



FRANCHISE DISCLOSURE DOCUMENT

For Use In:

Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington, D.C., West Virginia, Wisconsin and Wyoming

Pending In:

California, Hawaii and Indiana

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FRANCHISE DISCLOSURE DOCUMENT



THE GROUNDS GUYS LLC
a Texas limited liability company
1010-1020 North University Parks Drive
Waco, Texas 76707
254/745-2400 or 877/374-5296
877/855-5986 (fax)
thegroundsguys@dwyergroup.com (e-mail)
www.thegroundsguys.com (website)

As a franchisee you will provide commercial, residential, and municipal property maintenance and landscaping services; snow removal services; trash and debris removal; horticultural services, namely, sod installation, commercial and municipal lawn and vegetation fertilization and treatment; and other related services and products.

The total investment necessary to begin operation of a The Grounds Guys® franchise ranges from \$72,490 to \$205,090 not including real estate costs. This includes \$29,940 that must be paid to the franchisor. For additional territory (beyond the minimum 100,000) we charge \$285 per 1,000 population.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Robert Tunmire, 1010-1020 North University Parks Drive, Waco, Texas 76707, 254/745-2400.

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

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

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

Issuance Date: April 1, 2014

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STATE COVER PAGE

Your state may have a franchise law that requires the 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 B 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 LITIGATION ONLY IN WACO, McLENNAN COUNTY, TEXAS. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN TEXAS THAN IN YOUR OWN STATE.**

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

3. **ALL BUSINESS OR INDIVIDUALS WHO CONSTRUCT OR ALTER ANY BUILDINGS, HIGHWAYS, ROAD, PARKING FACILITY, RAILROAD, EXCAVATION, OR OTHER STRUCTURES IN CALIFORNIA MUST BE LICENSED BY THE CALIFORNIA CONTRACTORS STATE LICENSING BOARD IF THE TOTAL COST (LABOR AND MATERIALS) OF ONE OR MORE CONTRACTS ON THE PROJECT IS \$500 OR MORE. CONTRACTORS MUST BE LICENSED BEFORE SUBMITTING BIDS.**

4. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

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

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**THE GROUNDS GUYS LLC
STATE EFFECTIVE DATES**

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

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

California:	Pending
Hawaii:	Pending
Illinois:	April 1, 2014
Indiana:	Pending
Maryland:	April 4, 2014
Michigan:	April 2, 2014
Minnesota:	April 8, 2014
New York:	April 1, 2014
North Dakota:	April 2, 2014
Rhode Island:	April 1, 2014
South Dakota:	April 1, 2014
Virginia:	April 4, 2014
Washington:	April 26, 2014
Wisconsin:	April 1, 2014

In all other states, this Franchise Disclosure Document's effective date is the issuance date of April 1, 2014.

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**THE FOLLOWING PROVISIONS APPLY ONLY TO
TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

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

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

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

Any questions regarding the notice should be directed to:

State of Michigan
Consumer Protection Division
Attention: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone: 517-373-7117

Note: Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce this section as written.

FRANCHISE DISCLOSURE DOCUMENT

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EXHIBITS

A	FRANCHISE AGREEMENT	
1A	Defined Terms	
1B	Items Applicable to All Franchisees	
1C	Items Applicable Only to This Agreement	
2	ACH Origination Authorization	
3	Telephone Number and Internet Agreement, Assignment & Power of Attorney	
4	Franchisee Disclosure Questionnaire	
5	ProTradeNet Agreement	
6	Promissory Note and Security Agreement	
7	Confidentiality Agreement	
8A	Roll-in Addendum [Optional]	
8B	Excluded Services Addendum [Optional]	
9	Legal Entity Information Sheet and Financial Information Sheet	
10	Option to Purchase Agreement	
11	Franchisee Disclosure Questionnaire – Transfer	
12	Renewal Addendum	
13	General Release [Sample]	

- 14 GroundsNet User & Maintenance Agreement
- 15 Key Accounts Program Addendum
- 16 Marketing/Advertising Service Agreements

B AGENCIES/AGENTS FOR SERVICE OF PROCESS

C FINANCIAL STATEMENTS OF OUR PARENT

D PARENT GUARANTEE

E CURRENT FRANCHISEES IN THE UNITED STATES AS OF DECEMBER 31, 2013

F FRANCHISEES IN THE UNITED STATES WHO LEFT THE SYSTEM IN THE PAST 12 MONTHS AS OF DECEMBER 31, 2013

G STATE ADDENDA AND FRANCHISE AGREEMENT RIDERS

APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT G.

ITEM 1

THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

For ease of reference in this disclosure document, the franchisor is referred to as “we,” “us” or “our” and sometimes Grounds Guys and the person who is considering the franchise is referred to as “you” or “your.” The business that is operated under the franchise agreement is referred to as the “franchise” or the “franchised business” and the right to operate granted by the franchise agreement is sometimes referred to as the “license” or “franchise.” If you are a legal entity, certain provisions of the franchise agreement and related agreements apply to your shareholders, officers, directors, members or partners. These provisions are noted.

This disclosure document outlines and summarizes some contractual obligations of both the franchisor and the franchisee which are found in the franchise agreement and other agreements. For ease of reference and understanding, these obligations may be paraphrased or described in general terms in this document. Such outlines or summaries do not supersede, replace or modify the actual text of the obligation contained in the relevant agreement.

The Franchisor and Predecessor

The franchisor is The Grounds Guys LLC. We were formed in the State of Texas on February 25, 2010. We maintain our principal place of business at 1010-1020 North University Parks Drive, Waco, Texas 76707. We do business under our corporate name and under the name THE GROUNDS GUYS® and do not do business, or intend at the current time to do business, under any other name. We do not engage in any other business activity. Our agents for service of process are listed on Exhibit B.

Since our organization in 2010, we have offered franchises which operate commercial, residential, and municipal property maintenance and landscaping services; snow removal services; trash and debris removal; horticultural services, namely, sod installation, commercial and municipal lawn and vegetation fertilization and treatment; and other related services and products as of the date of this disclosure document. We offer these franchises as “start-ups” or you have the option to convert an existing business into a franchised business. We do not own or operate any franchises. We have no other business activities and have not offered franchises in any other line of business. We have not had any predecessors during the 10-year period immediately before the date of this disclosure document. As of December 31, 2013, we had 117 franchises in operation in the U.S.

Sunshine Franchising, Inc. and 1674482 Ontario Inc., both of which are Ontario corporations (collectively referred to as “Sunshine”), currently offer The Grounds Guys franchises in Canada. Sunshine is not an affiliate or parent of ours. We previously acquired from Sunshine certain United States intellectual property for use in The Grounds Guys franchise system.

