Section 8.3	ITEM 8, ITEM 11 and ITEM 16
m.	Maintenance, appearance and remodeling requirements	Section 8.4	ITEM 8
n.	Insurance	Article XI.	ITEM 8
o.	Advertising	Article V.	ITEM 6, ITEM 8 and ITEM 11
p.	Indemnification	Article XII.	ITEM 6
q.	Owner’s participation/ management/staffing	Section 8.2	ITEM 1, ITEM 11 and ITEM 15
r.	Records and reports	Section 6.2	ITEM 11
s.	Inspections and audits	Section 6.3	ITEM 6 and ITEM 11
t.	Transfer	Article XIV.	ITEM 6, ITEM 10 and ITEM 17
u.	Renewal	Section 3.2	ITEM 6, ITEM 12 and ITEM 17
v.	Post-termination obligations	Section 13.4	ITEM 17
w.	Non-competition covenants	Sections 10.3 and 10.4	ITEM 17
x.	Dispute resolution	Article XVII.	ITEM 17

ITEM 10
FINANCING

You have no obligation to obtain financing from LQ Exchange and may secure financing from any source if you obtain from your financing source a signed Financing Estoppel Agreement in the form included in the Manual. This form requires the lender to acknowledge that it is not relying on any representations by us, LQ Exchange or the Service Provider and that the lender will hold us, LQ Exchange and the Service Provider harmless.

LQ Exchange may offer financing to qualified Liquid Capital franchisees or "**Qualified Borrowers**." LQ Exchange is under no obligation to offer financing to any Liquid Capital franchisee even if the franchisee is a Qualified Borrower. LQ Exchange's decision to extend, or not to extend, an offer of financing will be made solely by LQ Exchange based on its then-current lending criteria which may take into account factors like the financial strength of the Qualified Borrower, among others.

The following chart and notes summarize certain terms of the financing offered by LQ Exchange. You should also review with your advisors the complete terms of the LQ Exchange Loan and Security Agreement that will be provided to you upon your request. We have also included these documents as **Exhibit I** to this Franchise Disclosure Document.

Item Financed	Amount Financed	Down Payment	Term	APR %	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Advances for funding transactions under revolving demand loan facility	Varies (Note 1)	None (Note 2)	Earlier of payment (voluntary or on demand) or default	A range between the greater of 8% or prime rate and 12% or prime rate plus 4%	(Note 2)	None	Personal, unlimited, unqualified guaranty; first lien on collateral (Note 4)	Accelerate obligation to repay loan advances; damages; loss of franchise rights and participation percentages (Note 5)	Waivers; right of set off (Note 6)

<u>Notes</u>:

(1) If you are a qualified borrower ("**Qualified Borrower**") and otherwise satisfy LQ Exchange's lending criteria, LQ Exchange may establish a revolving demand loan facility for Full Factoring Funding Transactions ("**Loan**") on your request. The amount outstanding under the Loan at any time will not exceed the lesser of: (a) an amount between 75% to 85% of the amount of funds outstanding in all Funding Transactions (as defined in the Loan Agreement) or (b) an amount between 56.25% and 65% of the Accounts (as defined in the Loan Agreement) approved by LQ Exchange for all Funding Transactions. Each advance under the Loan will be made in LQ Exchange's sole discretion. Before LQ Exchange advances any funds, you and your owners must sign certain Security Documents (<u>See</u> Note 4) required by LQ Exchange, LQ Exchange must sign a pledge

agreement and collateral assignment, and you must satisfy certain other pre-conditions detailed in Sections 2.4 and 2.5 of the Loan and Security Agreement.

(2) Principal and any accrued but unpaid interest is payable on demand. Interest, before and after demand or judgment, is paid on the daily closing balance of the Loan, calculated up to the day immediately preceding each remittance and deducted by LQ Exchange from each remittance. Each payment will vary depending on the amount financed and the applicable interest rate. Repayment of advances may be prepaid without penalty.

(3) The prime rate is the floating annual rate of interest established by the Bank of America, N.A. as its prime rate. We have negotiated a reduced maximum interest rate structure effective for transactions funded after January 1, 2013. Please see table above for information regarding the maximum interest rate after January 1, 2013.

(4) To secure payments, LQ Exchange requires Qualified Borrowers to sign (i) the Loan and Security Agreement granting LQ Exchange a continuing first lien security interest in and right of set off against the collateral (to include the payment stream generated by Participation Interests and all other property of the Qualified Borrower as further defined in the Loan and Security Agreement); and (ii) any subordination agreements or other instruments that LQ Exchange deems necessary to protect its interests. The Qualified Borrower's owners must also personally guarantee payment of the Qualified Borrower's obligations.

(5) On an Event of Default LQ Exchange can demand immediate payment of the outstanding principal and interest, foreclose on the collateral and proceed against the guarantors. Events of Default are: (i) default on any obligation under the Loan and Security Agreement, other Security Documents or Franchise Agreement, (ii) the winding up, dissolution or liquidation of Qualified Borrower (iii) Qualified Borrower's bankruptcy or receivership, (iv) a court order becomes enforceable against Qualified Borrower, (v) Qualified Borrower's assets are pledged or encumbered, (vi) Qualified Borrower misrepresents any material fact, (vii) there is a material loss of the collateral not covered by insurance or, except as expressly permitted, the collateral is sold, leased or encumbered or is seized, attached or levied upon, (viii) any of Qualified Borrower's other creditors obtains control or possession of the collateral or begins foreclosure actions against the collateral or Qualified Borrower defaults on any material obligations to another party, or (ix) the death of any guarantor or the presentation of a bankruptcy petition against any guarantor or the taking of possession by a receiver of any of the assets of any guarantor. A default under the Loan and Security Agreement will also constitute a default under the Franchise Agreement and may result in the loss of Qualified Borrowers franchise rights and Participation Percentages under the various Participation Agreements to which Qualified Borrower is a party.

(6) Qualified Buyer waives presentment, demand, protest, notice of dishonor and all other demands or notices. Lender may set-off any amounts Qualified Buyer owes

the Lender against amounts the Lender may owe Qualified Buyer without notice or demand.

Although we do know LQ Exchange's intent, LQ Exchange may sell, assign, or discount the Loan and Security Agreement to a third party who may be immune to claims or defenses the franchisee may have against LQ Exchange, us or Exchange.

From time to time we or our affiliates may develop and offer to you different lending and financing programs. These programs will likely have different terms, including different and varying interest rates. In each instance, your choice to participate in such programs is completely voluntary. The specific terms for such programs will be disclosed to you in writing through the Operations Manual or other materials prepared to offer and describe the program. This disclosure will be made at the time the program is made available to you.

Except as provided in this ITEM 10, we, our affiliates do not offer and we do not arrange any direct or indirect financing for you. We do not guarantee your notes, leases or other obligations.

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

Except as listed below, Liquid Capital is not required to provide you with any assistance.

Pre-Opening Obligations: Before you open your Liquid Capital Business, we or our designee will:

1. Review the proposed site for your Liquid Capital Business. (Franchise Agreement, Section 8.1).

2. Provide initial training to those of your owners and employees that we require to attend training. (Franchise Agreement, Article 7).

3. Access to our Manual after Basic Operational Training has been completed to our satisfaction. (Franchise Agreement, Section 7.4)

4. Provide opening assistance. (Franchise Agreement, Section 7.4)

5. Give you a list of any approved or designated suppliers. (Franchise Agreement, Section 8.3)

6. Make our personnel available for consultation regarding your Liquid Capital Business. (Franchise Agreement, Section 7.4)

Post-Opening Obligations: After your Liquid Capital Business opens we or our designee will:

1. Maintain and administer the marketing Fund. (Franchise Agreement, Section 5.1).

2. Review your local advertising materials for compliance with our standards. (Franchise Agreement, Section 5.2).

3. Review and approve or disapprove the establishment of an Internet website that provides information about the products and services offered by your Liquid Capital Business. (Franchise Agreement, Section 5.3).

4. In our discretion, establish an intranet to facilitate communications within the Liquid Capital network. (Franchise Agreement, Section 5.3).

5. Make our personnel available for consultation regarding your Liquid Capital Business. (Franchise Agreement, Section 7.4).

6. Update any lists of designated or approved suppliers. (Franchise Agreement, Section 8.3).

7. Provide any additional training programs that we determine to be appropriate. (Franchise Agreement, Section 7.2).

8. Provide an annual conference for Liquid Capital Business franchisees. Your Controlling Principal (or another employee approved by us) shall be required to attend our Annual Conference on at least a bi-annual basis. All expenses related to attending such conference, including a conference fee, which fee fluctuates with each conference depending on its location, shall be your sole responsibility. (Franchise Agreement, Section 7.3).

9. Refer leads to you in accordance with our Referral System (as defined in the Franchise Agreement). (Franchise Agreement, Section 2.4).

10. Make the Exchange System available to you, so long as you are in Good Standing under the Franchise Agreement. (Franchise Agreement, Section 6.1).

11. Provide or designate a provider of Back-Office Support Services (as defined in the Franchise Agreement). (Franchise Agreement, Section 7.4).

12. Provide or cause our designee to provide marketing and advertising assistance, as we deem appropriate. (Franchise Agreement, Section 7.4).

We reserve the right to delegate some or all of our pre-opening and continuing obligations under the Franchise Agreement to an Area Director with regional responsibility over the geographic area in which you operate your Liquid Capital Business.

Site Selection

You must locate the premises of the Franchised Business within the Territory (as defined by ITEM 12 below). You must obtain our consent to the location of the Franchised Business and our prior written consent if you wish to operate another business at the premises of the Franchised Business. You must also obtain our consent before you relocate the Franchised Business. (Article 8.01 of the Franchise Agreement). This may be your home, an executive suite or other location we approve. The Territory will be determined and described in **Exhibit C** to the Franchise Agreement before you sign it. We are not required to assist you in selecting a

site for a Liquid Capital Business, but you may not use any site for a Liquid Capital Business unless we first approve it in writing. You may not relocate your Liquid Capital Business without our prior written consent. There is no required time period in which we must act to approve a site, although we expect to respond promptly (within 10 business days) to these requests. Because many locations are suitable as sites for the operation of your Liquid Capital Business, we do not anticipate that you will be unable to locate a site that we will approve. However, if you do not locate an approved site and begin operating your Liquid Capital Business within 30 days from the date you complete the Basic Operational Training Course, you will be in default, and we can terminate your Franchise Agreement.

Training

Before you open for business, your Controlling Principal, and any other employees you designate and we approve must have attended and satisfactorily completed our initial training program. (Franchise Agreement, Section 7.1).

Currently, training is conducted at our parent LCC's headquarters in Toronto, Ontario, Canada. Please note, in order to travel to and from Canada, you will need a valid passport. We provide the initial training program at no charge (other than the Initial Franchise Fee) for three persons (including your Controlling Principal) or five persons if you qualify for our multi-territory program. You must pay all expenses you and your personnel incur in initial training, including costs of travel, lodging, meals and wages. You must also have a current passport in order to enter Canada and return to the United States. (Franchise Agreement, Section 7.1).

Our training will be conducted by our qualified employees and management personnel and is administered and directed by Brian Birnbaum, who has served as President and Director of Liquid Capital since our incorporation in June 2004. Mr. Birnbaum has held the position of Vice President for Exchange since its formation in September 2004. Since June 1999, he has also served as Vice President and Chief Operating Officer for LCC in Toronto, Ontario, where, among other duties, he has responsibility for factoring advisory and training programs. We may also draw upon the experience of other training professionals.

Our initial training program is offered as needed during the year depending on the number of new Liquid Capital franchisees, the number of other personnel needing training, and the scheduled opening of new Liquid Capital Businesses. Initial training generally requires approximately five days. The subjects covered and other information relevant to our initial training program are described below.

Training Program

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Monday – Organization & Overview	1.5		Toronto, Ontario
Security and Legal	2		Toronto, Ontario
Qualifying and Underwriting	3.5		Toronto, Ontario
Monday Total	**7**		

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Tuesday – Closing the Deal	1.5		Toronto, Ontario
Participations	1		Toronto, Ontario
Understanding the Numbers	1		Toronto, Ontario
Operations Manual	1		Toronto, Ontario
Portfolio Management	2		Toronto, Ontario
Submitting Funding for Processing	1		Toronto, Ontario
Tuesday Total	**7.5**		
Wednesday – Factor Soft Reporting	1.5		Toronto, Ontario
Overview of Accounting	1.5		Toronto, Ontario
Fraud	2		Toronto, Ontario
Gmail	.5		Toronto, Ontario
Solve 360	.5		Toronto, Ontario
Linkedin	.5		Toronto, Ontario
Web Builder	.5		Toronto, Ontario
Intranet Site	.5		Toronto, Ontario
Marketing Support, Collateral Material & Movie	1		Toronto, Ontario
Wednesday Total	**8.5**		
Thursday – Referral Selling	3		Toronto, Ontario
Forms Generator	.5		Toronto, Ontario
Accord Leverage	.5		Toronto, Ontario
Accord Referrals	.5		Toronto, Ontario
Trade Financing	1		Toronto, Ontario
Comparison with another Factor	.5		Toronto, Ontario
IFA Survey	.5		Toronto, Ontario
Referral Source Presentation	.5		Toronto, Ontario
Email Marketing	1		Toronto, Ontario
Thursday Total	**8**		
Friday – Marketing & Selling the Liquid Capital Way	3		Toronto, Ontario
Baylore Lease Partners Broker	.5		Toronto, Ontario
Supply Chain Management	1		Toronto, Ontario
Insurance	1		Toronto, Ontario
Purchase Finance Program	1		Toronto, Ontario
Friday Total	**6.5**		

We may require you or your personnel to attend additional training programs and may charge a fee for training materials. You must pay all expenses you or your personnel incur in

any training program, including the cost of travel, lodging, meals and wages. (Franchise Agreement, Section 7.2).

The instructional materials for our training programs include workbooks, PowerPoint slides, discussions, the Internet, and the Operations Manual.

Advertising

Currently, we are collecting $250 per month from each franchisee for our general marketing fund ("**Fund**"). The Franchise Agreement you will sign permits us to charge up to $500 per month for the Fund. In addition, we may increase this amount on or after the first anniversary of the day you sign the Franchise Agreement and each succeeding anniversary by no more than 10% of the amount charged during the last year.

We, or our designee, will administer the Fund and will direct all advertising programs, including the creative concepts, materials and media used in the programs. We may use the Fund to satisfy the costs of reasonable salaries, administrative costs, travel expenses and overhead we may incur in activities related to the administration of the Fund, including conducting market research; preparing, producing and placing advertising, promotion and marketing materials; and collecting and accounting for contributions to the Fund.

We are not required to make expenditures for you that are equivalent or proportionate to your Fund contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. The Fund will not be used to solicit the sale of franchises.

Fund advertising will be conducted primarily through electronic or print media and on the Internet on a regional or national basis, and that the majority of our advertising will initially be developed in-house or through an advertising agency.

We will not use your Fund contributions to defray any of our operating expenses, except for any reasonable administrative costs and overhead including staff salaries that we may incur in administering or directing the Fund. We will prepare an annual statement of the Funds operations and will make it available to you if you request it. We are not required to have the Fund statements audited.

For the year ended December 31, 2013, 92.5% of contributions to the Fund were spent on Website enhancement, direct marketing and advertising. The remaining 7.5% has been carried over to 2014. We intend to spend the carryover Contributions during 2013, but reserve the right to spend less than the full amount of the carryover Contributions.

Although the Fund is intended to be perpetual, we may terminate it at any time. We will not terminate the Fund, however, until all money in the Fund has been spent for advertising or promotional purposes or returned to the contributors on the basis of their respective contributions. (Franchise Agreement, Section 5.1).

You may develop your own marketing and promotional materials; however, you must submit all marketing and promotional materials you develop to us for approval before you use them. (Franchise Agreement, Section 5.2).

We can designate any geographic area in which 2 or more Liquid Capital Businesses are located as a region for purposes of conducting cooperative local or regional promotions. Each Liquid Capital Business located in the region must participate in local or regional promotions on terms applicable to all Liquid Capital Business located in the region. (Franchise Agreement, Section 5.2) Currently, we have no cooperatives. If we later establish cooperatives, we will prescribe the governing documents for the cooperatives which will be made available to you and which will determine (i) how your contribution to the cooperative is calculated, (ii) who is responsible for administering the cooperative, and (iii) how the cooperative may be changed, dissolved or merged. We anticipate that any cooperative will prepare annual or other periodic financial statements, which will be unaudited but which will be made available to all members of the cooperative for review.

You cannot use any computer media and/or electronic media (including the Internet, bulletin boards and news groups) or establish or use any Internet website which is associated with the Liquid Capital Business, the Liquid Capital System, or which displays or uses the Marks without first obtaining our consent. This means that you cannot post any advertisements or material on the Internet that display the Marks or suggest an association with the Liquid Capital System, without our prior written consent. Any Internet website you use must comply with our standards (as found in the Rules and Regulations). Any website created by or for you must contain a hypertext link to our website in the form we require, and no other hypertext links to third party websites unless we have previously approved them in writing. We reserve the right to revoke approval of a website at any time that the website fails to continue to meet our standards, and you agree that if we do, you will immediately discontinue use of the website. (Franchise Agreement, Section 5.3).

Operations Manual

After you sign the Franchise Agreement, we will give you access to our Manual. (Franchise Agreement, Section 5.3) The table of contents of the Manual is attached as **Exhibit F** to this disclosure document. We consider the contents of the Manual (including the Rules and Regulations) to be proprietary, and you must treat it as confidential.

Opening

We expect a typical length of time between signing the Franchise Agreement and beginning the operation of your Liquid Capital Business will be approximately 3 to 6 weeks. During this period, your Controlling Principal and any other required personnel will attend and complete initial training.

Computer Requirements

You must install and maintain a computer system according to the standards found in our Operations Manual. Currently, you are required to purchase a desk top personal computer or laptop which runs Windows 7 or Windows 8, MAC operating system ("**Hardware**") with high speed Internet access. The Hardware must include a CPU with an Intel or AMD processor at a minimum of 3GHz and a 260 GB hard drive, a monitor and Lexmark printer. Your computer system must have the appropriate anti-virus protection and adequate firewall as specified in the

Operations Manual. You are also required to run Microsoft Office Small Business 2010 or later on your computer system.

You may acquire these components from any source. The computer system affords you access to our web-based forms generator and assists with the operation of your business, including providing access to e-mail, generating accounts listings, performing accounting functions and providing contact management.

You must use our web-enabled secure software program to generate factoring documents ("**Document Software**"). The Document Software captures and retains client specific information in a database housed on our server. LCC owns all rights and interest in the Document Software, and performs all upgrades and maintenance; you have no obligation to maintain or upgrade it.

You must use a software program that LCC developed and maintains that allows Franchisees to use templates to create custom multi-view web-pages ("**Web Software**"). LCC owns all rights in the Web Software. The Web Software permits franchisees to modify the content on their corporate web pages and to upload photos, graphics, and promotional material that we approve. You must maintain your corporate web-pages and timely update them with any changes. You may create a stand-alone site, so long as all domain names are approved by LCC and are registered to LCC, and the site contains links to LCC corporate and partner site(s) specified by LCC. The content of the stand-alone site must be approved by LCC.

You must use approved and maintained LCC email and messaging and collaboration systems, set out in Section 8.4 of the Franchise Agreement, that allows franchisees to communicate. Security and privacy are serious issues and all business communication must be done using the supplied systems. Use of any other systems constitute a potentially serious security breach and are a default under Section 13.2 of the Franchise Agreement.

You must install and use an accounting software. We currently support and recommend, but do not require, Sage 50 or Quickbooks. Your accounting software is used to perform accounting functions and to maintain financial information about the Liquid Capital Business. You are responsible for maintaining the Sage 50 or Quickbooks software or any other accounting software you choose to purchase. There are no contractual limitations on the frequency and cost of this maintenance obligation.

Within the earlier of 30 days after we send you notice, or, in accordance with an implementation schedule, you must install any other hardware or software for the operation of the Liquid Capital Business that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. We plan to develop additional software programs and we may require you to license from us, or others we designate, any computer software we develop or acquire for use by Liquid Capital Businesses and we may charge a fee. At our request, you must transmit to us or our designee or permit us or our designee to collect information from your computer system electronically. We have the right to access and retrieve all information relating to the Liquid Capital Business from your computer system at all times (including on a daily basis). You must take any action that may be necessary to give us that access, including leaving your computer on and available to polling and ensuring that its modem

is engaged to receive calls from the us at all times. There is no contractual limitation on these requirements. (Franchise Agreement, Section 6.5)

We estimate the cost of purchasing the Computer System will range from $2,500 to $9,000. There are no monthly support fees, licensing fees, or security system fees. Other than as found in the agreements between you and our vendors, which you will sign prior to the date you open your Liquid Capital Business, we have no contractual obligation to provide you with support services, maintenance, repairs, upgrades, or updates.

ITEM 12
TERRITORY

Your Franchise Agreement will specify a territory ("**Territory**") within which you will operate your Liquid Capital Business. Your business premises must be located within the Territory. In certain circumstances we may approve, at our sole discretion, the location of your Liquid Capital Business office at a site located outside your designated Territory.

We have divided the United States in to 300 different territories, based on zip codes and delineated by specific geographic boundaries. These may be municipal or county boundaries or the boundaries of a specified trade area within a municipality or county. The actual size of your Territory will vary depending upon the availability of contiguous markets, our long range plans, your financial and operational resources, and market conditions. A written description of your Territory will be inserted in **Exhibit C** to the Franchise Agreement before you sign. As required by Article 2.02 B of the Franchise Agreement, annually at any time following any December 31 which is at least five years after December 31 of the year in which you sign the Franchise Agreement, we have the right to adjust your Minimum Business Volume (as defined by the Franchise Agreement) if the number of small businesses in your Territory have increased by 20% (an "**Increased Demographic**"). If we fail to mutually agree on an adjusted Minimum Business Volume, then we may revise your Territory, in our reasonable discretion, to accommodate the Increased Demographic. We will not otherwise modify your Territory.

The Franchise Agreement gives you the right to operate the Liquid Capital Business only in the Territory but we may, in or sole discretion, allow you to locate your business office outside of your Territory so long as you are not operating your Liquid Capital Business outside of your Territory. You may not solicit any business from any person whose place of business is outside of the Territory or any person not having a business office within the Territory unless the business results from a referral that satisfies the standards for referrals found in the Manual. If you receive an inquiry related to a proposed factoring transaction from any person located outside the Territory, other than a referral, you must refer this person to a Liquid Capital franchisee located in that other territory, or to us if there is no Liquid Capital franchisee in that territory. All Liquid Capital franchisees are subject to these same restrictions. If there is a dispute regarding the allocation of leads among Liquid Capital franchisees, we or a committee constituted by us, will make a final and binding determination.

We will not offer or sell, and will not license others to offer or sell, the products and services which are the subject of the Franchise in your Territory through any alternative methods of distribution, except that we or other franchisees may offer and sell such products and services

in your Territory as a result of a referral as discussed above and in the Manual. If you are in Good Standing (as defined by the Franchise Agreement) during the term of the Franchise Agreement, neither we nor our affiliates will establish, or license anyone other than you to establish, a Liquid Capital Business in your Territory.

We do not typically grant options, rights of first refusal or similar rights to acquire additional franchises within the Territory or contiguous territories, although we reserve the right in appropriate circumstances to notify franchisees of expressions of interest in unsold contiguous territories.

ITEM 13
TRADEMARKS

The Franchise Agreement gives you a franchise to operate a Liquid Capital Business under the Marks, including the mark "Liquid Capital®".

The Marks are owned by LCC and are non-exclusively licensed to us. LCC granted us a non-exclusive, world-wide, royalty-free license ("**Trademark License**") to use the Marks for purposes of franchising the System around the world. We have perpetual renewal options for the Trademark License provided we have not been given written notice of one or more material breaches of the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. In the event the Trademark License is terminated, LCC agreed to license the use of the Marks directly to our Franchisees by and through the mutual execution and delivery of a Franchise Agreement between LCC and our Franchisees.

LCC intends to renew the registration and to file all appropriate affidavits for the Marks. LCC owns the following Trademark registrations on the Principal Register of the U.S. Patent and Trademark Office ("**USPTO**"):

Mark	Filing or Registration Date	Serial or Registration No.	Status
LIQUID CAPITAL	June 13, 2006	Reg. No. 3,103,210 Int'l Class 36	Registered Principal Register
LIQUID CAPITAL	Dec. 26, 2006	Reg. No. 3,188,702 Int'l Class 35	Registered Principal Register

Neither LCC nor we have filed an application for the following logos:

Mark	Status
Liquid Capital THE FACTORING PROFESSIONALS	Common Law
Liquid Capital FINANCING SUCCESS	Common Law

The Marks displayed above are unregistered. Therefore, our right to use these trademarks may be challenged. If so, franchisees may have to change to an alternative trademark, which may increase your operating costs.

LCC has granted us and Exchange the non-exclusive right to use the Marks and us the non-exclusive right to license use of the Marks to our franchisees under the terms of a perpetual license agreement ("**Inter-company License**"). The Inter-company License is terminable only for material breach and only if we do not cure or begin to cure the breach within 90 days after notice. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Mark in any manner material to you.

There is no presently effective determination of the USPTO, the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving any Mark which is relevant to its ownership, use or licensing.

We know of no superior prior rights or infringing use that could materially affect your use of the Marks.

We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition.

You must immediately notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Principals must agree not to communicate with any person other than us, any designated affiliate and our or their counsel about any infringement, challenge or claim of this type. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or USPTO (or other) proceeding, arising out of any infringement, challenge or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding of this type or to otherwise protect and maintain our or their interest in the Marks.

You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining

the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your Principals may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

We have the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the System. If we do, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents that are material to the franchise. We do claim copyright protection and proprietary rights in the original materials used in the System, including our Manual, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, and other written materials relating to the operation of Liquid Capital Businesses and the System.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or franchise our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

We treat all of this information as trade secrets and you must treat any of this information we communicate to you confidentially. You must not communicate or use our confidential information for the benefit of anyone else during and after the term of the Franchise Agreement. You must also agree not to use our confidential information at all after the Franchise Agreement terminates or expires. You can give this confidential information only to your employees who need it to operate your Liquid Capital Business. You must have your Principals (including your Controlling Principal) and any of your other personnel who have received or will have access to our confidential information, sign similar covenants.

If you or your owners or employees develop any new concept, process or improvement in the operation or promotion of your Liquid Capital Business (including any advertising materials created by or for you), you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. These concepts, processes or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

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

The operation of your Liquid Capital Business in the Territory must be directly supervised by a person with an ownership interest in you and whom you designate as your "Controlling Principal." We must approve your Controlling Principal, and he or she must complete our required training and devote full time and best efforts to the fulfillment of your obligations under the Franchise Agreement.

Your Controlling Principal and each Principal (as defined in the Franchise Agreement) we designate must sign a Guaranty and Assumption Agreement of your performance under the Franchise Agreement and must agree to comply with the provisions of the Franchise Agreement pertaining to confidentiality, competition, transfer, death or permanent disability, acknowledgments, dispute resolution and governing law (described in ITEM 17 of this disclosure document) as well as with the financial provisions of the Franchise Agreement. Your Controlling Principal may not engage in any other business or activity that may conflict with your obligations under the Franchise Agreement.

Your Principals who are not required to sign the Guaranty and Assumption Agreement must sign an undertaking to maintain the confidentiality of our proprietary information and to comply with the covenants not to compete, dispute resolution procedures, and transfer provisions (described in ITEM 17 of this disclosure document).

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only the products and services that we periodically specify. You may not offer or sell any products or services that we have not authorized, and you must discontinue any products or services that we disapprove. We may modify the Liquid Capital System and may require you to provide new financial services. However, these modification may not alter your fundamental status and rights as a franchisee of a factoring business under the Franchise Agreement.

You may not solicit any business from any person whose place of business is outside of the Territory or any person not having a bona fide business office within the Territory, unless the business transaction results from a Bona Fide Referral.

Neither you nor your Principals may refer clients to any provider of factoring, funding, or financial services except Exchange, if the factoring or funding can be provided by the Exchange.

We do not impose any other restrictions in the Franchise Agreement or otherwise on the goods or services that you may offer or sell or on the customers to whom you may offer or sell.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the Franchise Term	Section 3.1	10 year initial term.
b. Renewal or extension of the term	Section 3.2	Your successor franchise right permits you to remain as a franchise after the initial term of your Franchise Agreement expires. If you wish to do so, and you satisfy the pre-conditions of obtaining a Successor Franchise, we will offer you the right to obtain an additional term of ten years. You must sign our then-current Franchise Agreement ("**Successor Franchise Agreement**") for the Successor Term, and this new Franchise Agreement may have different terms and conditions (including, e.g. higher royalty and advertising contributions) from the Franchise Agreement than those that applied during your initial term.
c. Requirements for Franchisee to renew or extend	Section 3.2	Not be in default under this Agreement or any other agreement with us or an Affiliate or the Exchange; give written notice; renovate and update required items; pay legal fees and other costs we incur; sign our then-current Franchise Agreement ("**Successor Franchise Agreement**") for the Successor Term, and this new Franchise Agreement may have different terms and conditions (including, e.g. higher royalty and marketing contributions) from the Franchise Agreement than those that applied during your initial term; sign a general release; and pay a renewal fee equal to 50% of our then-current Initial Franchise Fee charged to the newest Liquid Capital Franchisee.
d. Termination by franchisee	Section 13.1	With or without cause on 90 days notice.
e. Termination by franchisor without cause	Not Applicable	Not Applicable

Provision	Section in Franchise Agreement	Summary
f. Termination by franchisor with cause	Section 13.2	We may terminate on your default.
g. "Cause" defined – curable defaults	Section 13.2	Three days to resume making payments in the ordinary course of business; three days to cure a failure to properly maintain records; three days to cure a failure to produce a Financing Estoppel Certification; ten days to cure a failure to submit a required report; 10 days to cure a failure to pay us or our Affiliates; 30 days to find a replacement Controlling Principal if we determine that the Controlling Principal will not adequately manage and operate the Franchised Business, or to cure any other default not specifically listed above or listed as non-curable.
h. "Cause" defined – non-curable defaults	Section 13.2 and 13.3	Cessation of operations or a threat to cease operations; failure to make payment to a Client; violation of the restrictions on transfer; commission of a default under any contract of conditional sale or other security instrument; loss of right to do business; determination by us that, upon death or permanent disability, Controlling Principal's Designee is not capable of managing the business; three defaults within 12 months even if cured; understatement of Gross Revenue by more than 3%; material distortion of material information; charge or conviction of a felony or misdemeanor involving fraud, breach of trust or moral turpitude, violation of confidentiality or in-term non-compete; commission of an action that brings the System into disrepute, failure to maintain the Minimum Business Volume; default and/or failure to cure default under any other agreement with us, our Affiliates or the Exchange (including any Participation Agreement); insolvency, bankruptcy and related financial defaults; legal dissolution; assets, property or interests "blocked" under any terrorism laws or regulations or other violation of such laws or regulations.

Provision	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/nonrenewal	Section 13.4	Pay amounts due; stop using our System and Marks; cancel assumed name filings; return Manuals and all plans, specifications, software, databases, and forms containing information relevant to the operation of the Franchised Business; de-identify; do not represent yourself as a current or former Liquid Capital franchisee; remove from all directories and websites any listing as a Liquid Capital franchisee; assign to us your telephone numbers, yellow pages listings; e-mail addresses and internet websites, comply with confidentiality and non-competition covenants.
j. Assignment of contract by franchisor	Section 14.1	We may transfer our rights without restriction.
k. "Transfer" by franchisee – definition	Section 14.2	You and your Principals must not transfer any interest in the Franchise Agreement, the Liquid Capital Business, or any interest in you except in compliance with the Franchise Agreement.
l. Franchisor approval of transfer by franchisee	Sections 14.2 and 14.3	We must consent to a transfer by you or your Principals and you must notify us of transfers which do not effect a Change in Control. All transfers must meet certain conditions.
m. Conditions for franchisor approval of transfer	Sections 14.2 and 14.3	Transfers which do not effect a Change in Control –advance written notice, information we may reasonably require; and, upon our request, transferee must sign a Guaranty. Franchisee and Principal Owner Transfer – you are not in default under this Agreement or any other agreement with us, our Affiliates, or the Exchange; you pay all accrued but unpaid fees; you sign general release, you pay a transfer fee (50% of our existing Initial Franchise Fee) and all fees we incur in connection with the transfer; new franchisee signs current form of franchise agreement or written assignment; new principal owners guaranty performance; transferee completes required training; buyer is qualified, and transferee agrees to upgrade Liquid Capital Business to current standards. No transfer fee will be charged if you transfer to an immediate family member.

Provision	Section in Franchise Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase franchisee's business	Sections 15.1 and 15.2	Upon death or permanent disability of the Controlling Principal, we may be required to purchase your entire Portfolio (the purchase price to be calculated in accordance with the formula in the Franchise Agreement).
p. Death or disability of franchisee	Section 15.1	Upon the death or determination of permanent disability of your Controlling Principal, Controlling Principal or his or her personal representative may elect 1.) to require us to purchase your entire Portfolio or 2.) the Controlling Principal's Designee may succeed to the interest and assume the role of Controlling Principal (so long as the designee completes training).
q. Non-competition covenants during the term of the franchise	Section 10.3	You and your Principals may not operate or have an interest in any business in competition with or similar to the Liquid Capital Businesses and may not refer Clients to any provider of factoring, funding or financial services (except for the Exchange or as we may otherwise designate).
r. Non-competition covenants after the franchise is terminated or expires	Section 10.4	Without our consent, for two years after the expiration, termination, or transfer of the Franchise Agreement, you and your Principals may not have an interest in or assist or advise any business competitive with the Liquid Capital Businesses in the United States or Canada.
s. Modification of the agreement	Sections 18.11	Except for changes we may make to the Manual (including the Rules and Regulations), all changes require mutual agreement.
t. Integration/merger clause	Section 18.11	Only the terms of the Franchise Agreement, the Exhibits to the Franchise Agreement, and the documents referred to in the Franchise Agreement are binding. No other representations or promises are binding. Nothing in the Franchise Agreement or any related agreement is intended to disclaim our representatives in this Disclosure Document.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 17.2	Disputes must be mediated, except for actions we bring for injunctive or other extraordinary relief property, the Marks or our confidential information.
v. Choice of forum	Section 17.2 and 17.3	Unless contrary to applicable state law, mediation is in Dallas, Texas or at our principal place of business. Venue for any other proceeding is the state or federal district court for the jurisdiction in which Dallas, Texas or our principal place of business is located. (See the State Addenda inserted at the beginning of this disclosure document)
w. Choice of law	Section 17.1	Unless contrary to applicable state law, Dallas, Texas, except for Texas choice of law rules. (See the State Addenda inserted at the beginning of this disclosure document)

THE FRANCHISE RELATIONSHIP

Participation Agreement

This table lists important provisions of the Participation Agreement. You should read these provisions in the Participation Agreement attached to this disclosure document.

Provision	Section in Participation Agreement	Summary
a. Length of the Franchise Term	Section 15.1	Effective from the date the Participation Agreement is signed until the earlier of the expiration or termination of the Purchase and Sale Agreement.
b. Renewal or extension of the term	Section 15.2	If the Purchase and Sale Agreement is renewed after the expiration of the Initial Term or any Renewal Term, you may renew your Participation Percentage for successive periods coterminous with the Renewal Terms (not to exceed one year) of the Purchase and Sale Agreement.
c. Requirements for Franchisee to renew or extend	Section 15.2	You must be in Good Standing and give us written notice at least 15 days before the expiration of the initial term or any renewal term.
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable

Provision	Section in Participation Agreement	Summary
f. Termination by franchisor with cause	Sections 12.2, 12.3 and 12.4	We may terminate your Participation Percentage on your default and failure to cure. Expiration or termination of your Franchise Agreement is a default under the Participation Agreement, and a default under the Participation Agreement is a default under your Franchise Agreement.
g. “Cause” defined – curable defaults	Sections 3.4 and 3.5	Failure to adequately fund your Liquid Capital Remittance Account. We may determine not to sell your Participation Percentage if you repay any advance we make on your behalf by 10:00 am on the next Banking Day.
h. “Cause” defined – non-curable defaults	Section 12.3	A default that continues after any allotted cure period has elapsed.
i. Franchisee’s obligations on termination/nonrenewal	Not Applicable	Not Applicable
j. Assignment of contract by franchisor	Section 13.1	We may assign our rights without restriction.
k. “Transfer” by franchisee – definition	Section 13.2	You must not assign any interest in the Participation Agreement, except in compliance with the Participation Agreement.
l. Franchisor approval of transfer by franchisee	Section 13.2	You may not assign your Participation Percentage in the Participation Agreement (in whole or in part) except where the Franchise Agreement is also being assigned (in which case your Participation Percentage must also be assigned).
m. Conditions for franchisor approval of transfer	Section 13.2	You may not assign your Participation Percentage unless you also assign all of your rights under the Franchise Agreement.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Not Applicable	Not Applicable
o. Franchisor’s option to purchase franchisee’s business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable

Provision	Section in Participation Agreement	Summary
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	Section 16.1	The Participation Agreement may only be modified upon a mutual written agreement signed by all parties.
t. Integration/merger clause	Section 16.3	No course of dealing, course of performance, or parole evidence of any nature can be used to supplement the terms of the Participation Agreement.
u. Dispute resolution by arbitration or mediation	Sections 14.2 and 14.3	Disputes must first be submitted to non-binding mediation. If the dispute is not resolved in mediation it must be submitted for arbitration.
v. Choice of forum	Sections 14.2 and 14.3	Mediation is at a mutually agreeable location. If the parties cannot agree on a location, the mediation and/or arbitration will take place at the AAA offices nearest to Dallas, Texas.
w. Choice of law	Section 14.1	Texas law, except for Delaware choice of law rules or unless otherwise required by applicable state law.

In addition to the provisions noted in the preceding tables, the Franchise Agreement contains a number of provisions that may affect your and our legal rights in the event of a dispute between us, such as a mutual waiver of a jury trial, a mutual waiver of punitive or exemplary damages, and a reduced time frame within which either of us may initiate proceedings against the other. See Franchise Agreement Section 22.8. We recommend that you carefully review all of these provisions, and the entire contracts, with a lawyer.

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN THE STATE-SPECIFIC ADDENDUM ATTACHED AS **EXHIBIT G**.

California residents, see the California State-Specific Addendum to this disclosure document for additional disclosures required by California law.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 the information is included in the disclosure document. Financial performance information that differs from that included in ITEM 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this ITEM 19, for example, by providing information about performance at a particular location or under particular circumstances.

This Financial Performance Representation presents three charts we believe will be helpful in assisting you in understanding the Liquid Capital business model. The first chart provides financial data for our last fiscal year based on Gross Revenues achieved by specific franchisees during 2013. The second and third charts provide explanations, underlying assumptions, and historical data in connection with fundamental financial components of the two business models most commonly used by Liquid Capital Businesses. The information contained in these charts is based on actual results from franchisees and does not include results from any parent, affiliate or company-owned outlets.

2013 Gross Revenues

The figures below represent the annual gross revenue generated by the 17 franchised Liquid Capital Businesses that satisfied our Reporting Criteria (See Note 1 below) during the period between January 1, 2013 and December 31, 2013. Your financial results are likely to differ from the figures presented. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. You should carefully review the attached explanatory notes.

ANNUAL GROSS REVENUES FOR - THE YEAR ENDED DECEMBER 31, 2013

	High Gross Revenue	Low Gross Revenue	Average Gross Revenue	Number of Liquid Capital Businesses at or above Average Gross Revenue
Top Tier (5 Liquid Capital Businesses)	$1,085,000	$452,000	$636,600	2
Middle Tier (6 Liquid Capital Businesses)	$430,000	$104,000	$243,000	3
Bottom Tier (6 Liquid Capital Businesses)	$95,000	$15,000	$54,000	3

Notes:

(1) As of December 31, 2013, we had 44 Liquid Capital Businesses operating in the Liquid Capital System in the United States. Of the total number of Liquid Capital Businesses

operating in the United States, 17 or 39% of Liquid Capital Businesses met or exceeded all of the following criteria ("**Reporting Criteria**"): each Liquid Capital Business had been operating in the Liquid Capital System since before December 31, 2011, was operating for all twelve months from January 1, 2013 through December 31, 2013, and completed at least one factoring transaction during 2013. The results of the remaining 27 Liquid Capital Businesses did not satisfy one or more of the Reporting Criteria. Data from all Liquid Capital Businesses that satisfied the Reporting Criteria are included in this table.

(2) The annual Gross Revenues information was prepared from the transaction records and reports, as generated by our internal accounting system, on the annual Gross Revenues earned by each Liquid Capital Business and reported by managers or owners of each of the 17 Liquid Capital Businesses satisfying the Reporting Criteria. We do not know of an instance, nor do we have reason to believe, that this information would be overstated because it is extracted from the factoring transactions that are processed through our system. However, these annual Gross Revenues have not been audited and we have not independently verified these annual Gross Revenue numbers.