Our Parents and Affiliates

We are a wholly-owned subsidiary of Dwyer Franchising LLC, (f/k/a The Dwyer Group, Inc.) (“Parent”). The name and principal business address of each of the companies that directly or indirectly control us (i.e., Parent and its parent companies) are listed as follows:

Name of Company	Principal Business Address	Ownership or Control of Company
Dwyer Group Investment Holdings, LLC (“DGI”)	1010-1020 North University Parks Drive, Waco, Texas 76707	Owned by TZP Capital Partners I and co-investors and controlled by TZP Capital Partners I

Name of Company	Principal Business Address	Ownership or Control of Company
Dwyer Acquisition Parent, Inc. (“DAP”)	1010-1020 North University Parks Drive, Waco, Texas 76707	Wholly owned by DGI
TDG Holding Company (“TDGHC”)	1010-1020 North University Parks Drive, Waco, Texas 76707	Wholly owned by DAP
The Dwyer Group, Inc. (“TDG”)	1010-1020 North University Parks Drive, Waco, Texas 76707	Wholly owned by TDGHC
The Dwyer Group LLC (“Dwyer”)	1010-1020 North University Parks Drive, Waco, Texas 76707	Wholly owned by TDG
Dwyer Franchising LLC	1010-1020 North University Parks Drive, Waco, Texas 76707	Wholly owned by Dwyer

We currently have no affiliates required to be included in this item except as provided below:

Since 1981, Rainbow International LLC (“Rainbow International”) has offered franchises which provide carpet cleaning, dyeing, repair, reinstallation and related services; upholstery, drapery and ceiling cleaning and related services; and deodorization services. In 1997, Rainbow International added an option to perform air duct cleaning services. In 2000, Rainbow International added water, smoke and disaster restoration services. In 2001, Rainbow International added an option to perform mold remediation services. At various times since 1993, Rainbow International has also offered regional or area franchises which solicit prospective franchisees and/or provide services to its franchisees in selected areas. Rainbow International maintains its principal place of business at 1010-1020 North University Parks Drive, Waco, Texas 76707. As of December 31, 2013, Rainbow International had 277 franchises in operation in the U.S. Rainbow International has never conducted business of the type described in this disclosure document.

Since 1992, Aire Serv LLC (“Aire Serv”) has offered franchises which provide installation, maintenance and repair of residential and commercial heating, ventilating and air-conditioning equipment under the name AIRE SERV®. At various times since 1992, Aire Serv has also offered regional or area franchises which solicit prospective franchisees in selected areas and/or provide services to its franchisees in selected areas. Aire Serv was our wholly-owned subsidiary until it was acquired by our Parent. Aire Serv maintains its principal place of business at 1010-1020 North University Parks Drive, Waco, Texas 76707. As of December 31, 2013, Aire Serv had 152 franchises in operation in the U.S. Aire Serv has never conducted business of the type described in this disclosure document.

Since 1993, Mr. Rooter LLC (“Rooter”) has offered franchises which provide plumbing and plumbing repair services; sewer, drain and pipe cleaning services; septic tank pumping; water heater replacement; TV pipe inspection; line and leak detection; hydronics; excavation, replacement and repair/relining of sewer lines and other related services and products in homes and commercial buildings under the name MR ROOTER® and AMERICA’S TROUBLE SHOOTER®. At various times since 1990, Rooter or a predecessor of Rooter also offered area franchises which solicit prospective franchisees and/or provide services to its franchisees in selected areas. Rooter maintains its principal place of business at 1010-1020 North University Parks Drive, Waco, Texas 76707. As of December 31, 2013, Rooter had 212 franchises in operation in the U.S. Rooter has never conducted business of the type described in this disclosure document.

Since 1994, Mr. Electric LLC (“Electric”) has offered franchises which perform electrical services and repairs under the name MR. ELECTRIC®. At various times since 1995, Electric has also offered regional or area franchises which solicit prospective franchisees and/or provide services to its franchisees in selected areas. Electric maintains its principal place of business at 1010-1020 North University Parks Drive, Waco, Texas 76707. As of December 31, 2013, Electric had 130 franchises in operation in the U.S. Electric has never conducted business of the type described in this disclosure document.

Since August 1996, Mr. Appliance LLC (“Appliance”) has offered franchises which perform and provide service and repair on all major appliances for residential and commercial customers under the name MR. APPLIANCE®. At various times since 1997, Appliance has also offered regional or area franchises which solicit prospective franchisees and/or provide services to its franchisees in selected areas. Appliance maintains its principal place of business at 1010-1020 North University Parks Drive, Waco, Texas 76707. As of December 31, 2013, Appliance had 152 franchises in operation in the U.S. Appliance has never conducted business of the type described in this disclosure document.

Since March 2004, Synergistic International LLC d/b/a Glass Doctor (“Glass Doctor”) has offered franchises that repair and replace auto and flat glass under the name GLASS DOCTOR® and also periodically offered regional or area franchises that solicit prospective franchisees and/or provide services to its franchisees in selected areas. From 1977 to March 2004, Glass Doctor’s predecessors offered similar franchises. Glass Doctor maintains its principal place of business at 1010-1020 North University Parks Drive, Waco, Texas 76707. As of December 31, 2013, Glass Doctor had 163 franchises in operation in the U.S. Glass Doctor has never conducted business of the type described in this disclosure document.

The affiliates named above offer franchises using separate franchise disclosure documents. We will make any of those disclosure documents available to you upon request.

The Dwyer Group Canada Inc. (“TDGC”), a wholly-owned subsidiary of our Parent since January 1998, was incorporated in the Province of Ontario, Canada on January 21, 1998. TDGC has the right to offer and sell our franchises in Canada under a 3-party agreement between TDGC, us and the franchisee. TDGC, in cooperation with us, provides, support and supervision and, at times, assistance or guidance, to Canadian franchisees operating under our Marks and System. TDGC maintains its principal place of business in Ontario, Canada at 250 Dundas Street West, Toronto, Ontario M5T 2Z5. As of December 31, 2013, TDGC had 26 Rooter franchises, 21 Rainbow International franchises, 9 Glass Doctor franchises, 5 Appliance franchises, 24 Electric franchises and 16 Aire Serv franchises in operation in Canada. TDGC conducts business of the type described in this disclosure document in Canada.

Dwyer (UK Franchising) Limited (“Dwyer UK”), a wholly-owned subsidiary of our Parent since March 9, 2012, was incorporated in England and Wales on March 9, 2012. Dwyer UK has the right to offer and sell our franchises in the United Kingdom using agreements between Dwyer UK and the franchisee. Dwyer UK, in cooperation with us, provides support and supervision and, at times, assistance or guidance, to franchisees operating under our Marks and System in the United Kingdom. Dwyer UK maintains its principal place of business in Five Mile House, 128 Hanbury Rd., Stroke Prior, Bromsgrove, Worcester EG B60 4JZ, United Kingdom. As of December 31, 2013, Dwyer UK had 9 Electric franchises and 6 Aire Serv franchises. Dwyer UK conducts business of the type described in this disclosure document in the United Kingdom.

ProTradeNet, LLC (“ProTradeNet”) negotiates, and sometimes enters into contracts, with some of the vendors, suppliers and others who do business or propose to do business with franchisees of our Parent’s subsidiary companies with the goal of obtaining better terms and conditions on which franchisees

purchase goods and services for their businesses. ProTradeNet maintains its principal place of business at 1010-1020 North University Parks Drive, Waco, Texas 76707. ProTradeNet does not own or operate any franchises nor has it offered franchises in any line of business.

Handled.com LLC (“Handled” or “Handled.com”) was formed in 2011 to, among other things, negotiate, and sometimes enter into contracts with some of the Key Accounts (which we may sometimes refer to as “System or National Accounts”). Handled also currently offers certain marketing and similar services or other services. Handled currently does business under the trade names, Dwyer Service Solutions™ and Dwyer Marketing Services™ which offer the services described in this Item and/or other trade names in development or to be determined, and maintains its principal place of business at 1010-1020 North University Parks Drive, Waco, Texas 76707. Handled does not own or operate any franchises nor has it offered franchises in any line of business.

Dwyer Service Solutions™ (“DSS”) was formed to negotiate, and sometimes enter into contracts, with some of the Key Accounts who do business or propose to do business with franchisees of our Parent’s subsidiary companies with the goal of obtaining Key Account customers for these franchisees. DSS offers services that may relate to Key Accounts and facilitation of accounts as between franchisees, Key Account customers and third parties, if any. There is no assurance of the timing and amount of customers and services that may be in place at any time and the program(s) which DSS plans to administer may be discontinued at any time with no obligation to any franchisee.

Dwyer Marketing Services™ (“DMS”) offers or plans to offer, marketing, account management, call center, and similar services or other services. DMS currently offers “pay-per-click” advertising campaign services for franchisees, and plans, but has no obligation, to offer certain other marketing services beginning in 2014, as described in Item 11. The services DMS plans to add include contact center, including call answering and scheduling as well as outbound appointment setting. Additional services include local online reputation management service. The program which DMS plans to administer may be discontinued at any time with no obligation to any franchisee.

TFI Group LLC, d/b/a *TC Referrals*™, a Texas limited liability company and an affiliate of ours, was formed on October 23, 2013. *TC Referrals* has a license to use the service mark *TC Referrals* and other marks for a period of eighteen months, with a six month automatic renewal and an option to purchase the marks and business, under a license agreement with TOFIXIT, Inc. of Phoenix, AZ. *TC Referrals* plans to offer consumers a choice of prescreened companies for a variety of home services and products as well as companies that provide services for autos and businesses. The companies participating are reviewed as to quality and customer service and must maintain the standards set by *TC Referrals* to remain as participants. This is a free service for consumers. Qualified companies pay a monthly fee to be a part of the participating companies. *TC Referrals* is in the start-up phase in Austin, Texas but has plans to expand to other cities in the future. Participation by franchisees is optional. In the markets where *TC Referrals* is available companies that may compete with you will also be allowed to participate in this service on the same basis as you if they qualify.

TZP Capital Partners I and co-investors (“TZP”), an investment fund, which is our ultimate parent, is an affiliate of TZP Capital Partners II L.P. and TZP Capital Partners II-1, L.P. (“TZP II”). Both funds invest in a portfolio of companies which includes companies that offer franchises in other lines of business. The portfolio of TZP II currently includes Snap Fitness, Inc. (“Snap Fitness”) and Kosama Franchising LLC (“Kosama”), whose franchising programs are described below.

Snap Fitness’ principal business address is 2411 Galpin Court, Suite 110, Chanhassen, Minnesota, 55317. Snap Fitness offers franchises for businesses that operate a fitness and workout club featuring state-of-the-art exercise equipment with 24 hour personal keycard access for members (“Snap

Fitness Businesses”). Snap Fitness has offered franchises for Snap Fitness Businesses since March 2004. As of December 31, 2013, there were 1,080 franchised Snap Fitness Businesses in the United States. Snap Fitness has never operated or offered franchises for businesses of the type described in this disclosure document. Snap Fitness has the following described wholly-owned foreign subsidiaries that grant franchises and provide franchise support to their franchisees outside the United States. *Snap Fitness of Canada, Inc.* (“Snap Canada”), a Canadian corporation, has offered franchises in Canada since April 2008. Snap Canada’s address is Suite 2300, Bentall 5, 550 Burrard Street, Box 30, Vancouver, BC V6C 2B5, Canada. *Snap Fitness (Australia) Pty Ltd.* (“Snap Australia”), an Australian proprietary limited company, offered franchises in Australia and since April 2010. (From June 2009 to April 2010, Snap Fitness directly Snap Australia). Snap Australia’s address is 315 Ferntree Gully Road, Mount Waverley, VIC 3149. *Snap Fitness New Zealand Limited* (“Snap New Zealand”), a New Zealand limited company, has offered franchises in New Zealand since November 2009. Snap New Zealand’s address is Ground Floor, Princes Court, 2 Princes Street, Auckland 1010. *Snap Fitness UK Limited* (“Snap UK”), a UK limited company, has offered franchises in the UK since October 2009. Snap UK’s address is 120 Edmund Street, Birmingham, B3 2ES. In addition, Snap Fitness has unaffiliated master licensees that offer *Snap Fitness* franchises in other counties.

Kosama’s principal business address is 2411 Galpin Court, Suite 110, Chanhassen, Minnesota, 55317. Kosama offers franchises for businesses that operate a personal fitness club that features a program for complete body transformation and designed to help members achieve physical performance and weight management goals (“Kosama Businesses”). Kosama has offered franchises for Kosama Businesses since January 2012. As of December 31, 2013, there were 28 franchised Kosama Businesses in the United States. Kosama has never operated or offered franchises for businesses of the type described in this disclosure document. Kosama is a wholly owned subsidiary of Kosama Holdings, LLC, a Minnesota limited liability company that is wholly owned by Snap Fitness, Inc., a Minnesota corporation, which is its direct parent. Kosama has the following described affiliates that grant KOSAMA franchises and provide franchise support to their franchisees outside the United States. *Kosama Franchising of Canada, Inc.* (“Kosama Canada”), a Canadian corporation, has offered Kosama franchises in Canada since June 2012. Kosama Canada’s address is Suite 2300, Bentall 5,550 Burrard Street, Box 30, Vancouver, BC V6C 2B5, Canada. *Kosama Franchising (Australia) Pty Ltd* (“Kosama Australia”), an Australian proprietary limited company, has offered Kosama Franchises since September 2012. Kosama Australia’s address is 315 Ferntree Gully Road, Mount Waverley, VIC 3149. *Kosama New Zealand Limited* (“Kosama New Zealand”), a New Zealand company has offered Kosama franchises in New Zealand since August 2012. Kosama New Zealand’s address is Ground Floor, Princes Court, 2 Princes Street, Auckland 1010 and has the same address as Snap New Zealand.