(3) The annual Gross Revenue information represents aggregate sales of factoring services by the 17 Liquid Capital Businesses satisfying the Reporting Criteria which were owned and operated by franchisees during the period between January 1, 2013 and December 31, 2013, and should not be considered the actual or probable annual Gross Revenues of Liquid Capital Businesses which will be achieved by any individual franchisee. A franchisee's annual Gross Revenues are likely to be lower in its first year of business. We recommend that the prospective franchisee make his or her own independent investigation to determine whether or not a Liquid Capital franchise may be profitable. We further recommend that prospective franchisees consult with professional advisors before executing any agreement. Your accountant can help you develop your own estimated costs for your Liquid Capital Business. Franchisee owned business data is not an indication of how your Liquid Capital Business will perform.

Historical Performance Data

The charts below provide explanations, underlying assumptions, and historical data in connection with fundamental financial components of the two business models most commonly used by Liquid Capital Businesses. The information contained in these charts is based on actual results from franchisees and does not include results from any parent, affiliate or company-owned outlets. Specifically, **Chart 1** illustrates a Liquid Capital funding transaction carried out by a single franchisee, without participation from any other Liquid Capital franchisees. **Chart 2** illustrates a Liquid Capital funding transaction coordinated by one franchisee and carried out by multiple Liquid Capital franchisees.

The information contained in these charts is based on our experience involving actual transactions ("**Representative Transactions**") completed by all 32 franchisees that were open and completed at least one Representative Transaction ("**Historical Reporting Criteria**") during the period extending from January 1, 2012 through December 31, 2013 ("**Historical Reporting Period**"). This information includes conservative representations of the mechanics of Representative Transactions. The fees, arrangement, discounts, and other variables included in these charts did not change during the Historical Reporting Period.

Actual results may vary from franchise to franchise and depend on a variety of internal and external factors, many of which neither we nor any prospective franchisee can estimate, such as competition, economic climate, demographics, and changing consumer demands and tastes. The earnings claims figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

We possess written substantiation for all information contained in this ITEM 19. Upon written request and reasonable notice, the information and substantiation of the information used in preparing this item is available for inspection by you at our headquarters.

CHART NO. 1
"Representative Transaction Carried Out by Single Franchisee"

Variable	Anticipated Amount[1]
Advance[2]	72-88% of the value of the Accounts Receivable (as defined below)
Initial Discount Fee[3]	3% of the value of the Accounts Receivable
Number of Days Outstanding of Accounts Receivable[4]	49.5 days
Subsequent Daily Discount Fee[5]	0.1% of the value of the Accounts Receivable
Monthly Gross Transaction Revenue[6]	See Note 6 below.
Back Offices Services Fee[7]	0.75% of the client's Scheduled Invoices (as defined below)
Royalty[8]	8% of your Monthly Gross Revenue
Financing Cost for Qualified Borrower[9]	8-12% interest rate for financing obtained from Exchange by Qualified Borrower

Notes:

(1) The amounts included in the "Anticipated Amount" column relating to the Advance and the Number of Days Outstanding of Accounts Receivable are based on our analysis of the information provided to us by franchisees that met our Historical Reporting Criteria during the Reporting Period, which includes approximately 330,000 Representative Transactions recorded during the Historical Reporting Period. The amount relating to the Number of Days Outstanding of Accounts Receivable represents the average Anticipated Amount for this particular variable. The amounts relating to the Initial Discount Fee and the Subsequent Daily Discount Fee represent the midpoints of the ranges that we typically recommend to our franchisees for those particular variables. The amounts relating to the Back Offices Services Fee and Royalty are the actual amounts currently required by the terms of the Franchise Agreement for franchisees within the System. The range relating to the Financing Cost for Qualified Borrower is based on the range of interest rates currently charged by the Exchange when providing financing to Qualified Borrowers. Please see the specific footnotes below for additional explanations regarding the basis for each of these amounts.

(2) "**Advance**" means the amount of money that you pay the client at the time of funding for its eligible Accounts in connection with the participation agreement that will be entered into by the client and our affiliate, Liquid Capital Exchange, Inc. ("**Exchange**"). "**Account**" means a right to receive payment of a monetary obligation, whether or not earned by performance, and includes any "Account" as defined in Article 9 of the UCC. Liquid Capital franchisees only pay the client an Advance equal to a portion of its Accounts Receivable (as defined below). We recommend that our franchisees hold back a reserve equal to 15% to 25% of the value of the Accounts Receivable plus the amount of the Initial Discount Fee (as defined below). Our analysis of the information provided to us by franchisees that met our Historical Reporting Criteria during the Historical Reporting Period, which involves approximately 330,000 Representative Transactions recorded during the Historical Reporting Period, indicates that approximately 99% of the transactions conducted by these franchisees were within the Anticipated Amount above (72% to 88% of the value of the Accounts Receivable).

(3) "**Initial Discount Fee**" means the fee you charge the client for the initial period of time its Accounts Receivable are outstanding ("**Initial Discount Fee**"). In most cases the initial period of time is 30 days but it can range from 15 days to 60 days based on negotiations between the franchisee and customer. We typically recommend an Initial Discount Fee of 2.5% to 3.5% of the value of the Accounts Receivable based on an initial period of 30 days.

(4) "**Accounts Receivable**" equals the client's monthly sales ("**Scheduled Invoices**") divided by 30 and multiplied by the number of O/S days. In our experience, typical accounts receivable can range from 20 days to 60 days. For purposes of these representations, a client's customer Accounts are assumed to be outstanding ("**O/S**") for a period of 49.5 days, which represents the average Anticipated Amount for this particular variable. This Anticipated Amount for the Number of Days Outstanding of Accounts Receivable is based the information provided to us by franchisees that met our Reporting Criteria during the Historical Reporting Period, which involves approximately 330,000 Representative Transactions recorded during the Historical Reporting Period. Our analysis of that information indicates that 45% of the transactions conducted by these franchisees were at or above this average amount and 55% of the transactions conducted by these franchisees were below this average amount.

(5) "**Subsequent Daily Discount Fee**" means the fee you charge the client for each additional day the client's customer's Accounts are outstanding after the initial period, which typically lasts 30 days. We generally recommend charging an additional discount fee of between 0.083% and 0.1167% per day in excess of 30 days.

(6) "**Monthly Gross Transaction Revenue**" equals the Initial Discount Fee multiplied by Scheduled Invoices, plus the Subsequent Daily Discount Fee, multiplied by the number of O/S days in excess of 30 days, multiplied by Scheduled Invoices on a particular Client Account. Monthly Gross Transaction Revenue does not account for the Back Office Services Fee, Royalty, Financing Cost, Exchange Fee, or Originating Franchise Fee that you must pay, nor does it include any Management Fee or Originating Franchisee Fee that you may receive. Additionally, the Monthly Gross Transaction Revenue will vary based on a larger or shorter transaction time frame. Historically, our franchisees that met our Reporting Criteria during the Reporting Period

earned monthly gross revenue equal to 4.95% of the value of the transaction. Specifically, 45% of those franchisees earned higher rates than 4.95% and 55% of those franchisees earned lower rates than 4.95%.

(7) "**Back Office Services Fee**" means the fee you must pay to Exchange for Back Office Support Services (as defined in the Franchise Agreement). For full factoring arrangements, the Back Office Services Fee is currently set at 0.75% of the Accounts represented by the Scheduled Invoices.

(8) "**Royalty**" means the royalty you must pay to us. This fee is currently set at 8% of total Gross Revenue of the Franchised Business. As defined in the Franchise Agreement, "**Gross Revenue**" means the entire amount of all revenue earned (whether or not received) by a Liquid Capital franchisee from any source (including, without limitation, each funding transaction, referral fees, and recharges) in connection with the Franchised Business in any form. There shall be no deductions allowed for uncollected or uncollectible Accounts and no allowances shall be made for bad debts; provided, that if on the termination of a Client Account, any Advance is uncollectible, then we will refund to you the royalties paid on such Advance in accordance with the procedures set forth in the Rules and Regulations.

(9) "**Financing Cost**" means the cost a Qualified Borrower incurs to secure financing for the Advance through Exchange. "**Qualified Borrower**" means a Liquid Capital franchisee which meets our (or an affiliate's) qualifications for obtaining financing from Exchange. You have no obligation to obtain financing from Exchange and may secure financing from any source if you obtain from your financing source a signed Financing Estoppel Agreement in the form included in the Manual. Nevertheless, Exchange may loan Liquid Capital franchisees who are Qualified Borrowers up to the lesser of 56.25% of eligible Accounts Receivable or 75% of outstanding Advances in its discretion if a Qualified Borrower satisfies Exchange's then-current financing criteria in the first six months; 62% of eligible Accounts Receivable or 80% of outstanding Advances in its discretion if a Qualified Borrower satisfies Exchange's then-current financing criteria in the next six to 12 months; and 65% of eligible Accounts Receivable or 85% of outstanding Advances in its discretion if a Qualified Borrower satisfies Exchange's then-current financing criteria at 12 months and after. Exchange charges a fee equal to the greater of 12% per annum or Bank of America prime plus 4% for the loan, calculated on a daily basis. We have rates lower than 12% and ratios that provide higher borrowings. For example, as currently contractually required by the Exchange when providing financing to Qualified Borrowers, borrowing costs can be as follows: 12% per annum (Bank of America prime plus 4%) for Accounts Receivable of less than $1 million; 10% per annum (Bank of America prime plus 2%) for Accounts Receivable greater than $1 million; or if, in any year, the volume exceeds $10 million, the borrowing rate may be reduced by 2% for the remainder of the year and the entire subsequent year. The interest rate may be lower or higher on any particular transaction, and therefore returns may be higher or lower as well.

CHART NO. 2
"Representative Transaction Coordinated by
One Franchisee and Carried Out by Multiple Franchisees"

Variable	Anticipated Amount[1]
Advance[2]	72-88% of the value of the Accounts Receivable (as defined below)
Initial Discount Fee[3]	3% of the value of the Accounts Receivable
Number of Days Outstanding of Accounts Receivable[4]	49.5 days
Subsequent Daily Discount Fee[5]	0.1% of the value of the Accounts Receivable
Monthly Gross Transaction Revenue[6]	See Note 6 below.
Back Offices Services Fee[7]	0.75% of the client's Scheduled Invoices (as defined below)
Royalty[8]	8% of your Monthly Gross Revenue
Financing Cost for Qualified Borrower[9]	8-12% interest rate for financing obtained from Exchange by Qualified Borrower
Exchange Fee[10]	0.25% of the value of the Accounts Receivable processed through the service provider
Originating Franchisee Fee[11]	12% of the gross revenue earned by the non-originating Participants (as defined below) in the funding transaction
Management Fee[12]	0.5% of the Accounts Receivable

Notes:

(1) The amounts included in the "Anticipated Amount" column relating to the Advance and the Number of Days Outstanding of Accounts Receivable are based on our analysis of the information provided to us by franchisees that met our Historical Reporting Criteria during the Historical Reporting Period, which includes approximately 330,000 Representative Transactions recorded during the Reporting Period. The amount relating to the Number of Days Outstanding of Accounts Receivable represents the average Anticipated Amount for this particular variable. The amounts relating to the Initial Discount Fee and the Subsequent Daily Discount Fee represent the midpoints of the ranges that we typically recommend to our franchisees for those particular variables. The amounts relating to the Back Offices Services Fee, Royalty, Originating Franchise Fee, and Management Fee are the actual amounts currently required by the terms of the Franchise Agreement for franchisees within the System. The range relating to the Financing Cost for Qualified Borrower is based on the range of interest rates currently charged by the Exchange when providing financing to Qualified Borrowers. Please see the specific footnotes below for additional explanations regarding the basis for each of these amounts.

(2) "**Advance**" means the amount of money that you pay the client at the time of funding for its eligible Accounts in connection with the participation agreement that will be entered into by the client and our affiliate, Liquid Capital Exchange, Inc. ("**Exchange**"). "**Account**" means a right to receive payment of a monetary obligation, whether or not earned by performance, and includes any "Account" as defined in Article 9 of the UCC. Liquid Capital franchisees only pay the client an Advance equal to a portion of its Accounts Receivable (as defined below). We

recommend that our franchisees hold back a reserve equal to 15% to 25% of the value of the Accounts Receivable plus the amount of the Initial Discount Fee (as defined below). Our analysis of the information provided to us by franchisees that met our Reporting Criteria during the Historical Reporting Period, which involves approximately 330,000 Representative Transactions recorded during the Historical Recording Period, indicates that approximately 99% of the transactions conducted by these franchisees were within the Anticipated Amount above (72% to 88% of the value of the Accounts Receivable).

(3) "**Initial Discount Fee**" means the fee you charge the client for the initial period of time its Accounts Receivable are outstanding ("**Initial Discount Fee**"). In most cases the initial period of time is 30 days but it can range from 15 days to 60 days based on negotiations between the franchisee and customer. We typically recommend an Initial Discount Fee of 2.5% to 3.5% of the value of the Accounts Receivable based on an initial period of 30 days.

(4) "**Accounts Receivable**" equals the client's monthly sales ("**Scheduled Invoices**") divided by 30 and multiplied by the number of O/S days. In our experience, typical accounts receivable can range from 20 days to 60 days. For purposes of these representations, a client's customer Accounts are assumed to be outstanding ("**O/S**") for a period of 49.5 days, which represents the average Anticipated Amount for this particular variable. This Anticipated Amount for the Number of Days Outstanding of Accounts Receivable is based the information provided to us by franchisees that met our Historical Reporting Criteria during the Historical Reporting Period, which involves approximately 330,000 Representative Transactions recorded during the Historical Reporting Period. Our analysis of that information indicates that 45% of the transactions conducted by these franchisees were at or above this average amount and 55% of the transactions conducted by these franchisees were below this average amount.

(5) "**Subsequent Daily Discount Fee**" means the fee you charge the client for each additional day the client's customer's Accounts are outstanding after the initial period, which typically lasts 30 days. We generally recommend charging an additional discount fee of between 0.083% and 0.1167% per day in excess of 30 days.

(6) "**Monthly Gross Transaction Revenue**" equals the Initial Discount Fee multiplied by Scheduled Invoices, plus the Subsequent Daily Discount Fee, multiplied by the number of days in excess of the number of days covered by the Initial Discount Fee, multiplied by Scheduled Invoices on a particular Client Account. Monthly Gross Transaction Revenue does not account for the Back Office Services Fee, Royalty, Financing Cost, Exchange Fee, or Originating Franchise Fee that you must pay, nor does it include any Management Fee or Originating Franchisee Fee that you may receive. Additionally, the Monthly Gross Transaction Revenue will vary based on a larger or shorter transaction time frame. Historically, our franchisees that met our Historical Reporting Criteria during the Reporting Period earned monthly gross revenue equal to 4.95% of the value of the transaction. Specifically, 45% of those franchisees earned higher rates than 4.95% and 55% of those franchisees earned lower rates than 4.95%.

(7) "**Back Office Services Fee**" means the fee you must pay to Exchange for Back Office Support Services (as defined in the Franchise Agreement). For full factoring arrangements, the

Back Office Services Fee is currently set at 0.75% of the Accounts represented by the Scheduled Invoices.

(8) "**Royalty**" means the royalty you must pay to us. This fee is currently set at 8% of total Gross Revenue of the Franchised Business. As defined in the Franchise Agreement, "**Gross Revenue**" means the entire amount of all revenue earned (whether or not received) by a Liquid Capital franchisee from any source (including, without limitation, each funding transaction, referral fees, and recharges) in connection with the Franchised Business in any form. There shall be no deductions allowed for uncollected or uncollectible Accounts and no allowances shall be made for bad debts; provided, that if on the termination of a Client Account, any Advance is uncollectible, then we will refund to you the royalties paid on such Advance in accordance with the procedures set forth in the Rules and Regulations.

(9) "**Financing Cost**" means the cost a Qualified Borrower incurs to secure financing for the Advance through Exchange. "**Qualified Borrower**" means a Liquid Capital franchisee which meets our (or an affiliate's) qualifications for obtaining financing from Exchange. You have no obligation to obtain financing from Exchange and may secure financing from any source if you obtain from your financing source a signed Financing Estoppel Agreement in the form included in the Manual. Nevertheless, Exchange may loan Liquid Capital franchisees who are Qualified Borrowers up to the lesser of 56.25% of eligible Accounts Receivable or 75% of outstanding Advances in its discretion if a Qualified Borrower satisfies Exchange's then-current financing criteria in the first six months; 62% of eligible Accounts Receivable or 80% of outstanding Advances in its discretion if a Qualified Borrower satisfies Exchange's then-current financing criteria in the next six to 12 months; and 65% of eligible Accounts Receivable or 85% of outstanding Advances in its discretion if a Qualified Borrower satisfies Exchange's then-current financing criteria at 12 months and after. Exchange charges a fee equal to the greater of 12% per annum or Bank of America prime plus 4% for the loan, calculated on a daily basis. We have rates lower than 12% and ratios that provide higher borrowings. For example, as currently contractually required by the Exchange when providing financing to Qualified Borrowers, borrowing costs can be as follows: 12% per annum (Bank of America prime plus 4%) for Accounts Receivable of less than $1 million; 10% per annum (Bank of America prime plus 2%) for Accounts Receivable greater than $1 million; or if, in any year, the volume exceeds $10 million, the borrowing rate may be reduced by 2% for the remainder of the year and the entire subsequent year. The interest rate may be lower or higher on any particular transaction, and therefore returns may be higher or lower as well.

(10) "**Exchange Fee**" means the fee you pay the service provider to identify Participants for a funding transaction and to process their share of the Advance. This fee is currently set at 0.25% of the value of the Accounts Receivable processed through the service provider. It is paid only when there is more than one franchisee funding a transaction. "**Participant**" means a Liquid Capital franchisee who is funding at least a portion of the client's Accounts Receivable, but is neither the Originating Franchisee nor the Managing Participant. "**Originating Franchisee**" means the Liquid Capital franchisee who identifies and processes the client whose Accounts Receivable are being factored. "**Managing Participant**" means the Liquid Capital franchisee who is responsible for managing the ongoing relationship with the client whose Accounts Receivable are being factored.

(11) "**Originating Franchisee Fee**" means the fee the Originating Franchisee earns as a result of identifying and processing the client. This fee is paid by the Managing Participant (if the Originating Franchisee is not also acting as the Managing Participant) and the other Participants. This fee is currently 12% of the gross revenue earned by the non-originating Participants in a funding transaction.

(12) "**Management Fee**" means the fee the Managing Participant earns for managing the ongoing relationship with the client. This fee is paid by the Originating Franchisee (if the Originating Franchisee is not also acting as the Managing Participant) and the other Participants. This fee is currently 0.5% of the Accounts represented by the Scheduled Invoices.

General Notes:

(1) We have written substantiation in our possession to support the information appearing in this ITEM 19. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. Franchisees or former franchisees listed in this disclosure document may also be a source of information.

(2) Actual results may vary from franchise to franchise and depend on a variety of internal and external factors, many of which neither we nor any prospective franchisee can estimate, such as competition, economic climate, demographics, and changing consumer demands and tastes. A franchisee's ability to achieve any level of annual Gross Revenues or net income will depend on these factors and others, including the franchisee's level of expertise, none of which are within our control. Accordingly, we cannot, and do not, estimate the results of any particular franchise.

(3) Allowances should also be made for legal, accounting, loan interest and other additional operating costs not reflected in this financial performance representation.

ITEM 20
TERRITORY AND FRANCHISEE INFORMATION

As described in detail in ITEM 12 above, franchisees operate Liquid Capital Businesses in territories. Territories are established by us according to zip codes and other criteria described in ITEM 12. Franchisees may operate more than one "territory" under one Franchise Agreement. For example, a franchisee may operate in one and a half territories under a single Franchise Agreement. In this instance, for purposes of the tables in this ITEM 20, a "1.5" would be recorded to reflect such a franchisee.

Table No. 1

Systemwide Territories Summary
For Years 2011-2013

Territory Type	**Year**	**Territories at the Start of the Year**	**Territories at the End of the Year**	**Net Change**
Franchised	2011	31	37	**+6**
	2012	37	40	**+3**
	2013	40	43	**+3**
Company-Owned	2011	1	1	**0**
	2012	1	1	0
	2013	1	1	0
Total Territories	**2011**	**32**	**38**	**+6**
	2012	**38**	**41**	**+3**
	2013	**41**	**44**	**+3**

Table No. 2

Transfers of Franchised Territories
For Years 2011-2013

State	**Year**	**Number of Transfers**
All States	2011	0
	2012	0
	2013	0
Totals	**2011**	**0**
	2012	**0**
	2013	**0**

Table No. 3

Status of Franchised Territories
For Years 2011-2013

State	Year	Territories at Start of the Year	Territories Added	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions- Other Reasons	Territories at End of the Year
Arizona	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
California	2011	3	1	0	0	0	0	4
	2012	4	0	1	0	0	0	3
	2013	3	0	0	0	0	0	3
Colorado	2011	1.5	0	0	0	0	0	1.5
	2012	1.5	0	0	0	0	0	1.5
	2013	1.5	0	0	0	0	0	1.5
Connecticut	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Florida	2011	6.5	0	0	0	0	1	5.5
	2012	5.5	1	0	0	0	0	6.5
	2013	6.5	1	0	0	0	1	6.5
Georgia	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	2	0	0	0	0	3
Illinois	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	1	0	0	0	1	3
Maryland	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1

State	Year	Territories at Start of the Year	Territories Added	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Territories at End of the Year
Massachu-setts	2011	1	1	0	0	0	0	2
	2012	2	1	0	0	0	0	3
	2013	3	0	0	0	0	1	2
Missouri	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Nebraska	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	1	0
New Jersey	2011	1	0	0	0	0	0	1
	2012	1	0	1	0	0	0	0
	2013	0	1	0	0	0	0	1
New Mexico	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
New York	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
North Dakota	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Ohio	2011	1	0	0	0	0	0	2
	2012	2	0	1	0	0	0	1
	2013	1	0	0	0	0	0	1
Penn-sylvania	2011	2	0	0	0	0	0	0
	2012	2	1	0	0	0	0	3
	2013	3	0	0	0	0	1	2
Puerto Rico	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3

State	Year	Territories at Start of the Year	Territories Added	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Territories at End of the Year
South Dakota	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Tennessee	2011	0	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Texas	2011	1	1	0	0	0	0	2
	2012	2	1	0	0	0	0	3
	2013	3	0	0	0	0	0	3
Utah	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Wisconsin	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Virginia	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Total	**2011**	**31**	**7**	**0**	**0**	**0**	**1**	**37**
	2012	**37**	**6**	**3**	**0**	**0**	**0**	**40**
	2013	**40**	**8**	**0**	**0**	**0**	**5**	**43**

Table No. 4

Status of Company-Owned Territories
For Years 2011-2013

State	Year	Territories at Start of Year	Territories Opened	Territories Reacquired From Franchisee	Territories Closed	Territories Sold to Franchisee	Territories at End of Year
Texas	2011	1	0	0	0	0	1
	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
All Other States	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Total Outlets	**2011**	**1**	**0**	**0**	**0**	**0**	**1**
	2012	**1**	**0**	**0**	**0**	**0**	**1**
	2013	**1**	**0**	**0**	**0**	**0**	**1**

Table No. 5

Projected Openings as of
December 31, 2013 for 2014

State	Franchise Agreements Signed But Territory Not Opened	Projected New Franchised Territories in the Next Fiscal Year	Projected New Company-Owned Territories in the Next Fiscal Year
Arkansas	0	1	0
California	0	3	0
Florida	0	2	0
Illinois	0	1	0
Indiana	0	1	0
Kentucky	0	1	0
Louisiana	0	1	0
Maryland	0	1	0
Michigan	0	2	0
Minnesota	0	1	0
North Carolina	0	1	0
Nebraska	0	1	0
New Jersey	0	1	0

State	Franchise Agreements Signed But Territory Not Opened	Projected New Franchised Territories in the Next Fiscal Year	Projected New Company-Owned Territories in the Next Fiscal Year
New York	0	2	0
Ohio	0	1	0
Pennsylvania	0	1	0
South Carolina	0	1	0
Texas	0	2	0
Washington	0	1	0
Wisconsin	0	1	0
Total	**0**	**26**	**0**

As of the date of this disclosure document, we do not intend to open any territories in any state not listed in this table.

We have no current plans to open any company-owned territories in 2013, but we reserve the right to do so if an acceptable opportunity arises.

The names, addresses and telephone numbers of our current franchisees are attached to this disclosure document as **Exhibit D**.

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with the Liquid Capital franchise. 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 name and last known address and telephone number of every franchisee who had a territory terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the one-year period ending December 31, 2011, or who has not communicated with us within ten weeks of the date of this disclosure document is listed in **Exhibit D**.

As of December 31, 2013, we are not offering any existing franchised territories to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. In the event that we begin to offer any such territory, specific information about the territory will be provided to you in a separate Addendum to this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Our audited financial statements for our fiscal years ending December 31, 2013, 2012, and 2011 are attached as **Exhibit A**.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

1. Franchise Agreement (with exhibits)
2. Participation Agreement
3. Confirmation of Transaction

ITEM 23
RECEIPTS

Attached as the last two pages of Exhibits, marked **Exhibit J** of this disclosure document, are two Receipts for your use. When you receive this disclosure document, you must sign both Receipts and return one to us, retaining the other for your records.

EXHIBIT A

FINANCIAL STATEMENTS

LIQUID CAPITAL OF AMERICA CORP.

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2013 AND 2012

LIQUID CAPITAL OF AMERICA CORP.

DECEMBER 31, 2013 AND 2012

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BALANCE SHEET

DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	$ 19,462	$ 41,123
Accounts receivable (net allowance for doubtful accounts of $4,750 and $4,750, respectively)	17,000	567
Prepaid expenses	5,818	2,818
Due from related party	154,992	9,887
Shareholder advances	358,202	575,117
	555,474	629,512
PROPERTY AND EQUIPMENT		
Equipment - (net of $65,608 and $61,468 accumulated depreciation, respectively)	15,682	19,245
	$ 571,156	$ 648,757
LIABILITIES AND SHAREHOLDER EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 52,953	$ 88,648
Income tax payable	7,975	13,548
Due to related party	-	80,258
	60,928	182,454
SHAREHOLDER EQUITY		
Class A voting common, no par value, 1,000 shares authorized and issued	150,000	150,000
Preferred stock, no par value, 200,000 shares authorized and issued, 10% non cumulative	200,000	200,000
Retained earnings	160,228	116,303
	510,228	466,303
	$ 571,156	$ 648,757

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INCOME AND RETAINED EARNINGS

YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
NET SALES		
Franchise sales	$ 350,000	$ 300,000
Other franchise revenue	529,928	533,076
	879,928	833,076
EXPENSES		
Advertising and marketing	112,357	100,097
Association dues	4,340	3,860
Bank charges and interest	812	432
Commissions	92,000	97,500
Insurance	896	724
Management fee	404,486	376,981
Office and general	49,293	38,736
Occupancy costs	21,991	21,599
Professional fees	58,701	85,236
Telephone and communications	6,447	8,242
Training and license packages	24,505	6,110
Travel	39,364	9,452
Depreciation	4,140	4,954
Taxes	8,326	4,838
	827,658	758,761
OPERATING INCOME	52,270	74,315
OTHER INCOME (EXPENSES)		
Foreign exchange	(370)	(122)
	(370)	(122)
NET INCOME BEFORE INCOME TAXES	51,900	74,193
PROVISION FOR INCOME TAXES	7,975	13,548
NET INCOME	43,925	60,645
RETAINED EARNINGS - BEGINNING OF YEAR	116,303	55,658
RETAINED EARNINGS- END OF YEAR	$ 160,228	$ 116,303

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOW (USED IN) PROVIDED FROM OPERATING ACTIVITIES		
Net income (loss)	$ 43,925	$ 60,645
Non-cash items included in operations		
Depreciation	4,140	4,954
Increase (decrease) in cash caused by changes in current items		
Accounts receivable	(16,433)	50,052
Prepaid expenses	(3,000)	-
Due from related party	(145,105)	(7,198)
Shareholder advances	216,915	87,197
Due to related party	(80,258)	(111,468)
Accounts payable	(35,695)	(57,430)
Income tax payable	(5,573)	11,196
Net cash flow (used in) provided from operations	(21,084)	37,948
CASH FLOW USED IN INVESTING ACTIVITIES		
Acquisition of property and equipment	(577)	(2,054)
Net cash flow (used in) provided from investing	(577)	(2,054)
CASH FLOW (USED IN) PROVIDED FROM FINANCING ACTIVITIES		
Repayments on lease obligations	-	(1,451)
Net cash flow (used in) provided from financing	-	(1,451)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(21,661)	34,443
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	41,123	6,680
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 19,462	$ 41,123
SUPPLEMENTAL FINANCIAL INFORMATION		
Interest paid	812	$ 432
Income taxes paid	13,548	$ 2,352

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Liquid Capital of America Corp. (the Company) is incorporated in the state of Delaware. The company commenced operations on June 4, 2004. The company sells franchises, provides support services to the franchisees and earns ongoing royalty fees in the business of accounts receivable factoring. The company is a wholly owned subsidiary of Liquid Capital Corp. a Canadian corporation.

Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and reported revenue and expenses. Actual results could vary from the estimates that were used.

Cash

Cash is defined as cash on deposit at financial institutions available upon demand. The Company's cash balance, at times, may exceed the federally insured limits. Additionally, the Company has cash held in Canadian banks, which provides Canadian federal insurance on deposits. The Company has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

Property and Equipment

Property and equipment are started at cost and depreciated using a declining balance method over their estimated useful lives. Components of equipment are as follows:

	Estimated Useful Life	December 31, 2013 Cost	December 31, 2012 Cost
Equipment	5 yrs	$ 66,949	$ 66,372
Software	1 yr	14,341	14,341
		81,290	80,713
Less: Accumulated Depreciation		65,608	61,468
		$ 15,682	$ 19,245

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Receivables and Credit Policies</u>

Trade accounts receivable consist of proceeds due from franchisees. As long as a franchisee is responsive to collection attempts the company will keep the account receivable. When the franchisee no longer is cooperative an allowance for doubtful accounts is recorded. An allowance of $4,750 and $4,750 respectively has been established at December 31, 2013 and 2012.

2. INCOME TAXES

The company has taxable income of $51,900 for the year ended December 31, 2013 and a taxable income of $74,192 for the period ended December 31, 2012. A tax liability has been recorded of $7,975 for Federal Income Tax and $0 for State Income Tax as of December 31, 2013.

Effective January 1, 2009, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Codification (ASC) 740-10, which require recognition of and discloses related to uncertain tax positions. The adoption had no effect on the Company's retained earnings. As of and during the year ended December 31, 2013, the Company did not have a liability for unrecognized tax benefits.

3. RELATED PARTY

The company has entered into an inter-company license agreement with its parent company. Under this agreement the parent grants nonexclusive license and rights to use trademarks and the nonexclusive right to license the use of trademarks to franchisees of the company in connection with the establishment and operation of Liquid Capital businesses in the United States. License fees paid were $309,000 during 2013 and $299,143 during 2012.

During the period ended December 31, 2013 and 2012 the company advanced monies to its shareholder Liquid Capital Corp, a Canadian Corporation. These advances are non-interest bearing, unsecured and due upon demand. The balance of advances due at December 31, 2013 and 2012 are $358,202 and $575,117, respectively.

During the period ending December 31, 2013 and 2012 the company advanced monies to a related company, this advance is unsecured, non-interest bearing and due on demand. The balance due on these advances at December 31, 2013 and 2012 are $20,887 and $9,887, respectively.

NOTES TO THE FINANCIAL STATEMENTS

3. RELATED PARTY (continued)

During the period ending December 31, 2013 the company advanced monies to a related company, this advance is unsecured, non-interest bearing and due on demand. The balance due on these advances at December 31, 2013 is $134,105. In addition, as of December 31, 2012 the company owed $80,258 to the same related company. This advance is unsecured, non-interest bearing and due on demand.

The company and a related entity share the cost of certain common marketing and advertising expenses. These expenses are paid 50% by the company and 50% by the related entity in 2013 and 2012. The related entity paid $112,357 and $100,097 of shared expenses during 2013 and 2012, respectively.

4. PERFERRED STOCK

On December 28, 2007 the company issued 200,000 shares of 10% cumulative preferred stock to the parent company for $200,000. The board of directors did not declare any dividends for the years ended December 31, 2013 and 2012. On December 16, 2009, the board of directors obtained shareholders consent to change the preferred stock attributes from cumulative preferred to non cumulative preferred stock.

5. FRANCHISE SALES

The following reflects information regarding significant changes in the ownership of franchises for the year ended December 31, 2013 and December 31, 2012. Some franchisees own multiple territories.

	2013	2012
Franchises sold	7	6
Franchises Repurchased	1	0
Franchises Closed	3	3
Total Number of Franchises	39	36
Territories Sold	7	6
Territories Repurchased	1	0
Company owned Territories	0	0
Territories Closed	3	3
Total Territories	44	41

NOTES TO THE FINANCIAL STATEMENTS

6. COMMITMENTS AND CONTINGIENCIES

Guarantees

As of December 31, 2012 the company had guaranteed the debt performance of its parent corporation, Liquid Capital Corp. (a Canadian corporation) with respect to certain debts in the amount of $288,847. As of May, 2013 the guarantee has be terminated and Liquid Capital of America Corp. is no longer liable.

Leases

On December 13, 2013 the company entered into an operating lease agreement doubling their office space in Irving, Texas. The lease requires a rental payment of $3,632 per month to be adjusted annually for the tenant's share of the excess, if any, of the actual operating expenses. The lease term expires February 28, 2019. The company was preciously under an operating lease with payments of $1,774 per month adjusted annually.

At December 31, 2013, future annual minimum payments under this lease obligation are as follows:

2014	$ 38,091
2015	44,488
2016	45,577
2017	46,667
2018 and thereafter	55,746
	$ 230,569

Rent expense for leases in 2013 and 2012 was approximately $20,855 and $20,338, respectively.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 25, 2014, which is the date the financial statements were available to be issued.

LIQUID CAPITAL OF AMERICA CORP.

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2012 AND 2011

LIQUID CAPITAL OF AMERICA CORP.

DECEMBER 31, 2012 AND 2011

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Public Accountants
Florida Institute of Certified
Public Accountants

Board of Directors and Shareholder
Liquid Capital of America Corp.

Independent Auditors' Report

We have audited the accompanying balance sheet of Liquid Capital of America Corp. (a wholly owned subsidiary) as of December 31, 2012 and 2011 and the related statements of operations and changes in retained earnings, and cash flows for the years 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.

We conducted the 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 the audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Liquid Capital of America Corp. as of December 31, 2012 and 2011 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

John J. Mercurio CPA LLC

John J. Mercurio, CPA, L.L.C.
February 20, 2013

BALANCE SHEET

DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash	$ 41,123	$ 6,680
Accounts receivable (net allowance for doubtful of $4,750 and $1,750, respectively)	567	50,619
Prepaid expenses	2,818	2,818
Due from related party	9,887	2,689
Shareholder advances	575,117	662,314
	629,512	725,120
PROPERTY AND EQUIPMENT		
Equipment - (net of $61,468 and $56,514 accumulated depreciation, respectively)	19,245	22,145
	$ 648,757	$ 747,265
LIABILITIES AND SHAREHOLDER EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 88,648	$ 146,078
Income tax payable	13,548	2,352
Due to related party	80,258	191,726
Current portion of long-term debt	-	1,451
	182,454	341,607
SHAREHOLDER EQUITY		
Class A voting common, no par value, 1,000 shares authorized and issued	150,000	150,000
Preferred stock, no par value, 200,000 shares authorized and issued, 10% non cumulative	200,000	200,000
Retained earnings	116,303	55,658
	466,303	405,658
	$ 648,757	$ 747,265

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INCOME AND RETAINED EARNINGS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
NET SALES		
Franchise sales	$ 300,000	$ 345,000
Other franchise revenue	533,076	415,787
	833,076	760,787
EXPENSES		
Advertising and marketing	100,097	103,218
Association dues	3,860	3,200
Bank charges and interest	432	1,140
Commissions	97,500	78,000
Insurance	724	681
Management fee	376,981	311,522
Office and general	38,736	44,064
Occupancy costs	21,599	21,546
Professional fees	85,236	140,129
Telephone and communications	8,242	16,321
Training and license packages	6,110	3,722
Travel	9,452	14,539
Depreciation	4,954	4,681
Taxes	4,838	2,360
	758,761	745,123
OPERATING INCOME	74,315	15,664
OTHER INCOME (EXPENSES)		
Foreign exchange	(122)	16
	(122)	16
NET INCOME BEFORE INCOME TAXES	74,193	15,680
PROVISION FOR INCOME TAXES	13,548	2,352
NET INCOME	60,645	13,328
RETAINED EARNINGS - BEGINNING OF YEAR	55,658	42,330
RETAINED EARNINGS- END OF YEAR	$ 116,303	$ 55,658

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOW (USED IN) PROVIDED FROM OPERATING ACTIVITIES		
Net income (loss)	$ 60,645	$ 13,328
Non-cash items included in operations		
Depreciation	4,954	4,681
Increase (decrease) in cash caused by changes in current items		
Accounts receivable	50,052	(47,336)
Prepaid expenses	-	(300)
Due from related party	(7,198)	(2,641)
Shareholder advances	87,197	43,508
Due to related party	(111,468)	(65,286)
Accounts payable	(57,430)	72,907
Income tax payable	11,196	(1,147)
Net cash flow (used in) provided from operations	37,948	17,714
CASH FLOW USED IN INVESTING ACTIVITIES		
Acquisition of property and equipment	(2,054)	(4,803)
Net cash flow (used in) provided from investing	(2,054)	(4,803)
CASH FLOW (USED IN) PROVIDED FROM FINANCING ACTIVITIES		
Repayments on lease obligations	(1,451)	(7,223)
Net cash flow (used in) provided from financing	(1,451)	(7,223)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	34,443	5,688
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,680	992
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 41,123	$ 6,680
SUPPLEMENTAL FINANCIAL INFORMATION		
Interest paid	432	$ 1,140
Income taxes paid	13,548	$ 2,352

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Liquid Capital of America Corp. (the Company) is incorporated in the state of Delaware. The company commenced operations on June 4, 2004. The company sells franchises, provides support services to the franchisees and earns ongoing royalty fees in the business of accounts receivable factoring. The company is a wholly owned subsidiary of Liquid Capital Corp. a Canadian corporation.

Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and reported revenue and expenses. Actual results could vary from the estimates that were used.

Cash

Cash is defined as cash on deposit at financial institutions available upon demand. The Company's cash balance, at times, may exceed the federally insured limits. Additionally, the Company has cash held in Canadian banks, which provides Canadian federal insurance on deposits. The Company has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

Property and Equipment

Property and equipment are started at cost and depreciated using a declining balance method over their estimated useful lives. Components of equipment are as follows:

	Estimated Useful Life	December 31, 2012 Cost	December 31, 2011 Cost
Equipment	5 yrs	$ 66,372	$ 64,318
Software	1 yr	14,341	14,341
		80,713	78,659
Less: Accumulated Depreciation		61,468	56,514
		$ 19,245	$ 22,145

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables and Credit Policies

Trade accounts receivable consist of proceeds due from franchisees. As long as a franchisee is responsive to collection attempts the company will keep the account receivable. When the franchisee no longer is cooperative an allowance for doubtful accounts of $4,750 and $1,750 respectively has been established at December 31, 2012 and 2011.

2. INCOME TAXES

The company has taxable income of $74,192 for the year ended December 31, 2012 and a taxable income of $15,680 for the period ended December 31, 2011. A tax liability has been recorded of $13,548 for Federal Income Tax and $0 for State Income Tax as of December 31, 2012.

Effective January 1, 2009, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Codification (ASC) 740-10, which require recognition of and discloses related to uncertain tax positions. The adoption had no effect on the Company's retained earnings. As of and during the year ended December 31, 2012, the Company did not have a liability for unrecognized tax benefits.

3. RELATED PARTY

The company has entered into an inter-company license agreement with its parent company. Under this agreement the parent grants nonexclusive license and rights to use trademarks and the nonexclusive right to license the use of trademarks to franchisees of the company in connection with the establishment and operation of Liquid Capital businesses in the United States. License fees paid were $299,143 during 2012 and $247,500 during 2011.

During the period ended December 31, 2012 and 2011 the company advanced monies to its shareholder Liquid Capital Corp, a Canadian Corporation. These advances are non-interest bearing, unsecured and due upon demand. The balance of advances due at December 31, 2012 and 2011 are $575,117 and $662,314, respectively.

During the period ending December 31, 2012 and 2011 the company advanced monies to a related company, this advance is unsecured, non-interest bearing and due on demand. The balance due on these advances at December 31, 2012 and 2011 are $9,887 and $2,689, respectively.