Except as noted above, none of our affiliates have offered franchises in the same line of business as offered in this disclosure document.

Description of the Franchise

You will perform commercial, residential and municipal property maintenance and landscaping services, including, landscaping, lawn care (commercial and municipal fertilization, seeding, spraying, lawn-mowing, and turf installation), snow and ice control services, and other related services and products. You will operate the franchised business under our service marks THE GROUNDS GUYS® and logo, and the additional principal service marks, trademarks, trade names, logos, emblems, slogans or indicia of origin which are or may be designated by us in the future (the “Marks”) for use in accordance with the methods and processes developed by us in connection with the franchise (the “System”) within a specified geographical area (the “territory”). You may, if we approve, convert an existing business offering similar services to a franchised business or add additional territory to a franchised business under the terms stated in the franchise agreement and related agreements.

Although you are granted a territory you will not receive an exclusive territory. Provided you are in full compliance with your franchise agreement, we will not operate or grant a franchise for the operation of another *The Grounds Guys* franchise with rights to market within your territory during the term of your franchise agreement. But under the terms and conditions we specify franchisees may perform services in other territories. See Item 12 for more information about your territory.

The standard form of franchise agreement we are now offering is included in this disclosure document as Exhibit A (the “franchise agreement”). We update our disclosure document annually and sometimes more frequently. When we update our disclosure document, the form of franchise agreement and other agreements may change, fees and other obligations may increase, and the terms and conditions on which you may obtain a franchise may be less favorable as compared with a previous disclosure document. When the new disclosure document is issued, any previous disclosure document expires and fees and other terms stated in any previous disclosure document are no longer available.

Because of different circumstances applicable to different franchisees, uniformity of franchise agreements among our franchisees may not always be possible or practical. We have offered franchise agreements in the past, the terms, conditions, and obligations of which may have varied materially from the franchise agreement being offered under this disclosure document. We may, in the future, offer franchise agreements to other franchisees on terms materially different from those set forth in this Agreement. We also may materially vary the franchise agreement terms, conditions, and obligations (including those relating to fees, territories, training and other items) offered to other franchisees and you will not be entitled to require us to disclose these variations to you or to grant the same or a similar variation to you.

The franchise offers services to the general public, including residential and commercial customers, and the services are offered in a developed market. There are other nationally recognized trade names in the grounds care industry. You will compete with other grounds care, landscaping, lawn care, irrigation, and snow and ice control businesses that provide similar services directly or through franchisees. Potential customers of a franchised business also represent a form of competition; the homeowner or commercial customer may already be performing its own lawn care and conditioning. Depending on where your franchised business is located, the types of services you provide may be seasonal and may depend on the climate.

Industry Specific Regulations

Federal, state and local labor regulations, including minimum age and minimum wage laws and other laws and regulations apply to businesses generally. You must comply with federal and state licensing and regulatory requirements for pesticide applicators, including the Federal Insecticide, Fungicide and Rodenticide Act. You are responsible for obtaining any licenses or permits required by your locality for performing the work of the franchise. There may be other laws that apply to the franchised business and you should investigate these laws.

ITEM 2

BUSINESS EXPERIENCE

President: Christopher Alan Elmore

Mr. Elmore has been President for Grounds Guys since January 1, 2014. He was our Vice President of Operation from March 1, 2011 until January 1, 2014 and he was Vice President of Operations of Aire Serv from November 2003 to March 2011.

Vice President of Operations: Steve Murray

Mr. Murray has been our Vice President of Operations since January 2014. He was a Franchise Consultant for The Grounds Guys from March 2012 to January 2014 and a Franchise Developer from March 2010 to March 2012. He was owner of Lifestyles Design Solutions LLC in Waco, Texas from 2009 to March 2010 and owner of Wolfe Landscapes LLC in Waco, Texas from 1998 to 2009.

Corporate Secretary and Director: Deborah Wright-Hood

Ms. Wright-Hood has been a director of TDG since February 2014, Corporate Secretary of our Parent since January 1999, Chief Administrative Officer of our Parent since October 2004, Vice President of Administration of our Parent from December 1997 to October 2004, and Assistant Treasurer of our Parent from April 1998 to April 2007. She has also been Corporate Secretary for DGI since December 2010, TDGHC since January 1998, Rooter since December 1994, Rainbow International since January 1990, Aire Serv and Electric since December 1994, Appliance since January 1996, and ZorWare LLC (“ZorWare”) since October 2003. She has been Vice President and Corporate Secretary of Glass Doctor since March 2004, Chief Administrative Officer and Corporate Secretary of Grounds Guys since February 2010, and Assistant Secretary of DAP since December 2010.

Chief Financial Officer and Treasurer: Thomas J. Buckley

Mr. Buckley has been our Chief Financial Officer and Treasurer since our formation, Mr. Buckley has also been Chief Financial Officer and Treasurer for our Parent, Rooter, Aire Serv, Electric, Appliance, and Rainbow International, since August 1997 and Chief Financial Officer and Treasurer of Glass Doctor since March 2004. He has also been Chief Financial Officer and Treasurer of TDGHC since January 1998, Vice President of our Parent since April 1998 and Chief Financial Officer and Treasurer of ZorWare since October 2003. He has been Treasurer of DAP since December 2010.

Director of Finance and Assistant Treasurer: Parker F. Pieri

Mr. Pieri has been Director of Finance for our Parent since January 2006. He has also been Assistant Treasurer of our Parent, Rooter, Appliance, Electric, Aire Serv, Rainbow International and Glass Doctor since April 2008 and our Assistant Treasurer since February 2010 and Assistant Treasurer of DAP since December 2010.

Vice-President: Samuel Katz

Mr. Katz has been a Director and President of DGI, DAP and TDG; a Director and President and Secretary of TDGHC; a Vice President of Dwyer Franchising LLC; and a Director and Vice President of TDGC since December 2010. Mr. Katz has been a Vice President of Aire Serv, Rooter, Appliance, Electric, Rainbow, Glass Doctor and The Grounds Guys since December 2010 and a Manager and Vice President of Synergistic International LLC and The Grounds Guys LLC since December 2010. Mr. Katz has been a Managing Partner of TZP in the firm’s office in New York, NY since 2007. From 2006 to 2007, he was CEO of MacAndrews & Forbes Acquisition Holdings, Inc., a holding company for private equity investments of MacAndrews & Forbes Holdings Inc. located in New York, NY. Mr. Katz has served as Chairman of the Board of avVenta Holdings, LLC, a holding company for avVenta Worldwide LLC, a company that specializes in digital production and interactive services, with headquarters in Charleston, SC, since 2008; and as a member of the Board of Directors of DLT Solutions, LLC, a company that delivers technology solutions to federal, state and municipal governments and businesses, with headquarters in Herndon, VA, since 2009. Both avVenta Worldwide and DLT Solutions are affiliates of TZP.

Vice President: Vladimir Gutin

Mr. Gutin has been a Director and Vice President of DGI, DAP; a Director of TDG; a Director and Vice President and Treasurer of TDGHC; and a Director of TDGC since December 2010. Mr. Gutin has been a Vice President of Glass Doctor and The Grounds Guys since December 2010. Mr. Gutin has been a Senior Partner of TZP Capital Partners I in the firm's office in New York, NY since 2007. From 1994 to 2007, Mr. Gutin was Managing Director and Co-Head of the Specialty Finance Group in the Financial Institutions Group of Goldman, Sachs & Co., a global investment banking and advisory firm located in New York, NY. Mr. Gutin has served as a member of the Board of Directors of avVenta Holdings, LLC, since 2010.

Vice-President: Nathan Chandrasekaran

Mr. Chandrasekaran has been a Director and Treasurer of DGI and a Director and Secretary of DAP since December 2010. Mr. Chandrasekaran has been with TZP Capital Partners I in the firm's office in New York, NY since 2007. From 2005 to 2007, he worked at Merrill Lynch & Co., a global investment banking and advisory firm located in New York, NY. Mr. Chandrasekaran has served as a member of the Board of Directors of DLT Solutions, LLC since 2009.

Parent Company Executive Chairwoman: Dina Dwyer-Owens

Ms. Dwyer-Owens has been Executive Chairwoman of DGI, TDG and our parent since February 2014. She was Chief Executive officer of our Parent from January 1999 until February 2014, a Director of our Parent since July 1993, President of TDGHC since January 1999, and Director of DGI since December 2010. She was a Director of Rooter from July 1993 to December 2011, Rainbow International from January 1990 to December 2011, TDGHC since January 1998 and Appliance, Aire Serv, Electric and ZorWare from October 2003 to December 2011. She was a Manager of Glass Doctor from March 2010 to December 2011 and of Grounds Guys from February 2010 to December 2011.

Parent Company Chief Executive Officer: Michael B. Bidwell

Mr. Bidwell has been Chief Executive Officer of our Parent since February 2014. He has been a Director of TDGHC since December 2010; President of our Parent since March 2007; Chief Operating Officer of our Parent from July 2000 to February 2014 and Vice President of Glass Doctor since March 2004. He has been a Director of DGI since December 2010. He was President of Electric from August 2006 to March 2007, Rooter from September 1998 to October 2006, Appliance from September 1998 to March 2006, Aire Serv from May 2003 to January 2004, and Rainbow International from July 1995 to March 2002.

Parent Company Executive Vice-President, Robert Tunmire

Mr. Tunmire has been Executive Vice President of our Parent since December 1998. His duties include supervision of franchise sales staff.

Parent Company Executive Vice President: Mary Kennedy Thompson

Ms. Thompson was appointed as the Executive Vice President of TDG and our Parent in February of 2014. She was appointed as The Dwyer Group International Liaison beginning in 2011 and in 2013 Ms. Thompson was named the Director of Veteran Affairs for our Parent. She has been President of Rooter since October 2006.

Vice President of Franchise Sales, Mike Hawkins

Mr. Hawkins has been Vice President of Franchise Sales in the Sales Department of our parent company for more than the past 5 years.

Except as otherwise stated above, the location of each of the positions described above was 1010-1020 North University Parks Drive, Waco, Texas 76707.

ITEM 3

LITIGATION

Litigation Filed Against Us

The following are litigation matters initiated by franchisees against us or in which a franchisee filed a counterclaim against us:

Our Pending Actions:

We are not involved in any pending litigation initiated by franchisees that must be disclosed in this Item.

Our Prior Actions:

Jeff Walker vs. The Dwyer Group, Inc., Theresa Dwyer, Dina Dwyer-Owens, Donald J. Dwyer, Jr., Burton D. Cohen, Donald E. Latin, and John P. Hayes, (Civil Action No. 20302-NC, in the Court of Chancery of the State of Delaware in and for New Castle County). On May 12, 2003, our Parent announced the signing of a merger agreement with an affiliate of Riverside. On May 20, 2003, Jeff Walker (“Walker”) filed a purported class action complaint against our Parent and its Board of Directors: Donald J. Dwyer, Jr.; Theresa Dwyer; Burton D. Cohen, Donald E. Latin; John P. Hayes and one of our Directors, Dina Dwyer-Owens (“Defendants”), alleging that Defendants breached their fiduciary duties to Walker. On February 26, 2004, Walker stipulated to dismissal of the action with prejudice as to himself, but not to the class. The action has been dismissed.

Litigation Against Franchisees in the Last Fiscal Year

There are no litigation matters involving the franchise relationship that we initiated and that we were a party to during the last fiscal year.

Litigation Involving our Parent or Affiliates

The following are litigation matters involving our Parent or Affiliate(s) to which we are not, or were not, a party:

Prior Actions:

Aaron Roughton, individually and on behalf of all others similarly situated v. The Dwyer Group, Inc., and Rainbow International Carpet Dyeing and Cleaning Company (Cause No. CV2005-435JMK, in the Circuit Court for Talladega County, Alabama). On August 4, 2005, Aaron Roughton (“Plaintiff”) filed suit against our affiliate, Rainbow International, and our Parent, alleging that Rainbow International did not maintain authority to transact business in the state of Alabama and that Rainbow International misrepresented and suppressed the facts of its authority to transact business there. Plaintiff was seeking a

refund of fees and attorney's fees and costs. Plaintiff also sought an injunction enjoining Rainbow International from doing business in Alabama until it re-qualified and received a new certificate of authority. On December 28, 2005 this case was settled. Rainbow International agreed to pay Plaintiff \$40,000 and each party paid their own attorney fees.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

The following is a bankruptcy proceeding that has been concluded:

Steve Murray, our Vice President of Operations, and his wife, filed a voluntary petition under Chapter 7 of the United States Bankruptcy Code on June 29, 2009, in the United States Bankruptcy Court for the Western District of Texas (Case No. 09-60744). Mr. and Mrs. Murrays' Chapter 7 Case was completed and dismissed on December 15, 2009.