NOTES TO THE FINANCIAL STATEMENTS

3. RELATED PARTY (continued)

In addition, as of December 31, 2012 and 2011 the company owed $80,258 and $191,726, respectively to a related company. This advance is unsecured, non-interest bearing and due on demand.

The company and a related entity share the cost of certain common marketing and advertising expenses. These expenses are paid 50% by the company and 50% by the related entity in 2012 and 2011. The related entity paid $100,097 and $103,406 of shared expenses during 2012 and 2011, respectively.

As of July 2010 all payroll expenses were transferred to a related entity.

4. LONG-TERM DEBT

	2012	2011
Capital lease payable to bank in monthly installments of $490, including interest at 8.18% through March 2012, secured by equipment.	0	1,451
	0	1,451
Less: Current portion	0	1,451
	$ 0	$ 0

Interest incurred on the long-term debt was $20 and $401 at December 31, 2012 and 2011, respectively.

5. PERFERRED STOCK

On December 28, 2007 the company issued 200,000 shares of 10% cumulative preferred stock to the parent company for $200,000. The board of directors did not declare any dividends for the years ended December 31, 2012 and 2011. On December 16, 2009, the board of directors obtained shareholders consent to change the preferred stock attributes from cumulative preferred to non cumulative preferred stock.

NOTES TO THE FINANCIAL STATEMENTS

6. FRANCHISE SALES

The following reflects information regarding significant changes in the ownership of franchises for the year ended December 31, 2012 and December 31, 2011. Some franchisees own multiple territories.

	2012	2011
Franchises sold	6	7
Franchises Repurchased	0	0
Franchises Closed	3	1
Total Number of Franchises	36	33
Territories Sold	6	7
Territories Repurchased	0	0
Company owned Territories	0	0
Territories Closed	3	1
Total Territories	41	38

7. COMMITMENTS AND CONTINGIENCIES

Guarantees

The company has guaranteed the debt performance of its parent corporation, Liquid Capital Corp. (a Canadian corporation) with respect to certain debts. As of December 31, 2012 and 2011 the amount of debt guaranteed by Liquid Capital of America Corp. is $288,847 and $408,846 respectively.

Leases

On August 31, 2010 the company entered into an operating lease agreement for office space in Irving, Texas. The lease requires a rental payment of $1,638 per month to be adjusted annually for the tenant's share of the excess, if any, of the actual operating expenses. The lease term expires September 30, 2014.

At December 31, 2012, future annual minimum payments under this lease obligation are as follows:

2013	$ 20,885
2014	15,971
2015	0
2016	0
	$ 36,856

Rent expense for leases in 2012 and 2011 was approximately $20,338 and $19,792, respectively.

NOTES TO THE FINANCIAL STATEMENTS

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 25, 2013, which is the date the financial statements were available to be issued.

EXHIBIT B

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

BETWEEN

LIQUID CAPITAL OF AMERICA CORP.
(“FRANCHISOR”)

AND

____
(“FRANCHISEE”)

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SCHEDULE 1 INITIAL FRANCHISE FEE

LIQUID CAPITAL
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Agreement**") is entered into as of the _______day of _________________ 20___ by and among LIQUID CAPITAL OF AMERICA CORP., a corporation formed under the laws of the State of Delaware ("**Franchisor**"), and ________________________________, a ____________________ formed under the laws of the State of ________________ (hereinafter referred to as the "**Franchisee**").

RECITALS

WHEREAS, Franchisor has the right to use and license the use of the Liquid Capital System for the operation of businesses offering factoring and financial services; and

WHEREAS, the distinguishing features of the Liquid Capital System include, without limitation, proprietary methods and procedures, information technology systems, identification schemes, products, management programs, staffing, sales strategies, advertising programs, standards, specifications and trademarks, service marks and confidential and proprietary information; and

WHEREAS, businesses using the Liquid Capital System operate under various Marks, including the trade name and service mark "**Liquid Capital**"; and

WHEREAS, Franchisee desires to acquire from Franchisor a franchise for the right to operate a Liquid Capital Business upon and subject to the terms and conditions of this Agreement; and

WHEREAS, Franchisor desires to enter into this Agreement in reliance upon the representations, warranties and covenants, and the business skill, financial capacity and character, of Franchisee and its Principals;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree to be bound as follows:

1. DEFINITIONS AND CONVENTIONS

1.1 Definitions.

"**Account**" shall mean a right to payment of a monetary obligation, whether or not earned by performance, and shall include any "**account**" as defined in Article 9 of the UCC in effect on the Effective Date of this Agreement, provided that if any amendment to the definition of "account" contained in such Article 9 shall thereafter become effective and shall amend such definition so as to include any additional property not included in such definition prior to the effective date of such amendment, then, and in each such case, the definition of "**Account**" as used in this Agreement shall be deemed to be automatically amended, as of the effective date of such amendment, to include, in addition to any property theretofore included, all such additional property.

"**Account Debtor**" shall mean the obligor on a Factored Account.

"**Additional Charges**" shall mean the discount fee due for each additional day in excess of the base number of days (as provided in the Purchase and Sale Agreement) that a Receivable is outstanding.

"**Advances**" shall mean the principal amount of all advances, and other extensions of credit or other financial accommodations made to or on behalf of a Client pursuant to the Purchase and Sale Agreement, and all other amounts, including, without limitation, attorney's fees (other than interest or other compensation) chargeable to the Client pursuant thereto.

"**Affiliate**" shall mean any Person, directly or indirectly, controlling, controlled by or under common control with another Person.

"**Anniversary Date**" shall mean the same month and day of the Effective Date for each succeeding year thereafter, provided that if the Effective Date is February 29 of any year the Anniversary Date is March 1 for any year in which February 29 does not occur.

"**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

"**Back Office Support Services**" shall mean those administrative and other services more fully set forth in the Rules and Regulations as modified from time to time (provided, that no such modification shall alter a Franchisee's fundamental status and rights under this Agreement, any Participation Agreement or any Confirmation of Transaction) which support the relationships of Liquid Capital Franchisees with their respective Clients and the interests of Liquid Capital Franchisees under the Participation Agreements and Confirmations of Transaction. They include the servicing, administration and collection of Client Accounts under the Purchase and Sale Agreements between Clients and the Exchange and the administration of and accounting for Advances, fee receipts, and payments under all Participation Agreements and Confirmations of Transaction.

"**Back Office Services Fee**" shall mean a processing fee paid by the Participants in a Funding Transaction in an amount equal to a percentage (not to exceed 0.75%) of the Accounts represented by the invoices listed on a Schedule of Accounts.

"**Basic Operational Training Course**" shall have the meaning set forth in Section 7.1.

"**Business Day**" shall mean each day other than a Saturday, Sunday, U.S. holidays or any other day on which the Federal Reserve is not open for business in the United States.

"**Change of Control**" shall mean the acquisition of a Controlling Interest in Franchisee.

"**Client**" shall mean any Person who executes a Purchase and Sale Agreement or other agreement for the provision of factoring or related financial services with Exchange (or any other service provider recognized and approved by Franchisor, including Franchisor, an Affiliate of Franchisor, or any designee thereof) who is acknowledged as a client of Franchisee by Franchisor in writing pursuant to the Rules and Regulations. Reference to "**Clients**" shall be to the Clients of all Liquid Capital Franchisees.

"**Client Obligations**" shall mean the unpaid balance of Advances (referred to as "Net Cash Employed" in the Purchase and Sale Agreement), including accrued but unpaid fees and other charges thereon, together with any and all other obligations of Client under the Purchase and Sale Agreement.

"**Collateral**" shall mean all collateral and guarantees received by or granted to Exchange pursuant to a Purchase and Sale Agreement or otherwise securing all Client Obligations.

"**Computer System**" shall mean the computer hardware and software (including all upgrades, modifications and enhancements thereto) that Franchisor requires from time to time for the operation of the Liquid Capital Business.

"**Confidential Information**" shall mean Franchisor's confidential, proprietary information or trade secrets (including, but not limited to, the Rules and Regulations and other contents of the Manual).

"**Control**" (including the correlative meanings, the terms "controlling", "controlled by" and "under common control with") shall mean the possession by any Person, directly or indirectly, of the power to direct or cause the direction of the management and policies of another Person, whether through the ownership of voting securities, by contract, proxy or otherwise.

"**Controlling Interest**" shall mean an ownership interest in Franchisee of more than forty-nine percent (49%) or such lesser percentage interest as may be determined by Franchisor to constitute "Control".

"**Controlling Principal**" shall mean any Principal who has been designated by Franchisee and approved by Franchisor as Franchisee's Controlling Principal.

"**Controlling Principal's Designee**" shall mean the individual designated by Franchisee and Franchisee's then-current Controlling Principal in writing to Franchisor to succeed to the interest of such then-current Controlling Principal upon his or her death or Permanent Disability, provided that such individual is acceptable to Franchisor and completes to Franchisor's sole satisfaction Franchisor's Basic Operational Training Course not later than ninety (90) days following the date of death or determination of Permanent Disability of the former Controlling Principal.

"**CPI**" shall mean the Consumer Price Index for all Urban Consumers (CPI-U) for the U.S. City Average for All Items, 1982-84 = 100.

“**Default**” shall mean an event or condition that constitutes, or with the lapse of any applicable grace or cure period or the giving of notice or both would constitute, an Event of Default and that has not been waived by Franchisor in writing.

“**Effective Date**” shall mean the date upon which this Agreement is executed by a duly authorized officer of Franchisor.

“**Event of Default**” shall mean an event or condition that constitutes an event of default as defined in Article 13 of this Agreement.

“**Exchange**” shall mean Liquid Capital Exchange Inc., a corporation formed under the laws of the State of Delaware and any successor thereto with which Franchisor has a relationship.

“**Exchange Agreement**” shall mean the exchange services agreement between Franchisor and Exchange for provision of an Exchange System and Back Office Support Services, as from time to time amended.

“**Exchange Fee**” shall mean a fee which is paid to Exchange in an amount equal to the percentage set out in the Rule and Regulations (currently, 0.25%) of the Accounts represented by the invoices subject to a Funding Transaction and processed through the Exchange. In Funding Transactions involving more than one Participant, Participants pay the Exchange Fee in proportion to their Participation Percentages.

“**Exchange Services**” shall mean the identification of Funding Participants and the processing of Advances funded by such Funding Participants.

“**Exchange System**” shall mean the exchange mechanism operated by Exchange under which Franchisees, as Participants, are permitted to participate in Factoring Arrangements.

“**Extraordinary Expenses**” means (i) Advances made subsequent to Exchange’s declaring the Factoring Arrangement to be in liquidation, so long as the making of such Advances is consistent with the exercise of such reasonable care and skill as a person would use in managing the affairs of its own clients; and (ii) attorneys’ fees and disbursements, court costs and fees of any outside agency incurred subsequent to Exchange’s declaring the Factoring Arrangement to be in liquidation, in connection with the enforcement of any of Exchange’s rights and remedies under the Purchase and Sale Agreement. Extraordinary Expenses shall not include expenses of ordinary overhead or ordinary payments made to clerical personnel or executives of Exchange.

“**Factoring Arrangement**” shall mean the entire contractual relationship pursuant to which a Client’s Accounts are factored and shall include, without limitation, the Purchase and Sale Agreement or Confirmation of Transaction (as applicable), the Client Obligations, the Collateral, and all other sources of repayment.

“**Factored Account**” shall mean an Account of a Client specifically assigned by Client to Exchange pursuant to a Purchase and Sale Agreement, the existence of which has been relied upon by Exchange in extending financial accommodations to that Client.

“**Financing Estoppel Agreement**” shall mean the agreement executed by lenders or investors in Franchisee pursuant to which they acknowledge that Franchisee is a franchise of Franchisor and agree to hold Franchisor, the Exchange, and the Service Provider harmless from detrimental reliance claims and similar claims.

“**Fiscal Year**” shall mean the period beginning at 12:00 Midnight January 1 of each year and ending at 11:59 p.m. December 31 of the immediately following year for the time zone in which Franchisee maintains its principal place of business.

“**Franchised Business**” shall mean the business to be operated by Franchisee under the “**Liquid Capital**” Mark and Liquid Capital System pursuant to the provisions of this Agreement.

“**Funding Participant**” – A Participant who elects to fund a Factoring Arrangement. Franchisees that are in Good Standing, Exchange, Franchisor, and other parties designated by Franchisor from time to time in the Rules and Regulations will have the opportunity to become Funding Participants.

“**Funding Transaction**” – The delivery of funds by the Participants pursuant to a Participation Agreement or Confirmation of Transaction, as applicable, for the purchase by Exchange of those Accounts that are the subject of the Funding Transaction. For Factoring Arrangements, the invoices underlying the Accounts shall be those listed on each Schedule of Accounts issued by the Client under the Purchase and Sale Agreement. In each Funding Transaction, Participants will provide funds for the purchase of the Accounts in an amount equal to their proportionate share of the total Advance, as determined by their Participation Percentages.

“**GAAP**” shall mean U.S. generally accepted accounting principals as then in effect, which shall include official interpretations thereof by the Financial Accounting Standards Board.

“**Good Standing**” shall mean that Franchisee (i) is current on all payments due to Franchisor, Franchisor’s Affiliates, Exchange, other Franchisees and Clients; (ii) has passed Franchisor’s most recent inspection or audit and is otherwise in compliance with Franchisor’s standards and procedures set forth in the Rules and Regulations; and (iii) is not in default of this Agreement (including, without limitation, the performance standards set forth herein), any Participation Agreement, or any other agreement between Franchisee and Franchisor or Franchisor’s Affiliates.

“**Gross Revenue**” shall mean the entire amount of all revenue earned (whether or not received) by Franchisee from any source (including, without limitation, each Funding Transaction, referral fees, and recharges) in connection with the Franchised Business in any form. There shall be no deductions allowed for uncollected or uncollectible Accounts and no allowances shall be made for bad debts; provided, that if on the termination of a Client Account, any Advance is uncollectible, then Franchisor will refund to Franchisee the royalties paid on such Advance in accordance with the procedures set forth in the Rules and Regulations.

“**Guarantor**” shall mean those Principals (including any Controlling Principal) designated by Franchisor to guaranty Franchisee’s performance and payment Obligations under this Franchise Agreement.

“**Initial Franchise Fee**” shall mean the sum of Fifty Thousand Dollars ($50,000.00) for a single franchise. If this Agreement is executed pursuant to our multi-territory program, the Initial Franchise Fee is One Hundred Thirty Thousand Dollars ($130,000) for the first 3 franchises ($43,333 per franchise) and Forty Thousand Dollars ($40,000) for each additional franchise. The Initial Franchise Fee will be entered on Schedule 1 to this Agreement before it is signed.

“**LCRA**” – A Liquid Capital Remittance Account established by Exchange in the name of Franchisee, the operation of which is further described in Section 6.1(e) of this Agreement.

“**Liquid Capital Franchise**” shall mean a business using the Liquid Capital System and operating pursuant to a currently effective franchise agreement with Franchisor.

“**Liquid Capital Franchisee**” shall mean any Person operating a Liquid Capital Franchise.

“**Liquid Capital Business**” shall mean any business operating under the Marks and the Liquid Capital System, which is expressly licensed or otherwise authorized by Franchisor for use by Franchisee. Once a business is licensed or authorized by Franchisor, it may not be eliminated as part of the Liquid Capital Business.

“**Liquid Capital Network**” shall mean the network of Liquid Capital Businesses.

“**Liquid Capital System**” shall mean a system for the establishment and operation of businesses for the operation of factoring and financial services using the Marks and operated under the name “**Liquid Capital**” in accordance with the Rules and Regulations and other standards, policies and procedures set forth in the Manual or otherwise in writing.

“**Management Fee**” shall mean the fee paid to the Managing Participant by the other Participants in an amount equal to the percentage set out in the Rules and Regulations (to a maximum of 0.50%) of the Accounts represented by the invoices subject to a Funding Transaction.

“**Managing Participant**” shall mean any Participant (i) who is a Qualified Franchisee, the Exchange, the Franchisor, or any other party designated by Franchisor from time to time and approved by Exchange and (ii) who is designated in the Participation Agreement as responsible for managing the ongoing relationship with the Client whose Purchase and Sale Agreement is the subject of the Participation Agreement. A “**Qualified Franchisee**” is a Franchisee who has been certified by Franchisor in accordance with the Rules and Regulations as qualified to act as a Managing Participant and who is in Good Standing under the Franchise Agreement.

“**Manual**” shall mean, collectively, all books, pamphlets, discs, software, bulletins, memoranda, letters, notices or other publications or documents prepared by or on behalf of Franchisor, whether in printed or electronic format, for use by Liquid Capital Franchisees, setting forth information, advice, standards, requirements, operating procedures, instructions or policies, including the Rules and Regulations, relating to the operations of the Liquid Capital System, as same may be amended, modified or enhanced from time to time by Franchisor. The Manual may

be provided electronically, including via CD-ROM or on a secure Internet webpage, or by any other method reasonably adopted by Franchisor.

"**Marks**" shall mean the trade-marks, trade names and other commercial symbols and related logos as set forth in **Exhibit A** hereto, including the trade names and service marks "**Liquid Capital**" and "**Liquid Exchange**", together with such other trade names, trade-marks, symbols, logos, distinctive names, service marks, certification marks, logo designs, insignia or otherwise which may be designated by Franchisor in writing from time to time as part of the Liquid Capital System, and not thereafter withdrawn.

"**Minimum Business Volume**" on an annual basis, shall equal $2,500,000, which amount shall be adjusted annually by the amount of any change in the CPI.

"**Normal Business Hours**" shall mean 8:00 A.M. to 5:00 P.M. (as determined by the time zone in effect in the Territory) of any Business Day.

"**Obligations**" shall mean all present and future obligations owing by Franchisee to Franchisor whether or not for the payment of money, whether or not evidenced by any note or other instrument, whether direct or indirect, absolute or contingent, due or to become due, joint or several, primary or secondary, liquidated or unliquidated, secured or unsecured, original or renewed or extended, whether arising before or after the commencement of any bankruptcy proceeding in which Franchisee is a debtor, including without limitation any obligations arising pursuant to letters of credit or acceptance transactions or any other financial accommodations.

"**Originating Franchisee**" shall mean the Franchisee who, through the operation of the Franchised Business, identified and initially processed (in accordance with the procedures set forth in the Rules and Regulations) the Client that entered into the Purchase and Sale Agreement with Exchange.

"**Originating Franchisee Fee**" shall mean the fee in an amount equal to the percentage (currently 12%) set out in the Rules and Regulations of the gross revenue earned by the other Participants in a Funding Transaction and paid to the Originating Franchisee by such other Participants as a referral fee for identifying and initially processing the Client in accordance with the procedures set forth in the Rules and Regulations.

"**Participant**" shall mean any Franchisee or other person permitted by the Rules and Regulations to participate in a Factoring Arrangement under a Participation Agreement.

"**Participation Agreement**" shall mean that agreement, in the form provided in the Rules and Regulations, used to document the contractual relationship among the Participants in every Factoring Arrangement, which sets forth the Participants, their roles, and their respective percentage of ownership together the terms and conditions of such ownership.

"**Participant's Compensation**" means each Participant's pro rata share (determined in accordance with its Participation Percentage as set out in the applicable Participation Agreement) of all fees paid by a Client in a Factoring Arrangement.

"**Participation Percentage**" means a Participant's applicable percentage of the total Factoring Arrangement to which the Participation Agreement relates, as set out in the Participation Agreement.

"**Permanent Disability**" shall mean any physical or mental condition that renders a Controlling Principal incapable of performing his or her normal duties, functions and responsibilities with respect to operating and managing the Franchised Business for a period of either (i) ninety (90) consecutive days or (ii) any combination of one hundred twenty (120) days during a span of one hundred eighty (180) consecutive days or earlier if such Controlling Principal is certified as permanently disabled by such Principal's primary physician or by order of a court of competent jurisdiction.

"**Person**" shall mean any individual, partnership, limited liability company, corporation, trust or other legal entity.

"**Portfolio**" shall mean all rights, titles and interests of Franchisee's Franchised Business, including, without limitation, Participation Percentages under Participation Agreements to which Franchisee is a party, and all books and records related thereto including, without limitation, all names, addresses, contact information and any other information related to any Franchisee Client and any lead or Prospective Client with whom Franchisee has had contact together with all pending transactions, Accounts, debts owing, outstanding invoices, collateral security and other financial instruments and proceeds therefrom owned or controlled by Franchisee. Notwithstanding the foregoing, Franchisee's Portfolio shall not include any Participation Percentage held by Franchisee which is purchased by the other Participants in the subject Factoring Arrangement pursuant to Section 12.6 of the applicable Participation Agreement.

"**Principal**" shall mean all holders of an ownership interest in Franchisee and in any entity directly or indirectly controlling Franchisee; any other person or entity controlling, controlled by, or under common control with Franchisee; all officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) whom Franchisor designates as Franchisee's Principals; and, if Franchisee is an individual, Franchisee's spouse.

"**Prospective Client**" shall mean a potential client that has had contact with Franchisee, expressed an interest in services provided by the Franchised Business, and has been registered in accordance with the Rules and Regulations.

"**Purchase and Sale Agreement**" shall mean the purchase and sale agreement, security agreement and all documents related thereto between Exchange and a Client of a Liquid Capital Franchisee pursuant to which the Client's Accounts are factored.

"**Referral System**" shall mean the procedures established by Franchisor under the Rules and Regulations for referring leads to Liquid Capital Franchisees. Such procedures shall permit Franchisor to consider a number of factors, including, without limitation, the proximity of the lead to the Liquid Capital Franchisee, the lead's industry, the lead's current and potential needs, the Liquid Capital Franchisee's financial resources, expertise and availability, and the respective personalities of the lead and the Liquid Capital Franchisee.

"**Reserve Fund**" shall mean the difference between the amount of a Receivable and the amount of the Advance with respect to such Receivable.

"**Rules and Regulations**" shall mean all rules, regulations, directives, procedures, policies and similar matters prescribed by Franchisor for use by the Franchisee and all other Liquid Capital Franchisees in the operation of the Liquid Capital System, as amended or modified by Franchisor from time to time. The Rules and Regulations are included in the Manual.

"**Schedule of Accounts**" shall mean each list of invoices representing the Accounts to be purchased under the Purchase and Sale Agreement and that are the subject of a Funding Transaction, including all accompanying documentation required by the Purchase and Sale Agreement.

"**Services Agreement**" shall mean the agreement between Franchisor, the Exchange and Service Provider whereby Exchange shall provide Back Office Support Services for the benefit of Franchisee, directly or through the Service Provider.

"**Service Provider**" shall mean that Person with whom Franchisor and/or the Exchange contracts to provide some or all the Back Office Support Services.

"**Small Business**" shall, with respect to those industries identified in the Rules and Regulations, have the meaning set forth in the Small Business Act (PL 85-536, as amended).

"**Taxes**" shall mean any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except taxes imposed on or measured by Franchisor's net income.

"**Territory**" shall mean the geographic area described in **Exhibit C** to this Franchise Agreement.

"**UCC**" shall mean the Uniform Commercial Code as in effect from time to time in the State of Texas; provided however that if by reason of any mandatory provisions of law any or all of the attachment, perfection or priority of a security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Texas, then, and in each such case, the term "**UCC**" shall mean the Uniform Commercial Code as in effect from time to time in such other jurisdiction for the purposes of the attachment, perfection or priority of a security interest in such Collateral.

1.2 <u>Conventions.</u>

(a) Unless otherwise stated, references to the First Paragraph, Recitals, Articles, Sections, Schedules and Exhibits are to the First Paragraph, Recitals, Articles, Sections, Schedules, and Exhibits of this Agreement and all such Recitals, Schedules and Exhibits are hereby incorporated herein by reference.

(b) Words importing the singular include the plural and vice versa as the context may require. Words importing a gender include every gender as the context may require.

(c) The headings to the Articles and Sections and the Article and Section numbers are for convenience only and have no legal effect.

(d) The words "**include**," "**included**" and "**including**" shall be terms of enlargement and shall not imply any restriction or limitation unless the context clearly requires otherwise. The words "**hereof**", "**herein**", "**hereunder**" and similar expressions used in any Article or Section of this Agreement relate to the whole of this Agreement (including any Schedules or Exhibits attached hereto) and not to that Article or Section only, unless otherwise expressly provided for or the context clearly indicates to the contrary.

(e) When this Agreement requires or permits Franchisor to take or refrain from taking an action, or to exercise discretion, or to change or modify anything, Franchisor may do so from time to time.

(f) The words "**Franchisee**", "**Principal**", "**Controlling Principal**", and "**Guarantor**" whenever used in this Agreement shall be deemed and taken to mean each and every person or party mentioned as a Franchisee, Principal, Controlling Principal, or Guarantor herein, be the same one or more; and if there shall be more than one Franchisee, Principal, Controlling Principal, or Guarantor, any notice, consent, approval, statement, authorization, document or other communication required or permitted to be given by the terms or conditions of this Agreement may be given by or to any one thereof, and shall have the same force and effect as if given by or to all thereof.

(g) The use of the neuter or male or female pronoun to refer to any Person may be an individual (male or female), a partnership, a corporation or another entity or a group of two or more individuals, partnerships, corporations or other entities. The necessary grammatical changes required to make the provisions of this Agreement apply in the plural sense, where there is more than one Person and to either individuals (male or female) partnerships, corporations or other entities, shall in all instances be assumed in each case.

2. GRANT OF FRANCHISE RIGHTS

2.1 Grant. Subject to the provisions, and for the term, of this Agreement, Franchisor hereby grants to Franchisee the right and license, and Franchisee accepts the obligation, to establish and operate a Liquid Capital Business in the Territory in accordance with the Liquid Capital System and the terms and conditions set forth in this Agreement. Franchisee shall not solicit any business from any Person whose place of business is outside of the Territory or any Person not having a bona fide business office within the Territory. Notwithstanding the foregoing, Franchisee shall be permitted to transact business with any Person whose place of business is located outside of the Territory so long as such business transaction is the result of a bona fide referral, whether through the Referral System or otherwise. Should Franchisee receive an inquiry related to a proposed Factoring Arrangement from any Person located outside the Territory, other than a Bona Fide Referral (as further described in the Rules and Regulations), Franchisee shall promptly refer such Person to any other Liquid Capital Franchisee located in

such other territory, or in the event that there is no other Liquid Capital Franchisee for such other territory, to Franchisor. No violation of this provision shall be deemed to have occurred where Franchisee's bona fide advertising and promotional materials are found to be present outside the Territory, provided that the presence of such material outside the Territory is an indirect consequence of Franchisee's advertising and promotion within the Territory. In the event of a dispute regarding the allocation of leads among Liquid Capital Franchisees, Franchisee agrees that a final and binding determination will be made by Franchisor or a committee constituted by Franchisor.

2.2 Territorial Protection.

(a) During the term of this Agreement and provided that Franchisee is in Good Standing, neither Franchisor nor its Affiliates shall establish, or license any other Person to establish, a Liquid Capital Business within the Territory.

(b) Annually at any time following any December 31 which is at least five (5) years after December 31 of the year in which the Effective Date of this Agreement occurs Franchisor may elect to adjust Franchisee's Minimum Business Volume (the "**Revised Minimum Business Volume**") if the number of Small Businesses in the Territory have increased by twenty percent (20%) (an "**Increased Demographic**"). If Franchisor and Franchisee fail to mutually agree on the Revised Minimum Business Volume, then Franchisor may modify Franchisee's Territory, in Franchisor's reasonable discretion, to accommodate the Increased Demographic.

2.3 Reserved Rights. Franchisee understands and agrees that, except for the establishment of a Liquid Capital Business in the Territory in accordance with Section 2.2, Franchisor and its Affiliates, directly and indirectly, have the right to establish and operate, and grant franchises for the establishment and operation of, Liquid Capital Businesses or other unrelated or non-authorized services, which may or may not use the Marks, throughout the world. Franchisee further acknowledges that these other Liquid Capital Businesses may compete with Franchisee's Liquid Capital Business. In addition, Franchisor reserves the right to design and implement multi-area marketing programs which may allow Franchisor, its Affiliates or others to solicit or sell customers anywhere. Franchisor reserves the right to issue mandatory policies to coordinate such multi-area marketing programs.

2.4 Referral System. Franchisee agrees that it is Franchisee's primary responsibility to develop its own leads. However, Franchisor may refer leads to Franchisee in accordance with Franchisor's Referral System. Franchisor shall have absolute discretion in the operation of its Referral System to act in the best interests of the Liquid Capital Network as a whole. Franchisor shall keep records of the disposition of all leads it receives and shall make such records available to any Liquid Capital Franchisee.

3. TERM

3.1 Initial Term. The term ("**Initial Term**") of this Agreement shall commence on the Effective Date and, unless sooner terminated as provided herein, shall continue until 11:59 p.m. (eastern time zone) on the tenth (10th) anniversary of the Effective Date.

3.2 Successor Term.

(a) Subject to satisfaction of the conditions set forth in Section 3.2(b), Franchisee may obtain successor franchise rights for additional successive periods of ten (10) years ("**Successor Terms**") each following the expiration of the Initial Term set forth in Section 3.1.

(b) Franchisee's rights to secure one or more Successor Terms are subject to the following conditions:

(i) No Default by Franchisee under this Agreement or any other agreement with Franchisor or any Affiliate of Franchisor, or the Exchange shall exist as of the last day of the initial term set forth in Section 3.1 and Franchisee shall have substantially complied with such agreements throughout their respective terms.

(ii) Franchisee shall have given Franchisor written notice of its desire to obtain a Successor Term at least one hundred and eighty (180) days prior to the end of the initial term.

(iii) Franchisee shall do or cause to be done all such things as Franchisor may reasonably require to ensure that the Liquid Capital Business satisfies the then current image, standards, and specifications established by the Franchisor for new Liquid Capital Franchises whether or not such image, standards or specifications reflect a material change in the Liquid Capital System in effect during the initial term of this Agreement.

(iv) Franchisee shall reimburse Franchisor for all reasonable legal fees and other costs and expenses incurred by Franchisor incident to Franchisee's exercise of any successor option.

(v) Franchisee shall execute a general release in a form acceptable to Franchisor of all claims, if any, it has or believes it has against Franchisor, all Affiliates of Franchisor, the Exchange, the Service Provider and any of their respective owners, directors, officers, agents and employees.

(vi) Franchisee shall, at the option of Franchisor, execute a new Franchise Agreement ("**Successor Franchise Agreement**") for the Successor Term in the form then being used by Franchisor (excluding any further successor rights), which Successor Agreement may contain changes to the description of the Territory to account for an Increased Demographic and may provide for different royalty rates and marketing contributions than those contained in this Agreement, it being understood that the royalty rates and marketing contributions charged shall be no greater than the highest of such rates charged to any other Liquid Capital Franchisee at the time of renewal. The Franchisee also shall execute such other documents and agreements as are then customarily used by the Franchisor in the granting of Liquid Capital Franchise rights. If Franchisor shall elect not to require a new Franchise Agreement, all of the provisions contained in this Agreement in effect immediately prior to the commencement of such Successor Term shall remain in force during such Successor Term (except for any further rights of Successor Terms and for changes to the description of the

Territory to account for an Increased Demographic and other changes that have occurred during the Initial Term).

(vii) Franchisee shall pay Franchisor a fee equal to fifty percent (50%) of Franchisor's then-current Initial Franchise Fee provided, that such fee shall be waived if, during the Initial Term, Franchisee's Clients sell Accounts to the Exchange with an aggregate face value that equals or exceeds 10 times the minimum volume, which figure shall be adjusted annually in conformance with the CPI using 2004 as the base year.

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

4. INITIAL FRANCHISE FEE AND ROYALTY

4.1 Initial Franchise Fee. Franchisee shall pay to Franchisor upon the execution of this Agreement an initial, non-recurring, non-refundable Initial Franchise Fee. The Initial Franchise Fee shall be deemed to be fully earned by the Franchisor upon the execution of this Agreement in consideration of the grant by it to Franchisee of the opportunity to establish the Franchised Business as herein provided. Franchisee shall not be entitled to a refund of any part of the Initial Franchise Fee regardless of the date of or reason for the termination of this Agreement, except as specifically provided in Section 13.2(a) of this Agreement.

4.2 Continuing Royalty. Franchisee shall pay to Franchisor, throughout the initial term of this Agreement, a royalty of eight percent (8%) of Gross Revenues. Such royalties shall be paid by the Franchisee to the Franchisor upon each Funding Transaction from the Participants' respective LCRAs. The royalty percentage during the Successor Term may be adjusted as provided in Section 3.2(b)(vi) of this Agreement. Royalties due on non-funding transactions are subject to the same percentage set forth above and are payable by the Franchisee to the Franchisor on the 10th day of the month after in which the subject fees or revenue are received by the Franchisee.

4.3 Other Fees and Expenses. In addition to the fees described in Sections 4.1 and 4.2 above, Franchisee agrees to pay to Franchisor, its Affiliates, the Exchange, the Service Provider and any other third party suppliers or referral sources promptly when due all other fees, charges and reimbursable amounts payable under this Agreement or other agreements between them, including, without limitation, the Back Office Services Fee, Exchange Fee, Originating Franchisee Fee and Management Fee required by each Participation Agreement as to which

Franchisee is a party. Such payments shall be made at such times and in such manner as may be specified in this Agreement or such other agreements, as applicable.

4.4 Collection of Fees and Expenses; No Deductions.

(a) Franchisee hereby authorizes Franchisor and any Affiliate of Franchisor to pay to Franchisor, its Affiliates, the Exchange, or Service Provider from any funds held by them for the account of Franchisee in the LCRA or otherwise any amounts owed to them (or any one of them) by Franchisee pursuant to this Agreement or any other agreement between them upon receipt of written notice setting forth the amount of the payment that is due and the date the payment is due. Franchisee expressly releases and holds harmless Franchisor and any Affiliate of Franchisor for payments made by them pursuant to the authorization set forth herein.

(b) Each payment to be made to Franchisor or its Affiliates shall be made free and clear and without deduction for any Taxes.

4.5 EFT Authorization. Franchisee hereby authorizes Franchisor to initiate electronic debit or credit entries against Franchisee's LCRA account and agrees to execute an authorization in the form of **Exhibit D** to this Agreement and all other documents necessary to effect the authorization given herein. Should any electronic debit not be honored for any reason, Franchisee agrees that it shall be responsible for that payment and any service charge. If any payments are not received when due, interest may be charged in accordance with Section 4.6. Upon written notice to Franchisee, Franchisor may designate another method of payment.

4.6 Overdue Amounts. All amounts owing by Franchisee to Franchisor or Franchisor's Affiliates which are not paid when due shall bear interest after the due date until paid at a rate equal to the lesser of (i) eighteen percent (18%) per annum or (ii) the highest rate allowed by applicable law. The acceptance of any interest payment shall not be construed as a waiver by the party to whom payment is due of its rights in respect of the Default giving rise to such payment and, as to Franchisor, shall be without prejudice to Franchisor's right to terminate this Agreement in respect of such Default.

4.7 Application of Payments; No Offset. Notwithstanding anything contained in this Agreement, upon Franchisee's failure to pay to Franchisor as and when due any amounts provided for herein, Franchisor shall have the right at its sole option, to deduct any and all such amounts remaining unpaid from any monies or credits held by Franchisor for the account of Franchisee. Franchisor shall have the right to apply any payment it receives from Franchisee to any amounts Franchisee owes Franchisor or its Affiliates under this Agreement or any other agreement between them, even if Franchisee has designated the payment for another purpose or account. Franchisor may accept any payment in any amount from Franchisee without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any payment or in any letter accompanying any payment or elsewhere shall constitute or be considered as an accord or satisfaction. Franchisee shall have no right to withhold any payments due Franchisor or its Affiliates, on account of a breach or alleged breach of this Agreement or any other agreement between them, and no right to offset any amount due against any obligation that Franchisor, its Affiliates, the Exchange, or Service Provider may owe to Franchisee.

4.8 Transfer of Funds. Franchisee covenants and agrees to utilize only one bank account for each currency used in the operation of the Franchised Business and to co-operate fully and comply with any system implemented by Franchisor for the transfer of funds directly from any such bank account to the bank account of Franchisor, including the execution of any pre-authorized payment forms required by Franchisee's bankers.

5. MARKETING

5.1 Marketing Fund.

(a) Recognizing the value of uniform advertising, marketing and promotion to the goodwill and public image of the Liquid Capital System, Franchisee agrees that Franchisor may maintain and administer a general marketing fund (the "**Fund**") as the Franchisor may deem necessary or appropriate in its sole discretion. Franchisor shall direct all marketing and advertising programs in its sole discretion with respect to the creative concepts, materials, endorsements, and media used therein, and the placement and allocation thereof. Franchisee agrees that the Fund may be used to pay the costs of preparing, producing and placing video, audio and written advertising, marketing and promotional materials and employing advertising, promotion and marketing agencies to assist therewith; the cost of developing and maintaining an internet website; and the cost of supporting public relations and market research. Franchisee further agrees that Franchisor shall have the right to allocate up to fifteen percent (15%) of the Fund for the payment of administrative costs.

(b) Franchisee shall contribute to the Fund each month during the first year of this Agreement the amount of Five Hundred Dollars ($500.00) which amount may be increased on or after the first Anniversary Date and each succeeding Anniversary Date of this Agreement by no more than ten percent (10%) of the amount charged during the year immediately preceding such Anniversary Date, as determined by Franchisor in its sole discretion. Any such increase shall be consistently applied to all similarly situated Liquid Capital Franchisees. Any amount payable to the Fund shall be paid on the first (1st) day of each month. Upon receiving a Successor Term, Franchisee agrees that the Fund contribution may be increased to the amount charged the then most recent Liquid Capital Franchisee. Company-owned Liquid Capital Businesses will contribute to the Fund on the same basis as Liquid Capital Franchisees.

(c) Franchisee acknowledges that the Fund is intended to maximize recognition of the Marks and Liquid Capital System. Although Franchisor will endeavor to utilize the Fund to develop advertising, marketing and promotional materials that will benefit all Liquid Capital Businesses, Franchisor undertakes no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by Liquid Capital Businesses operating in that geographic area or that any Liquid Capital Business will benefit directly or in proportion to its contribution to the Fund from the development of advertising, marketing and promotional materials.

(d) The Fund will be accounted for separately from Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as Franchisor may incur in activities related to the administration of the Fund, including, without limitation, conducting

market research; preparing, producing and placing advertising, promotion and marketing materials (including, without limitation, engaging in telemarketing and direct marketing activities); and collecting and accounting for contributions to the Fund. Franchisor may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contributions of all Liquid Capital Businesses to the Fund in that year, and the Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. Franchisor will prepare an annual statement of monies collected and costs incurred by the Fund and furnish the statement to Franchisee upon written request. Franchisor has the right to cause the Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

(e) Franchisor reserves the right to defer or reduce contributions and, upon thirty (30) days' prior written notice to Franchisee, to reduce or suspend contributions to and operations of the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund (and, if suspended, deferred or reduced, to reinstate such contributions). If the Fund is terminated, all unspent monies on the date of termination will be distributed to Liquid Capital Businesses in proportion to their respective contributions to the Fund during the preceding twelve (12) month period.

5.2 Advertising by Franchisee.

(a) Franchisee shall not engage in any deceptive, misleading or unethical advertising which, in the sole opinion of Franchisor, might be injurious or detrimental to Franchisor, Franchisor's Affiliates, the Liquid Capital System, the Marks, other Liquid Capital Franchisees, the Exchange, the Service Provider, or the public. Franchisee shall submit all marketing and promotional materials developed by Franchisee to Franchisor for Franchisor's approval prior to use and shall not use any advertising or promotional material unless prior written approval from Franchisor has first been obtained. Notwithstanding the above, if Franchisee receives written notice from Franchisor that any advertising or promotional materials Franchisee is misusing the Marks or otherwise violate Franchisor's standards and specifications, then Franchisee agrees to promptly discontinue the use of such materials.

(b) Franchisor has the right to designate any geographic area in which two (2) or more Liquid Capital Businesses are located as a region for purposes of conducting cooperative local or regional promotions required by Franchisor. Each Liquid Capital Business located in the region shall participate in such local or regional promotions on terms applicable to all Liquid Capital Business located in the region.

5.3 Internet, World Wide Web.

(a) Without Franchisor's prior written approval, which approval may be given or withheld in Franchisor's sole discretion, Franchisee shall not develop, create, generate, own, franchise, lease or otherwise utilize any computer media and/or electronic media (including but not limited to the Internet, World Wide Web, bulletin boards and news groups) which is used in

any manner in connection with the operation of the Franchised Business or which uses, displays or utilizes the Marks. If Franchisor grants its approval,

(i) Franchisee acknowledges that the form, content and appearance of any Internet website used by Franchisee must comply with the standards set forth in the Manual and must be approved by Franchisor in writing before being used. Accordingly, Franchisee agrees that it has no authority to, and will not, establish any website that creates any association with the Marks or the Liquid Capital System, or post any advertisements or material on the Internet that depict or display the Marks or suggest an association with the Liquid Capital System, without the express prior written consent of Franchisor. Without limitation of the foregoing, any Internet website created by or for Franchisee must contain a hypertext link to Franchisor's Internet website in the form Franchisor requires, and no other hypertext links to third party Internet websites unless previously approved in writing by Franchisor.