Other than this action, no bankruptcy proceeding is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

In the year ended December 31, 2013, the average initial franchise fee paid by our franchisees was approximately \$36,017 and the initial franchise fee paid during that period ranged from \$27,146 to \$49,008 based on the population in the territory purchased and available discounts (discussed below). While the minimum initial franchisee fee you must pay to us is \$28,500, plus \$285 per 1,000 population for additional territory, less applicable discounts, as described below, it is important to note that the minimum territory is not appropriate or available in all cases and in all areas, depending on demographics, proximity to larger population centers, percentage of area population, the need to buy whole counties, how well the proposed territory matches what you and we expect will be the territory you will actually serve and also how well it fits within our current plan for development of the applicable larger area or region.

Only the VetFran discount, the Public Protectors discount, the cash discount, or the rural franchise special pricing, if you qualify for them, will bring the minimum initial franchise fee you must pay to an amount which is below \$28,500. The minimum population in a territory is generally 100,000 and the maximum population is generally 1,500,000. A larger population may be allowed under certain circumstances (e.g., densely populated urban areas or a high percentage of the territory is impoverished). You may purchase additional territory, if available, at \$285 per 1,000 population. The population in your territory is generally determined from estimates prepared by the U.S. Census Bureau (see www.census.gov), but we may use a substitute or successor source of population information and the source and date of the information we use is determined solely by us.

You must pay the initial franchise fee in full when you sign the franchise agreement. Financing for the initial franchise fee may be available as noted in Item 10. We do not give refunds unless we cannot approve your business site or we are dissatisfied with your completion of Phase I or Phase II training. If

we cannot approve your business site and you have not yet attended Phase II training, we will refund the initial franchise fee minus our reasonable expenses (including outside and in-house counsel legal fees and costs) to date, which we usually range from \$5,000 - \$84,000, and minus broker fees, if applicable, which can range from 40% to 70% of the total initial fees if you will agree to abide by reasonable restrictive covenants to protect our confidential and proprietary information. If we are dissatisfied with your Phase I or Phase II training and we do not believe that you will be able to perform the services of the franchise, we will terminate your franchise agreement and refund the initial franchise fee minus our reasonable expenses (including outside and in-house counsel legal fees and costs) incurred through that time, which usually ranges from \$8,000 - \$10,000, and minus broker fees, if you will agree to abide by reasonable restrictive covenants to protect our confidential and proprietary information.

Special Pricing – “Rural Franchise” with Population not exceeding 65,000

We require the minimum franchise fee described above in every case except in areas with a minimum population of 40,000 and a maximum population of 65,000 in which we will apply special pricing for the initial franchise fee if you qualify. To qualify, the territory (i) must be within the population size required (40,000 to 65,000); (ii) must not include a city of more than 30,000 in population; and (iii) must not be included within a standard metropolitan statistical area. In addition, if this special pricing applies (i) no other discounts, with the exception of the cash discount, the VetFran discount, and the Public Protectors discount will apply; (ii) you must make a 30% minimum down payment for any financing; (iii) the transaction cannot be subject to an arrangement with a franchise or other broker; and (iv) the lowest initial fee payable under this pricing will be the amount that is equal to 50% of our minimum franchise fee unless the application of the VetFran, Public Protectors or Cash discount results in a lower fee. If any third party, including parties we have previously made arrangements with, claims to be due a payment in connection with the sale of the territory this special pricing will not apply. If all of these requirements are met we will apply the standard pricing we use to determine the initial franchise fee to your smaller population territory without regard to a minimum except that the initial franchise fee cannot be less than 50% of our minimum franchise fee. So to determine your fee when you qualify for this special pricing you would first calculate the fee with this special pricing for a rural franchise. The resulting initial franchise fee would be compared with the amount that is equal to 50% of our minimum franchise fee and the greater amount will be the amount you pay as the initial franchise fee.

Discount Programs

Our discount programs are described as follows:

Cash Discount

If you pay us the entire initial franchise fee in cash within 60 days after the effective date of your franchise agreement, we will discount the initial franchise fee by 10%. If we, in our sole discretion grant you permission, in writing, to pay us our initial franchise fee in cash or cash and a short term promissory note and the entire amount of the initial franchise fee, including the entire amount due on any promissory note, is paid in cash at any time from 61 days to 90 days after the effective date of your franchise agreement, we will discount the initial franchise fee by 7.5%.

Population Discount

If you purchase a territory with a population of 200,000 or more we will discount the initial franchise fee by 5% to 30%, depending on the population of the territory, as shown in the chart as follows:

Percentage Discount	Population
5%	200,000 – 299,999
10%	300,000 – 599, 999
15%	600,000 – 899,999
20%	900,000 – 1,199,999
25%	1,200,000 – 1,499, 999
30%	1,500,000 or more

The Population Discount is based on the population of the territory you purchase at the time you sign the Franchise Agreement and not on the combined population of the territory you purchase and any territory included in an option on additional territory.

Roll-In Discount for Sales Volume Rolled in from an Existing Business

If you have an existing business with annual gross sales of at least \$200,000, that business is similar to the franchise and you agree to merge that business with the franchised business, we will discount the initial franchise by the percentage shown for the annual Gross Sales your existing business agrees to “roll-in”, up to a maximum discount of 35% as shown in the chart that follows:

Percentage Discount	Annual Gross Sales
10%	200,000 - 299,999
15%	300,000 - 399,999
20%	400,000 - 499,999
25%	500,000 - 599,999
30%	600,000 - 799,999
35%	800,000+

Additional Territory Discount

For qualified franchisees that have been our franchisee or a franchisee of one of our affiliate companies that offers franchises, which are listed in Item 1, for at least 2 years and who purchase additional territory from us, the initial franchise fee will be discounted based on the number of years you have been a franchisee of ours or of one of our affiliates listed in Item 1, as follows:

Percentage Discount	Number of Years as Our Franchisee or as a Franchisee of Our Affiliate
10%	2
15%	3
20%	4
25%	5
30%	6
35%	7
40%	8

Percentage Discount	Number of Years as Our Franchisee or as a Franchisee of Our Affiliate
45%	9
50%	10

Second Concept Discount

We and our affiliates (see Item 1) offer a program to reward franchisees who have been a franchisee for at least 2 years that purchase a franchise from us or one of our affiliate companies listed in Item 1. If you have been a franchisee for at least 2 years, and you qualify to be a franchisee of any of these companies, when you purchase a franchise from one of these companies, the initial franchise fee is discounted as follows:

Percentage Discount	Number of Years as Our Franchisee or as a Franchisee of Our Affiliate
10%	2
15%	3
20%	4
25%	5
30%	6
35%	7
40%	8
45%	9
50%	10

HIRE Discount for Employees of Franchisees

We have a discount program to reward qualified employees of our and our affiliates' franchisees who have been recommended by their employer, have been employed by our franchisee or a franchisee of our affiliate for at least 2 years and who otherwise qualify to be our franchisee, calculated as follows:

Percentage Discount	Years of Consecutive Employment
10%	2
15%	3
20%	4
25%	5
30%	6
35%	7
40%	8
45%	9
50%	10

Franchises granted by us under the HIRE Program will generally contain a population from 100,000 - 200,000. The HIRE Discount applies only to the first 200,000 of population and does not apply to any additional initial franchise fee. You may use the Hire Discount only once and only in accord with the subsection in this Item titled “Combination and Application of Discounts.”