(ii) Franchisor and/or Franchisor's Affiliates shall be the owners of and/or control the materials posted by Franchisee, including any computerized or electronic media.

(iii) Notwithstanding Franchisor's approval of a website, Franchisor reserves the right to revoke such approval at any time that the website fails to continue to meet Franchisor's standards, and Franchisee agrees that upon such revocation, Franchisee will immediately discontinue use of such website.

(b) Franchisee agrees that it has no authority to, and will not, register any domain name in any class or category that uses or creates any association with the Marks (including any abbreviation, acronym, phonetic variation or visual variation of the Marks) or the Liquid Capital System without Franchisor's express prior written consent. Franchisee shall obtain Franchisor's prior written approval for Franchisee's domain name prior to use. Franchisee's domain name shall be registered in Franchisor's name and licensed to Franchisee by Franchisor. On termination or expiration of this Agreement, the license of the domain name to Franchisee will automatically terminate and Franchisee shall undertake all such actions as Franchisor requires to disassociate itself with the domain name.

(c) Franchisee agrees to participate in and use the facilities of Franchisor's Intranet in strict compliance with the standards, protocols and restrictions that are included in the Manual (including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements).

6. OPERATION OF THE EXCHANGE; ACCOUNTING, RECORDS, REPORTS; AUDITS, AND INSPECTIONS

6.1 Relationship with Exchange.

(a) So long as Franchisee is in Good Standing, Franchisee shall be eligible to participate in the Exchange System. If Franchisee is not in Good Standing, then Exchange shall suspend the provision of any new Exchange Services (but not the Back Office Support Services).

(b) Unless otherwise permitted by the Rules and Regulations, all Purchase and Sale Agreements originated by Liquid Capital Franchisees shall be between the Clients of the Liquid Capital Franchisees and the Exchange. Franchisee's right, title and interest in any Purchase and Sale Agreement shall be evidenced by a Participation Agreement in the form then-currently in use in the Liquid Capital System and included in the Rules and Regulations and Franchisor shall file the Blanket UCC Financing Form attached hereto as **Exhibit F** on Franchisee's behalf in order to protect Franchisee's right to compensation as a Participant pursuant to any Participation Agreement or Confirmation of Transaction to which Franchisee is a party. If Franchisee has not signed a Participation Agreement, Franchisee agrees as follows:

(i) Exchange may declare the Factoring Arrangement to be in liquidation at any time that a default has occurred under the Purchase and Sale Agreement. After declaring the Factoring Arrangement to be in liquidation, Exchange shall assume responsibility for managing the ongoing relationship with the Client in accordance with the Rules and Regulations and shall be entitled to be compensated for its services as set forth in the Rules and Regulations.

(ii) After declaring the Factoring Arrangement to be in liquidation, Exchange shall pay to Franchisee 100% of all funds received by Exchange from the Client, Account Debtors, or from other sources (including Guarantors) on account of the Client Obligations or as proceeds of Collateral, less any costs of collection or reserves required by Exchange in its sole discretion until (a) Franchisee has received full payment of (i) the net outstanding amount of all contributions made by Franchisee to fund Advances to the Client and (ii) all fees paid by the Client after Net Expenses (i.e., gross expenses, net of recoveries) or (b) Collections have been exhausted. Franchisee shall pay to Exchange, on demand, and upon Franchisee's receipt of supporting documentation, all Extraordinary Expenses. Exchange will debit Franchisee's LCRA for such amounts.

(c) Franchisee acknowledges and agrees that it is an essential requirement of the Franchised Business that all agreements and documents that set out the relationship with the Client, including without limitation those agreements and documents pursuant to which a security interest in the Collateral may be obtained, be in approved form and be generated and registered using approved methods, all as more particularly set out in the Manual. Franchisee agrees to use only those forms and methods established by the Manual. Franchisee further agrees to keep all original documents and agreements in Franchisee's possession until any invoice to which such document or agreement relates shall have been paid and to keep copies of all such documents and agreements until the expiration or termination of the related Purchase and Sale Agreement.

(d) The training provided by Franchisor to Franchisee pursuant to Sections 7.1 and 7.2 below will include training as to Franchisee's obligations under the Participation Agreements. Among other things, Franchisor will train Franchisee in the functioning of the Exchange and will train and monitor Franchisee in the qualifications necessary for Franchisee to become a Managing Participant.

(e) Exchange will establish a LCRA at a commercial banking institution selected by Exchange. Funds deposited in the LCRA shall be used to fund Franchisee's

obligations under those Participation Agreements in which Franchisee has a Participation Percentage, Advances, and fees due to other Participants, Exchange, and Franchisor. The LCRA will be credited with all fee income due to Franchisee, Franchisee's Participant's Compensation, and receipts pursuant to Participation Percentages held by Franchisee. The LCRA will be debited or credited for all amounts due to or from, as the case may be, Franchisee, the Exchange, other Participants, other Franchisees and Franchisor, all as more particularly set forth in the Rules and Regulations. Exchange will have sole signing authority over the LCRA.

(i) Franchisee shall have the obligation to provide funds to the LCRA for Franchisee's ongoing obligations to Clients and other Participants and to fulfill Franchisee's financial obligations pursuant to the Participation Interests Franchisee has acquired by depositing any required funds in the LCRA.

(ii) Exchange will advance funds on behalf of Franchisee to cure any shortfall in the LCRA as determined by Exchange (a "**Short-Term Loan**"). The Participation Interests acquired by Franchisee are subordinate to and security for any such Short-Term Loan made by Exchange. Short-Term Loans will bear per diem interest and transaction costs at the rates set out, as modified from time to time, in the Rules and Regulations. Franchisee shall repay Short-Term Loans by depositing the required funds to the LCRA by no later than 10:00 am (Eastern Time) on the next banking day following such Short-Term Loan by Exchange. Exchange may adjust the Participation Interests of any Franchisee, or take such other steps as it deems reasonable, in its sole discretion, to collect unpaid Short-Term Loans and accrued interest and costs.

6.2 Reports and Financial Information.

(a) Franchisee shall furnish to Franchisor, from time to time, such financial and other reports, with such detail and breakdowns and in such forms as are prescribed by the Rules and Regulations and contained in the Manual, as such forms may be modified or amended from time to time, together with copies of all supporting records. For greater certainty, these reports shall include, without limitation, the following: on or before the fifteenth (15th) day of each month during the term of this Agreement, a monthly report of Franchisee's Clients and Prospective Clients including details of Gross Revenues from all sources, calculation of royalty payments, and such other information relating thereto as Franchisor may from time to time require in accordance with the Rules and Regulations.

(b) At Franchisor's request, copies of all returns required to be filed by the Franchisee with all applicable local, state and federal taxing authorities; and

(c) By March 31 immediately following the close of each Fiscal Year of Franchisee during the term of this Agreement, financial statements of Franchisee (income statement, balance sheet, and statement of retained earnings or partnership account), reviewed by a certified public accountant acceptable to Franchisor, for Franchisee's most recent Fiscal Year.

All of Franchisee's accounting records and supporting documents shall be kept in accordance with GAAP and shall be preserved and retained for such period as is required by law, but not less than five (5) years.

6.3 Inspection and Audit of Books and Records.

(a) Franchisor, or its representatives, shall have the right during Normal Business Hours and without prior notice to the Franchisee to inspect or audit, or cause to be inspected or audited all books, records, documents or other materials relating to the Franchised Business, including the right, without limitation, to have a Person examine and make copies of same and to use, without charge, Franchisee's photocopy machine and supplies and to access Franchisee's computers and any other computer and/or database wherever situated to obtain the financial and any other information about the operation of the Franchised Business. Any Person acting on Franchisor's behalf may remove any records, documents or materials from Franchisee's premises for the purpose of photocopying same provided that the originals or copies thereof shall be returned to Franchisee as soon as practical thereafter. Franchisee shall cooperate and shall cause its employees to cooperate with Franchisor and its representatives in the conduct of any such inspection or audit.

(b) If an inspection reveals that the Gross Revenues reported by Franchisee to Franchisor are less than the Gross Revenues generated by Franchisee, then Franchisee shall immediately pay to Franchisor any amounts owing to Franchisor based upon the corrected Gross Revenues. All inspections and audits shall be at the expense of Franchisor, provided however, if an inspection or audit results from the Franchisee's failure to prepare, deliver or preserve statements or records required by this Agreement, or results in the discovery of a discrepancy in the Gross Revenues reported by Franchisee of three percent (3%) or more, Franchisee shall pay or reimburse Franchisor for any and all expenses incurred in connection with the inspection or audit including, without limitation, reasonable accounting and legal fees. Such payments will be without prejudice to any other remedies Franchisor may have under this Agreement or at law, including the right to terminate this Agreement.

6.4 Sharing of Information. Franchisee hereby authorizes Franchisor, Franchisor's Affiliates, the Exchange, and the Service Provider to share between them any information known to them related to the Franchised Business, its Principal(s) and/or Guarantor(s) without liability to any Person. Franchisee further authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom Franchisee does business to disclose to Franchisor any financial information in their possession relating to Franchisee or the Liquid Capital Business which Franchisor may request. Franchisee authorizes Franchisor to disclose data from Franchisee's reports if Franchisor determines, in its sole discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

6.5 Computer Systems; Electronic Access.

(a) Franchisee agrees to acquire, install and use all Computer Systems that Franchisor specifies from time to time for use in the operation of the Liquid Capital Business. Following installation of the Computer Systems, each transaction of the Liquid Capital Business will be processed on the Computer System in the manner prescribed by Franchisor from time to time. At Franchisor's request, Franchisee agrees to transmit to Franchisor or its designee or to permit Franchisor or its designee to collect electronically information from the Computer

Systems. Franchisor will have, at all times (including on a daily basis), the right to access and retrieve all information relating to the Liquid Capital Business from the Computer Systems and Franchisee agrees to take such action as may be necessary to provide such access to Franchisor. Franchisee shall co-operate in that regard by ensuring that its computers are left on and available to such polling and that its modem is engaged to receive calls from the Franchisor at all times.

(b) Franchisee acknowledges that Franchisor may modify the specifications and the components of any such Computer System from time to time. As part of the Computer System, Franchisor may require Franchisee to obtain specified computer hardware and/or software, including, without limitation, a franchise to use proprietary software developed by Franchisor or others, and to enter into data processing and service and support arrangements. Modification of the specifications for the Computer System may require Franchisee to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. Franchisee acknowledges that Franchisor cannot estimate the future costs of the Computer System (or additions or modifications thereto) and that the cost to Franchisee of obtaining the Computer System (including any software licenses) or additions or modification thereto may not be fully amortizable over the remaining term of this Agreement. Nonetheless, Franchisee agrees to incur such costs. Within sixty (60) days after Franchisee receives notice from Franchisor, Franchisee agrees to obtain the components of the Computer System that Franchisor designates and requires. Franchisee further acknowledges and agrees that Franchisor has the right to charge a reasonable systems fee for software or systems modifications and enhancements specifically made for Franchisor that are franchised to Franchisee and other maintenance and support services that Franchisor or Franchisor's Affiliate furnishes to Franchisee related to the Computer System.

(c) Franchisee shall use the Computer System only for the express purpose of operating the Franchised Business and for absolutely no other purpose unless approved by Franchisor. Franchisee shall not use any computer hardware or software which is not approved by Franchisor without the previous written consent of Franchisor;

7. TRAINING AND OPERATING ASSISTANCE

7.1 Basic Operational Training Course.

(a) Franchisor shall provide a Basic Operational Training Course for Franchisee's Controlling Principal and such other employees as may be designated by Franchisee and approved by Franchisor to attend training, provided that each trainee executes such confidentiality and non-competition agreements as required by Franchisor. Attendance and completion of the Basic Operational Training Course by the Controlling Principal to the satisfaction of Franchisor is required as a precondition to the commencement of operation of the Franchised Business. The course shall be conducted in Toronto, Ontario, Canada or other suitable location selected by Franchisor and shall be of such duration as Franchisor may deem necessary given the experience of Franchisee's Controlling Principal and other relevant considerations. The course will cover the operation of the Liquid Capital Business, in accordance with Franchisor's established methods of operation. The course will be provided by Franchisor for three (3) Persons (or five (5) Persons if this Agreement is signed pursuant to our multi-

territory program) (including Franchisee's Controlling Principal) at no additional charge to Franchisee (other than the Initial Franchise Fee) provided that all Persons attend the same session of the course. Franchisor reserves the right to charge a reasonable training fee for any additional Persons attending the course. Franchisee shall be responsible for all travel and living expenses and all wages payable to those of its personnel who attend the Basic Operational Training Course, and without limitation of the foregoing, no wages shall be payable by Franchisor to the Franchisee or any trainee for any service rendered at Franchisor's premises or selected location during the course of such training.

(b) Any original attendee of the Basic Operational Training Course may attend any subsequent sessions of such course which will be offered at Franchisor's sole discretion on a space available only basis without payment of any additional fee to Franchisor. If, after the initial Basic Operational Training Course provided by Franchisor pursuant to Section 7.1(a) above, Franchisee desires or is required by this Agreement to have Persons other than the original attendees attend such course, Franchisee shall pay Franchisor a fee for each such Person in such amount as is set forth from time to time in the Rules and Regulations. Franchisee also shall be responsible for all travel and living expenses of and compensation payable to all of Franchisee's personnel attending any additional Basic Operational Training Course.

7.2 Additional Training. Franchisor may from time to time develop and offer, directly or indirectly through a designated representative, certain supplemental training and/or certification courses. Franchisor may charge a fee for the course and/or may require Franchisee to pay or otherwise reimburse Franchisor for its out-of-pocket costs and expenses related to the course including costs of instruction, textbooks, workbooks, audio and video recordings, and follow up support for a period of at least three (3) months following a course. Franchisee's Controlling Principal (and such other personnel as Franchisor may designate or as Franchisee may designate and Franchisor approves) may be required to attend additional mandatory training courses from time to time during the term of this Agreement. Franchisee shall be responsible for all travel and living expenses of and compensation payable to all of Franchisee's personnel attending any such optional or mandatory training or certification courses.

7.3 Attendance at Annual Conferences. Franchisee's Controlling Principal (or another employee of Franchisee approved by Franchisor) shall be required to attend the Liquid Capital Annual Conference on at least a biannual basis. All expenses related to attending such conferences shall be the sole responsibility of Franchisee.

7.4 Back Office Support Services and Other Services. Franchisor will provide or cause its designee to provide Back Office Support Services to Franchisee in consideration for the payment by Franchisee to Franchisor or to Franchisor's designee of the Back Office Services Fee. In addition, Franchisor will provide or cause its designee to provide the following services to Franchisee:

(a) Training and certification courses in accordance with Sections 7.1 and 7.2.

(b) On loan for the term of this Agreement, access to the Manual (including the Rules and Regulations) and such other operating documentation and guidance as Franchisor may deem necessary.

(c) Such continuing advice and guidance as may from time to time be deemed reasonably necessary by Franchisor, in its sole judgment, with respect to the opening and operation of the Franchised Business, in person or by telephone, mail, e-mail, facsimile or other such form of communication as Franchisor shall determine to be appropriate.

(d) Such marketing and advertising assistance as deemed appropriate by the Franchisor, including, as determined by the Franchisor (i) the development of advertising and promotional programs, and (ii) at Franchisee's request, reasonable marketing and sales support to assist with Prospective Clients; provided, that with respect to marketing and sales support for Prospective Clients requested by Franchisee under this subsection (d)(ii), Franchisee shall reimburse Franchisor or its designee for all related expenses and any additional compensation agreed upon in advance of the provision of the services.

(e) Such improvements to the Liquid Capital System as may be developed from time to time. Franchisor reserves the right to require Franchisee to offer additional financial services, or to reduce, modify or eliminate some of the financial services Franchisee may offer, at any time upon 30 days advanced written notice to Franchisee. Franchisor reserves the right to charge fees for such additional services. Such fees shall be set in the Manual.

8. OPERATION OF FRANCHISED BUSINESS

8.1 Duties and Obligations of the Franchisee.

(a) Franchisee agrees to begin operating the Franchised Business within thirty (30) days after completing Franchisor's Basic Operational Training Course and to operate the Franchised Business strictly in accordance with the Liquid Capital System, as set forth in the Manual (including the Rules and Regulations) or as otherwise required by Franchisor in writing.

(b) Franchisee shall operate the Franchised Business with diligence and efficiency and in a manner consistent with the then-current standards of the Liquid Capital System.

(c) Franchisee shall ensure that prompt, courteous, knowledgeable and efficient service is accorded to Franchisee's Clients at all times. In all dealings with Franchisee's Clients, other Liquid Capital Franchisees and the public, Franchisee shall act in a reputable manner and shall adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct.

(d) Franchisee shall comply with all local, state and federal laws and regulations and shall obtain and at all times maintain any and all permits, certificates or licenses necessary for the proper conduct of the Franchised Business pursuant to the terms of this Agreement. Such laws, regulations, and other requirements for the proper conduct of the Franchised Business vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is Franchisee's sole responsibility to

apprise itself of the existence and requirements of all such laws, regulations and other requirements and to adhere to them at all times during the term of this Agreement. Without limiting the foregoing, Franchisee certifies that neither Franchisee nor any of its Principals, employees or anyone associated with Franchisee is listed in connection with any Anti-Terrorism Law, and Franchisee agrees not to hire or have any dealings with a person so listed. Franchisee further certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, its Principals, employees, or anyone associated with Franchisee being so listed. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws and, in connection with such compliance, Franchisee represents and warrants that none of Franchisee's property or interests are subject to being "**blocked**" under any of the Anti-Terrorism Laws and that Franchisee and its Principals are not otherwise in violation of any of the Anti-Terrorism Laws.

(e) Franchisee shall offer factoring services in a manner consistent with and in accordance with the Liquid Capital System, including those procedures set out in this Agreement, the Rules and Regulations, and any other direction in writing from Franchisor.

(f) Franchisee shall discount invoices only within certain percentage ranges, the specifics of which will be provided to the Franchisee from time to time in writing by the Franchisor.

(g) Franchisee shall charge only those types of service fees as set out by the Franchisor and shall charge and collect fees only in accordance with the Rules and Regulations and any other directives set out in writing by the Franchisor;

(h) Franchisee shall register with the Franchisor all applications of Prospective Clients taken by the Franchisee.

(i) Franchisee shall cause all Franchisee's Clients to enter into Purchase and Sale Agreements pursuant to which all factored Accounts shall be submitted to the Exchange or the Service Provider for processing in accordance with the Purchase and Sale Agreement and the rules and regulations of the Exchange.

(j) Franchisee shall not in any way attempt to solicit or do business with any Franchisee Client or Prospective Client who has had an application taken by another Liquid Capital Franchisee, as specifically defined in the Rules and Regulations.

(k) Franchisee shall not deal with lenders, re-factors or investors for the financing of the Franchised Business or the funding of transactions with Franchisee Clients until Franchisee has first obtained from them an executed copy of a Financing Estoppel Certificate.

(l) Franchisee shall offer only those services as are specifically approved in writing by Franchisor.

(m) Franchisee shall locate the premises of the Franchised Business within or outside (but in reasonable proximity to) the Territory. Franchisee shall obtain Franchisor's consent to the location of the Franchised Business and Franchisor's prior written consent if Franchisee wishes to operate another business at the premises of the Franchised Business.

Franchisee must also obtain Franchisor's consent before Franchisee relocates the Franchised Business.

8.2 Management of the Franchised Business; Guaranty of Performance.

(a) Franchisee shall at all times maintain a Controlling Principal, with an ownership interest in Franchisee, and whom Franchisor approves to devote best efforts to the fulfillment of Franchisee's obligations under this Agreement effectively and in accordance with the standards of the Liquid Capital System. In the event that the Controlling Principal does not serve as a full time employee or operator of the Franchised Business, the Controlling Principal may hire a full time business manager ("**Business Manager**") to operate the Franchised Business. The Business Manager must be approved by Franchisor, attend and complete all required training, and the Franchised Business must be such Business Manager's prime professional occupation. Other than as set forth in the prior two sentences, the Controlling Principal shall not engage in any other business or activity that may conflict with Franchisee's obligations under this Agreement. If Franchisee's relationship with the Controlling Principal or the Business Manager terminates or materially changes, Franchisee shall promptly notify Franchisor and designate a qualified replacement within not more than ninety (90) days ("**Replacement Period**").

(b) Each Guarantor shall jointly and severally guarantee the performance of Franchisee's obligations under this Agreement pursuant to the terms and conditions of the Guaranty attached to this Agreement, and shall otherwise bind themselves to the terms of this Agreement as stated therein.

(c) If at any time during the Replacement Period Franchisor determines that Franchisee is not being adequately managed, Franchisor has the right to step in and operate the Franchised Business until such time as a new qualified Controlling Principal of Business Manager is in place. Franchisee Agrees to pay such fees and comply with such requirements as set forth in the Manual.

8.3 Sourcing.

(a) In establishing and operating the Franchised Business, Franchisee agrees to use only the products, services, supplies, inventory, equipment, contracts and related forms, computer hardware and software, fixtures, furnishings, and signs that Franchisor has approved as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisor reserves the right to periodically designate or approve suppliers of any such items and if Franchisor requires, Franchisee agrees to purchase or otherwise acquire all such items only from suppliers Franchisor designates or approves, which may include or be limited to Franchisor and/or Franchisor's Affiliates. Franchisor will provide Franchisee with a list of approved or designated suppliers and will from time to time issue revisions to the list. Franchisee agrees that Franchisor and/or Franchisor's Affiliates may derive revenue based on Franchisee's required purchases (including, without limitation, from charging Franchisee for items Franchisor or Franchisor's Affiliates provide to Franchisee and from payments made to Franchisor or its Affiliates by suppliers that Franchisor designates or approves).

(b) If Franchisee wishes to acquire an item from a supplier that is not currently approved by Franchisor, Franchisee must notify Franchisor in writing of Franchisee's desire to do so and submit to Franchisor (or to its designee) specifications, photographs, samples and/or other information Franchisor requests. Franchisor may also inspect the supplier's facilities. Within a reasonable time, Franchisor will determine whether such items or supplier meet Franchisor's specifications and standards and will notify Franchisee whether Franchisee is authorized to use such item or purchase from such supplier. Franchisor also has the right to revoke the approval of any item or supplier that fails to continue to meet its standards. At Franchisor's request, Franchisee agrees to pay or reimburse Franchisor for its reasonable expenses incurred in the supplier approval process (whether or not approval of the supplier is granted.)

8.4 Liquid Capital System Modifications. Franchisee acknowledges that compliance with the Liquid Capital System is important to Franchisee, Franchisor, and other Liquid Capital Franchisees in order to maintain high quality and uniform operating standards and to protect the goodwill associated with the Marks and the Liquid Capital System. Franchisee agrees that Franchisor may periodically add to, change, amend, modify, delete, enhance, combine, replace, substitute, and/or discontinue all or any portion of the Liquid Capital System as may be necessary in its sole judgment to maintain or enhance the reputation, efficiency, competitiveness and/or quality of the Liquid Capital System, or to adapt to new conditions, materials or technology, or to better serve the public, including, without limitation, the provision of new financial services, and the adoption of use of new or modified Marks, equipment and techniques in connection therewith. Franchisee agrees to fully comply with all such additions, changes amendments, modifications, deletions, enhancements, combinations, replacements, substitutions, and/or discontinuations, within the time period Franchisor reasonably specifies, even though certain of such modifications may obligate Franchisee to invest additional capital in the Franchised Business and/or incur higher operating costs. No such modification will alter Franchisee's fundamental status and rights as a franchisee of a factoring business under this Agreement.

8.5 New Developments. If Franchisee, its employees, or Principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business (including, without limitation, any advertising created or developed by or on behalf of Franchisee), Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, and other intellectual property rights related thereto. Franchisee and its Principals hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and its Principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. Franchisee and its Principals hereby irrevocably designate and appoint Franchisor as their agent and attorney in fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 8.5.

are found to be invalid or otherwise unenforceable, Franchisee and its Principals hereby grant to Franchisor a worldwide, perpetual, non exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe their rights therein.

9. MARKS

9.1 No Permanent Interest. Franchisee acknowledges that, as between Franchisee and Franchisor, Franchisor or Franchisor's Affiliate is the owner of all right, title and interest in and to the Marks and the goodwill associated with the Marks. Neither this Agreement nor the operation of the Franchised Business shall in any way give or be deemed to give to Franchisee any interest in the Marks except for the right to use the Marks in accordance with the terms and conditions of this Agreement. Franchisee shall not use the Marks in any manner so as to represent that it is the owner of the Marks. At no time during the term of this Agreement or after the expiration or termination hereof shall Franchisee, either directly or indirectly, dispute or contest the validity or enforceability of the Marks, attempt any registration thereof, or attempt to dilute the value of any goodwill attaching to the Marks. Any goodwill associated with the Marks shall inure exclusively to the benefit of Franchisor and Franchisor's Affiliates.

9.2 Franchisee's Obligations with Respect to Marks. Without in any way restricting or limiting Section 9.1 hereof, Franchisee covenants and agrees as follows:

(a) Franchisee shall conduct the Franchised Business under the Marks without any accompanying words or symbols of any nature except those which have received the prior written approval of the Franchisor. Franchisee shall follow Franchisor's instructions regarding proper use and display of the Marks.

(b) Promptly upon any request by Franchisor, Franchisee will execute such applications, agreements or other instruments, in such form and with such parties as Franchisor, in its sole discretion shall specify, protecting the interests and rights of the Franchisor in the Marks, or complying with any applicable certification mark, trade name, trade-mark or other similar legislation.

(c) Franchisee will not use the Marks or any variations thereof as any part of its corporate or other legal name and shall file and maintain all trade name or fictitious or assumed name registrations as required by applicable laws.

(d) Franchisee will not use the Marks for any purpose other than those expressly authorized by this Agreement.

(e) Promptly upon the expiration or termination of this Agreement, for any reason whatsoever, Franchisee shall cease all use of the Marks (including any colorable imitations thereof) for any purposes whatsoever and Franchisee shall not make known, either directly or indirectly, following such expiration or termination, that Franchisee previously conducted business under the Marks;

(f) Franchisee will not use any other trademarks, trade names, service marks or other identifying characteristics, which are similar to or confusing with the Marks.

(g) Franchisee will not use the Marks in connection with any statement or material which may, in the sole judgment of Franchisor, be in bad taste or inconsistent with the Franchisor's public image or tend to depreciate the value of the Marks or the goodwill attached thereto.

(h) Franchisee shall not register or use any Internet domain name, website address or URL (Uniform Resource Locator) in any class, category or top level domain that (i) contains any of the Marks, in whole or in part, (ii) contains any words similar to any of the Marks, (iii) contains any abbreviation, acronym, phonetic variation or visual variation of any of the foregoing, or (iv) otherwise creates any association with the Marks or the Liquid Capital System; and

(i) Upon the request of Franchisor, Franchisee will affix on any markings, notices, letterhead, invoices, purchase orders, advertising displays and other materials, a notice in the form approved by Franchisor that Franchisee is using the Marks under franchise from Franchisor.

9.3 Infringement of Marks. Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee's use of any of the Marks and Franchisor shall have the sole discretion to take such action as it deems appropriate. Franchisee hereby agrees to cooperate with Franchisor in the conduct of any actions, litigation or other proceedings involving the Marks.

9.4 Change of Marks. If it becomes advisable at any time in the sole discretion of Franchisor for Franchisee to modify or discontinue the use of any of the Marks or use one or more additional or substitute marks, trade names, trademarks or service marks, Franchisee agrees to do so at its sole cost and expense.

10. MANUAL; CONFIDENTIALITY; RESTRICTIVE COVENANTS

10.1 Compliance with Manual.

(a) Franchisee shall conduct the Franchised Business strictly in accordance with the provisions set out in the Manual, as same may be amended from time to time, including (without limitation) the Rules and Regulations. Without limitation of the foregoing, Franchisee and its Principals agree that (i) the Rules and Regulations, which are a part of the Manual, form a material part of this Agreement; and (ii) they will abide by such Rules and Regulations, and (iii) any breach of such Rules and Regulations, whether specifically provided for in this Agreement or otherwise, shall constitute a material breach of this Agreement.

(b) Franchisee and its Principals acknowledge and agree that the Manual is loaned to Franchisee by Franchisor for the term of this Agreement and it shall at all times remain the sole and exclusive property of Franchisor. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall promptly deliver the Manual to Franchisor, together with all copies thereof.

(c) Only Franchisor shall print or make any copies of the Manual (including the Rules and Regulations). Any request by Franchisee for such copies shall be given to

Franchisor in writing in accordance with the Rules and Regulations. Any unauthorized printing or copying of the Manual, access by unauthorized Persons to the Manual, or unauthorized use of the Manual, whether in whole or in part, shall be deemed to be a fundamental breach of this Agreement.

10.2 Non-Disclosure of Confidential Information. Franchisee and its Principals acknowledge the confidential and proprietary nature of the Liquid Capital System. Franchisee and its Principals further acknowledge that they have had no part in the creation or development of nor do they have any property or other rights or claims of any kind in or to any element of the Liquid Capital System, the Marks or any matters dealt with in the Manual and that all disclosures made to Franchisee relating to the Liquid Capital System including, without limitation, the specifications, standards, procedures and the entire contents of the Manual, are communicated to Franchisee solely on a confidential basis and as trade secrets, in which Franchisor has a substantial investment and a legitimate right to protect against unlawful disclosure. Accordingly, Franchisee and its Principals agree to maintain the confidentiality of all such information during and at all times following the expiration or termination of this Agreement and shall not disclose any of the Franchisor's Confidential Information to any Person (including Franchisee's employees) except those who need to know such information in order to enable Franchisee to conduct its Liquid Capital Business and then only with Franchisor's prior written consent and, if Franchisor requires, following the execution of a written agreement containing non-disclosure and non-competition provisions substantially similar to those contained in this Agreement. Franchisee and its Principals further agree not to use any such information in any other business or in any manner not specifically approved in writing by the Franchisor. This Section 10.2 shall survive the expiration or termination of this Agreement for any reason whatsoever.

10.3 Competition During Term of Agreement. During the term of this Agreement Franchisee and its Principals shall not, either directly or indirectly, individually or in conjunction with any other Person, as principal, agent, officer, director, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit their names or any part thereof to be used or employed in any business operating in competition with or similar to the Liquid Capital Businesses, nor shall Franchisee or its Principals refer Clients to any provider of factoring, funding, or financial services except Exchange except as otherwise designated in writing by Franchisor.

10.4 Competition After Termination, Expiration or Transfer. For a period of two (2) years after the termination, expiration, or transfer of this Agreement (or, with respect to a Principal, of his or her interest herein) for any reason whatsoever Franchisee and its Principals shall not, without the prior written consent of Franchisor, directly or indirectly, either individually or in conjunction with any Person, as principal, agent, officer, director, shareholder, employee or in any other manner whatsoever carry on, be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed by any Person engaged in or concerned with or interested in any business competitive with or similar to the Liquid Capital Businesses in the United States of America or Canada.

(a) Without Franchisor's prior written consent, during the two (2) year period set forth in Section 10.4(a), Franchisee and its Principals shall refrain in any manner whatsoever from:

(i) Diverting or attempting to divert or soliciting, either directly or indirectly, any business of the Franchised Business or that of any other Liquid Capital Business; or

(ii) Employing or seeking to employ or inducing, either directly or indirectly, any Person employed by Franchisee, any other Liquid Capital Franchisee, Franchisor, a Franchisor Affiliate, the Exchange, or the Service Provider within such two (2) year period or within the one (1) year immediately prior thereto.

(b) The parties agree that, if any provision in this section is broader than allowed by any specific state law, the court or an arbitrator may amend these provisions to provide the maximum amount of protection to the Franchisor under the laws of the State in which the Franchised Business is operated.

10.5 Injunctive Relief. Franchisee and its Principals agree that any failure to comply with the requirements of this Article 10 shall constitute a material event of default under this Agreement and further acknowledges that such a violation would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Franchisee and its Principals accordingly consent to the issuance of an injunction prohibiting any conduct by them in violation of the terms of this Article 10, without the requirement that Franchisor post a bond. Franchisee agrees to pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor in connection with the enforcement of this Article 10, including all costs and expenses for obtaining specific performance, or an injunction against the violation of the requirements of such Section, or any part thereof.

11. INSURANCE

11.1 Types of Insurance. Prior to the opening of the Franchised Business Franchisee shall obtain and shall keep in full force and effect throughout the term of this Agreement such types and amounts of insurance coverage (including reasonable deductibles) as the Franchisor may from time to time reasonably require and specify in the Rules and Regulations, including, without limitation, errors and omissions insurance, fidelity bond coverage, insurance on equipment, business interruption insurance, worker's compensation insurance and public liability and indemnity insurance. All costs in connection with the placing and maintaining of such insurance shall be borne solely by Franchisee.

11.2 Policies of Insurance. All policies of insurance obtained pursuant to this Article 11 shall:

(a) Be placed only with insurers reasonably acceptable to Franchisor;

(b) Be in such form as is acceptable to Franchisor and contain, at Franchisor's request, a waiver of subrogation in favor of Franchisor and its Affiliates;

(c) Contain a clause that the insurer will not cancel or change or refuse to renew the insurance without first giving to Franchisor at least thirty (30) days prior written notice; and

(d) Except for workers' compensation insurance policies, name Franchisor and Franchisor's Affiliates as an additional named insureds. Such policies shall also expressly provide that the interests of the additional named insureds will not be affected by Franchisee's breach of any policy provisions or by reason of Franchisee's negligence or that of Franchisee's servants, agents or employees.

11.3 Evidence of Insurance Coverage. Copies of all policies or certificates of insurance and any renewals thereof, shall be delivered promptly to Franchisor by Franchisee at Franchisor's request from time to time throughout term of this Agreement.

11.4 Placement of Insurance by the Franchisor. If Franchisee fails to obtain or keep in force any insurance referred to in Section 11.1 or should any such insurance not be as provided in Section 11.2, and should Franchisee not rectify such failure within forty eight (48) hours after written notice by Franchisor, Franchisor has the right, without assuming any obligation in connection therewith, to effect such insurance at the sole cost of Franchisee and all payments made by Franchisor shall be immediately repaid by Franchisee to Franchisor on the first day of the next month following such payment by Franchisor without prejudice to any other rights and remedies of Franchisor under this Agreement. Franchisor shall not in any way be liable to the Franchisee or any other Person for any deficiency in such insurance.

12. INDEMNIFICATION

Excluding liability, claims, or damages resulting from the gross negligence or willful misconduct of Franchisor (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to Franchisee), Franchisee hereby agrees, to indemnify and save Franchisor, Franchisor's Affiliates, the Exchange, the Service Provider, and their respective owners, directors, officers, employees, agents and subcontractors ("**Franchisor Indemnitees**") harmless from any and all liabilities, losses, suits, claims, demands, costs, fines, losses (including legal fees and costs) and actions of any kind or nature whatsoever to which they shall or may become liable for or suffer (i) by reason of any breach, violation or non-performance on the part of Franchisee or any of its owners, directors, officers, employees and agents of any term or condition of this Agreement and any other agreement between Franchisee and the Franchisor Indemnitees (or any one of them), or (ii) arising out of, related to or in connection with the operation of the Franchised Business. Franchisee agrees to give Franchisor prompt notice of any claim of which Franchisee is aware for which indemnification is required, and Franchisor may elect to assume (but is under no circumstance obligated to undertake) the defense and/or settlement of the claim, provided that Franchisor will seek Franchisee's advice and counsel. Franchisor's assumption of the defense does not modify Franchisee's indemnification obligation.

Excluding liability, claims, or damages resulting from the gross negligence or willful misconduct of Franchisee or its Principals (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or

contributory negligence attributable to Franchisor), Franchisor hereby agrees, to indemnify and save Franchisee and its owners, directors, officers, employees, agents and subcontractors ("**Franchisee Indemnitees**") harmless from any and all liabilities, losses, suits, claims, demands, costs, fines, losses (including legal fees and costs) and actions of any kind or nature whatsoever to which they shall or may become liable for or suffer by reason of any breach, violation or non-performance on the part of Franchisor or any of its directors, officers, employees and agents of any term or condition of this Agreement and any other agreement between Franchisor and the Franchisee Indemnitees (or any one of them).

This Article 12 shall survive the expiration or termination of this Agreement.

13. TERMINATION; POST TERM RIGHTS AND OBLIGATIONS

13.1 Termination by Franchisee. Franchisee shall have the right to terminate this Agreement, with or without cause, upon ninety (90) days' prior written notice to Franchisor.

13.2 Termination by Franchisor on Notice. Franchisor shall have the right to terminate this Agreement upon written notice to Franchisee without prejudice to the enforcement of any other legal right or remedy available to Franchisor upon the happening of any of the following Events of Default and Franchisee's failure to cure within the time periods specified below (or any longer period required by law), if applicable:

(a) If in Franchisor's sole opinion the Controlling Principal's participation in the Franchisor's Basic Operational Training Course discloses the Controlling Principal's inability to adequately manage and operate the Franchised Business and Franchisee fails to designate a satisfactory replacement within thirty (30) days following written notice from Franchisor. In the event of a termination pursuant to this Section 13.2(a), Franchisor shall refund to the Franchisee, within ten (10) days after the effective date of termination, seventy-five percent (75%) of all money received by Franchisor from Franchisee, less the Franchisor's reasonable out of pocket costs and expenses including, without limitation, costs and expenses reasonably incurred by Franchisor in connection with the negotiation and execution of this Agreement and any other agreement with Franchisee.

(b) If any amount payable to Franchisor or its Affiliates under this Agreement or any other agreement is not paid when due and shall remain unpaid for a period of ten (10) days (or such longer period as may be provided for in the applicable agreement) after written notice thereof has been given to Franchisee.

(c) If Franchisee fails to submit any report required to be furnished to Franchisor pursuant to this Agreement within ten (10) days of the date such report is due and for a period of ten (10) days after written notice thereof has been given to Franchisee;

(d) If Franchisee ceases or threatens to cease to carry on business, or takes or threatens to take any action to liquidate its assets, or stops making payments in the ordinary course of business and such payments remain unpaid for a period of three (3) days after written notice thereof has been given;

(e) If Franchisee fails to make a payment to a Client to whom Franchisee is responsible;

(f) If Franchisee shall commit or suffer any Default under any contract of conditional sale or other security instrument and fails to cure such Default within any applicable cure period;

(g) If Franchisee shall lose its right to do business by expiration, forfeiture or otherwise;

(h) Subject to the provisions of Article 15 of this Agreement, if any Controlling Principal shall die or otherwise suffer a Permanent Disability and, in the sole opinion of Franchisor, the Controlling Principals' Designee is not capable of managing and operating the Franchised Business;

(i) If Franchisee has received from Franchisor during any consecutive twelve (12) month period three (3) or more notices of default, whether such notices relate to the same or different defaults and whether or not such defaults have been cured;

(j) If the Franchisee understates Gross Revenue by more than three percent (3%) on any report, unless it is proven to the satisfaction of Franchisor that such understatement was not intentional;

(k) If the Franchisee materially distorts any other material information pertaining to the Franchised Business, unless Franchisee proves to the satisfaction of Franchisor that it had no knowledge of such distortion, or fails to maintain its records in a manner which permits a determination of Gross Revenue and such failure continues for three (3) days after receipt of written notice thereof;

(l) If Franchisee or any Principal is charged or convicted of (i) any felony or (ii) any misdemeanor involving fraud, breach of trust or moral turpitude; provided that for purposes of this Agreement, probation or deferred adjudication or other similar proceeding may be deemed a conviction by Franchisor;

(m) If any copy of the Manual (including the Rules and Regulations) or any part thereof shall be copied by or otherwise made available to any Person not authorized in writing by Franchisor;

(n) If Franchisee or any Principal fails to obtain a Financing Estoppel Certificate as required by this Agreement and does not produce a Financing Estoppel Certification within three (3) days after receiving written notice thereof;

(o) If Franchisee or any Principal engages in any action that, in the sole judgment of Franchisor brings the Liquid Capital System into disrepute or diminishes the goodwill of the Liquid Capital System or the Marks;

(p) If Franchisee fails to achieve the Minimum Business Volume after the first two (2) years of operation;

(q) If Franchisee shall default in the performance or observance of any of the terms and conditions of any other agreement between Franchisee and Franchisor or Franchisor's Affiliates or the Exchange (including, any Participation Agreement) and shall fail to cure such default within the time period set forth in such other agreement. Notwithstanding the foregoing, in the event of a default by Franchisee under a Participation Agreement (and failure to cure such default within the applicable cure period) Franchisor may, without prejudice to its future right to terminate this Agreement, instead direct Exchange to suspend the provision of new Exchange Services to Participant for such period of time as Franchisor may designate. Any forbearance by Franchisor to terminate the Franchise Agreement is on a strictly without prejudice basis to Franchisor's right to terminate the Franchise Agreement in the event of a further breach by the Participant and such forbearance shall not be construed as a waiver of any of the terms of this Agreement;

(r) If Franchisee's assets, property or interests are "**blocked**" under any law, ordinance or regulation relating to terrorist activities or if Franchisee is otherwise in violation of any such law, ordinance or regulation; or

(s) If Franchisee or any Principal violates the restrictions on transfer set forth in Article 8 or Article 14.