If you wish to acquire a territory containing a population of more than 200,000, you must pay the additional initial franchise fee at our usual rates except that you may qualify for the population discount (see discount rates above).

VetFran Discount

We are a member of the International Franchise Association (“IFA”), and we participate in the IFA’s VetFran Program. If you are an honorably discharged veteran who meets our qualifications for purchasing a franchise, we will discount the initial franchise fee by an amount equal to 25% of the **minimum** initial franchise fee, except in the case of a Rural Franchise, in which case a 25% discount will be calculated based on the amount of initial franchise fee payable after taking into account other discounts, except the cash discount (cash is the final discount applied) as described in “Combination of Discounts” below. This VetFran discount is available only to United States and Canadian veterans and the term “veteran” shall be defined by us in our sole discretion. However, in determining who is included in the term “veteran” we may be guided, in whole or in part, by any definitions we think appropriate, including definitions used by the federal government of the United States or Canada, as applicable, in determining who is eligible for federal benefits intended for veterans.

Public Protectors Discount

If you are a current or former fulltime law enforcement/fire person with a minimum of 2 years of service who meets our qualifications for our Public Protectors Discount and for purchasing a franchise, we will discount the initial franchise fee by an amount equal to 20% of the **minimum** initial franchise fee, except in the case of a Rural Franchise, in which case a 20% discount will be calculated based on the amount of initial franchise fee payable after taking into account other discounts, except the cash discount (cash is the final discount applied) as described in “Combination of Discounts” below. In order to qualify for a Public Protectors Discount, you must currently be, or have been, a full-time law enforcement official or fire fighter in good standing and have served in such capacity for a minimum of two (2) years. Included in this definition are certified paramedics and corrections officers. Excluded are EMTs that are not certified paramedics and jailers.

Combination and Application of Discounts

You may qualify for 1 or more of our discount programs. If you qualify for 1 or more of these discount programs, and your initial franchise fee is computed to be below our minimum initial franchise fee of \$28,500, unless the discount is the VetFran Discount, the Public Protectors Discount or the Cash Discount, you must pay us an initial franchise fee of \$28,500.

You may use the Cash Discount and either the Territory Discount or the Roll-In Discount. You cannot use both the Roll-in Discount and the Territory Discount. If you qualify for either the Roll-In Discount or the Territory Discount, and the Cash Discount, these discounts will be calculated as shown in the following example: You agree to “roll-in” \$1,250,000 in annual Gross Sales from an existing business you own, and you also agree to pay the initial franchise fee in cash. On an initial franchise fee of \$100,000, you first receive a 50% Roll-In Discount on the initial franchise fee, reducing the initial franchise fee to \$50,000. You will then receive a 10% Cash Discount on the discounted initial franchise fee of \$50,000, reducing the initial franchise fee to \$45,000.

The Additional Territory Discount (for our qualified existing franchisees only) may be used with the Cash Discount but not with any other type of discount. If you qualify for both the Additional Territory Discount and the Cash Discount, these discounts will be calculated as follows: if you have owned your franchise for 10 years, you receive a 50% Additional Territory Discount on the initial Franchise Fee. You will then receive a 10% Cash Discount on the discounted initial Franchise Fee.

The VetFran discount can be used on an additional concept but not on additional territory. The VetFran discount can only be used on any given concept one time. If you qualify for special pricing for a "Rural Franchise," for the VetFran discount and a cash discount, the VetFran discount will be calculated as follows: On an initial franchise fee you first receive a 25% VetFran discount. You will then receive a 10% cash discount on the discounted initial franchise fee.

The Public Protectors discount can be used on an additional concept but not on additional territory. The Public Protectors discount can only be used on any given concept one time. If you qualify for special pricing for a "Rural Franchise," for the Public Protectors discount and a cash discount, the Public Protectors discount will be calculated as follows: On an initial Franchise Fee you first receive a 20% Public Protectors discount. You will then receive a 10% cash discount on the discounted initial Franchise Fee.

You cannot use the HIRE or Second Concept Discounts with any other discount except cash.

If you qualify for the VetFran, Public Protectors or HIRE discounts you must have and maintain during the term of the Franchise Agreement a 51% majority interest in the beneficial ownership and voting interest of the franchisee if the franchisee is a corporation, partnership or other entity (not a natural person).

The above descriptions are for illustration only. Any questions about application or combination of discounts, including questions about the order in which discounts may be applied, will be resolved by us in our sole discretion.

Proprietary and Related Software

You must pay to us, or our designee a setup fee for use of our operations software, currently our proprietary software called GroundsNet (see Items 6, 8 and 11, and franchise agreement, Exhibit 14). The amount of that fee is currently \$1,440 per GroundsNet license granted to you and is payable to us via cashier's check, credit card or, at our election, ACH draft from your bank account, at signing of the franchise agreement. You must also pay a \$55 monthly license fee for accounting software as described in Item 6. The amount of the setup, hosting and maintenance fees may change in the future and we are not limited as to the amount of any fee increase. If we change these fees, we will notify you. None of the fees for proprietary and related software are refundable.

Option for Additional Territory

We do not grant any right of first refusal to obtain additional territory but you may, if qualified, purchase an 18 month option for an additional territory by paying us, at the time you purchase your franchise, a fee of 10% of the initial franchise fee for the territory you wish to buy. You must sign an Option to Purchase Agreement (franchise agreement, Exhibit 10). At any time within the 18 month period beginning from the effective date of your franchise agreement, you may purchase the additional territory if you are in compliance with your franchise agreement by paying us the balance of the initial franchise fee. The 10% deposit will be applied to the purchase price. We do not refund your deposit if you decide not to purchase the additional territory.

You may also acquire an additional territory during the term of the franchise agreement by entering into another franchise agreement for the additional territory or, at our option, an amendment to your existing franchise agreement, for that particular territory. When you purchase an additional territory, whether or not through the Option to Purchase Agreement we may require that you sign a general release releasing us from all claims you may have except claims which, under state law, may not be released. Except in the case of additional territory purchased under an Option to Purchase Agreement, when you purchase additional territory you must satisfy the performance threshold requirement set forth in the franchise agreement. See Item 12.