13.3 Termination by Franchisor Without Prior Notice. Franchisee shall be deemed to be in Default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee or any Principal or Guarantor:

(a) Shall become insolvent or make a general assignment for the benefit of creditors;

(b) Files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due;

(c) Is adjudicated as bankrupt or insolvent in proceedings filed against it under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state;

(d) Has filed against it and consents to a bill in equity or other proceeding for the appointment of a receiver or other custodian for its business or assets;

(e) Has appointed by any court of competent jurisdiction a receiver or other custodian (permanent or temporary) of all or any part of its assets or property;

(f) Has instituted by or against it proceedings for a composition with creditors under any state or federal law;

(g) Fails to satisfy a final judgment of record in excess of $3,000 for thirty (30) days or longer (unless supersedeas bond is filed);

(h) Is dissolved;

(i) Has an execution levied against its business or property;

(j) Has instituted against it any suit to foreclose any lien or mortgage which is not dismissed within thirty (30) days;

(k) Has sold after levy by any sheriff, marshal or constable any of its real or personal property.

13.4 Obligations of Franchisee Upon Termination or Expiration. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall:

(a) Promptly pay to Franchisor and its Affiliates all sums owing or accrued prior to such expiration or termination;

(b) Immediately discontinue the operation of the Franchised Business and cease use of the Liquid Capital System and the Marks, as well as any other designations associating Franchisee with Franchisor or the Liquid Capital System. Without limitation of the foregoing, Franchisee shall immediately cease displaying and using all signs, stationery, letterhead, packaging, forms, marks, symbols, manuals, bulletins, instruction sheets, printed matter, advertising and other physical objects used from time to time in connection with the Franchised Business or bearing any of the Marks, and shall not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that it is or has been associated with Franchisor or the Liquid Capital System;

(c) Immediately return to Franchisor all copies of the Manual (including the Rules and Regulations) and all plans, specifications, software, databases, forms and other materials containing information relevant to the operation of the Franchised Business under the Liquid Capital System, whether or not prepared by Franchisor;

(d) Continue to comply with the provisions of those covenants which survive the expiration or termination of this Agreement for the periods specified therein, as further set forth in Section 13.6 of this Agreement; and

(e) Promptly execute such documents and take such actions as may be necessary (i) to cancel any assumed or fictitious business name filing containing any of the Marks, and (ii) to remove (at the next publication date) Franchisee's listing as a Liquid Capital Franchisee from all directories (whether electronic or printed) and all Internet websites, and (iii) to assign, at Franchisor's request, to Franchisor or any other Person designated by Franchisor all of Franchisee's telephone numbers and listings, Internet website addresses and E-mail addresses in connection with the Franchised Business. Franchisee acknowledges that the Franchisor has the sole right to all such numbers and listings and hereby acknowledges that a direction by Franchisor is conclusive evidence of the rights of Franchisor in such telephone numbers and directory listings and its authority to direct their transfer.

13.5 Franchisor's Post-Term Portfolio Purchase Obligation. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisor shall by written notice delivered to Franchisee within thirty (30) days of the date of expiration or termination of this Agreement, purchase from Franchisee all of Franchisee's Portfolio for a purchase price

calculated as described in Section (a) and paid as provided in Section (b) below (the "**Purchase Price**"):

(a) The Purchase Price payable by Franchisor under this Section 13.5 shall be calculated on a client-by-client basis and aggregated to determine the total Purchase Price payable to Franchisee. The Purchase Price shall be ninety-five percent (95%) of all actual collections on the Portfolio for a period of one (1) year after expiration or termination.

(b) The first payment due to Franchisee will be made ninety (90) days after the date of purchase of the Portfolio. Subsequent payments will be made monthly, on or before the twentieth (20th) day of the month following the month in which collections occur.

13.6 Survival of Covenants.

Notwithstanding the expiration or termination of this Agreement for any reason whatsoever, all covenants and agreements to be performed and/or observed by Franchisee, any Principal or any Guarantor under this Agreement or any other agreement related thereto which by their nature survive the expiration or termination of this Agreement, including without limitation, those set out in Articles 5, 7, 15, 17 and Sections 13.4, 13.5 and 15.2 hereof shall survive any such expiration or termination.

14. SALE, ASSIGNMENT, TRANSFER, AND ENCUMBRANCES

14.1 Assignment by Franchisor. Franchisor may transfer or assign this Agreement or any part of its rights or obligations under this Agreement to any Person. Franchisee agrees that Franchisor will have no liability after the effective date of such transfer or assignment for the performance of any obligations under this Agreement.

14.2 Assignment by Franchisee and Principals.

(a) Franchisee acknowledges that, in granting this franchise and the rights and interests under this Agreement, Franchisor has relied upon, among other things, the character, background, qualifications and financial ability of the Franchisee and its Principals. Accordingly, neither Franchisee nor any Principal, nor any successor or assign of Franchisee or any Principal, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise dispose of or encumber any direct or indirect interest in this Agreement or in the Franchised Business, or which results in a Change of Control in Franchisee (each, a "**Transfer**") without the prior written consent of Franchisor, such consent not to be unreasonably withheld. Any actual or purported assignment occurring by operation of law or otherwise (including pursuant to an order of a court under any applicable matrimonial property legislation relating to Franchisee or any Principal) without Franchisor's prior written consent shall be an Event of Default of this Agreement and shall be null and void.

(b) In considering a request for its consent to a Transfer pursuant to Section 14.2(a), Franchisor may consider, among other things, the information set out in the application for Transfer, the qualifications, character, general business experience, apparent ability to manage and operate the Franchised Business and creditworthiness of the proposed transferee and its principals, directors and officers, as appropriate. In addition, Franchisor shall

be entitled to require any or all of the following as conditions precedent to the granting of its consent:

(i) As of the date of Franchisee's request for consent and as of the effective date of Transfer there shall be no default in the performance or observance of any of the Franchisee's obligations under this Agreement or any other agreement between Franchisee and Franchisor or its Affiliates or the Exchange, and Franchisee shall have substantially complied with all such agreements throughout their respective terms;

(ii) Franchisee shall have delivered to Franchisor a complete general release (in the form prescribed in the Rules and Regulations and set forth in the Manual) of any and all claims against Franchisor, its Affiliates, the Exchange, the Service Provider and their respective owners, directors, officers, employees and representatives, including, without limitation, claims arising under this Agreement and any other agreement between them (or any of them), and under federal, state or local laws, rules, and regulations or orders;

(iii) The proposed transferee shall have entered into a written assignment (in the form prescribed by the Manual) or, at the option of Franchisor, shall have executed a new franchise agreement in the form then being used by Franchisor, which may provide for a higher royalty and for greater expenditures for advertising and promotion than are provided hereunder, and shall have executed such other documents and agreements as are then customarily used by Franchisor in the granting of franchises;

(iv) The proposed transferee shall provide guarantees from any of its principals whom Franchisor may request, guaranteeing the proposed transferee's performance of its obligations under the agreements to be entered into;

(v) The proposed transferee shall complete to the satisfaction of Franchisor, Franchisor's Basic Operational Training Course, at the proposed transferee's or Franchisee's sole expense;

(vi) Franchisee shall pay to Franchisor and its Affiliates all accrued but unpaid fees and/or expenses;

(vii) Franchisee shall pay to Franchisor all fees and expenses which may be incurred by Franchisor in considering Franchisee's application for Transfer approval, whether or not such approval is given or the Transfer is completed, together with Franchisor's transfer fee, which shall be fifty percent (50%) of Franchisor's then-current Initial Franchise Fee; provided, that no transfer fee shall be charged if the transfer is to an "**immediate family member**" of Franchisee or one of Franchisee's owners. An "**immediate family member**" of a person includes that person's spouse and the natural and adoptive parents, natural and adopted siblings, and natural and adopted children of such person and their spouses;

(viii) The purchase price to be paid to the Franchisee by the proposed transferee shall be reasonable in the circumstances having regard to the debt and interest charges being acquired by the proposed transferee;

(ix) The proposed transferee shall agree to do all such things as Franchisor may require to ensure that the Franchised Business satisfies the then current standards and specifications established by Franchisor for new Liquid Capital Franchisees. Without limiting the generality of the foregoing, the proposed transferee shall agree to make such capital expenditures as Franchisor shall determine as being required in connection with the foregoing for the modernization and refurbishing of Computer Systems and other equipment utilized in the Franchised Business; and

(x) In connection with an assignment of this Agreement, Franchisee shall also assign to the transferee all Participation Percentages held by Franchisee under any Participation Agreement.

(c) The refusal of Franchisor to consent to a proposed Transfer based upon a failure to comply with any of the foregoing conditions shall not be deemed to be an unreasonable withholding of Franchisor's consent. Franchisor's consent to a Transfer shall not operate to release the Franchisee, its Principals or any Guarantor from any liability under this Agreement or any other agreement related hereto.

14.3 Transfers Which Do Not Effect a Change of Control. If any Principal (other than a Principal who is also a Guarantor) proposes to transfer all or a part of its interest in Franchisee in one or a series of transactions which do not result in a Change of Control, then Franchisee shall promptly notify Franchisor of the proposed Transfer in writing and shall provide such information relative thereto as Franchisor may reasonably request prior to the Transfer. The transferee shall not be one of Franchisor's competitors and may be required to execute a confidentiality agreement and covenants not to compete in the form then required by Franchisor. Franchisor reserves the right to require such transferee to sign a Guaranty.

14.4 Encumbrances. Subject to Franchisor's approval, which may be given or withheld in the sole discretion of Franchisor, all property and assets used by the Franchisee in connection with the Franchised Business shall be and remain free and clear of all liens, charges, security interests, mortgages and encumbrances whatsoever.

14.5 Evidence of Ownership Interests in Franchisee.

(a) Franchisee's ownership structure as of the Effective Date of this Agreement is set forth in **Exhibit E**. Franchisee will, upon Franchisor's request from time to time, deliver to Franchisor a certificate signed by an authorized officer of Franchisee, certifying as to the then current owners, as the case may be of the Franchisee and of any non-individual owners of Franchisee;

(b) Franchisee will cause the documents representing ownership interests in Franchisee to bear a legend stating that transfers of such interests are subject to this Agreement and that this Agreement contains restrictions on the transfer and encumbrance of such interests.

15. DEATH OR PERMANENT DISABILITY OF CONTROLLING PRINCIPAL

15.1 Option on Death or Permanent Disability. At the option of the Controlling Principal or his or her personal representative, as applicable, exercised by written notice to

Franchisor within thirty (30) days following the date of death or determination of Permanent Disability of the Controlling Principal,

(a) The Franchisor may be required to purchase the Franchisee's entire Portfolio for the Purchase Price as set out in Section 15.2 below; or

(b) The Controlling Principal's Designee may succeed to the interest and assume the role of the Controlling Principal; provided, that if the Controlling Principal's Designee is unwilling or unable to do so, or does not complete Franchisor's Basic Operational Training Course to Franchisor's sole satisfaction no later than ninety (90) days following the Controlling Principal's date of death or determination of Permanent Disability, then Franchisor shall have the right, but not the obligation, to be exercised by written notice to the Controlling Principal or his/her personal representative within sixty (60) days thereof to purchase Franchisee's entire Portfolio for the Purchase Price as set out in Section 15.2 below.

15.2 Portfolio Purchase Price.

(a) The Portfolio Purchase Price payable by Franchisor under this Section 15.2 shall be calculated on a client-by-client basis and aggregated to determine the total Purchase Price payable to Franchisee.

(i) The Purchase Price shall be ninety-eight percent (98%) of the sum derived by subtracting the balance of a Client's Reserve Fund from the balance of outstanding Accounts purchased from such Franchisee Client pursuant to a Purchase and Sale Agreement which Accounts have not been charged back to such Franchisee Client less an allowance in an amount determined in Franchisor's sole discretion to cover and provide for any Accounts the collection of which is uncertain and any other present or potential indebtedness of Franchisee Client to Franchisee or of Franchisee to Franchisor (the "**Allowance**").

(ii) The Purchase Price shall be adjusted by an amount equal to any amount advanced to a Franchisee Client in excess of the amount contracted for, less a takeover fee of two percent (2%) of the total of the Portfolio.

(iii) The Franchisee shall be given full credit if any of the items included in the Allowance are subsequently collected or if the client provides additional Portfolio items (net of applicable discount rates) to replace the Allowance amounts.

(iv) The Purchase Price shall be increased by unearned Additional Charges as of the date of closing, and an ongoing referral fee calculated at the rate set out in the Rules and Regulations for referrals between Liquid Capital Franchisees less any referral fee obligations payable to brokers.

(b) Fifty percent (50%) of the Purchase Price (net of the Allowance) shall be paid on closing, with the balance and the Additional Charges as the Portfolio is collected, and the ongoing net referral fee as earned.

15.3 Interim Operation by Franchisor. If in the sole opinion of Franchisor the Controlling Principal's Designee is incapable, unwilling or unable to operate and manage the

Franchised Business during any period following the death, determination of Permanent Disability of the Controlling Principal, or any default under this Franchise Agreement or any Participation Agreement, Franchisor may immediately upon written notice to the Controlling Principal or his/her personal representative operate and manage the Franchised Business on behalf of Franchisee until the conclusion of the procedures set forth in Sections 15.1 and 15.2 above. Franchisee consents to the payment of a fee to Franchisor during such interim management period in an amount equal to eight percent (8%) of Franchisee's Gross Revenues earned plus any out of pocket costs and expenses incurred by Franchisor in connection with such operation and management services. This fee is in addition to any and all other fees owed by Franchisee under this Agreement. Franchisee agrees that neither Franchisor nor its officers, directors, employees or owners, shall be liable for any debts, losses, costs or expenses incurred in the operation of the Franchised Business during the interim management period nor for any other act or thing excluding liabilities arising as a result of the willful misconduct of Franchisor or its representatives.

16. ACKNOWLEDGMENTS

Franchisee and each Principal hereby acknowledge that:

(a) They have conducted an independent investigation of Franchisor and the Franchised Business contemplated in this Agreement and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability and efforts of the Franchisee and its Principals as independent businesspersons. Franchisor expressly disclaims the making of and Franchisee and each Principal acknowledges that they have not received any warranty or guarantee, expressed or implied, as to the potential volume, profits or success of the Franchised Business.

(b) They have received, have had ample time to read and have read this Agreement and any other agreements attendant hereto and fully understand their provisions. Franchisee and each Principal further acknowledge that they have had an adequate opportunity to be advised by legal counsel and accounting professionals of their own choosing regarding all pertinent aspects of this Agreement, the purchase of the Franchised Business and the franchise relationship and have either done so or knowingly and voluntarily waived the opportunity to do so.

(c) That they received a complete copy of this Agreement and all related attachments and exhibits and Franchisor's Franchise Disclosure Document within the time period required by applicable federal and state laws and that they did not rely on any promises, representations or agreements about the Liquid Capital System or the Franchised Business not expressly contained in this Agreement or Franchisor's Franchise Disclosure Document in making the decision to sign this Agreement. Franchisee and each Principal further acknowledge that Franchisor and its representatives have not made any promises, representations or agreements, oral or written, except as expressly contained in this Agreement and the Franchise Disclosure Document.

17. DISPUTE RESOLUTION AND GOVERNING LAW

17.1 Choice of Law. This Agreement and all transactions contemplated hereunder and/or evidenced hereby shall be governed by, construed under and enforced in accordance with the internal laws of the State of Delaware without regard to the application of Texas conflict of law rules.

17.2 Mediation. EXCEPT FOR ACTIONS WHICH THE FRANCHISOR MAY BRING IN ANY COURT OF COMPETENT JURISDICTION FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, OR RELIEF RELATING TO THE MARKS OR THE CONFIDENTIAL INFORMATION, THE PARTIES (INCLUDING FRANCHISEE'S PRINCIPALS) AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN FRANCHISOR OR ANY OF ITS AFFILIATES, THE EXCHANGE OR SERVICE PROVIDER (AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) AND FRANCHISEE (AND FRANCHISEE'S AGENTS, REPRESENTATIVES AND/OR EMPLOYEES, AS APPLICABLE) ARISING OUT OF OR RELATED TO (A) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE OR THEIR RESPECTIVE AFFILIATES (B) FRANCHISOR'S RELATIONSHIP WITH FRANCHISEE, (C) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE OR THEIR RESPECTIVE AFFILIATES, OR (D) ANY SYSTEM STANDARD, TO MEDIATION PRIOR TO BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL. THE MEDIATION SHALL BE CONDUCTED BY EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISES, AS AGREED UPON BY THE PARTIES AND, FAILING SUCH AGREEMENT WITHIN A REASONABLE PERIOD OF TIME (NOT TO EXCEED FIFTEEN (15) DAYS) AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS' FEES AND COSTS INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING UNDER SECTION 17.3.

17.3 Jurisdiction and Venue. FOR ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED ABOVE, FRANCHISEE AND THE PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE AND THE FEDERAL DISTRICT COURTS FOR THE JURISDICTION IN WHICH DALLAS, TEXAS IS LOCATED AND THOSE OF THE STATE, COUNTY, OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. FRANCHISEE

AND THE PRINCIPALS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. FRANCHISEE AND THE PRINCIPALS FURTHER AGREE THAT VENUE FOR ANY SUCH PROCEEDING SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH DALLAS, TEXAS OR FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, THAT FRANCHISOR MAY BRING ANY ACTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (iii) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, THE MARKS, OR THE CONFIDENTIAL INFORMATION, IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION.

17.4 Jury Trial Waiver. IN RECOGNITION OF THE HIGHER COSTS AND DELAY WHICH MAY RESULT FROM A JURY TRIAL, THE PARTIES (INCLUDING THE PRINCIPALS) HERETO WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING HEREUNDER, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY A COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

17.5 Damages Waive. FRANCHISOR AND FRANCHISEE AND FRANCHISEE'S PRINCIPALS HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST THE OTHER PARTY, THEIR RESPECTIVE AFFILIATES, AND THE OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, MEMBERS, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES OF EACH OF THEM, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREE THAT IN THE EVENT OF A DISPUTE, THEY SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY THEM. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY,

INCIDENTAL, INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) SHALL CONTINUE IN FULL FORCE AND EFFECT.

17.6 Limitation of Claims. EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO (i) ANY MISREPRESENTATION OR OMISSION MADE BY FRANCHISEE OR ITS PRINCIPALS UNDER THIS AGREEMENT OR IN ANY APPLICATION THEREFOR, (ii) THE OBLIGATION TO PROTECT FRANCHISOR'S CONFIDENTIAL INFORMATION AND THE MARKS, OR (iii) THE OBLIGATIONS TO INDEMNIFY FRANCHISOR PURSUANT TO ARTICLE 12., ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR TWO (2) YEARS FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.

18. GENERAL PROVISIONS

18.1 No Waiver. No acceptance by Franchisor of any payment by Franchisee and no failure, refusal or neglect of Franchisor to exercise any right under this Agreement or to insist upon full compliance by Franchisee with its obligations hereunder, including without limitation, any mandatory specification, standard or operating procedure, shall constitute a waiver of any provision of this Agreement. The failure of Franchisor to exercise any rights or remedies to which it is entitled shall not be deemed to be a waiver of or otherwise affect, impair or prevent Franchisor from exercising any rights or remedies to which it may be entitled, arising either from the subject event, or as a result of the subsequent happening of the same or any other event or events provided for above. The acceptance by the Franchisor of any amount payable by or for the account of the Franchisee under this Agreement after the happening of any event, shall not be deemed to be a waiver by the Franchisor of any rights and remedies to which it may be entitled, regardless of Franchisor's knowledge of the happening of such preceding event at the time of acceptance of such payment. No waiver of the happening of any event set forth above shall be deemed to be waived by the Franchisor unless such waiver shall be in writing.

18.2 Legal Fees. The prevailing party in any litigation between Franchisee and Franchisor shall be entitled to recover reasonable attorneys' fees, costs and expenses of such litigation from the non-prevailing party. Further, if it is established that Franchisee has breached any of the terms and conditions of this Agreement, Franchisee hereby agrees to pay all costs and expenses including legal fees that may be incurred or paid by Franchisor in enforcing Franchisor's rights and remedies under this Agreement.

18.3 No Liability. Franchisor shall not be responsible or otherwise liable for any claims, demands, suits, losses and liabilities arising out of damage to property or injury or death of Persons resulting from, suffered by, occasioned by or in connection with the acts or omissions of Franchisee or any of Franchisee's owners, directors, officers, employees, agents or

subcontractors or the use of any motor vehicle or other equipment or property in connection therewith, and from and against all claims, demands, suits, losses and liabilities for costs, including legal fees, incurred in connection therewith.

18.4 Legal Relationship. The parties hereto hereby acknowledge and agree that, except as expressly provided in this Agreement, each is an independent contractor, that no party shall be considered to be the agent, legal representative, employee, master or servant of any other party hereto for any purpose whatsoever, and that no party has any authority to enter into any contract, assume any obligations or to give any warranties or representations on behalf of any other party hereto. Nothing in this Agreement shall be construed to create a relationship of agency, partners, joint venturers, fiduciaries, or any other similar relationship among the parties.

18.5 Joint and Several Liability. If two or more Persons shall sign or be subject to the terms and conditions of this Agreement as the Franchisee, the liability of each of them under this Agreement shall be deemed to be joint and several.

18.6 Severability. If for any reason whatsoever, any term or condition of this Agreement or the application thereof to any party or circumstance shall, to any extent be invalid or unenforceable, all other terms and conditions of this Agreement and/or the application of such terms and conditions to parties or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and condition of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

18.7 Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by prepaid facsimile or electronic mail (provided that the sender confirms the facsimile or electronic mail by sending an original confirmation copy by expedited delivery service or certified or registered mail within three (3) Business Days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

Liquid Capital of America Corp.
5734 Yonge Street, Suite 400
Toronto, Canada M2M 4E7
Attention: Brian Birnbaum, President
Facsimile: (416) 222-0166
E-mail: birnbaum@liquidcapitalcorp.com

Notices to Franchisee and Principals:

____
____
____
____
Attention: _________________________
Facsimile: _________________________
E-mail: ___________________________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail as provided above).

18.8 Approval or Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor, and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to Franchisee, and no neglect, delay or denial of any request therefore, shall constitute a warranty or guaranty by Franchisor, nor does Franchisor assume any liability or obligation to Franchisee or any third party as a result thereof.

18.9 Power of Attorney. Notwithstanding anything herein contained, Franchisee hereby irrevocably appoints Franchisor as Franchisee's lawful attorney with full power and authority to execute and deliver in the name of Franchisee any document or instruments and to do all things as may be required from time to time to comply with the provisions of this Agreement that require Franchisee to execute and deliver to Franchisor any documents or other instruments which it is so required to execute and deliver pursuant to this Agreement within the time period or periods so specified herein, and Franchisee hereby agrees to ratify and confirm all such acts of Franchisor as its lawful attorney and to indemnify and save Franchisor harmless from all claims, losses, or damages in so doing. Franchisee hereby declares that the powers of attorney hereby granted may be exercised during any subsequent legal incapacity on its part.

18.10 Further Assurances. Each of the parties hereto hereby covenants and agrees to execute and deliver such further and other agreements, assurances, undertakings, acknowledgements or documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

18.11 Entire Agreement. This Agreement, the documents referred to herein, and the Exhibits hereto, constitute the entire, full and complete agreement between Franchisor, Franchisee and the Principals concerning the subject matter hereof and shall supersede all prior related agreements. Nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document furnished to Franchisee. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. There are no representations, inducements, promises and/or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise.

18.12 Binding Effect. Subject to the restrictions on assignment herein contained, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

18.13 When Agreement Binding on Franchisor. This Agreement is not effective until signed by a corporate officer of Franchisor. No field representative or salesperson is authorized to execute this Agreement on behalf of Franchisor.

18.14 Remedies Cumulative. The rights of Franchisor hereunder are cumulative and no exercise or enforcement by Franchisor of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor of any other right or remedy hereunder or which Franchisor is otherwise entitled by law to enforce.

18.15 Time of the Essence. Time shall be of the essence of this Agreement and every part thereof.

18.16 Counterparts; Facsimile Signatures. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were upon the same instrument. Delivery of an executed counterpart of the signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement, and any party delivering such an executed counterpart of the signature page to this Agreement by facsimile to any other party shall thereafter also promptly deliver a manually executed counterpart of this Agreement to such other party, provided that failure to deliver such manually executed counterpart shall not affect the validity, enforceability, or binding effect of this Agreement.

18.17 Third Party Beneficiary. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, or shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors and personnel and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Section 14), any rights or remedies under or as a result of this Agreement.

18.18 Right to Delegate Duties. From time to time, Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of Franchisor or independent contractors which Franchisor has contracted with to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations and duties hereunder.

[*Signatures on following page*]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

FRANCHISOR:

LIQUID CAPITAL OF AMERICA CORP.

By: ______________________________
Name: ____________________________
Title: _____________________________

FRANCHISEE:

____

By: ______________________________
Name: ____________________________
Title: _____________________________

GUARANTY AND ASSUMPTION AGREEMENT

[To be signed by all Principals (including the Controlling Principal) designated as Guarantors]

This Guaranty and Assumption Agreement (the "**Guaranty**") is given this _______ day of ________________ 20__, by the undersigned Principals (as defined in the Franchise Agreement) who have been designated by Franchisor as a Guarantor.

In consideration of, and as an inducement to, the execution of the Franchise Agreement of even date herewith (the "**Franchise Agreement**") by Liquid Capital of America Corp. ("**Franchisor**"), each of the undersigned and any other parties who sign counterparts of this Guaranty (referred to herein individually as a "**Guarantor**" and collectively as "**Guarantors**") hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, that _________________________ ("**Franchisee**") will punctually pay its obligations for initial franchise fees, royalties, advertising fund contributions and other amounts due under the Franchise Agreement.

Each Guarantor waives:

(i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; and

(ii) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and

(iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and

(iv) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(v) all rights to payments and claims for reimbursement or subrogation which he or she may have against Franchisee arising as a result of his or her execution of and performance under this Guaranty by the undersigned (including by way of counterparts); and

(vi) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

(a) his or her direct and immediate liability under this Guaranty will be joint and several not only with Franchisee, but also among the Guarantors; and

(b) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; and

(c) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

(d) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Franchise Agreement or by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable throughout the term of the Franchise Agreement and for so long thereafter as there are any monies or obligations owing by Franchisee to Franchisor under the Franchise Agreement; and

(e) Franchisee's written acknowledgment, accepted in writing by Franchisor, or the judgment of any court or arbitration panel of competent jurisdiction establishing the amount due from Franchisee will be conclusive and binding on the undersigned as Guarantors.

Each Guarantor also makes all of the covenants, representations, warranties and agreements of the Principals set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, under [Articles] 10 (Manual, Confidentiality and Restrictive Covenants), 14 (Sale, Assignment, Transfer and Encumbrances), 15 (Death or Permanent Disability of Controlling Principal), 16 (Acknowledgments), and 17 (Dispute Resolution and Governing Law) and consents to Franchisor's purchase options under Sections 13.5 and 15.2 of the Franchise Agreement.

If Franchisor is required to enforce this Guaranty in an administrative, judicial or arbitration proceeding, and prevail in such proceeding, Franchisor will be entitled to reimbursement of Franchisor's costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantors will reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

[*Signatures on following page*]

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his or her signature on the same day and year as the Franchise Agreement was executed.

GUARANTORS

____
[*]Name: ___________________________

____
Name: ___________________________

____
Name: ___________________________

____
[*] Denotes individual who is Franchisee's Controlling Principal

PRINCIPAL SIGNATURE PAGE

[To be signed by all Principals who do not sign the Guaranty]

In consideration of, and as an inducement to, the execution of the Franchise Agreement of even date herewith (the "**Franchise Agreement**") by Liquid Capital of America Corp. ("**Franchisor**"), each of the undersigned and any other parties who sign counterparts of this Principal Signature Page agrees as follows:

(1) Each has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of the undertakings of the Principals herein are in partial consideration for, and a condition to the granting of the franchise, and that Franchisor would not have granted the franchise without the execution of this Principal Signature Page and such undertakings by each of the undersigned.

(2) Each is included in the term "**Principals**" as defined in the Franchise Agreement;

(3) Each individually, jointly and severally, makes all of the covenants, representations, warranties and agreements of the Principals set forth in the Franchise Agreement and is obligated to perform thereunder, including, without limitation, under Sections 10 (Manual, Confidentiality and Restrictive Covenants), 14 (Sale, Assignment, Transfer and Encumbrances), 15 (Death or Permanent Disability of Controlling Principal), 16 (Acknowledgments), and 17. (Dispute Resolution and Governing Law) and consents to Franchisor's purchase options under Sections 13.5 and 15.2 of the Franchise Agreement.

If Franchisor is required to enforce the obligations undertaken hereunder in an administrative, judicial or arbitration proceeding, and prevail in such proceeding, Franchisor will be entitled to reimbursement of Franchisor's costs and expenses, including, but not limited to, legal and accounting fees and costs, administrative, arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of an administrative, judicial or arbitration proceeding and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply herewith, the Principals will reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

IN WITNESS WHEREOF, each Principal who has not signed the Guaranty and Assumption Agreement to the Franchise Agreement of even date has hereunto affixed his or her signature on the same day and year as the Franchise Agreement was executed.

PRINCIPALS

____
Name: ______________________________

____
Name: ______________________________

EXHIBIT A

MARKS

Mark	Filing or Registration Date	Serial or Registration No.	Status
LIQUID CAPITAL	June 13, 2006	Reg. No. 3,103,210	Registered Principal Register
LIQUID CAPITAL	Dec. 26, 2006	Reg. No. 3,188,702	Registered Principal Register

Neither LCC nor we have filed an application for the following logos:

Mark	Status
Liquid Capital THE FACTORING PROFESSIONALS	Common Law
Liquid Capital FINANCING SUCCESS	Common Law

EXHIBIT B

TERRITORY

____

____

____

EXHIBIT C

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

Business Name: ___________________________

Business Number: ___________________________

Phone Number: ___________________________

I/we hereby authorize Liquid Capital of America Corp. ("**LCAC**") to initiate Debit/Credit entries to my LCRA account identified below:

☐ ____________________

FINANCIAL INSTITUTION: ______________________________________

BRANCH: ______________________________________

STREET ADDRESS: ______________________________________

CITY: ______________________________________

STATE: ______________________________________

ZIP CODE: ______________________________________

BANK I.D./INSTITUTION'S ROUTING #:
____

ACCOUNT NUMBER:
____

ACCOUNT TYPE ☐ Checking ☐ General Ledger ☐ Savings

This authority is to remain in full force and effect until LCAC and the above named institution have both received at least thirty (30) days written notification from the account holder of its termination so as to afford the interested parties reasonable time to act upon it.

NAME ______________________________ SIGNATURE ___________________________

NAME ______________________________ SIGNATURE ___________________________

DATE ______________________________

Received By: _________________________
Date: ________________________________

EXHIBIT D

FRANCHISEE OWNERSHIP STRUCTURE

Name of Owner	Address of Owner	Type of Interest	Ownership Percentage

EXHIBIT E

BLANKET UCC FINANCING FORM

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME				
OR 1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS		CITY	STATE / POSTAL CODE	COUNTRY
1d. SEE INSTRUCTIONS / ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any	NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR 2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE / POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS / ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any	NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME			
OR 3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS	CITY	STATE / POSTAL CODE	COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

FILING OFFICE COPY — UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02)

SCHEDULE 1

INITIAL FRANCHISE FEE

EXHIBIT C

PARTICIPATION AGREEMENT

PARTICIPATION AGREEMENT

THIS PARTICIPATION AGREEMENT (the "**Agreement**') is made the _____ day of ________________, 20__, among LIQUID CAPITAL EXCHANGE, INC. (hereinafter called "**Exchange**") and ______________________________ (hereinafter called the "**Originating Franchisee**") and ______________________________ (hereinafter called the "**Managing Participant**") and each of the Persons that have executed **Schedule "A**" attached hereto (each hereinafter called a "**Funding Participant**" and collectively the "**Funding Participants**").

RECITALS

Exchange has entered into the Purchase and Sale Agreement (defined below) with Client (defined below) pursuant to which Exchange purchases Accounts (defined below) from Client, or will make Advances (defined below) to Client secured by the Collateral (defined below).

The Participants desire to acquire from Exchange, and Exchange desires to sell to the Participants, Participation Percentages (defined below) in Exchange's factoring relationship with the Client, as set forth in the Purchase and Sale Agreement, upon the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. DEFINITIONS. As used herein the following terms have the following meanings.

"***Account***" shall have the meaning set forth in the Purchase and Sale Agreement

"***Account Debtor***" shall have the meaning set forth in the Purchase and Sale Agreement

"***Advances***" - The principal amount of all advances, and other extensions of credit or other financial accommodations, made (or required to be made) to or on behalf of the Client pursuant to the Purchase and Sale Agreement, and all other amounts, including, without limitation, attorney's fees (other than interest or other compensation) chargeable to the Client pursuant to the Purchase and Sale Agreement.

"***Back Office Services Fee***" - A processing fee paid by the Participants in a Funding Transaction in an amount equal to the greater of (a) a percentage (not to exceed 0.75%) of the Accounts represented by the invoices listed on Schedule of Accounts.

"***Banking Day***" - Any day of the year (other than Saturday or Sunday) on which national banks in the State of South Carolina are not required or authorized to close.

"***Client***" shall mean ______________________ [insert name of Client].

"***Client Obligations***" - The unpaid balance of Advances (referred to as "Net Cash Employed" in the Purchase and Sale Agreement), plus accrued but unpaid fees and other charges thereon, together with any and all other obligations of Client under the Purchase and Sale Agreement.

"***Collateral***" - All collateral and guarantees received by or granted to Exchange pursuant to the Purchase and Sale Agreement or otherwise securing all Client Obligations.

"***Collections***" - All funds received by Exchange from the Client, Account Debtors, or from other sources (including Guarantors) on account of the Client Obligations or as proceeds of Collateral, less any costs of collection or reserves required by Exchange in its sole discretion.

"***Documents***" - The Purchase and Sale Agreement, Exchange Services Agreement, the Participation Agreement, and all related documents.

"***Exchange***" shall have the meaning set forth in the Preamble to this Agreement.

"***Exchange Fee***" - A fee which is paid to the Service Provider in an amount equal to the percentage set out in the Rule and Regulations (currently, 0.25%) of the Accounts represented by the invoices subject to a Funding Transaction and processed through the Service Provider. Participants pay the Exchange Fee in proportion to their Participation Percentages.

"***Exchange Services***" - The identification of Funding Participants and the processing of Advances funded by such Funding Participants.

"***Extraordinary Expenses***" shall mean:

(a) Advances made subsequent to Exchange's declaring the Factoring Arrangement to be In Liquidation, so long as the making of such Advances is consistent with the Standard of Care;

(b) Attorneys' fees and disbursements, court costs and fees of any outside agency incurred subsequent to Exchange's declaring the Factoring Arrangement to be In Liquidation, in connection with the enforcement of any of Exchange's rights and remedies under the Purchase and Sale Agreement;

(c) Extraordinary Expenses shall not include expenses of ordinary overhead or ordinary payments made to clerical personnel or executives of Exchange or Managing Participant.

"***Factored Account***" - An Account of the Client specifically assigned by the Client to Exchange pursuant to the Purchase and Sale Agreement, the existence of which has been relied upon by Exchange in extending financial accommodations to the Client.

"***Factoring Arrangement***" - The entire contractual relationship pursuant to which the Client's Accounts are factored including, without limitation, the Purchase and Sale Agreement, the Client Obligations, the Collateral, and all other sources of repayment.

“***Franchise Agreement***” – means any of the Franchise Agreements between a Participant, as Franchisee, and Liquid Capital of America Corp., as Franchisor.

“***Franchisee***” – shall mean any of the franchisees of Liquid Capital of America Corp.

“***Franchisor***” – shall mean Liquid Capital of America Corp. and any of its successors or assigns.

“***Funding Participant***” – A Participant who elects to fund the Factoring Arrangement by acquiring at least the Minimum Participation Percentage. The Funding Participants and their respective Participation Percentages are listed on Schedule A hereto.

“***Funding Transaction***” –The delivery of funds by the Participants pursuant to this Participation Agreement for the purchase by Exchange of those Accounts that are the subject of the Funding Transaction. The invoices underlying the Accounts shall be those listed on each Schedule of Accounts issued by the Client under the Purchase and Sale Agreement. In each Funding Transaction, Participants will provide funds for the purchase of the Accounts in an amount equal to their proportionate share of the total Advance, as determined by their Participation Percentages.

“***Good Standing***” – A Franchisee is in “Good Standing” if it (a) is current on all payments due to Franchisor, Franchisor’s Affiliates, Exchange, other Franchisees and Clients; (b) has passed Franchisor’s most recent inspection or audit and is otherwise in compliance with Franchisor’s standards and procedures set forth in the Rules and Regulations; and (c) is not in default of the Franchise Agreement (including, without limitation, the performance standards set forth therein), any Participation Agreement, or any other agreement between Franchisee and Franchisor or Franchisor’s Affiliates.

“***Guarantors***” – Persons or entities which guarantee the Client Obligations.

“***In Liquidation***” – shall have the meaning given to it in Article 6 of this Agreement.

“***Income***” – All factor’s commissions, discounts, interest, and fees as specified in the Purchase and Sale Agreement.

“***LCRA***” - The Liquid Capital Remittance Account established for each Franchisee by Exchange, the operation of which is set out in the Rules and Regulations.

“***Liquid Capital System***” – A system for the establishment and operation of businesses for the operation of factoring and financial services under the name “Liquid Capital” in accordance with the Franchise Agreements, Franchisor’s Rules and Regulations and other standards, policies and procedures set forth in Franchisor’s Manual or otherwise in writing.

“***Major Default***” – The occurrence or existence of any of the following under the Purchase and Sale Agreement:

(a) The unpaid balance of Advances is greater than the outstanding balance of Factored Accounts that are not disputed and that are less than ninety (90) days old from date of invoice.

(b) The request by the Client to one or more Account Debtors (other than Account Debtors who have not been directed by Exchange to make payments to Exchange) that they pay the proceeds of Factored Accounts to an entity other than Exchange, and as a result thereof Account Debtors pay such proceeds in an amount at least equal to five percent (5%) of the Advances.

(c) The receipt by the Client of payment for five percent (5%) or more of the then outstanding Factored Accounts within a one-week period without delivering same to Exchange within two Banking Days thereafter.

(d) The Client discovers that at least ten percent (10%) of outstanding Factored Accounts at any one time have been disputed by Account Debtors and fails to advise Exchange or Managing Participant thereof within two Banking Days of such discovery.

(e) The Client:

(i) Becomes subject to a state or federal insolvency proceeding;

(ii) Ceases operations;

(iii) Defaults in the performance of its obligations under the Purchase and Sale Agreement and fails to cure the default as required. Nothing contained in this subsection shall obligate Exchange to send any notice of default; however, Managing Participant will always do so if directed by Exchange.

"***Management Fee***" – The fee paid to the Managing Participant by the other Participants in an amount equal to the percentage set out in the Rules and Regulations (up to a maximum of 0.50%) of the Accounts represented by the invoices subject to a Funding Transaction.

"***Managing Participant***" – The Person responsible for managing the ongoing relationship with the Client and other Participants and charged with the duties and responsibilities set out in this Agreement and the Rules and Regulations.

"***Manual***" - Collectively, all books, pamphlets, discs, software, bulletins, memoranda, letters, notices or other publications or documents prepared by or on behalf of Franchisor, whether in printed or electronic format, for use by Franchisees, setting forth information, advice, standards, requirements, operating procedures, instructions or policies, including the Rules and Regulations, relating to the operations of the Liquid Capital System, as same may be amended, modified or enhanced from time to time by Franchisor.

"***Maximum Advance to the Client***" – The maximum Advance to the Client permitted by the terms of the Purchase and Sale Agreement. Actual Advances may not exceed this by more than 10% without the Purchase and Sale Agreement being amended or terminated.

"***Minimum Participation Percentage***" – The minimum Participation Percentage for a Participant as set out in the Rules and Regulations. Currently, the Minimum Participation Percentage is twenty percent (20%).

"***Originating Franchisee***" – The Franchisee who, through the operation of the Franchised Business, identified and initially processed (in accordance with the procedures set forth in the Rules and Regulations) the Client that entered into the Purchase and Sale Agreement with Exchange.

"***Originating Franchisee Fee***" – The fee in an amount equal to the percentage (currently 12%) set out in the Rules and Regulations of the gross revenue earned by the other Participants in a Funding Transaction and paid to the Originating Franchisee by such other Participants as a referral fee for identifying and initially processing the Client in accordance with the procedures set forth in the Rules and Regulations.

"***Participant***" – shall mean the Managing Participant, Funding Participants and the Originating Franchisee, if it is otherwise participating in the Factoring Arrangement, and "Participants" means all of such persons as they may be represented in the Factoring Arrangement.

"***Participant's Compensation***" – Each Participant's pro rata share of all fees paid by a Client in a Factoring Arrangement after Net Expenses (i.e., gross expenses, net of recoveries).

"***Participant's Investment***" – The net outstanding amount of all contributions made by a Participant to fund its pro rata share of Advances to the Client.

"***Participant's Maximum Investment***" – Each Participant's pro rata share of the Maximum Advance to the Client set out in the Purchase and Sale Agreement.

"***Participation Interest***" means the payment rights of a Participant pursuant to this Participation Agreement.

"***Participation Percentage***" – Each Participant's applicable percentage of the total Factoring Arrangement, as set out on Schedule A. A Participant's "pro rata share" shall be determined by reference to the Participant's Participation Percentage as set out in this Agreement.

"***Power of Attorney***" shall have the meaning given to it in Article 11 of this Agreement.

"***Purchase and Sale Agreement***" - That certain Purchase and Sale Agreement between Exchange and Client dated ____________ [insert date] and any security agreement and all documents related thereto, pursuant to which the Client's Accounts are factored.

Repurchase Price" – For any Participant, the sum of that Participant's Investment and all accrued Participant's Compensation.

"***Rules and Regulations***" - All rules, regulations, directives, procedures, policies and similar matters prescribed by Franchisor for use by Franchisees in the operation of the Liquid

Capital System, as amended or modified by Franchisor from time to time. The Rules and Regulations are included in the Manual.

"***Schedule of Accounts***" – Each list of invoices representing the Accounts to be purchased under the Purchase and Sale Agreement and that are the subject of a Funding Transaction, including all accompanying documentation required by the Purchase and Sale Agreement.

"***Standard of Care***" – shall mean the exercise of such reasonable care and skill as a person would use in managing the affairs of its own clients and maintained by best industry practices and in accordance with the Rules and Regulations.

"***UCC***" – The Uniform Commercial Code of Texas.

All initially capitalized terms used in this Agreement and not defined above shall have the meaning set forth in the UCC and the Purchase and Sale Agreement (as defined below); provided, that if there is a conflict between the UCC and the Purchase and Sale Agreement, the Purchase and Sale Agreement shall control.

2. SALE OF PARTICIPATION PERCENTAGES

2.1. Exchange hereby sells to each Participant, without recourse, and each Participant agrees to purchase from Exchange, an undivided Participation Percentage interest in the Factoring Arrangement as set out in Schedule A. Each Participation Percentage shall equal at least the Minimum Participation Percentage.

2.2. So long as a Participant is not in default, Exchange may not change the Participant's Participation Percentage or the Participant's Maximum Investment without Participant's prior written consent.

2.3. Exchange represents that the sale does not violate any agreement to which Exchange is a party, and that rights acquired by Participants will be free and clear of the claims of any other entity.

2.4. The relationship between Exchange and the Participants shall be that of a seller and purchaser.

2.5. All Participants agree to pay the Back Office Services Fee and the Exchange Fee; all Participants other than the Managing Participant agree to pay the Management Fee, all Participants other than the Originating Franchisee agree to pay the Originating Franchisee Fee, all at the rates in effect as of the date hereof.

3. PROCEDURE AND PAYMENTS REGARDING PARTICIPATION

3.1. Exchange will on an ongoing basis promptly upon receipt from either of the Client, Originating Franchisee or the Managing Participant make available electronically for Participants the Purchase and Sale Agreement as well as supporting descriptive, credit, and analytical information, financial statements, reports, and documents concerning the Client.

3.2. Exchange will promptly deliver monthly statements to Participants showing the status of the Factoring Arrangement as of the last day of the preceding month and the activity during such month.

3.3. All Collections will be applied to Client Obligations at such time and in such manner as is provided in the Purchase and Sale Agreement.

3.4. Participants shall provide funds for each Funding Transaction in proportion to their respective Participation Percentages. It is each Participant's sole responsibility to assure that there are always funds in the Participant's LCRA adequate to meet Participant's obligations to Client and the remaining Participants. Participant's failure to do so shall constitute an event of default by Participant.

3.5. At any time Participant's Investment is less than that amount obtained by multiplying the Participant's Participation Percentage by the Advances and there are insufficient funds in the Participant's LCRA to cure such shortfall, Exchange will advance funds in the amount of the shortfall on behalf of Participant ("**Short-Term Loan**"). Such Participant's Participation Percentage is subordinate to and security for any Short-Term Loan made by Exchange on behalf of Participant. Advances will bear per diem interest and transaction costs at the rates, as modified from time to time, set out in the Rules and Regulations. A Participant must repay advances by depositing the required funds to its LCRA by no later than 10:00 am (Eastern Time) on the next Banking Day following such Short-Term Loan by Exchange. Exchange may adjust the Participation Percentages of Participant, or take such other steps as it deems reasonable including but not limited to the sale of the Participant's Participation Percentage, to collect unpaid Short-Term Loans and accrued interest and costs.

3.6. Each notice or request under Section 3.5 shall be accompanied by the supporting calculation, as stated in the Rules and Regulations.

3.7. Unless Exchange has declared the Factoring Arrangement to be In Liquidation, Exchange shall transfer each Participant's Compensation to the Participant's LCRA and send supporting calculations to the Participant.

3.8. All payments due hereunder shall be made by wire transfer as follows:

TO PARTICIPANT	To the LCRA
TO EXCHANGE	Bank Name: Bank ABA Number: Account Name: Account Number:

4. MANAGEMENT DUTIES OF EXCHANGE AND MANAGING PARTICIPANT.

4.1. Exchange and Managing Participant shall bear all of their own costs and expenses except for Extraordinary Expenses.

4.2. All transactions contemplated by the Purchase and Sale Agreement shall be conducted in Exchange's name.

4.3 Managing Participant shall respond to all reasonable inquiries of the other Participants and shall deliver such status and other reports in the form and manner and at the times required by the Rules and Regulations.

4.4. Exchange and Managing Participant agree to administer the Factoring Arrangement in accordance with the Purchase and Sale Agreement, this Participation Agreement, the Rules and Regulations, applicable law and the Standard of Care, including providing notice to the Participants upon Exchange's issuance of a Schedule of Accounts of the amount of each Funding Transaction.

4.5. Managing Participant shall notify Exchange of all Client defaults as set out in the Purchase and Sale Agreement and all other Participants if it becomes aware of a Major Default.

4.6. Managing Participant shall fulfill all of its obligations as set out in this Agreement and the Rules and Regulations.

4.7. Exchange may amend the terms of the Factoring Arrangement without the prior written consent of Participants, so long as such amendment (i) is consistent with the Standard of Care and (ii) will not reduce the amount which Participant would have received on account of its Participation Percentage.

5. WARRANTIES, REPRESENTATIONS AND AGREEMENTS OF EXCHANGE

5.1 Exchange warrants and represents that the Purchase and Sale Agreement and related documents have been duly executed and filed and Exchange has and will preserve a first and senior security interest in all Factored Accounts.

5.2 Exchange agrees to disburse Collections in accordance with the payout procedures in the Rules and Regulations. Exchange is obligated to disburse only any monies actually collected. Exchange is not a trustee for the invoice itself or monies owed pursuant to the invoice.

5.3 Exchange will use reasonable commercial efforts to collect on outstanding Accounts covered by the Purchase and Sale Agreement and will remit all monies received to the LCRA accounts maintained by Exchange for the Participants in proportion to the Participants' Participation Percentages in accordance with the obligations in the Documents.

6. IN LIQUIDATION

6.1. Exchange may declare the Factoring Arrangement to be In Liquidation at any time that a default has occurred under the Purchase and Sale Agreement and must declare the Factoring Arrangement to be In Liquidation immediately upon the occurrence of a Major Default, unless all of the Participants agree to waive the Major Default.

6.2. After declaring the Factoring Arrangement to be In Liquidation, Exchange shall assume the role of Managing Participant, without the obligation to acquire a Participation Percentage in the Factoring Arrangement, and shall be entitled thereafter to be compensated for its services as Managing Participant as set forth in the Rules and Regulations.

6.3. After declaring the Factoring Arrangement to be In Liquidation, Exchange shall pay to the Participants their Participation Percentage (as determined on the date on which Exchange has declared the Factoring Arrangement to be In Liquidation) of all Collections until Participants have received full payment of the Participant's Investment and Participant's Compensation or Collections have been exhausted.

6.4. Participants shall pay to Exchange, on demand, and upon their receipt of supporting documentation, their Participation Percentage of all Extraordinary Expenses. Exchange will debit the Participants' LCRAs for such amounts.

7. EFFECT OF BREACH BY EXCHANGE

7.1. It shall be presumed that the damages caused to a Participant by Exchange's breach of this Agreement, including but not limited to a breach of Section 4.3 hereof, shall be equal to the Repurchase Price.

7.1.1 If Exchange does not dispute that the amount of damages caused by its breach is equal to the Repurchase Price, then upon written notice of the breach to Exchange by Participant and Exchange's failure to cure such breach within ten (10) days, Exchange shall repurchase the Participant's Participation Percentage for the Repurchase Price.

7.1.2 If Exchange reasonably believes that the damages caused to a Participant by any breach (other than a breach arising from Exchange's failure to pay Participant's Compensation which shall be subject to Section 7.2) is less than the Repurchase Price, then Exchange may dispute the amount of damages caused by the breach in accordance with the procedures set forth in Article 14 and, if successfully disputed, Exchange shall pay to Participant the amount of Participant's actual and consequential damages sustained as a result of said breach, not to exceed the Repurchase Price, and the Participant shall retain its Participation Percentage.

7.2 Anything herein to the contrary notwithstanding, upon the failure of Exchange to pay to a Participant its Participant's Compensation and Exchange's failure to cure such breach within ten (10) days of written notice thereof by such Participant to Exchange, Exchange shall repurchase the Participant's Participation Percentage from the Participant for the Repurchase Price.

8. EFFECT OF BREACH BY MANAGING PARTICIPANT OTHER THAN EXCHANGE

8.1 If, upon its own initiative or written notice from any Participant, Exchange determines that Managing Participant has breached this Agreement, Exchange shall declare the Managing Participant in breach.

8.2 After declaring a breach by Managing Participant, Exchange shall assume the role of Managing Participant, without the obligation to acquire a Participation Percentage in the Factoring Arrangement, and shall be entitled thereafter to be

compensated for its services as Managing Participant as set forth in the Rules and Regulations.

8.3. It shall be presumed that the damages caused to a Participant by any breach by Managing Participant hereunder, including but not limited to a breach of Sections 4.3 and 4.4 hereof, shall be limited to the Repurchase Price of the Participant's Participation Percentage. Damages caused to Exchange shall be limited to actual and consequential damages sustained by Exchange.

8.4. Any obligation owed by Managing Participant to Exchange or a Participant arising from its breach that is not paid when due shall accrue default interest at the highest rate allowed by applicable state or federal law not to exceed the rate of thirty percent (30%) per annum.

9. PARTICIPANTS' ACKNOWLEDGMENTS AND AGREEMENTS

9.1 The detailed operating mechanisms of Exchange are documented in the Rules and Regulations (as contained in the Manual), both of which form a material part of this Agreement, and both of which may from time to time be amended.

9.2. Neither Exchange nor Franchisor guarantees the credit of a particular invoice, Client or Account Debtor or the performance of a Client or Account Debtor. Exchange will not make its own independent inquiries of any particular invoice, Client or Account Debtor and it is understood that Exchange shall have no liability for any reason whatsoever in the event that an invoice or part thereof is not paid by the Account Debtor and recourse to the Client or its Guarantors is insufficient to recover.

9.3 Participants acknowledge that credit decisions are very subjective and that in making such decisions it is necessary to rely upon information obtained from third persons including, but not limited to, banks, accountants, lawyers, credit agencies, government agencies, newspapers or periodicals, and creditors of the relevant person or from the Prospective Client, Client, or Account Debtor, the completeness and accuracy of which and correct interpretation thereof cannot be assured or guaranteed by Exchange. Participants acknowledge their understanding that reasonable minds may differ as to the quality, quantity or interpretation of information necessary in order to render credit decisions. Participants agree that, except in the case of willful misconduct or bad faith, Exchange shall not under any circumstances be liable to the Participants, and shall be released by the Participants from any liability, for any claims of direct or indirect, special, incidental or consequential damages, including, but not limited to lost profits, injury to goodwill, or other economic loss, arising out of or relating directly or indirectly to credit decisions or opinions rendered by Exchange with regard to any Prospective Client, Client, or Account Debtor or any other act, mistake, omission or error in judgment of Exchange

9.4. Exchange will provide to potential Participants such information about the invoices, Account Debtors or Clients as it receives from the Originating Franchisee or the Managing Participant. Exchange will also provide information that is developed as part of the credit and underwriting process without any warranty by Exchange, Franchisor or their services subcontractors. The Originating Franchisee and the Managing Participant shall provide this

information in the electronic form specified by Exchange and shall certify such information as to accuracy to the best of their knowledge and belief.

9.5. Participants acquire all or part of any Participation Percentage from Exchange solely at their own risk based upon their own evaluation of the information provided and based upon their own evaluation of the skills, integrity and abilities of the Managing Participant and the Originating Franchisee and not in reliance on any certification made by either Franchisor or Exchange.

9.6 Funding Participants agree to be bound by the decisions of the Managing Participant.

9.7 Participants shall not refer Clients to any provider of factoring, funding, or financial services other than Exchange or as otherwise designated in writing by Franchisor.

9.8 Participants agree to indemnify Exchange and Franchisor from and against all claims, demands, suits, losses, costs and expenses (including legal fees and costs) arising from or in connection with the failure of the Participants, or any one of them, to fulfill their obligations or any other act or omission to act of the Participants, or their agents, employees or subcontractors.

10. REGISTRATION OF SECURITY INTERESTS

10.1. Participants hereby agree to relinquish all rights in connection with the registration of security interests in the Collateral and such registration under the UCC or similar laws of any state shall be the sole and exclusive responsibility of Exchange.

10.2. Exchange will ensure that all liens and security interests in the Collateral are properly filed and perfected .

10.3. In the event that Participant has for any reason whatsoever either properly or improperly registered a security interest against a Client or Account Debtor then Participant shall assign its security interest in favor of Exchange and all Participants.

10.4 Anything in this Agreement to the contrary notwithstanding, Exchange shall permit any lender that loans money to a Participant to fund Advances, including Franchisee if Franchisee is a Funding Participant, to register a first lien security interest against such Participant's Participation Interest in order secure repayment of the lender's loan. A sample copy of the permitted lien is annexed hereto as **Schedule B**.

11. POWER OF ATTORNEY

Each of the Participants hereby grant a Power of Attorney to Exchange which allows Exchange to take all the necessary steps to process, approve, and receive monies in connection with the Transaction, to enforce the default provisions of this agreement, to register, modify and discharge security, and if necessary to require Participants to execute such further documentation as required by Exchange in its discretion to give effect to this clause.

12. RELATIONSHIP TO FRANCHISE AGREEMENT

12.1 Exchange reserves the right to suspend the provision of any new Exchange Services to a Participant if the Participant is not in Good Standing under its Franchise Agreement with Franchisor or during the pendency of any cure period if a Participant is in default of this Agreement.

12.2 If a Participant is in default of this Agreement and fails to cure such default within the cure period (if any) set forth herein, Exchange may terminate Participant's Participation Percentage or, without prejudice to Exchange's future right to terminate, may suspend the provision of new Exchange Services to Participant and manage the defaulting Participant's Participation Percentage in accordance with the instructions of Franchisor, subject to Section 3.6. Any forbearance by Exchange to terminate this Agreement is on a strictly without prejudice basis to Exchange's right to terminate this Agreement in the event of a further breach by the Participant and such forbearance shall not be construed as a waiver of any of the terms of this Agreement.

12.3 A default by Participant under this Agreement and failure to cure such default within the cure period (if any) set forth herein will also constitute a default under the Participant's Franchise Agreement, for which Franchisor may terminate the Participant's Franchise Agreement, or, without prejudice to Franchisor's future right to terminate, may direct Exchange to suspend the provision of new Exchange Services to Participant for such period of time as Franchisor may designate. Any forbearance by Franchisor to terminate the Franchise Agreement is on a strictly without prejudice basis to Franchisor's right to terminate the Franchise Agreement in the event of a further breach by the Participant and such forbearance shall not be construed as a waiver of any of the terms of the Franchise Agreement.

12.4 Expiration or termination of a Participant's Franchise Agreement shall constitute an event of default under this Agreement for which Exchange shall terminate Participant's Participation Percentage.

12.5 If the Franchise Agreement between a Participant and Franchisor expires or is terminated for any reason whatsoever Franchisor shall, (subject to Section 12.6 below) purchase the Participant's Participation Percentage upon the terms and conditions set forth in the Franchise Agreement.

12.6. Participants in Good Standing shall have first right to acquire a defaulting Participant's Participation Percentage on the terms and conditions established by the Rules and Regulations. Such right must be exercised within two (2) business days of receiving notice, failing which Exchange may offer the defaulting Participant's Participation Percentage to other qualified purchasers on the same terms and conditions.

13. ASSIGNMENT

13.1 This Agreement may be assigned by Exchange to any successor-in-interest to Exchange that assumes Exchange's rights and obligations hereunder, without the consent of any other party hereto.

13.2 No Participant may assign his or her Participation Percentage in the Agreement (in whole or in part) except where the Franchise Agreement is also being assigned, in which case the Participant's Participation Percentage under this Agreement must also be assigned. Nothing contained herein shall prevent (i) a Participant from pledging his or her Participation Percentage as collateral for a loan, or (ii) Franchisor from assigning a Participation Percentage acquired by it following the expiration or termination of such Participant's Franchise Agreement.

14. GOVERNING LAW AND DISPUTE RESOLUTION.

14.1 This Agreement shall be interpreted, construed and governed by the laws of the State of Texas (without regard to its conflicts of law principles).

14.2 The parties acknowledge that during the term of this Agreement certain disputes may arise between them that they are unable to resolve, but that may be resolvable through mediation, including but not limited to those arising out of or relating to this Agreement or any agreements or instruments relating hereto or delivered in connection herewith and any claim based on or arising from an alleged tort. To facilitate such resolution, the parties agree that any of them shall, prior to commencement of an arbitration proceeding pursuant to subsection 14.3, to require that a dispute first be submitted for non-binding mediation conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association ("**AAA**") at a mutually agreeable location (provided, that if the parties cannot agree on a location, the mediation will be conducted at the offices of the AAA nearest to Dallas, Texas) by a single mediator. If the parties cannot agree on a mediator within a reasonable period of time (not to exceed fifteen (15) days) following the election to mediate, then the mediator shall be selected in accordance with the Commercial Mediation Rules of the AAA. The parties agree that statements made by either of them in any such mediation proceeding will not be admissible for any purpose in a subsequent arbitration or other legal proceeding. If such dispute cannot be resolved through mediation, the parties agree to submit such dispute to arbitration, subject to the terms and conditions of subsection 14.3.

14.3 Arbitration of the matters contemplated by subsection 14.2 shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("**AAA**") at a mutually agreeable location (provided, that if the parties cannot agree on a location, the mediation will be conducted at the offices of the AAA nearest to Dallas, Texas). The arbitration shall be conducted by a single arbitrator appointed in accordance with such rules, unless the parties agree on an arbitrator within a reasonable period of time (not to exceed fifteen (15) days) following submission of the matter to arbitration. All arbitration proceedings conducted pursuant to this subsection 14.3 shall be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) and not by any state arbitration law. Any award of the arbitrator shall be in writing, shall state the reasons for the award (including any findings of fact and conclusions of law), and shall explain the manner in which any awarded damages are calculated. The parties waive, to the fullest extent permitted by law, any right or claim to any punitive or exemplary damages against the other, and agree that any award shall be limited to the recovery of any actual damages sustained by them. The arbitration award shall be binding upon the parties and may be entered and enforced in any court of competent jurisdiction.

15. TERM AND TERMINATION

15.1. This Agreement shall become effective upon execution by all the parties and shall, subject to Section 15.2, continue until the expiration or earlier of the termination of the Purchase and Sale Agreement.

15.2 In the event the Purchase and Sale Agreement is renewed after the expiration of the Initial Term or any Renewal Term (as defined in the Purchase and Sale Agreement), Participants in Good Standing shall, by giving written notice fifteen (15) days prior to the expiry of the Initial Term or any Renewal Term, have the right to renew their Participation Percentages hereunder for successive periods coterminous with the Renewal Terms (not to exceed one (1) year) of the Purchase and Sale Agreement.

15.3. Participants in Good Standing shall have first night to maintain their Participation Percentages in the event that the Purchase and Sale Agreement is amended as a result of a need to increase the Maximum Advance to the Client. Such right must be exercised in writing within two (2) business days of receiving notice of such amendment.

16. GENERAL PROVISIONS

16.1. Neither this Agreement nor any provisions hereof may be changed, waived, discharged, or terminated, nor may any consent to the departure from the terms hereof be given, orally (even if supported by new consideration), but only by an instrument in writing signed by all parties to this Agreement. Any waiver or consent so given shall be effective only in the specific instance and for the specific purpose for which given.

16.2. In the event that any party finds it necessary to retain counsel in connection with the interpretation, defense, or enforcement of this agreement, the prevailing party(s) shall recover reasonable attorney's fees and expenses from the unsuccessful party. It shall be presumed (subject to rebuttal only by the introduction of competent evidence to the contrary) that the amount recoverable is the amount billed to the prevailing party by its counsel and that such amount will be reasonable if based on the billing rates charged to the prevailing party by its counsel in similar matters.

16.3. No course of dealing, course of performance or trade usage, and no parole evidence of any nature, shall be used to supplement or modify any terms of this Agreement.

16.4. No failure to exercise and no delay in exercising any right, power, or remedy hereunder shall impair any right, power, or remedy which any party may have, nor shall any such delay be construed to be a waiver of any of such rights, powers, or remedies, or any acquiescence in any breach or default hereunder; nor shall any waiver of any breach or default be deemed a waiver of any default or breach subsequently occurring. All rights and remedies granted to any party hereunder shall remain in full force and effect notwithstanding any single or partial exercise of, or any discontinuance of action begun to enforce, any such right or remedy. The rights and remedies specified herein are cumulative and not exclusive of each other or of any rights or remedies that any party would otherwise have. Any waiver, permit, consent, or approval by any party of any breach or default hereunder by any other party must be in writing

and shall be effective only to the extent set forth in such writing and only as to that specific instance.

16.5. Each party hereto agrees to do such further acts and things and to execute and deliver such additional agreements, powers and instruments as any other party hereto may reasonably request to carry into effect the terms, provisions and purposes of this Agreement or to better assure and confirm unto such other party hereto its respective rights, powers and remedies hereunder.

16.6. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were upon the same instrument. Signatures may be affixed manually or digitally and delivery of an executed counterpart of the signature page to this Agreement by facsimile or by electronic means shall be effective as delivery of a manually executed counterpart of this Agreement. Any party delivering an executed counterpart of the signature page to this Agreement by facsimile or electronic means to any other party shall thereafter also promptly deliver a manually executed counterpart of this Agreement to such other party, however, failure to deliver such manually executed counterpart shall not affect the validity, enforceability, or binding effect of this Agreement.

16.7. All notices required to be given to either party hereunder shall be deemed given upon the first to occur of. (a) five (5) business days after deposit thereof in a receptacle under the control of the United States Postal Service; properly addressed and postage prepaid; (b) transmittal by electronic means to a receiver under the control of the party to whom notice is being given; or (c) actual receipt by the Party to whom notice is being given, or an employee or agent of thereof. For purposes hereof, the addresses of the Participants as maintained by the Franchisor in its records and the address of Exchange is as set forth below or as may otherwise be specified from time to time in a writing in accordance with the provisions hereof.

IF TO EXCHANGE:
Address:
____
____
____

Attention:__________________________
Fax number:________________________

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed the day and year first above-written.

EXCHANGE: LIQUID CAPITAL EXCHANGE, INC.

By:______________________________

MANAGING PARTICIPANT:

By:______________________________

ORIGINATING FRANCHISEE:

By:__________________________________

FUNDING PARTICIPANT(S)

By:__________________________________

By:__________________________________

By:__________________________________

SCHEDULE A

Participant	Participation Percentage

SCHEDULE B

All cash balances of Secured party maintained on deposit with Debtor.

All rights acquired by Secured Party from Debtor, as evidenced by Participation Agreements, in factoring agreements or other financial arrangements between Debtor and its clients (each, a "**Client**") entered into from time to time, including the Secured Party's portion as set out in the Participation Agreement of (i) the Debtor's claim against each Client thereunder, and (ii) an interest in the Debtor's claim against the Clients assets including but not limited to accounts.

AMENDMENT TO
PARTICIPATION AGREEMENT
FOR THE STATE OF ILLINOIS

The Participation Agreement between ______________________________ ("**Originating Franchisee**"), __________________________________ ("**Managing Participant**") and Liquid Capital Exchange, Inc. ("**Exchange**") dated _________________________ (the "**Agreement**") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement ("**Amendment**"):

ILLINOIS LAW MODIFICATIONS

1. Anything in Section 14.1 of the Agreement to the contrary notwithstanding, Illinois law shall govern claims brought under the Illinois Franchise Disclosure Act of 1987.

2. This Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Originating Franchisee and Managing Participant on behalf of themselves and their respective owners acknowledge that they have read and understand the contents of this Amendment, that they have had the opportunity to obtain the advice of counsel, and that they intend to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____________________, 20___.

FRANCHISOR:

Liquid Capital Exchange, Inc.

By:__________________________________
Name:____________________________
Title:_____________________________

ORIGINATING FRANCHISEE:

By:__________________________________
Name:____________________________
Title:_____________________________

MANAGING PARTICIPANT:

By:__________________________________
Name:____________________________
Title:_____________________________

EXHIBIT D

LIST OF FRANCHISED TERRITORIES AND AREA DIRECTORS

EXHIBIT D

LIST OF FRANCHISED TERRITORIES AND AREA DIRECTORS

AS OF DECEMBER 31, 2013

FRANCHISED TERRITORIES:

FRANCHISEE NAME	CONTACT NAME	ADDRESS	PHONE NUMBER
BVH Capital, Inc. ** jgottesman@liquidcapitalcorp.com	Joel Gottesman	10583 E. Cinder Cone Trail Scottsdale, AZ 85262	Phone: 480-473-2105
Global Capital of Northern California, Inc. apurohit@liquidcapitalcorp.com	Amul Purohit	1200 West 8th Street Davis, CA 95616	Phone: 530-750-0585
Timothy Frazier dba Liquid Capital of Sacramento Tfrazier@liquidcapitalcorp.com	Timothy Frazier	5401 Cowhide Ct. Placerville, CA 95667	Phone: 916-671-5766
Armada Liquid Capital pcole@liquidcapitalcorp.com	Patrick Cole	9575 Pinehurst Drive Roseville, CA 95747	Phone: 916-746-0029
BDB Capital, Inc. * dba Liquid Capital of Colorado bdawson@liquidcapitalcorp.com	Bruce & Barbara Dawson	1401 Onyx Circle Longmont, CO 80504	Phone: 303-774-7623
Colgan Financial Group Inc. dba Liquid Capital Partners bcolgan@liquidcapitalcorp.com	Bob Colgan	265 Post Road West Westport, CT 06880	Phone: 203-454-1484
Custage International Inc. * dba Global Boardroom Solutions custage@liquidcapitalcorp.com	Dennis Custage	7755 NW 55 Place Coral Springs, FL 33067	Phone: 954-796-7042
LCAP Financial, LLC cimery@liquidcapitalcorp.com	Carlos Imery	1739 Washington St. #9 Hollywood, FL 33020	Phone: 954-513-3199
Tuanis Capital Corp. dba Liquid Capital of South Florida Mruch@liquidcapitalcorp.com	Michael Ruch	3389 Sheridan Street Suite 568 Hollywood, FL 33021	Phone: 305-677-3560
LFS Capital, Inc. lschaad@liquidcapitalcorp.com	Larry Schaad	14720 SW 108th Terrace Miami, FL 33196	Phone: 786-237-7756
Pharos Capital, LLC fscoupe@liquidcapitalcorp.com	Federico Coupe	545 SW 29th Road Miami, FL 33129	Phone: 305-857-0367
Finance & Beyond, LLC fannicchiarico@liquidcapitalcorp.com	Francisco Annicchiarico	3350 1048 Ave. Suite 100 Miramar, FL 33027	Phone: 954-894-1600

FRANCHISEE NAME	CONTACT NAME	ADDRESS	PHONE NUMBER
Redwood Road Enterprises, Inc. dba Liquid Capital Funding ldoernberg@liquidcapitalcorp.com	Lee Doernberg	10860 Carrara Cove Alpharetta, GA 30022	Phone: 678-393-8702
Liquid Capital of Northwest Atlanta, LLC acelentano@liquidcapitalcorp.com	Albert Celentano	1734 Nemours Drive Kennesaw, GA 30152	Phone: 770-876-8329
Cable Financial Services Inc. rcable@liquidcapitalcorp.com	Robert Cable	128 Strother Place Saint Simmons Island, GA 31522	Phone: 912-268-4688
Noetic Capital Strategies, LLC dba Liquid Capital Funding lwitort@liquidcapitalcorp.com	Laurence Witort	500 Lake Cook Rd., Suite 350 Deerfield, IL 60015	Phone: 847-999-4670
Knightsbridge Finance Corp. dba Liquid Capital of Chicago msidhu@liquidcapitalcorp.com	Mandeep Sidhu	11253 Victoria Lane Huntley, IL 60142	Phone: 847-515-4732
Axis Financial Corporation dba Liquid Capital of Illinois tstamborski@liquidcapitalcorp.com	Thomas Edward Stamborski	579 First Bank Drive, #150 Palatine, IL 60067	Phone: 847-842-3300
Bunker Hill Financial Corp. dba Liquid Capital of New England mburke@liquidcapitalcorp.com	Michael Burke	82 Broad St., #373 Boston, MA 02110	Phone: 617-398-6336
Brown Street Finance dba Liquid Capital Associates lainsworth@liquidcapitalcorp.com	Layne Ainsworth	One Camp Street, Suite 100 Cambridge, MA 02140	Phone: 617-395-8334
Andrew Taylor for a company to be incorporated ataylor@liquidcapitalcorp.com	Andrew Taylor Daniel Taylor	15480 Annapolis Road Suite 2020, #196 Bowie, MD 20715	Phone: 410-774-0358
Growth Capital, Inc. dba Liquid Capital of Missouri ahindle@liquidcapitalcorp.com	Angela Marie Hindle	16511 Lancaster Estates Dr. Wildwood, MO 63040	Phone: 636-458-6602
Apollo Funding, LLC dba Liquid Capital Express, LLC mbanasiak@liquidcapitalcorp.com	Michael Banasiak	1103 Aileen Road Brielle, NJ 08730	Phone: 732-223-2290
Enchantment Capital Corporation dba Liquid Capital of New Mexico sthompson@liquidcapitalcorp.com	Susan Thompson	2000Allegretto Tr NW Albuquerque, NM 87104	Phone: 505-508-1860
CRS Factoring, LLC. cspivey@liquidcapitalcorp.com	Craig Spivey	6 Camel Hollow Rd Huntington, NY 11743	Phone: 516-225-2065

FRANCHISEE NAME	CONTACT NAME	ADDRESS	PHONE NUMBER
Gasal & Associates Inc.**** dba Liquid Capital Bakken lgasal@liquidcapitalcorp.com	Les Gasal	387 15th Street, Ste. #290 Dickinson, ND 58601	Phone: 800-505-7556
Omega Factoring LLC jcummings@liquidcapitalcorp.com	Jon Cummings IV	10255 Sawmill Parkway Suite A-33 Columbus OH 43065	Phone: 786-317-3516
Yellow Brick Solutions, Inc. dba Liquid Capital of Western Pennsylvania jdelong@liquidcapitalcorp.com	Jim DeLong	PMB #131, 2400 Oxford Dr. Bethel Park, PA 15102	Phone: 412-835-7000
CoJax Inc. dba Liquid Capital of Greater Philadelphia jwilson@liquidcapitalcorp.com	Jack Wilson Minette Wilson	196 W. Ashland Street Doyleston, PA 18901	Phone: 267-895-1711
Effective Business Solutions, Inc. ** amachado@liquidcapitalcorp.com	Alfredo Machado	No. 7 Shell Castle Rd. Humacao, PR 00791	Phone: 787-656-2626
Baker & Baker Inc. dba Liquid Capital of the Dakotas rbaker@liquidcapitalcorp.com	Robert Baker Andrea Baker	6102 134th St. Aberdeen, SD 57401	Phone: 605-216-2196
Briggs Ventures, Inc. dba Liquid Capital of the Mid South gbriggs@liquidcapitalcorp.com	Gail Briggs	2446 Logwood Briar Cove South Collierville, TN 38017	Phone: 901-233-6624
MA Ventures LLC dba Liquid Capital Resources jpmondragon@liquidcapitalcorp.com	Juan Pablo Mondragon Isabel Maria Anaya	10036 Lachlan Drive Austin, TX 78717	Phone: 512-660-5170
Capital Analysis of Texas, LLC redinger@liquidcapitalcorp.com	Ron Edinger	11703 Huebner Rd. #106-470 San Antonio, TX 78230	Phone: 210-587-7267
KSS & Sons Solutions, LLC ksouza@liquidcapitalcorp.com	Kenneth Souza	6502 Centre Place Circle Spring, TX 77379	Phone: 832-559-3624
CAB Financial Corp. dba Liquid capital Funding bangstman@liquidcapitalcorp.com	Barry Angstman	2236 Berkeley Street Salt Lake City, UT 84109	Phone: 385-227-8646
TDC Enterprises, Inc. tcampbell@liquidcapitalcorp.com	Terry Campbell Debbie Campbell	105-A Lew Dewitt Blvd #102 Waynesboro, VA 22980	Phone: 540-221-2593
Liquid Capital of Wisconsin, LLC dfrenzel@liquidcapitalcorp.com	Darrell Frenzel	2833 W. Layton Avenue Greenfield, WI 53221	Phone: 414-416-8820

*Indicates Franchisee that operates 1.5 territories under a single Franchise Agreement.
**Indicates Franchisee that operates 3 territories under a single Franchise Agreement.
***Indicates Transfer
****Indicates Relocation

COMPANY OWNED:

FRANCHISEE NAME	CONTACT NAME	ADDRESS	PHONE NUMBER
Liquid Capital of America Corp.	Andrew Meroney	5525 North MacArthur Blvd. Suite 625 Irving, TX 75038	Phone: 972-550-3976

EXHIBIT E

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

EXHIBIT E

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
DURING OUR FISCAL YEAR ENDED DECEMBER 31, 2013

FRANCHISEES:

FRANCHISEE NAME	CONTACT NAME	ADDRESS	PHONE NUMBER
Nimble Capital Partners, LLC rfalero@liquidcapitalcorp.com	Ramon Falero	3529 West Fairview Street Coconut Grove, FL 33133	Phone: 305-799-8673
JAR Capital LLC jrabjohns@liquidcapitalcorp.com	Joshua Nells Rabjohns	1235 Wild Rose Ln Lake Forest, IL 60045	Phone: 847-615-8888
Expert Capital Solutions, Inc. dba Liquid Capital Solutions dsimovic@liquidcapitalcorp.com	Drasko Simovic James Fitzgibbon	70 Madison Street, Suite 1 Wrentham, MA 02093	Phone: 508-384-7120
Gasal & Associates Inc. **** dba Liquid Capital Nebraska Corp. lgasal@liquidcaptialcorp.com	Les Gasal	103 Crestview Drive Sutton, NE 68979	Phone: 402-773-0200
Arrow W Services Group, Inc. dba Liquid Capital of Eastern Pennsylvania twilson@liquidcapitalcorp.com	Timothy Wilson	2072 Spring Valley Road Lansdale, PA 19446	Phone: 610-222-2268

*Indicates Franchisee that operates 1.5 territories under a single Franchise Agreement.
**Indicates Franchisee that operates 3 territories under a single Franchise Agreement.
***Indicates Transfer
****Indicates Relocation

EXHIBIT F

TABLE OF CONTENTS (OPERATIONS MANUAL)

EXHIBIT F

LCC MANUAL – SUMMER 2011 EDITION
L I Q U I D C A P I T A L C O R P ©

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EXHIBIT G

STATE-SPECIFIC ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

STATE-SPECIFIC ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the Liquid Capital of America Corp. franchise disclosure document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _________________, 20___.

CALIFORNIA

1. The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the disclosure document and/or franchise agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

A. Item 1 of the disclosure document is supplemented by the following language:

Industry Specific Regulation:

You may be required to register in California as a lender and/or broker under the California Finance Lenders Law (the "Law"). You should consult with an attorney to determine whether the Law applies to you, and, if so, how to comply.

B. Item 3 of the disclosure document is supplemented by the following language:

No person disclosed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A.78a et seq., suspending or expelling such persons from membership in such association or exchange.

C. Item 17 of the disclosure document is supplemented by the following language.

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

b. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

c. 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.

d. The franchise agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

e. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

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

4. 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.

5. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

California-Specific Modification to Franchise Agreement

1. The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the franchise agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

b. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

c. 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.

d. The franchise agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

ILLINOIS

Item 2, "Business Experience" is hereby amended by deleting the last paragraph in that Item and replacing it with the following language:

"We use lead referral services and franchise brokers in certain states. We compensate them for referring prospective franchisees to us only if the prospect buys a franchise from us. At this time, The Entrepreneur Authority, LLC is the only broker authorized to represent us in Illinois."

Item 17, line item g., is hereby amended to delete the following language: "3 days to resume making payments in the ordinary course of business; 3 days to cure a failure to properly maintain records; 3 days to cure a failure to produce a Financing Estoppel Certification" and replace it with "10 days to resume making payments in the ordinary course of business; 10 days to cure a failure to properly maintain records; 10 days to cure a failure to produce a Financing Estoppel Certification."

Item 17, line item v., is amended to provide that if the Franchise Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.

Item 17, line item w., is amended to provide that (a) the Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control; and (b) if the Franchise Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, the Act will control.

Illinois Modification to Franchise Agreement

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1 et seq. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.

c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.

d. If this Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, the Act will control.

2. Section 17.4, "Jury Trial Waiver" should be amended by the addition of the following as the last sentence of the section:

"However, this Section shall not act as a 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 at Section 705/41."

3. Section 17.6, "Limitation of Claims" is hereby amended to include the following language:

"CLAIMS ARISING UNDER THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 (THE "IFDA") MUST BE BROUGHT BEFORE THE EXPIRATION OF THREE (3) YEARS AFTER THE ACT OR TRANSACTION CONSTITUTING THE VIOLATION UPON WHICH IT IS BASED, THE EXPIRATION OF ONE (1) YEAR AFTER FRANCHISEE BECOMES AWARE OF FACTS OR CIRCUMSTANCES REASONABLY INDICATING THAT IT MAY HAVE A CLAIM FOR RELIEF IN RESPECT TO CONDUCT GOVERNED BY THE IFDA, OR NINETY (90) DAYS AFTER DELIVERY TO THE FRANCHISEE OF A WRITTEN NOTICE DISCLOSING THE VIOLATION OF THE IFDA, WHICHEVER EXPIRES FIRST."

4. Section 18.11, "Entire Agreement" is hereby deleted in its entirety and replaced with the following language:

"This Agreement, the documents referred to herein, and the Exhibits hereto, constitute the entire, full and complete agreement between Franchisor, Franchisee and the Principals concerning the subject matter hereof and shall supersede all prior related agreements. Except for those made in the Uniform Franchise Disclosure document you received from us and those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. There are no representations, inducements, promises and/or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise."

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

MARYLAND

1. (a) The Summary column for Items 17.v., "Choice of Forum" (Franchise Agreement chart) is amended as follows:

> "Except for any rights a franchisee has under the Maryland Franchise Registration and Disclosure Law to bring suit in Maryland for claims arising under the Law, mediation of disputes which are subject to mediation will be held at our corporate headquarters. Except as otherwise required by the Maryland Franchise Registration and Disclosure Law, venue for all proceedings arising under the Franchise Agreement is the state, county or judicial district where our principal place of business is located, unless otherwise brought by us."

(b) Item 17.c., "Requirements for you to renew or extend" (Franchise Agreement chart) and Items 7.m. "Conditions for our approval of transfer" (Franchise Agreement charts) are amended by the addition of the following:

> "The Code of Maryland Regulations COMAR 02.02.08.16L., states that a general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. This may affect the enforceability of certain provisions in the Franchise Agreement relating to renewal, sale, assignment or transfer of the Franchise Agreements."

(c) Item 17 is amended to add the following note at the end of that Item:

> "Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

(d) the addition of the following as the last paragraph of Item 17:

> "A provision in the Franchise Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101."

2. Item 5, "Initial Franchise Fee, is deleted in its entirety and is replaced by the following:

> "The Initial Franchise Fee is $50,000. The Initial Franchise Fee and any other payments due to us or our affiliates will be due when

you are ready to begin business. You are ready to begin business when your Controlling Principal satisfactorily completes our initial training program and we accept your office location."

3. Item 7, note (8) is deleted in its entirety and is replaced by the following:

"(8) We do not charge a fee for our Basic Operational Training Course. However, you must pay travel, lodging and related costs to attend our Training Course. We also require you to participate in a sales training course presented by the Sandler Sales Institute and pay Sandler directly for the cost of the training as and when billed by Sandler. This estimate includes the cost of the Sandler program and your out-of-pocket costs to attend our Basic Operational Training Course. These costs will vary depending upon your selection of lodging and dining facilities, mode and distance of transportation. Wages for your personnel while in training are not included.

Maryland Modification to Franchise Agreement

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, Md. Code. Ann. Bus. Reg. §§ 14-201 – 14-233 (1998 Repl. Vol. & Supp. 2002). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the "Law", or a rule or order under the Law. Such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Any requirement that litigation be conducted in a forum other than the State of Maryland shall not be interpreted to limit any rights Franchisee may have under Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.

c. Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. Section 4.1, “Initial Franchise Fee” is deleted in its entirety and is replaced by the following:

“Franchisee shall pay to Franchisor an initial, non-recurring, non-refundable Initial Franchise Fee at the time that Franchisee is authorized to commence business. Franchisee is authorized to commence business upon Franchisor’s acceptance of Franchisee’s office location and completion by Franchisee’s Controlling Principal of the Basic Operational Training Course as provided in Section 7.1 of this Agreement. The Initial Franchise Fee shall be deemed to be fully earned by the Franchisor at the time Franchisee is authorized to commence business in consideration of the grant by it to Franchisee of the opportunity to establish the Franchised Business as herein provided. Franchisee shall not be entitled to a refund of any part of the Initial Franchise Fee regardless of the date of or reason for the termination of this Agreement.”

4. Anything in Section 7.1 of the Franchise Agreement to the contrary notwithstanding, Franchisee shall pay any training fee required by a third party directly to the third party as and when required by the third party trainer.

5. Section 13.2. A of the Franchise Agreement (relating to termination of the Franchise Agreement by the Franchisor on notice) is deleted in its entirety and is replaced by the following:

“Franchisor shall have the right to terminate this Agreement upon written notice to Franchisee without prejudice to the enforcement of any other legal right or remedy available to Franchisor upon the happening of any of the following Events of Default and Franchisee’s failure to cure within the time periods specified below (or any longer period required by law), if applicable:

A. If in Franchisor’s sole opinion the Controlling Principal’s participation in the Franchisor’s Basic Operational Training Course discloses the Controlling Principal’s inability to adequately manage and operate the Franchised Business and Franchisee fails to designate a satisfactory replacement within thirty (30) days following written notice from Franchisor.”

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:

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 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 FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

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

MINNESOTA

Minnesota Modification to Franchise Agreement

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and the Rules and Regulations promulgated under the Act (collectively the "**Franchise Act**"). To the extent that the Agreement/and or Disclosure document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's proprietary marks infringes trademark rights of the third party.

b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement. If the

Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat § 80C.17, Subd. 5. may not be enforceable under Minnesota.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement and/or disclosure document is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse the franchisee from liability for actual or other damages and the formula for Liquidated Damages in the Agreement/and or disclosure document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement/and or disclosure document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement/and or disclosure document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

6. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

NORTH DAKOTA

North Dakota Modification to Franchise Agreement

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

   b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

   c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

   d. If the Agreement requires that it be governed by the law of a state, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

   e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

   f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

   g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

   h. Any provision that provides that the Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota Law.

i. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota Law may not be enforceable under North Dakota Law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

RHODE ISLAND

Rhode Island Modification to Franchise Agreement

The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law, tit. 19 chap. 28.1 §§ 19-28.1-1 -19-28.1-34. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-28.1-14.

b. If this Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.

c. If the Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Liquid Capital of America Corp. for use in the Commonwealth of Virginia shall be amended as follows:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute

"reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

WASHINGTON

Washington Modification to Franchise Agreement

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 to 19.100.940 (1994). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Washington Franchise Investment Protection Act provides rights to You concerning nonrenewal and termination of the Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Washington Franchise Investment Protection Act; when the release is executed under a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. If there are provisions in the Agreement that unreasonably restrict or limit the statute of limitations period for claims brought under the Act, or other rights or remedies under the Act, those provisions may be unenforceable.

c. If the Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of Washington, the requirement may be unenforceable under Washington law. Arbitration involving a franchise purchased in the State of Washington, must either be held in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

d. If the Agreement requires that it be governed by the law of a state, other than the State of Washington, and there is a conflict between the law and the Washington Franchise Investment Protection Act, the Washington Franchise Investment Protection Act will control.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

ACKNOWLEDGMENT

It is agreed that the applicable foregoing State Specific Addenda, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of ___________________ 20__, and of the disclosure document.

DATED this _______ day of __________________ 20__.

FRANCHISOR:	**FRANCHISEE:**
LIQUID CAPITAL OF AMERICA CORP.	____________________________________
By:__________________________________	By:__________________________________
Title:________________________________	Title:________________________________

EXHIBIT H

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT H

LIST OF ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G. Mennen Williams Building, 1st Floor 525 W. Ottawa Street Lansing, MI 48909 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1230 "O" Street, Suite 400 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 212-416-8222	Secretary of State of New York 41 State Street Albany, New York 12231 Mrs. Lassoff 212-416-8236 Mr. Grimes 212-416-8235

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501-3185 605-773-4823	Director of South Dakota Division of Securities Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733	Clerk of the State Corporation Commission Same Address
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT I

FINANCING DOCUMENTS

EXHIBIT I-1

LOAN AND SECURITY AGREEMENT
(Financing for Factoring and Purchase Financing Transactions)

THIS AGREEMENT made as of the _____ day of ______________, 201___.

B E T W E E N:

[NAME OF FRANCHISEE]
a corporation formed pursuant to the
laws of the State of ●

(hereinafter referred to as the "**Borrower**")

- and -

LIQUID CAPITAL EXCHANGE, INC.
a corporation incorporated pursuant to the
laws of the State of Delaware

(hereinafter sometimes referred to as the
"**Lender**")

WHEREAS the Borrower is a party to a Franchise Agreement (as hereinafter defined) wherein the Borrower became a franchisee of Liquid Capital of America Corp. ("**LCAC**") in the invoice factoring business;

WHEREAS the Lender agreed to provide the Borrower with financing to facilitate Borrower's business conducted pursuant to the Franchise Agreement; and

WHEREAS Accord Financial Inc. (hereinafter sometimes "**Accord**" and sometimes the "**Lender**") is lending Liquid Capital Exchange, Inc., the funds being used to provide the financing to facilitate Borrower's business conducted pursuant to the Franchise Agreement and in connection with which Accord is providing backroom services as commonly understood in the industry.

NOW, THEREFORE, IN CONSIDERATION of the covenants and agreements herein contained the parties hereto covenant and agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.1 Definitions.

In this Agreement, including, without limitation, in the recitals to this Agreement, the following capitalized words, terms and expressions have the respective meanings set out below:

(a) **"Accession"** has the meaning set forth in the Code.

(b) “**Accord**” means Accord Financial Inc., who is Exchange’s agent for certain limited purposes pertaining to the loan and who, in its representative and/or assignee capacity, is also sometimes referred to as Lender or the Lender.

(c) **“Assignee”** means Accord Financial Inc.

(d) **“Account”** has the meaning set forth in the Code.

(e) **“Agreement,” “this Agreement,” “hereto,” herein,” “hereof,” “hereby,” “hereunder,”** and similar expressions used herein shall refer to the whole of this Agreement and any schedule hereto, as amended from to time by written agreement of all of the parties hereto.

(f) **“Borrower”** means [*Name of Franchise*] formed under the laws of the State of ● and its successors and permitted assigns.

(g) “**Borrower’s Equity**” means the sum of the Borrower’s Committed Capital, Retained Earning (as calculated subject to Generally Accepted Accounting Principals, (GAAP)) and loans made to the Borrower by third (3rd) parties under conditions acceptable to the Lender where the term of such loans is in excess of one (1) year and the loan is postponed, i.e., subject to a standby agreement, acceptable to Lender in its sole discretion and is subordinated to the Lender.

(h) **“Business Day**” means each day other than a Saturday, Sunday, US holidays, or any other day on which the Federal Reserve is not open for business in the United States.

(i) **“Chattel Paper”** has the meaning set forth in the Code (defined below) including, without limitation, Electronic Chattel Paper, together with any guaranties, letters of credit, Letter-of-Credit Rights, and other security therefore, including Supporting Obligations.

(j) **“Clients”** means Exchange’s factoring clients under the Purchase and Sale Agreements.

(k) **“Code”** means the Uniform Commercial Code, as published by The National Conference of Commissioners on Uniform State Laws (NCCUSL). Any term used in this Agreement and in any financing statement filed in connection herewith which is defined in the Code and not otherwise defined in this Agreement or in any other Loan Document has the meaning given to the term in the Code.

(l) **“Collateral”** means all property of Borrower, wherever located and whether now owned by Borrower or hereafter acquired, including but not limited to: (i) all Inventory; (ii) all General Intangibles; (iii) all Accounts; (iv) all Chattel Paper; (v) all Instruments and Documents and any other instrument or intangible representing payment for goods or services; (vi) all Equipment; (vii) all Investment Property; (viii) all Deposit Accounts and funds on deposit therein;

(ix) all Participation Interests; (x) and all parts, replacements, substitutions, profits, products, Accessions and cash and non-cash proceeds and Supporting Obligations of any of the foregoing (including insurance proceeds payable by reason of loss or damage thereto) in any form and wherever located. In addition, Collateral for the Loan shall include a pledge by Exchange in favor of Accord of any and all Accounts purchased by Exchange from Clients in factoring transactions and any and all PFP Receivables purchased by Exchange from LCTF pursuant to the PFP Factoring Agreement (and any other collateral therefore or Supporting Obligations therefor) in which Borrower owns a Participation Interest. Collateral shall also include all written or electronically recorded books and records relating to any such Collateral and other rights relating thereto.

(m) **"Committed Capital**" means an investment by the shareholders, members, partners or principals of the Borrower or other Franchisee in Borrower or other Franchisee either by way of common equity or shareholders loans, postponed to the Lender, in the minimum amount of One Hundred Fifty Hundred Thousand US Dollars ($150,000).

(n) **"Credit Facilities"** has the meaning set forth in Section 2.1.

(o) **"Deposit Account**" has the meaning set forth in the Code.

(p) **"Documents"** has the meaning set forth in the Code.

(q) **"Electronic Chattel Paper"** has the meaning set forth in the Code.

(r) "**Eligible PFP Transactions**" means PFP Funding Transactions reviewed and accepted by Accord in its sole discretion.

(s) **"Eligible Transaction**" means Funding Transactions reviewed and accepted by Accord in its sole discretion.

(t) **"Equipment"** has the meaning set forth in the Code.

(u) **"Event of Default"** means any one of the Events of Default set out in Section 6.1 hereof.

(v) "**Exchange**" means Liquid Capital Exchange, Inc. or Liquid Capital Exchange Corp., as applicable.

(w) **"First Advance"** means the first advance by the Lender under the Loan.

(x) **"First Advance Date"** means the date of the First Advance.

(y) **"Franchise Agreement"** means the franchise agreement dated ● between LCAC as franchisor and the Borrower as franchisee, as it may be amended, restated, or renewed from time to time.

(z) **“Franchisee”** is the Borrower and may include another Person who has entered into a Franchise Agreement.

(aa) **“Funding Transaction”** means the delivery of funds by the Borrower to Exchange for the purchase of Accounts of Clients by Exchange pursuant to the respective Clients’ Purchase and Sale Agreements with Exchange, for which the Borrower will receive a Participation Interest pursuant to a Participation Agreement executed between Borrower and Exchange from time to time, all pursuant to the Franchise Agreement. All Funding Transactions shall be facilitated by advances of the Loan, which advances shall be subject to approval by Lender in its sole discretion. For greater clarity, “Funding Transaction” shall not include a PFP Funding Transaction.

(bb) **“General Intangibles”** has the meaning set forth in the Code, together with any guaranties, letters of credit, Letter-of-Credit Right, and other security therefore, including Supporting Obligations.

(cc) **“Instrument”** has the meaning set forth in the Code.

(dd) **“Inventory”** has the meaning set forth in the Code.

(ee) **“Investment Property”** has the meaning set forth in the Code.

(ff) **“LCAC”** has the meaning first set forth above.

(gg) “**LCTF**” means Liquid Capital Trade Finance Inc., and its successors and assigns.

(hh) **“Lender”** means Liquid Capital Exchange, Inc., and its Assignee, Accord Financial Inc. and their successors and assigns.

(ii) **“Letter-of-Credit Right”** has the meaning set forth in the Code.

(jj) **“Loan”** means, aggregately, all advances under the Credit Facilities and the term Loan shall also be used in this Agreement interchangeably with the term Credit Facilities.

(kk) **“Margin”** means the calculation set forth in Section 2.1(a)(iii).

(ll) “**Margin Shortfall**” means the amount by which the Outstanding Loan Amount exceeds the Margin as calculated by the Lender at the close of each day.

(mm) “**Net Purchase Price**” means the amount actually paid by LCTF for the purchase of PFP Goods in an Eligible PFP Transaction, pursuant to a “Liquid Capital Purchaser Order” (as such term is defined in the Purchase and Resale Agreements).

(nn) **“Notice of Borrowing”** has the meaning given in Section 2.1(b).

(oo) **“Outstanding Loan Amount”** means the aggregate amount of all advances outstanding and unpaid from time to time under the Loan.

(pp) “**Over Advance Interest Rate**” thirty percent (30%) per annum calculated daily.

(qq) **“Participation Agreement”** means the now existing or hereafter entered into participation agreement(s) between Exchange and Borrower, as such agreements may be amended from time to time.

(rr) **“Participation Interest”** means an interest of Borrower arising pursuant to a Participation Agreement, including, without limitation all payment rights of Borrower.

(ss) **“Permitted Encumbrances”** means those encumbrances set out in Schedule A annexed hereto and made a part hereof.

(tt) **“Person”** means an individual, a partnership, a corporation, a limited liability company, body corporate, an unincorporated organization, a bank, an insurance company, a trust company, a loan corporation, a credit union, a pension fund, a government or agency or political subdivision thereof, or any combination of the foregoing.

(uu) **“PFP Customers”** means the customers of LCTF who enter into a Purchase and Resale Agreement with LCTF.

(vv) **“PFP Factoring Agreement”** means the now existing or hereafter entered into factoring agreements between Exchange and LCTF, as such agreements may be amended from time to time.

(ww) **“PFP Funding Transaction”** means the delivery of funds by the Borrower to Exchange for the purchase of Accounts of LCTF by Exchange pursuant to the PFP Factoring Agreement, for which the Borrower will receive a Participation Interest pursuant to a Participation Agreement executed between the Borrower and Exchange from time to time, all pursuant to the Franchise Agreement. All PFP Funding Transactions shall be facilitated by advances of the Loan which advances shall be subject to approval by the Lender in its sole discretion.

(xx) “**PFP Goods**” means those goods purchased by LCTF and immediately resold to a PFP Customer, pursuant to a Purchase and Resale Agreement.

(yy) **“PFP Receivables”** means the accounts receivable initially due to LCTF from the PFP Customers for the provisions of PFP Goods in the ordinary course of its business pursuant to Purchase and Resale Agreements, and which are now owned by Lender or in which Lender enjoys a security interest.

(zz) **“Prime Rate”** means the floating annual rate of interest established from time to time by the Bank of America, N.A., or its successor or successors as its “Prime Rate”. If Bank of America, N.A., or it successor or successors should fail, for any

reason, to establish a "Prime Rate'' from time to time in the normal course of business, then the "Prime Rate" shall be established by Lender using such method as it may reasonably determine.

(aaa) **"Purchase and Sale Agreements"** means the now existing or hereafter entered into purchase and sale agreements between Exchange and Clients, as such agreements may be amended from time to time. For greater clarity, "Purchase and Sale Agreements" shall not include the PFP Factoring Agreement.

(bbb) **"Purchase and Resale Agreements"** means the now existing or hereafter entered into purchase and resale agreements between LCTF and PFP Customers, as such agreements may be amended from time to time.

(ccc) **"Receivables"** means Accounts initially due to Clients from their customers from the provisions of goods and/or services in the ordinary course of their business, and which are now owned by Lender or in which Lender enjoys a security interest. For greater clarity, "Receivables" shall not include the PFP Receivables.

(ddd) **"Security Documents"** means this Agreement and those other security documents referred to in Article 3 hereof, whether now existing or hereafter arising, whether granted by Borrower or a third party pledgor.

(eee) **"Subsequent Advance"** means each advance after the First Advance by Lender under the Loan.

(fff) **"Supporting Obligation"** has the meaning set forth in the Code.

ARTICLE 2
CREDIT FACILITIES

Section 2.1 Credit Facilities Established

Subject to the terms set forth in this agreement and in reliance upon the representations, warranties, and covenants of the Borrower set forth in this Agreement, the Lender hereby establishes the following credit facilities in a maximum aggregate amount of One Million Dollars ($1,000,000.00) (the "**Credit Facilities**") in favour of the Borrower:

(a) **Credit Facility No. 1**

A revolving loan facility payable in accordance with this Agreement, to be available on the following terms and conditions:

(i) **Purpose:** To provide financing for Funding Transactions;

(ii) **Due Date:** Payable on demand of Lender without prior notice;

(iii) **Interest Rate:** The Outstanding Loan Amount shall bear interest at the following rates:

(A) initially, the greater of twelve percent (12%) per annum, and (i) the Prime Rate plus four percent (4%) per annum.

(B) in the event that at any time the aggregate Receivables in Eligible Transactions exceeds One Million Dollars ($1,000,000), the interest rate shall be reduced to the greater of ten percent (10%) per annum, and (i) the Prime Rate plus two percent (2%) per annum.

(C) in the event that in any calendar year the aggregate amount of Receivables processed by Accord during the year exceeds Ten Million Dollars ($10,000,000), the interest rate shall be reduced to the greater of eight percent (8%) per annum, and (i) the Prime Rate. The Outstanding Loan Amount shall bear interest at such reduced rate for the balance of the calendar year in which the threshold is met and the following calendar year. If during such following calendar year the aggregate amount of Receivables processed once again exceeds Ten Million Dollars ($10,000,000), the reduction in interest rate shall continue for the next calendar year. If during such following calendar year the aggregate amount of Receivables processed does not exceed Ten Million Dollars ($10,000,000), the interest rate shall revert to the rate indicated in paragraph (B) above for the next calendar year.

Interest shall be computed on the basis of a year of three hundred and sixty (360) days.

(iv) **<u>Margin</u>:** For the first six (6) months following the funding of the first (1st) Funding Transaction, total advances are to be maintained within the lesser of:

(A) Seventy-five (75%) of the amount of funds outstanding in each Eligible Transaction; and

(B) Fifty-six and one-quarter percent (56.25%) of the Receivables approved by the Lender in each Eligible Transaction.

After six (6) months from the funding of the first (1st) Funding Transaction, at the Lender's sole discretion, the advance rates may be increased to the lesser of:

(C) Eighty (80%) of the amount of funds outstanding in each Eligible Transaction; and

(D) Sixty two percent (62%) of the Receivables approved by the Lender in each Eligible Transaction.

After one (1) year from the funding of the first (1st) Funding Transaction at the Lender's sole discretion the advance rates may be increased to the lesser of:

(E) Eighty five (85%) of the amount of funds outstanding in each Eligible Transaction; and

(F) Sixty five percent (65%) of the Receivables approved by the ender in each Eligible Transaction.

Notwithstanding anything to the contrary contained in this Agreement, any increase in the advance rate will only be effective if confirmed by the Lender in writing and each advance on the Credit Facilities shall be made in Lender's sole discretion and Lender shall have the absolute right to reject any request for an advance on the Credit Facilities at any time for any or no reason.

(v) **Margin Shortfalls:** If at any time and/or for any reason, a Margin Shortfall should occur, the Borrower shall immediately and without the necessity of demand repay the Loan in an amount equivalent to the Margin Shortfall. Without prejudice to the foregoing, for so long as a Margin Shortfall exists, the Borrower shall pay the Over Advance Interest Rate on that part of the total advance constituting the Margin Shortfall.

(b) **Credit Facility No. 2**

A revolving loan facility, payable in accordance with this Agreement, to be available on the following terms and conditions:

(i) **Purpose:** To provide financing for Eligible PFP Transactions;

(ii) **Due Date:** Payable on demand of Lender without prior notice;

(iii) **Interest Rate:** The Outstanding Loan Amount shall bear interest at the Prime Rate plus nine percent (9%) per annum.

Interest shall be computed on the basis of a year of three hundred and sixty (360) days.

(iv) **Margin:** Total advances are to be maintained within 80% of the aggregate amount of the Participation Interests of the Borrower in PFP Receivables calculated on the basis of the Net Purchase Price for each Eligible PFP Transaction.

Notwithstanding anything to the contrary contained in this Agreement, any increase in the advance rate will only be effective if confirmed by the Lender in writing and each advance on the Credit Facilities shall be made in Lender's sole discretion and Lender shall have the absolute right to reject any request for an advance on the Credit Facilities at any time for any or no reason.

(v) **Margin Shortfalls:** If at any time and/or for any reason, a Margin Shortfall should occur, the Borrower shall immediately and without the necessity of demand repay the Loan in an amount equivalent to the Margin Shortfall. Without prejudice to the foregoing, for so long as a Margin Shortfall exists, the Borrower shall pay the Over Advance Interest Rate on that part of the total advance constituting the Margin Shortfall.

(c) **Manner of Borrowing and Funding**. Advances under the Credit Facilities shall be made and funded as follows:

Borrower shall give Lender prior written or e-mail notice (or by telephonic notice promptly confirmed in writing or by e-mail) of a request for an advance under the Credit Facilities (a "**Notice of Borrowing**"), which shall be in a form provided to Borrower by Lender which form is satisfactory to Lender in its sole discretion, which shall be communicated by a duly authorized officer of Borrower satisfactory to Lender.

Unless payment is otherwise timely made by Borrower, the becoming due of any amount required to be paid under this Agreement as principal, accrued interest, fees or other charges shall be deemed irrevocably to be a request for an advance on the Credit Facilities on the due date of any such amount in an aggregate amount required to pay, such principal, accrued interest, fees or other charges, and the proceeds of such may be disbursed by Lender as an advance under the Credit Facilities by way of direct payment to Lender of such amounts. Lender shall have no obligation to Borrower to honor any such deemed request for an advance, but may do so in its sole and absolute discretion without regard to the existence or creation of, and without being deemed to have waived, any Default or Event of Default.

Borrower authorizes Exchange to advise and instruct Accord on behalf of Borrower with regard to all matters pertaining to all disbursement of funds and Accord shall accept such instruction and advisement only from Exchange, Borrower and/or Borrower's agent, who is designated by Borrower in writing.

Section 2.2 Proof of Outstanding Loan Amount

Borrower agrees that the records maintained by the Lender, in accordance with its usual and customary practices, of the amounts advanced to the Borrower under the Credit Facilities and the amounts of such advances which are outstanding and the records maintained by the Lender of the amounts of interest and other fees and costs payable and paid under this Agreement shall constitute *prima facie* proof thereof in any legal proceedings or action in respect of this Agreement.

Section 2.3 Interest

The Borrower agrees to pay to the Lender, interest on the Loan in accordance with the following provisions:

(a) The Borrower shall pay interest, both before and after demand or judgment, at the rates referred to in Section 2.1(a)(iii) hereof on the daily closing balance of the Credit Facilities, such interest to be calculated up to the day immediately preceding each remittance and/or up to the last day of each month immediately following the First Advance. Interest shall be payable by either being deducted from each remittance by Lender or, if there are not sufficient remittances during the month to pay all interest owing, by payment monthly in arrears on the last day of each month provided, however, if the last day of a month is not a Business Day interest shall be payable on the next succeeding Business Day.

(b) Payments of principal, interest, and other moneys payable hereunder received after 2:00 p.m. (Eastern Standard Time) on the day payable shall be deemed to have been made by the Borrower and received by the Lender on the next Business Day.

(c) Payments received from or on behalf of Borrower will be credited as provided above, adding three (3) banking days for collection and clearing of remittances other than those received by wire transfer.

(d) In no event whatsoever shall interest and other charges charged under this Agreement exceed the highest rate permissible under law. In the event interest and other charges would otherwise exceed the highest rate permitted under law, such excess amount shall be first applied to any unpaid principal balance of the Loan and any excess amount remaining after payment of the unpaid principal balance shall be refunded to the Borrower and this Agreement shall be deemed to be amended to provide for such permissible rate.

Section 2.4 Pre-Conditions to First Advance

Without prejudice to the discretion of the Lender to determine whether or not to make any advance, the Lender shall not make the First Advance unless and until Lender has received a Notice of Borrowing from Borrower and each of the following conditions have been fulfilled, satisfied and performed in a manner completely satisfactory to the Lender in its sole discretion (provided, however, Lender shall not, at any time, be obligated to make advances on the Credit Facilities):

(a) Lender shall have received evidence satisfactory to Lender that the Borrower is duly organized and in good standing in its state of organization first referenced above and that the Loan and pledge of Collateral has been duly authorized by the directors, members, managers, shareholders or partners of Borrower, as applicable;

(b) all other Security Documents, including, without limitation, a first priority security interest via an assignment from Exchange to Accord on all Accounts and Supporting Obligations acquired by Exchange pursuant to the PFP Factoring Agreement or any Purchase and Sale Agreement which is the subject of a Funding Transaction or PFP Funding Transaction in which Borrower is a participant, each

in form, substance and execution satisfactory to and approved by Accord, shall have been executed by such Persons as are duly authorized to execute such documents and Accord shall be satisfied that such Persons have been so duly authorized and such documents shall have been delivered to Accord;

(c) Lender shall have received pre-closing uniform commercial code searches in such jurisdictions deemed necessary by Lender in its sole discretion reflecting only such filings as are acceptable to Lender in its sole discretion and if filings unacceptable to Lender are of record Borrower shall have taken all necessary steps to have such filings removed of record or subordinated to the Loan and Lender's lien on the Collateral;

(d) any and all Uniform Commercial Code financing statements deemed necessary by Lender to perfect its first priority liens in the Collateral and any additional collateral for the Loan pledged by any other Security Document and the assignment thereof to Accord shall have been filed and registered in such filing locations as the Lender may consider necessary;

(e) any and all control agreements deemed necessary by Lender to perfect its lien on the Collateral shall have been executed by all necessary parties in a form satisfactory to Lender;

(f) Borrower shall have delivered to Lender any Collateral, which Lender must possess (or with regards to which possession is the best means of perfection if deemed necessary by Lender in its sole discretion) in order to perfect its lien thereon and, if necessary, have endorsed such Collateral to Lender in a form satisfactory to Lender;

(g) Lender shall have received the executed guaranty agreements referenced in Article 3 in a form satisfactory to Lender;

(h) Lender shall have received any subordination agreements required pursuant to Article 3 fully executed and in a form satisfactory to Lender;

(i) Lender shall have received evidence of insurance on the Collateral in a form satisfactory to Lender naming Lender as loss-payee;

(j) each of the covenants and agreements set out in this Agreement shall have been performed, fulfilled and satisfied, no Event of Default shall have occurred and continue to exist and no event or circumstance shall have occurred and no condition shall exist which will result, either immediately, or with the lapse of time or giving of notice or both, in the occurrence or existence of an Event of Default;

(k) each of the warranties and representations made by the Borrower in this Agreement, in any of the other Security Documents and in any other document, material, information or report supplied or delivered to the Lender or

representatives of the Lender or on which Lender is entitled to rely shall be true and correct;

(l) no material adverse change which, in the sole opinion of the Lender acting reasonably, is likely to impair the ability of the Borrower to perform its obligations under this Agreement (including, without limitation, the obligation to repay the Loan and other monies due hereunder) shall have occurred; and

(m) if requested by Lender in its sole discretion, Lender shall have received (i) copies of the PFP Factoring Agreement and any Purchase and Sale Agreement~~s~~ relate to an Eligible Transaction or Eligible PFP Transaction, (ii) copies of Participation Agreements between Borrower and Exchange, and (iii) evidence satisfactory to Lender in its sole discretion of Exchange's perfection of its interest in Accounts purchased pursuant to the PFP Factoring Agreement and such Purchase and Sale Agreements and all underlying collateral or Supporting Obligations therefore.

(n) each of the conditions set forth in this Section 2.4 is for the exclusive benefit of the Lender and unless waived in writing by the Lender shall be fulfilled, satisfied and performed by the Borrower.

Section 2.5 Pre-Conditions to Subsequent Advances

Without prejudice to the discretion of the Lender to determine whether or not to make any advance, the Lender shall not make Subsequent Advances under the Credit Facilities until each of the following conditions have been fulfilled, satisfied and performed in a manner completely satisfactory to the Lender in its sole discretion:

(a) the Lender shall have received a Notice of Borrowing from the Borrower in a form satisfactory to the Lender evidencing that the Borrower is currently in compliance with all Margin requirements and that the making of an advance will not cause the Borrower to fall out of compliance with such requirements;

(b) the Borrower shall confirm to the Lender in writing that all representations, warranties and other submissions by Borrower made herein and otherwise in support of the First Advance and each Subsequent Advance hereunder remain accurate and that Borrower is in compliance with all covenants stated herein;

(c) the Borrower shall confirm to the Lender in writing that no Event of Default has occurred or is occurring or would result from the funding of any advance under the Credit Facilities; and

(d) the Borrower shall have provided the Lender with any additional pledge agreements and collateral assignments from Exchange as described in Section 2.4(b) above and Section 3.3 below as deemed necessary by the Lender in its sole discretion and any Uniform Commercial Code financing statements deemed necessary by the Lender to perfect its first priority liens in the Collateral pledged by such agreements and assignments shall have been recorded in all locations deemed necessary by the Lender in its sole discretion.

Section 2.6 Additional Pre-Conditions:

The Lender may impose such additional pre-conditions as it deems necessary in its sole discretion with respect Borrower and/or any additional Franchisee or Franchisees for whose benefit an Advance is being made.

ARTICLE 3
SECURITY FOR THE LOAN; GUARANTIES; COLLATERAL ISSUES

Section 3.1 Security Agreement

(a) **Grant of Security Interest.** As security for the payment and performance of the Loan and all other liabilities and indebtedness of the Borrower to the Lender, now existing or hereafter arising, and of the performance of all obligations and covenants of Borrower to Lender and its affiliates, whether arising hereunder or under any other Security Documents or under any other documents evidencing or governing the Loan or the relationship of Borrower and Lender, whether certain or contingent, now existing or hereafter arising, which are now, or may at any time or times hereafter be owing by Borrower to Lender or any of Lender's affiliates, Borrower hereby grants to Lender (for itself and its affiliates) a continuing first priority security interest in and general lien upon and right of set-off against, all right, title and interest of Borrower in and to the Collateral, whether now owned or hereafter acquired by Borrower, wherever located, and any and all proceeds and products thereof, including, without limitation, insurance proceeds.

(b) **No Liability of Lender.** Except as provided herein or except as applicable law otherwise expressly provides, Lender shall not be obligated to exercise any degree of care in connection with any Collateral in its possession, to take any steps necessary to preserve any rights in any of the Collateral or to preserve any rights therein against prior parties, and Borrower agrees to take such steps. In any case Lender shall be deemed to have exercised reasonable care if it shall have taken such steps for the care and preservation of the Collateral or rights therein as Borrower may have reasonably requested Lender to take and Lender's omission to take any action not requested by Borrower shall not be deemed a failure to exercise reasonable care. No segregation or specific allocation by Lender of specified items of Collateral against any liability of Borrower shall waive or affect any security interest in or lien against other items of Collateral or any of Lender's options, powers or rights under this Agreement or otherwise arising.

(c) **Rights of Lender.** Lender may, at any time and from time to time, with or without notice to Borrower, (i) transfer any of the Collateral into the name of Lender or the name of Lender's nominee, (ii) notify any Client or other obligor of any Collateral to make payment thereon directly to Lender of any amounts due or to become due thereon and (iii) receive and after an Event of Default direct the disposition of any proceeds of any Collateral.

(d) **Financing Statements; Power of Attorney.** Borrower authorizes Lender at Borrower's expense to file any financing statements and amendments thereto and continuations thereof Lender deems necessary to perfect or continue perfection of its lien on the Collateral (without Borrower's signature thereon) that (a) indicate the Collateral (i) as "all assets" of Borrower or words of similar effect, if appropriate, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Code, or (ii) by specific Collateral category, and (b) provide any other information required by part 5 of Article 9 of the Code for the sufficiency or filing office acceptance of any financing statement or amendment. Borrower irrevocably appoints Lender as its attorney-in-fact to execute in Borrower's name any such financing statements (if necessary) and/or control agreements and to perform all other acts, at Borrower's expense, Lender deems appropriate to perfect and to continue perfection of the security interest of Lender. Borrower hereby appoints Lender as Borrower's attorney-in-fact to endorse, present, and collect on behalf of Borrower and in Borrower's name any draft, checks or other documents necessary or desirable to collect any amounts Borrower may be owed. The proceeds realized from the sale or other disposition of any Collateral may be applied, after allowing three (3) Business Days for collection, first to the reasonable costs, expenses, and attorneys' fees incurred by Lender for collection and for acquisition, completion, protection, removal, storage, sale, and delivery of the Collateral; second, to interest due upon the Loan or any other indebtedness owed by Borrower to Lender; and third, to the principal amount of the Loan. Borrower shall remain liable to Lender for any remaining deficiency. Borrower expressly waives the right to receive a copy of the financing statements or financing charge statements which may be registered by the Lender or the Assignee in connection with this Agreement.

(e) **Entry**. Borrower hereby irrevocably consents to any act by Lender or its agents in entering upon any premises for the purpose of taking any action Lender deems necessary to protect and/or become fully informed on all matters related to the Collateral including but not limited to: (i) inspecting the Collateral; (ii) taking possession of the Collateral; (iii) inspecting Borrower's books and records; and/or (iv) making copies of the books and records as well as other appropriate documents and Borrower hereby waives its right to assert against Lender or its agents any claim based upon trespass or any similar cause of action for entering upon any premises where the Collateral may be located.

(f) **Other Rights**. Borrower authorizes Lender, without affecting Borrower's obligations hereunder or under any other document evidencing, securing, or governing the Loan, from time to time (i) to take from any party and hold additional Collateral or guaranties for the payment of the Loan or any other indebtedness of Borrower to Lender, whenever arising, or any part thereof, and to exchange, enforce, or release such collateral or guaranties of the Loan or any other indebtedness of Borrower to Lender, whenever arising, or any part thereof and to release or substitute any endorser or guarantor or any party who has given any security interest in any Collateral as security for the payment of the indebtedness or any part thereof or any party in any way obligated to pay the

Indebtedness or any part thereof; and (ii) upon the occurrence of any Event of Default to direct the manner of the disposition of the Collateral and the enforcement of any endorsements, guaranties, letters of credit, or other security relating to the Loan or any other indebtedness of Borrower to Lender, or any part thereof, as Lender in its sole discretion may determine. Additionally, at its option, Lender may discharge taxes, liens, security interests, or other encumbrances at any time levied or placed on the Collateral and may pay for the maintenance and preservation of the Collateral. Borrower agrees to reimburse the Lender on demand, for any payment made or expense reasonably incurred by Lender pursuant to the foregoing authorization, including, without limitation, attorneys' fees. Notwithstanding anything to the contrary contained herein, no rights of Lender hereunder shall be deemed in any instance to impose any obligations on Lender with regard to the Collateral.

(g) **Waiver of Marshalling.** Borrower hereby waives any right it may have to require marshalling of its assets by Lender.

(h) **Control.** Borrower will cooperate with Lender in obtaining control of, or control agreements with respect to, Collateral for which control or a control agreement is required for perfection of the Lender's security interest under the Code.

(i) **Possession**. Upon request of Lender, Borrower shall deliver to Lender any Collateral, a lien in which may only be perfected by possession of Lender.

(j) **Further Assurances.** As additional security for the Loan and all other liability and indebtedness of the Borrower to the Lender under, arising out of, or from the Loan or this Agreement, both present and future, the Borrower shall deliver to the Lender or Lender shall have received such other documentation reasonably deemed necessary by Lender in a form and with content satisfactory to the Lender.

Section 3.2 Other Security

In addition to the security interest in the Collateral granted in this Agreement, Lender shall have those rights as reflected in Section 6.2.

Section 3.3 Guaranty Agreements

Borrower shall provide Lender with unlimited, unconditional personal guarantees of payment of all obligations owed by the Borrower to the Lender in favor of the Lender from all of the Borrower's shareholders or members or any other owner of Borrower, such guarantees to be in a form satisfactory to Lender.

Section 3.4 Subordination Agreements

Borrower shall provide Lender with such subordination agreements deemed necessary by Lender in its sole discretion to ensure Lender's first priority lien on the Collateral.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

Section 4.1 Borrower's Representations and Warranties

In order to induce the Lender to enter into this Agreement and to make available the Loan and to make advances under the Loan, the Borrower makes the following representations and warranties to the Lender as at the date hereof:

(a) **Authorization:** The Borrower has the power and authority required as of the date hereof to enter into and perform its obligations under this Agreement, to own and lease its property and assets and to conduct the business in which it is currently engaged. Further, the Borrower was duly authorized to enter into the Franchise Agreement and was or is duly authorized to enter into any Participation Agreement(s).

(b) **Corporate Power, No Conflict with Laws or Agreements**: Neither the execution nor the delivery of this Agreement or the Franchise Agreement by the Borrower, nor the consummation by it of the Funding Transactions or the PFP Funding Transactions or of any other transactions with Exchange (including, without limitation, any Participation Agreements), nor the compliance by it with the terms, conditions and provisions hereof or thereof will conflict with or result in a breach of any of the terms, conditions or provisions of:

(i) the charter or other governing documents of the Borrower;

(ii) any agreement, instrument or arrangement to which the Borrower is a party, or by which the Borrower or any of its property is or may be bound, or constitute a default thereunder, or result thereunder in the creation or imposition of any security interest, mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Borrower;

(iii) any judgment, order, writ, injunction or decree of any court, relating to the Borrower; or

(iv) any applicable law or governmental regulation relating to the Borrower or its properties or assets:

(c) **Status:** The Borrower is a Corporation duly formed under the laws of the state first set forth above, and is validly subsisting under the laws of its jurisdiction of formation and is duly qualified to transact business in any jurisdiction in which it conducts business as my be required by applicable law;

(d) **Principal Place of Business**. The Borrower's principal place of business Is [***Address of business]***

(e) **Agreement Binding:** This Agreement constitutes a legal, valid, and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, subject to applicable laws relating to bankruptcy, insolvency, and other similar laws affecting creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;

(f) **Information Provided:** All information, data, and reports (financial or otherwise) furnished by or on behalf of the Borrower to induce the Lender to enter into this Agreement were true, accurate, and complete in all material respects at the time that they were furnished to the Lender, and there has been no material adverse change in Borrower's condition since such reports, information, and data were provided;

(g) **Disclosure:** There are no facts directly relating to the Borrower not disclosed herein or otherwise disclosed to the Lender that if known to the Lender, might reasonably be expected to deter the Lender from completing the transaction contemplated in this Agreement or from making any advance under the Credit Facilities;

(h) **Compliance with Other Agreements:** Each Funding Transaction and PFP Funding Transaction shall comply with all requirements and procedures set out in the Franchise Agreement and no Funding Transaction or PFP Funding Transaction shall occur unless Accord is providing back room services to the Borrower, as that term is commonly understood in the industry, either via Service Agreement with Exchange or an agreement directly with the Borrower. If any Funding Transaction or PFP Funding Transaction fails to comply with such requirements and procedures, the Lender shall have the right to terminate the financing contemplated in this Agreement immediately without notice;

(i) **Litigation:** There is no proceeding of any kind involving Borrower pending, or to the knowledge of Borrower, threatened before any court, governmental authority, agency, or arbitration authority that has not been disclosed to Lender;

(j) **Judgments/Encumbrances**: Borrower's assets, including, without limitation, the Collateral, are free and clear of all judgments, liens, and encumbrances except those granted to Lender hereunder or as collateral for the Loan, or as disclosed to Lender in writing prior to the date of this Agreement;

(k) **Franchise Agreement**: The Franchise Agreement is in full force and effect and there is no default there under.

Section 4.2 Waiver or Accepted Change not Deemed to be Repeated; Continuing Nature

If, with respect to any advance on the Loan, the Lender specifically waives or accepts any change in the representations or warranties as set out herein, such waiver or accepted change shall not constitute an Event of Default or breach with respect to such advance provided, however, such waiver or accepted change with respect to any such advance shall not be, or be

deemed to be, a blanket waiver or an accepted change in the representations or warranties with respect to any prior advance or subsequent advance, but shall be a limited waiver for a specific advance. Further, upon each request for an advance under the Credit Facilities, Borrower shall be deemed to remake, as of that date, any and all representations and warranties hereunder which shall be continuing representations and warranties for so long as the Loan shall be outstanding.

ARTICLE 5
COVENANTS

Section 5.1 Affirmative Covenants

The Borrower covenants and agrees with the Lender that:

(a) **Perform Obligations:** The Borrower shall fully observe and perform its obligations under this Agreement, the Franchise Agreement, the Security Documents and any Participation Agreement(s) including, without limitation, duly and punctually paying all amounts payable by the Borrower;

(b) **Corporate Existence:** The Borrower shall maintain in good standing its corporate existence under the laws of its jurisdiction of incorporation and qualify and remain duly qualified to do business and own property in each jurisdiction in which such qualification is necessary in view of its business and operations;

(c) **Compliance with Law:** The Borrower shall comply, in all respects, with all applicable laws, rules, regulations and orders pertaining to the Borrower;

(d) **Material Adverse Change:** The Borrower will provide the Lender with prompt written notice of any material adverse change in its financial condition and of any matter, act, or thing materially adversely affecting its property or assets, its interest therein, or of any material loss, destruction, damage of or to any property referred to in the Security Documents;

(e) **Reports:** The Borrower shall provide the Lender, at any time during the term of the Loan promptly upon request of the Lender, a written computation of the Margin signed and certified to be true, accurate, and correct, by a duly authorized officer of the Borrower satisfactory to the Lender, such calculation to be in form and detail satisfactory to the Lender in its sole discretion;

(f) **Shareholders:** Borrower will make it a condition of the entry of any new shareholders, members or other owners of Borrower that each shareholder, member or owner provide an unconditional, unlimited guaranty of all obligations of Borrower to Lender, such guaranty to be of form and content satisfactory to the Lender in its sole discretion;

(g) **Taxes:** Borrower will pay all Federal and State taxes prior to delinquency;

(h) **Insurance:** Borrower will maintain such liability insurance, workers' compensation insurance, business interruption insurance, and hazard/casualty insurance as may be required by law, customary, and usual for prudent businesses in its industry or as may be reasonably required by Lender and shall insure and keep insured all Collateral and other properties in good and responsible insurance companies satisfactory to Lender. All hazard/casualty insurance covering Collateral shall be in amounts and shall be approved by Lender, shall name and directly insure Lender as secured party and loss payee and all liability insurance shall name Lender as an additional insured, all in forms reasonably acceptable to Lender, none of which shall be terminable except upon 30 days' written notice to Lender. If requested by Lender, Borrower shall furnish Lender with copies of all such policies;

(i) **Maintenance of Business and Properties**. Borrower shall at all times maintain, preserve, and protect all Collateral and all the remainder of its material property used or useful in the conduct of its business, and keep the same in good repair, working order, and condition, and from time to time make, or cause to be made, all material needed and proper repairs, renewals, replacements, betterments, and improvements thereto so that the business carried on in connection therewith may be conducted properly and in accordance with standards generally accepted in businesses of a similar type and size at all times, and maintain and keep in full force and effect all licenses and permits necessary to the proper conduct of its business;

(j) **Covenants Regarding Collateral**. Borrower makes the following covenants with Lender regarding the Collateral. Borrower:

(i) will use the Collateral only in the ordinary course of its business and will not permit the Collateral to be used in violation of any applicable law or policy of insurance;

(ii) will defend the Collateral against all claims and demands made against Borrower or Borrower's rights in the Collateral , except for Permitted Encumbrances;

(iii) will, at Lender's request, obtain and deliver to Lender such waivers as Lender may require waiving any landlord's, mortgagee's, or other lienholder's enforcement rights against the Collateral and assuring Lender's access to the Collateral in exercise of its rights hereunder;

(iv) will promptly deliver to Lender all promissory notes, Participation Agreements, participation certificates (if any), drafts, trade acceptances, Chattel Paper, Instruments, or documents of title that are Collateral in tangible form, appropriately endorsed to Lender's order, and Borrower will not create any Electronic Chattel Paper without taking all steps deemed necessary by Lender to confer control of the Electronic Chattel Paper upon Lender in accordance with the Code;

(v) except for sales of Collateral in the ordinary course of its business, Borrower will not sell, assign, lease, transfer, pledge, hypothecate, or otherwise dispose of or encumber any Collateral or any interest therein; and

(vi) shall permit inspections, by Accord or its designee, of the Collateral and the records of Borrower pertaining thereto and verification, by Accord, of any Participation Interests of Borrower and other Accounts, at such times and in such manner as may be reasonably required by Lender, including but not limited to actually physical inspection or by copies sent by fax, e-mail or overnight courier service, and shall further permit such inspections, reviews, and examinations of its other records and its properties (with such reasonable frequency and at such reasonable times as Lender may desire) by Lender as Lender may reasonably deem necessary or desirable from time to time. The reasonable cost of such examinations, reviews, verifications, and inspections shall be borne by Borrower;

(k) **Notice of Litigation and Certain Other Matters:** Borrower will promptly notify Lender in the event that any legal action is filed or threatened against Borrower. Borrower shall notify the Lender in writing upon the occurrence of any event that causes any representation, warranty and other submission by Borrower made herein to be inaccurate or which causes Borrower not to be in compliance with any covenant stated herein. Borrower shall notify the Lender in writing upon the occurrence of any event that causes an Event of Default under the terms of this Agreement;

(l) **Financial Statements:** Within thirty (30) days following the end of each calendar month and if requested by Lender, Borrower will provide to Lender a balance sheet as of the end of such month and an income statement for the current fiscal year to date, each in a form acceptable to Borrower and prepared in accordance with generally accepted accounting principles. Within one hundred (100) days following the end of each fiscal year, Borrower will provide to Lender financial statements for such fiscal year prepared by an independent accountant acceptable to Lender, which financial statements shall (a) be in a form acceptable to Lender, (b) be prepared in accordance with generally accepted accounting principles, (c) include a balance sheet and income statement and, if required by Lender, a statement of cash flows, and (d) be reviewed without qualification by an independent certified public accountant acceptable to the Lender.

Section 5.2 Negative Covenants

The Borrower covenants and agrees with the Lender that:

(a) **Further Mortgaging or Indebtedness:** Except for Permitted Encumbrances, the Borrower will not obtain any additional debt secured by or secure any other debt in addition to the Loan with any of the Borrower's properties or assets, nor will it create, assume, or permit to exist any mortgage, charge, hypothecation, pledge,

lien, or other encumbrance or security interest with respect to the Collateral without the prior written consent of the Lender which may be withheld in Lender's sole and absolute discretion. Further, Borrower will not obtain any additional indebtedness of any nature, except for trade debt occurring in the ordinary course of business, whether secured or unsecured;

(b) **<u>Transfer</u>:** Other than in the ordinary course of business, the Borrower will not dispose of or transfer by way of sale, conveyance, assignment, mortgage, charge, security interest, or otherwise, its undertaking, property, or assets or any part thereof, or its interest therein or any part thereof, without the prior written consent of the Lender, except as contemplated by and in accordance with the Franchise Agreement;

(c) **<u>Name</u>:** The Borrower will not change its name unless thirty (30) days' prior written notice thereof has been given to the Lender, and

(d) **<u>State of Formation; Principal Place of Business</u>**: The Borrower will not change its state of incorporation or organization or formation or its principal place of business unless Borrower has first obtained the written consent of the Lender for such change and Borrower has complied with any and all conditions for such consent as Lender has imposed.

(e) **<u>Accounts</u>**. The Borrower shall not sell, assign, or discount any of its Accounts, Chattel Paper, or any promissory notes held by it other than the discount of such notes in the ordinary course of business for collection, and shall notify Lender promptly in writing of any discount, offset or other deductions not shown on the face of an Account invoice and any dispute over an Account, and any information relating to an adverse change in any Client's (including LCTF's), any PFP Customers or other account debtor's financial condition or ability to pay its obligations.

(f) **<u>Concentration</u>.** Except as permitted by the Lender in writing and in its sole discretion, the Borrower shall not have more than fifty percent (50%) of the Borrower's Equity advanced in any one Transaction or PFP Funding Transaction.

ARTICLE 6
EVENTS OF DEFAULT

Section 6.1 Events of Default

Without in any way derogating from the rights of the Lender hereunder, **including without limitation, the right of the Lender to demand payment on the Credit Facilities, at any time,** each of the following events shall constitute an event of default (an "**Event of Default**") under this Agreement:

(a) Borrower's failure to observe or perform any material covenant or condition herein required to be observed or performed by the Borrower or required to be

observed or performed by the Borrower under the Security Documents or any other agreement between the Lender and the Borrower or under the Franchise Agreement or if a default or event of default occurs under any Security Documents or under the Franchise Agreement;

(b) if an order is made or a resolution is passed for the winding-up, dissolution or the liquidation of the Borrower or if a petition is filed or other processes taken for the winding-up, dissolution or liquidation of the Borrower;

(c) if a bankruptcy petition voluntary or involuntary is filed or presented against the Borrower or if a receiver takes possession of any of the assets of the Borrower;

(d) if any judgment, order execution, sequestration, extent, or other process of any court becomes enforceable against the Borrower;

(e) if any encumbrance, pledge, or lien attaches to any of the Borrower's property or assets;

(f) if any representation or warranty made or given herein or any document delivered or to be delivered to the Lender pursuant hereto or any other agreement between the Borrower and the Lender is false, incorrect, or lacking in any material facts at the time that it is made or given so as to make it materially misleading;

(g) any material loss, theft, damage, or destruction not fully covered by insurance (as required by this Agreement and subject to such deductibles as Lender shall have agreed to in writing), or sale, lease or encumbrance of any of the Collateral or the making of any levy, seizure, or attachment thereof or thereon except in all cases as may be specifically permitted by other provisions of this Agreement;

(h) if any other creditor of Borrower shall obtain possession or control of any of the Collateral by any legal means or commence any foreclosure action on any of the Collateral or if Borrower materially defaults on any material obligation to any other party;

(i) if there shall be a default by Exchange on any pledge agreement and collateral assignment from Exchange to Accord securing the Loan or if Accord determines that Exchange has not properly perfected the underlying lien on collateral pledged by such agreement;

(j) the death of any guarantor of the Loan or the filing or presentation of a bankruptcy petition, whether voluntary or involuntary, by or against any guarantor of the Loan or the taking of possession by a receiver of any of the assets of any guarantor of the Loan;

(k) if there is any material change in the ownership or management of the Borrower;

(l) Borrower's failure at any time to make payment to Lender, when due or following demand for payment from Borrower, if payable on a demand basis;

(m) if there occurs any default by the Borrower under the Franchise Agreement or if the Franchise Agreement terminates for any reason;

(n) if the Borrower allows any portion of the Committed Capital to be withdrawn prior to approval of the Lender;

(o) if Accord ceases to be the provider of back room factoring support services for the Borrower; or

(p) if any Funding Transaction or PFP Funding Transaction fails to comply with all requirements and procedures set out in the Franchise Agreement.

Section 6.2 Remedies

In addition to the rights and remedies given it by this Agreement and the Security Documents and all those allowed by all applicable laws or in equity, including, without limitation, the Code, the Lender may, at its sole option and without notice to the Borrower, unless such notice is expressly required by this Agreement of by law:

(a) Declare the Loan and any other sums due, owing or payable hereunder to Lender to be immediately due and payable, all without presentment, demand, protest, notice of dishonour or any other demand or notice whatsoever (except as set forth above), all of which are expressly hereby waived by the Borrower and terminate this Agreement and the Credit Facilities;

(b) Without waiving any of its other rights hereunder or under any other Security Document or document evidencing or governing the Loan, Lender shall have all rights and remedies of a secured party under the Code (and the Uniform Commercial Code of any other applicable jurisdiction) and such other rights and remedies as may be available hereunder, under other applicable law or pursuant to contract. If requested by Lender, Borrower will promptly assemble the Collateral (or such of it as Lender may require) and make it available to Lender at a place to be designated by Lender. Borrower agrees that any notice by Lender of the sale or disposition of the Collateral or any other intended action hereunder, whether required by the Code or otherwise, shall constitute reasonable notice to Borrower if the notice is faxed or e-mailed to Borrower or sent to Borrower by overnight courier at least five (5) days before the action to be taken (unless the Collateral is perishable or threatens to decline speedily in value). Lender has no obligation to prepare the Collateral for sale in any manner. Borrower shall be liable for any deficiencies in the event the proceeds of the disposition of the Collateral do not satisfy the Loan and any other indebtedness owed by Borrower to Lender in full;

(c) The Lender may demand, collect, and sue for all amounts owed pursuant to Accounts, General Intangibles, Chattel Paper, Instruments, Documents or for proceeds of any Collateral (either in Borrower's name or Lender's name at the latter's option), with the right to enforce, compromise, settle, or discharge any such amounts and Accord may instruct Exchange to direct the payment stream(s) under any Participation Agreement(s) between Borrower and Exchange directly to

Accord and Borrower hereby agrees that Exchange and any other Account debtor may rely on this provision in paying any payment streams on any Participation Interest or Account directly to Accord and need not obtain consent from Borrower to make such payments directly to Accord;

(d) The Lender may take all such steps and exercise all such remedies as may be permitted hereunder, in the Security Documents, under the Code, or otherwise by law or in equity as it may deem necessary to protect and enforce its rights hereunder and to enforce and realize upon the Collateral pledged hereunder and any other security held by the Lender.

Section 6.3 Appointment of Receiver

In addition to any other remedy available to it, Lender shall have the absolute right, after notice provided to Borrower in the manner required by this Agreement, to seek and attempt to obtain the appointment of a receiver to take possession of and operate and/or dispose of the business and assets of Borrower and any costs and expenses incurred by Lender in connection with such receivership shall bear interest at the interest rate on the Loan, at Lender's option, and shall be secured by all Collateral.

Section 6.4 Deposits; Insurance

Borrower authorizes Lender to collect and apply against the Loan and any other amounts owed by Borrower to Lender, when due any cash or deposit accounts in its possession, and any refund of insurance premiums or any insurance proceeds payable on account of the loss or damage to any of the Collateral and irrevocably appoints Lender as its attorney-in-fact to endorse any check or draft or take other action necessary to obtain such funds.

ARTICLE 7
COMPENSATION AND SET-OFF

In addition to and not in limitation of any rights now or hereafter granted under applicable law, if an Event of Default occurs, the Lender is authorized at any time and from time to time to the fullest extent permitted by law without notice to the Borrower or to any other Person, any notice being expressly waived by the Borrower, but subject always to the rights of the individual Clients of the Borrower under the terms and conditions of their respective Purchase and Sale Agreements and those of LCTF under the terms and conditions of the PFP Factoring Agreement, to set-off and compensate and to apply any and all indebtedness at any time owing by the Lender to or for the credit of or the account of the Borrower against and on account of the obligations and liabilities of the Borrower due and payable to the Lender under this Agreement including, without limitation, all claims of any nature or description arising out of or connected with this Agreement, irrespective of whether or not the Lender has made any demand under this Agreement. Without any obligation or liability on its part, the Lender will attempt in good faith to advise the Borrower of the Lender's exercise of any of its rights under this Article 7.

ARTICLE 8
GENERAL PROVISIONS

Section 8.1 Notices:

Any notice, demand, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if served personally upon the party for whom it is intended, or transmitted by facsimile or by courier service, but in no case by mail, and in the case of:

(a) the Lender and its assignee, addressed to them at:

LIQUID CAPITAL EXCHANGE, INC
5734 Yonge Street
Suite 400
Toronto, Ontario
M2M 4E7
Canada

Attention: President
Facsimile Number: 416-222-0166

ACCORD FINANCIAL INC.
3500 de Maisonneuve Blvd.
Suite 1510
Montreal, QC H3Z 3C1
Canada

Attention: Fred Moss, President
Facsimile Number: 514-932-0076

the Borrower, addressed to it at:

[***Franchisee name***]
[*Address*]
[*Address*]
[*Address*]

Attention: [***name of Franchisee***]

Each party may, from time to time, change its address or stipulate another address from the address described above in the manner provided in this Section. The date of receipt of any such notice, demand, request, consent, agreement or approval, if served personally, shall be deemed to be the date of delivery if by facsimile shall be deemed to be the first (1st) Business Day thereafter and shall be the date of receipt thereof, if by courier. For the purposes hereof,

personal service on the Borrower shall be effectually made by delivery to an officer, director or employee of the Borrower at its address set out above.

Section 8.2 Waiver

No consent or waiver, express or implied, by the Lender to or of any breach or default by the Borrower in performance of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by it of its obligations hereunder. Failure on the part of the Lender to complain of any act or failure to act of the Borrower or to declare the existence of an event of default, irrespective of how long such failure continues, shall not constitute a waiver by the Lender of its rights hereunder.

Section 8.3 Amendments

This Agreement may not be modified or amended except by a writing signed by the Lender and the Borrower.

Section 8.4 Further Assurances

The Borrower hereby agrees that it will, from time to time, at the request of the Lender, execute and deliver such assignments, instruments, documents, consents, agreements and conveyances and take such further action as may be reasonably required by the Lender to accomplish the purposes of this Agreement and the Security Documents.

Section 8.5 Entire Agreement

This Agreement shall constitute the entire agreement between the Lender and the Borrower pertaining to the Loan and shall supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, relating thereto and there are no warranties, representations or other agreements by the Lender in connection with the Loan except as specifically set forth herein or in the other Security Documents.

Section 8.6 Rights, Powers and Remedies

Each right, power and remedy of the Lender provided for herein, in any other Security Documents or available under the Code or otherwise at law or in equity or in any other agreement shall be separate and in addition to every other such right, power and remedy. Any one or more and/or any combination of such rights, remedies and powers may be exercised by the Lender from time to time and no such exercise shall exhaust the rights, remedies or powers of the Lender or preclude the Lender from exercising any one or more of the such rights, remedies and powers or any combination thereof from time to time thereafter or simultaneously.

Section 8.7 Survival

All covenants, undertakings, agreements, representations and warranties made by the Borrower in this Agreement, the Security Documents and any certificates, reports, statements, information, data, documents or instruments delivered pursuant to or in connection with the Loan, this Agreement or any of the Security Documents shall survive the execution and delivery

of this Agreement, the Security Documents and any advances of the Loan made by the Lender pursuant to this Agreement and any of the Security Documents, and shall continue in full force and effect until any Outstanding Loan Amount and all interest fees and costs payable by the Borrower to the Lender under this Agreement are paid in full. All representations and warranties made by the Borrower in writing shall be deemed to have been relied upon by the Lender.

Section 8.8 Conflict

If a conflict exists between a provision of any of the Security Documents and a provision of this Agreement, the provisions of this Agreement shall prevail. If there is a representation, warranty, covenant, agreement or event of default contained in any Security Document, which is not contained herein, or vice versa, such additional provision shall not constitute a conflict, but shall supplement this Agreement

Section 8.9 Severability

If any provision of this Agreement or any other Security Document shall be held invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall attach only to such provision and shall not affect any or all other provisions of this Agreement or any other Security Documents and where necessary, shall be construed as if such invalid, illegal or unenforceable provision had never been contained therein; provided, however, that such provision shall not be by reason thereof invalid, illegal or unenforceable in any other jurisdiction.

Section 8.10 Successors and Assigns

This Agreement and each of the covenants, warranties and representations herein contained or in any certificates delivered in connection herewith by the Borrower shall inure to the benefit of and be binding upon the Lender and the Borrower and their respective successors and assigns, but this statement shall not authorize Borrower to assign its rights or obligations hereunder without the prior written consent of Lender in its sole discretion.

Section 8.11 Costs and Expenses

All costs and expenses incurred by the Lender in connection with any and all registration or filing with respect to the liens granted hereby or by any other Security Documents shall be paid by the Borrower regardless of when made and may at the Lender's option be deducted from any advance of the Loan. Borrower shall reimburse Lender on demand for all reasonable costs incurred by Lender in efforts to enforce its rights under this Agreement or any of the Security Documents or to enforce payment of any assigned Account and all reasonable fees, costs and expenses (including attorneys' fees), of any kind and nature, which may incur in (a) preparing or negotiating any agreement or documentation or otherwise incurred in connection with the Borrower entering into or modifying this financing arrangement with Lender, (b) filing financing statements or other documentation necessary to perfect any security interest, (c) making lien or title examinations, (d) protecting, maintaining, preserving or enforcing any Collateral including assigned Accounts, (e) defending or prosecuting any actions or proceedings related to such financing arrangements or (f) defending or prosecuting any action, claim or demand arising after the termination of any such financing arrangement but which relates to or arises out of such financing arrangement, shall be added to and deemed part of Borrower's obligations to Lender.

In addition, Borrower shall be responsible for the fees, costs and expenses of all audits and/or field examinations performed during the term of such financing Agreement, in addition to any initial field examination performed prior to the date of such financing. Borrower shall reimburse Lender on demand for all attorney's fees and costs incurred by Lender in the preparation of this Agreement, any security and related documents and/or subsequent amendments thereto.

Section 8.12 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. The parties hereby irrevocably waive any objection which they may now or hereafter have to the laying of venue of any action or proceeding arising out of or in connection with this Agreement brought in one of the courts referred to in the preceding sentence and hereby further irrevocably waive and agree not to plead or claim in such court that any action or proceeding brought in such court has been brought in an inconvenient forum. Lender and Borrower each agree that any suit, action or proceeding, whether claim or counterclaim, brought or instituted by either party hereto or any successor or assign of any party under or with respect to this Agreement or which in any way relates, directly or indirectly, to this Agreement or any event, transaction or occurrence arising out of or in any way connected with this Agreement, or the dealings of the parties with respect thereto, shall be tried only by a court and not by a jury. **EACH PARTY HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING.**

Section 8.13 Time of the Essence

Time is of the essence of this Agreement and shall continue to be of the essence until termination of this Agreement in accordance with the terms hereof.

Section 8.14 Cross Default

Any default by the Borrower under the Franchise Agreement shall also constitute default under this Agreement

Section 8.15 Discharge of Security

If the Borrower pays or causes to be paid to the Lender the Outstanding Loan Amount together with all interest, fees and costs payable by the Borrower to the Lender under this Agreement and any other Security Documents and the Credit Facilities is terminated, the Lender shall, at the request and expense of the Borrower, release and discharge all liens created hereby and by all of the Lender's other Security Documents including, without limitation, the Lender's filings against the Borrower under the Code.

Section 8.16 Power of Attorney

Borrower irrevocably appoints Lender as its attorney in fact, which said appointment is coupled with an interest and therefore may not be revoked and shall remain in full force and effect until all loans and financings to Lender have been paid in full and all obligations of Borrower to Lender have been fully discharged, with full power to do all things necessary to administer and manage any of Borrower's contracts and/or relations with any or all of the

Franchisees, and to do all things that Borrower can do with respect to such contracts and/or relations.

Section 8.17 Subordination of Borrower to Accord

It is contemplated by the Lender and the Borrower that the Lender shall assign this Agreement to Accord. In consideration of such assignment and to induce Lender to assign this Agreement to Accord, Borrower agrees that during such time and/or times that Borrower has any outstanding financial obligations that are due and owing to Accord, whether such financial obligations are due and owing directly or by assignment from Lender that all security interests which Borrower may have with respect to Lender shall be subordinate and junior in right of priority to any security interests in the assets of the Lender, that Accord may have. Borrower further agrees that until any financial obligations it owes to Accord had been paid in full (whether pursuant to the terms or as a result of the occurrence of a event of default or otherwise) Borrower shall not directly or in directly seek to foreclose or realize upon its security interests in the assets of the Lender. Borrowers subordination to Accord shall be effective regardless of the time or order of attachment or manner of perfection of its or Accord's respective security interests.

[*Signature page follows*]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

BORROWER:

[Name of Franchisee]

By: ______________________________

Name:

Title:

I have the authority to bind the Borrower.

LENDER:

LIQUID CAPITAL EXCHANGE, INC.

By: ______________________________

Name: Brian Birnbaum

Title: Vice President

I have the authority to bind the Lender.

For good and valuable consideration receipt of which is hereby acknowledged, Liquid Capital Exchange, Inc. hereby assigns to Accord Financial Inc. all of its interest and rights under this Loan and Security Agreement.

LIQUID CAPITAL EXCHANGE, INC.

By: ______________________________

Name: Brian Birnbaum

Title: Vice President

I have the authority to bind the Lender.

Schedule A – Permitted Encumbrances

EXHIBIT I-2

UNLIMITED PERSONAL GUARANTEE

TO: Liquid Capital Exchange, Inc.,
5734 Yonge Street
Suite 400
Toronto, Ontario
M2M 4E7

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment to Liquid Capital Exchange, Inc., (hereinafter called "EXCHANGE") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **[*name of franchise]*** (hereinafter called the "COMPANY") to EXCHANGE or remaining unpaid by the COMPANY to EXCHANGE, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between EXCHANGE and the COMPANY, and without limiting the generality hereof, in particular under a Loan Agreement between EXCHANGE and the COMPANY bearing even date herewith, or by or from any agreement or dealings with any third party by which EXCHANGE may be or become in any manner whatsoever a creditor of the COMPANY or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the COMPANY be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities") with interest from the date of demand for payment at the rate of Bank of America's Prime Interest Rate plus eight (8%) per centum per annum;

This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to EXCHANGE up to an unlimited amount, plus interest thereon from date of demand for payment at the rate of interest indicated above.

EXCHANGE shall not be bound to exhaust its recourse against the COMPANY or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.

This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the COMPANY or in the membership of the COMPANY's firm through the death or retirement of one or more partners or the introduction of one or more other parties or otherwise, or by the acquisition of the COMPANY's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the COMPANY, or by the COMPANY's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "THE COMPANY" shall include every such firm and corporation.

This guarantee and agreement shall extend to and enure to the benefit of EXCHANGE and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

The payment of all present and future debts of the COMPANY to the Guarantor are hereby postponed and subordinated to EXCHANGE as security for any existing and/or future liabilities of the COMPANY to EXCHANGE. This subordination shall subsist for the duration of the relationship between the COMPANY and EXCHANGE unless otherwise agreed to in writing.

It is agreed that EXCHANGE, without the consent of the undersigned and without exonerating in whole or in part the undersigned, or any of them (if more than one), may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from, or from perfecting securities of, may accept compositions from, and may otherwise change the terms of any of the debts and liabilities hereby guaranteed and otherwise deal with the COMPANY and all other persons (including the undersigned, or any one of them, and any other guarantor) and securities, as EXCHANGE may see fit.

THIS GUARANTEE SHALL BE GOVERNED, CONSTRUED AND INTERPRETED AS TO VALIDITY AND ENFORCEMENT AND IN ALL OTHER RESPECTS IN ACCORDANCE WITH THE LAWS OF THE PROVINCE OF ONTARIO AND THE LAWS OF CANADA APPLICABLE IN THE PROVINCE OF ONTARIO, WITHOUT REGARD TO THE CHOICE OF LAW PROVISIONS THEREOF. THE UNDERSIGNED AND ACCORD SPECIFICALLY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY COURT WITH RESPECT TO ANY CONTRACTUAL, TORTIOUS OR STATUTORY CLAIM, COUNTERCLAIM OR CROSS-CLAIM AGAINST THE OTHER ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTEE OR THE OTHER GOVERNING DOCUMENTS BECAUSE THE PARTIES HERETO BELIEVE THAT THE COMPLEX COMMERCIAL ASPECT OF THEIR DEALINGS WITH ONE ANOTHER AND THE GREATER COSTS AND DELAYS ASSOCIATED WITH A JURY TRIAL MAKE A JURY DETERMINATION NEITHER DESIRABLE NOR APPROPRIATE. BY EXECUTION AND DELIVERY OF THIS GUARANTEE, THE UNDERSIGNED HEREBY IRREVOCABLY ACCEPTS, GENERALLY AND UNCONDITIONALLY, THE EXCLUSIVE JURISDICTION OF ANY COURT OF COMPETENT JURISDICTION LOCATED IN THE PROVINCE OF ONTARIO WITH RESPECT TO ANY QUESTION, CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS GUARANTEE OR ANY OTHER FACTORING DOCUMENT. THE UNDERSIGNED HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH THE UNDERSIGNED MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTEE BROUGHT IN ONE OF THE COURTS REFERRED TO IN THE PRECEDING SENTENCE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN SUCH COURT THAT ANY ACTION OR PROCEEDING BROUGHT IN SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

If, for purposes of obtaining judgment against the undersigned, it becomes necessary to convert into Canadian funds an amount due hereunder in U.S. funds, then the conversion shall be made at the rate of exchange prevailing on the last business day in Toronto, Ontario before the day on which the judgment is rendered.

For this purpose, "rate of exchange" means the spot rate at which Accord is able to purchase U.S. funds with Canadian funds on the relevant date. In the event that there is a change in the rate of exchange prevailing between the day before the day on which the judgment is rendered and the date of payment of the amount due, the undersigned will pay such additional amount(s) as may be necessary to ensure that the amount paid on such date is the amount in Canadian funds which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due in U.S. funds. Any amount due by

the undersigned under this paragraph shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under this guarantee.

ACCEPTED, CONFIRMED AND AGREED this ______ day of ________________, 20___

____
Witness

____
[*Name of Franchisee]*

Address

Social Security No: ____________________

For good and valuable consideration receipt of which is hereby acknowledged, Liquid Capital Exchange, Inc. hereby assigns to Accord Financial Inc. all of its interest and rights under this Loan and Security Agreement.

LIQUID CAPITAL EXCHANGE, INC.

By: ____

Name:____

Title: ____

EXHIBIT I-3

SUBORDINATION AGREEMENT

LETTER AGREEMENT

THIS LETTER AGREEMENT (this "letter agreement") is made as of __________, by and among Accord Financial Inc. ("Accord"), **[***name of Franchise***]** ("**[***insert name***]**") and Liquid Capital Exchange Corp. ("LCEC").

RECITALS:

A. LCEC from time to time enters into receivables factoring arrangements (the "Factoring Arrangements") with Clients and, in consideration thereof, LCEC obtains a security interest in accounts and other assets of such Clients.
B. Franchisees of Liquid Capital Canadian Corporation (the "Franchisees") may purchase participations in Factoring Arrangements (the "Participations") by entering into Participation Agreements with LCEC, with such Franchisees obtaining a security interest against LCEC with respect of such accounts receivable.
C. LCEC may enter into Loan and Security Agreements with Franchisees in order to facilitate the purchase of Participations and, in consideration thereof, LCEC obtains a security interest over certain assets of Franchisee, including those accounts in which Franchisee has purchased a Participation.
D. To finance its obligations under the Franchisee Loan and Security Agreements, LCEC is party to that certain LCEC/Accord Loan and Security Agreement, dated **[_______]** (the "LCEC Credit Agreement"), with Accord.
E. In consideration of the LCEC Credit Agreement, LCEC (i) has granted to Accord a security interest in substantially all of its assets (including accounts purchased in any Factoring Arrangement) and (ii) assigns to Accord LCEC's security interest in each Franchisee that has entered into a Loan and Security Agreement.
F. **[***name of Franchisee***]** is a Franchisee of Liquid Capital Canada Corporation and has entered into that certain Loan and Security Agreement with LCEC, dated [date] (the "**[***name of Franchisee***]** Loan and Security Agreement") and, in connection therewith, has granted to LCEC the security interest described above.
G. It is the desire and intention of the parties hereto to establish, as between themselves, the priority, operation and effect of the interests of Accord, LCEC and **[***name of Franchisee***]** in the assets and security interests as described above.

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. **Definitions.** Capitalized terms not otherwise defined herein shall have the meanings set forth in the **[***name of Franchisee***]** Loan and Security Agreement.

2. **Acknowledgments, Agreements and Subordination of Franchisee.**

   (a) **[***name of Franchisee***]** hereby acknowledges and agrees that the financial accommodations by Accord to LCEC under the LCEC Credit Agreement are of direct benefit to **[***name of Franchisee***]** and that such financial accommodations are provided by Accord on the condition precedent that **[***name of Franchisee***]** enters into this letter agreement. **[***name of Franchisee***]** further consents to Accord extending such financial accommodations from time to time upon such terms and conditions and for such amounts as may be agreed to between LCEC and Accord. Such terms

and amounts may be amended, modified, extended or terminated from time to time, all without notice to or further consent by [*name of Franchisee*].

(b) [*name of Franchisee*] hereby acknowledges and agrees that any interests it may now or in the future hold in accounts purchased by LCEC under a Factoring Arrangement, which interests may among other things arise when [*name of Franchisee*] enters into a Participation Agreement and obtains a security interest in LCEC associated therewith, are and shall be junior and subordinate in all respects to the interests of Accord in such accounts; provided, that the subordination contemplated in this Section 2(b) shall be limited to the aggregate amount of Loans outstanding under the [*name of Franchisee*] Loan and Security Agreement. The subordination contemplated in this Section 2(b) shall be effective notwithstanding the time, place, order of attachment or manner of perfection of the respective security interests of each of [*name of Franchisee*] and Accord.

(c) Without limiting the generality of the preceding paragraph, in order to more fully effectuate the purposes of such preceding paragraph, [*name of Franchisee*] hereby agrees that Accord may file (but is not required to file) such Financing Change Statements as Accord may require in its sole discretion to amend all security interests that [*name of Franchisee*] may have against LCEC to reflect the existence of this letter agreement, including, without limitation, Financing Change Statements with respect to the following PPSA Financing Statements:

> [*insert the filing information on the PPSA financing statements presently of record*]

By signing this letter agreement, you hereby waive notice of the filing of any Financing Statement or Financing Change Statement or receipt of any verification statement relating to the above security interests.

(d) Until the termination of this letter agreement in accordance with the terms hereof, [*name of Franchisee*] (i) hereby waives such rights (if any) that it may have to require a marshaling of assets, appraisal, valuation or any other similar rights to which it may otherwise be entitled and (ii) agrees that it shall not directly or indirectly seek to foreclose or realize on the accounts that are the subject of its Participation or its security interests therein.

(e) Subject to Section 3(a) hereof, [*name of Franchisee*] agrees to promptly turn or pay over to LCEC, for the benefit of Accord and/or other Franchisees, any amounts that may come into its possession while Loans remain outstanding under the [*name of Franchisee*] Loan and Security Agreement.

3. **Acknowledgment and Agreements of Accord.**

(a) Accord hereby acknowledges and agrees that the subordination of [*name of Franchisee*] under this letter agreement shall apply only to the extent of the Loans outstanding under the [*name of Franchisee*] Loan and Security Agreement. Without limiting the generality of the foregoing, in the absence of a breach or default in the obligations of [*name of Franchisee*] under the [*name of Franchisee*] Loan and Participation Agreement, nothing in this letter agreement shall preclude a payment by LCEC to [*name of Franchisee*] otherwise due and owing under the terms of an applicable Participation Agreement.

(b) The parties executing this Letter Agreement (the "Parties") acknowledge and agree that the obligations of [*name of Franchisee*] are several and not joint vis-à-vis any other Franchisee. The occurrence of an event of Default by any other Franchisee or LCEC shall not permit Accord to seek recourse or exercise any right, power or interest against [*name of Franchisee*] and LCEC. Nothing in this Section 3(b) shall prevent or otherwise limit the exercise by Accord of its rights and benefits as a secured party with respect to the Franchisee or Franchisees that is or are the subject of a Default, or LCEC if it has suffered an event of default.

4. **Miscellaneous.**

(a) The parties to this letter agreement shall cooperate fully with each other in order to carry out promptly and fully the terms and provisions of this letter agreement. Each party shall from time to time execute and deliver such other agreements, documents or instruments and take such other actions as may be reasonably necessary or desirable to effectuate the terms of this letter agreement.

(b) No failure or delay on the part of a party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

(c) In the event of any conflict between the provisions of this letter agreement and the provisions of any of the [*name of Franchisee*] Loan and Security Agreement and the LCEC Credit Agreement and the security documents executed in connection therewith, the provisions of this letter agreement shall control.

(d) This letter agreement may be executed in two or more counterparts (which may be an original, a facsimile transmission or another electronically transmitted instrument) each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(e) No amendment, supplement or modification of this letter agreement shall be effective unless such amendment, supplement or modification is in writing and signed by each of the parties hereto.

(f) In case any one or more of the provisions contained in this letter agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

(g) This letter agreement shall be construed in accordance with and governed by the laws of Ontario, without regard to its principles of conflict of laws. Any lawsuit, action or proceeding against any party hereto arising out of or relating to this letter agreement shall be commenced in the courts of Ontario and each party hereto expressly and irrevocably submits itself to the exclusive jurisdiction of such courts.

(h) This letter agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

(i) This letter agreement shall remain in effect for as long as the LCEC Credit Agreement remains in effect and/or there is a loan outstanding to the Franchisee. This letter agreement will be binding upon and inure to the benefit of each party hereto and its respective successors and assigns.

(j) The division of this letter agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this letter agreement.

*   *   *   *   *

IN WITNESS WHEREOF, the parties hereto have executed this letter agreement as of the date first above written.

[NAME OF FRANCHISEE]

By: ____________________________
Name:
Title:

ACCORD FINANCIAL INC.

By: ____________________________
Name:
Title:

LIQUID CAPITAL EXCHANGE CORP.

By: ____________________________
Name:
Title:

EXHIBIT I-4

Side Letter

Liquid Capital Exchange, Inc.
5734 Yonge Street
Suite 400
Toronto, Ontario
M2M 4E7

Re: Loan and Security Agreement dated _______ _____, 20___ (the "Agreement")

It is understood that it is the intent of the parties to replace the Agreement with a re-factoring agreement and related security agreements under business terms which are substantially similar to those contained within the Agreement. It is the intention that Liquid Capital Exchange Inc. will endeavor to prepare such agreement in a timely manner, however any delays in preparation will not negate the intent to substitute the Agreement with a re-factoring agreement.

FRANCHISE NAME

By: ________________________
Name: [Name of Franchisee]

In his personal capacity as a non-incorporated company

EXHIBIT J

RECEIPT

EXHIBIT J

RECEIPT
(Retain This Copy)

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

If Liquid Capital of America Corp. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, franchisor or an affiliate in connection with the proposed franchise sale or grant. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, it must provide this disclosure document to you at your first personal meeting to discuss the franchise.

If Liquid Capital of America Corp. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit H**.

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

Issuance Date: **March 10, 2013**

See **Exhibit H** for our registered agents authorized to receive service of process.

I have received a disclosure document dated **March 10, 2013** that included the following Exhibits:

Exhibit A — Financial Statements
Exhibit B — Franchise Agreement (with attachments and exhibits)
- Attachment A – Guaranty and Assumption Agreement
- Attachment B – Principal Signature Page
- Exhibit A – Marks
- Exhibit B – Minimum Business Volume
- Exhibit C – Territory
- Exhibit D – ACH Authorization
- Exhibit E – Franchisee Ownership Structure
- Exhibit F – Blanket UCC Financing Form

Exhibit C — Participation Agreement
Exhibit D — List of Franchised Territories and Area Directors
Exhibit E — List of Franchisees and Area Directors Who Have Left the System
Exhibit F — Table of Contents (Operations Manual)
Exhibit G — State-Specific Addendum
Exhibit H — List of State Administrators and Agents for Service of Process
Exhibit I — Financing Documents
Exhibit J — Receipt

____________________	____________________	____________________
Date	Signature	Printed Name
____________________	____________________	____________________
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Brian Birnbaum at MacArthur Plaza, 5525 N. MacArthur Blvd., Suite 625, Irving, TX 75039 and 1-877-228-0800. This disclosure document is also available in pdf format on our website, www.liquidcapitalcorp.com.

EXHIBIT J

RECEIPT
(Our Copy)

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

If Liquid Capital of America Corp. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, franchisor or an affiliate in connection with the proposed franchise sale or grant. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, it must provide this disclosure document to you at your first personal meeting to discuss the franchise.

If Liquid Capital of America Corp. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit H**.

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Exhibit G	State-Specific Addendum
Exhibit H	List of State Administrators and Agents for Service of Process
Exhibit I	Financing Documents
Exhibit J	Receipt

____________________	____________________	____________________
Date	Signature	Printed Name
____________________	____________________	____________________
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Brian Birnbaum at MacArthur Plaza, 5525 N. MacArthur Blvd., Suite 625, Irving, TX 75039 and 1-877-228-0800. This disclosure document is also available in pdf format on our website, www.liquidcapitalcorp.com.

Item 23 - Contacts Information

Christine Miller [cmiller@liquidcapitalcorp.com]

FDD Admin [cmiller@liquidcapitalcorp.com]