Resale Training Fee

You may acquire an existing franchised business on terms negotiated between you and our franchisee, subject to the transfer provisions of our franchisee’s franchise agreement with us. You must pay us a nonrefundable Resale Training Fee of \$5,000 if you purchase an existing franchised business. See Item 6.

ITEM 6

OTHER FEES

Column 1 Type of fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
License Fee ^{1,2}	7% of Gross Sales except for special rates that apply to “roll-in” sales. In addition, minimum license fees apply	14th day of each month	See Fees Chart for License Fees, Minimum License Fees, MAP Fees and Minimum MAP Fees (“Fees Chart”) and notes.
MAP Fee ^{1,2}	2% of Gross Sales except for special rates that apply to “roll-in” sales. In addition, minimum MAP fees apply	14th day of each month	See Fees Chart and notes.
Advertising Cooperative ^{1,2}	You help determine, up to 2% of Gross Sales	Annual	A local or regional Advertising Cooperative may be established by a group of franchisees with our permission for a specific geographic area. The members of the Cooperative establish their own procedures and contributions (see Item 11).

Column 1 Type of fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Operations Software – Hosting and Maintenance Initial Software Fee ³	Currently, \$1,440 per license	When you enroll and sign the User & Maintenance Agreement at the time you sign your franchise agreement	You must use our operations software (currently our proprietary software, GroundsNet) or other software we specify for your operations, or a combined accounting and operations software we specify and pay this initial fee (see Items 1, 5, 8 and 11)
Operations Software - Hosting and Maintenance Monthly Software Support Fee ³	Currently, \$120 per month per license	Monthly. starting the month when you begin operating your franchised business	You must pay us in the manner we require, including by credit card or by automatic bank draft, each month, beginning 30 days after initial setup. This fee may increase in the future. We will determine the increase, if any, to this fee each year.
Call Center Fees	\$1.30 per call with a \$50 per month minimum fee per franchised location	Monthly	We reserve the right to require you to use our designated service provider to provide call center services and these services may include call routing and scheduling services. You must pay us in the manner we require, including by credit card or by automatic bank draft, each month, beginning the first month following Phase II training. These fees may increase in the future. We will determine the increase, if any, to these fees each year. We may pay a portion of these fees to third parties, such as the call center service provider, and we may in the future have a third party collect all or a portion of these fees.

Column 1 Type of fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Resale Training Fee ¹	If you buy a franchised business from one of our existing Franchisees, we will provide Phase I and Phase II training to you at a cost of \$5,000	Before training	You must attend Phase I and Phase II training if you buy an existing franchised business. We reserve the right to waive this training fee in appropriate cases, including when the purchaser has completed training within a recent time period specified by us.
Training Fee ¹	Our then-current training fee	When you are billed	We may charge you a fee for any voluntary training courses. Although there is currently no fee for any required training program except the Reunion registration fee we reserve the right to charge fees for all training programs in the future at rates set by us. You may be required to purchase additional equipment, computer programs and other supplies for any additional training program, or make other reasonable expenditures necessitated by a change to the System.
Annual Convention (“Reunion”) Fees ¹	Currently \$1,000 unless you register by the end of Reunion Registration deadline and attend Reunion. If you do not attend Reunion the \$1,000 training fee is paid in any case and any training materials from Reunion will be made available to you at the time and in the manner we determine. In the event you attend, we discount the \$1,000 training fee to an amount that is usually \$200 to \$275 U.S. per person; discounts may also be available for early	When you are billed which may be via automatic bank draft, or within 30 days after Reunion via automatic bank draft	We charge you a per-person registration fee to attend the Reunion. The 2014 Reunion will be held September 7 – 10 in Orlando, Florida. You must attend Reunion each year (see Item 11).

Column 1 Type of fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	<p>registration and there may be a cap on the maximum fee for any franchise attending Reunion but, unless a cap applies to you, you pay the per person registration for all persons attending regardless of whether the total is greater than \$1,000. For non-participants, there is a separate charge for the Awards Banquet, generally \$35 - \$60 U.S. for children 12 and under and \$75 - \$90 U.S. for anyone over 12. These fees may increase in the future.</p>		
Transfer Fee ¹	The greater of \$5,000 or 5% of the sales price	Before transfer	<p>You must pay us this fee on the total gross sales price of the franchised business including all assets of the business when you sell your franchised business, but we may waive the transfer fee if the transfer is to a legal entity you control or to a member of your immediate family (See Sections 10.2.6, 10.3 and 10.4. of the Franchise Agreement).</p>
Late Fees ¹	\$10 per Report	On demand	<p>Applies to reports received from you more than 5 days after the due date</p>
Dishonored Check or ACH Draft ¹	\$25	On demand	<p>You must pay us for each check returned or ACH draft refused by your financial institution for insufficient funds in your account.</p>

Column 1 Type of fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Interest ¹	12% on unpaid balances	On demand	Payable on all overdue amounts. The twelve percent (12%) charge is calculated as a per annum rate but may be collected on demand, including weekly or monthly through automatic bank draft.
Failure to Maintain Insurance ¹	Our actual cost	On demand	If you fail to maintain the required insurance coverage on your franchise, we may acquire and pay for the insurance coverage and charge you.
Audit ¹	Cost of audit plus expenses if underpayment is 3% or more	When you are billed	Payable only if we find an understatement of Gross Sales of 3% or more by audit
Renewal Fee ¹	\$5,000	On renewal	See Item 17 of this disclosure document for more information about the terms and conditions for renewal.
Amendment Fee ¹	\$250	When you are billed	You must pay us a processing fee for modifications to your franchise agreement that are made at your request. When you request an amendment to your franchise agreement or related agreements we may require that you sign a general release releasing us from all claims you may have except claims which, under state law, may not be released.
Unapproved Suppliers ¹	Our actual out-of-pocket costs of inspection or testing	On demand	See Item 8.
Indemnification ¹	Varies according to loss	On demand	If we must engage an attorney to enforce our rights under the franchise agreement and we prevail, or if we are sued because of something you do or fail to do, you must indemnify us and/or reimburse us for all costs, including reasonable attorneys' fees (which may

Column 1 Type of fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			include outside counsel fees and in-house legal costs charged at rates comparable to outside attorneys), court costs and expenses expended or incurred in enforcing our rights.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the franchise agreement and we take action against you and prevail.
Liquidated Damages ¹	According to a formula based on your 2-year License Fee history	On demand	If you violate the covenant against competition or other confidential provisions and we are unable to obtain equitable relief, we may demand liquidated damages.
Tax Reimbursement ¹	Varies according to tax	When you are billed	You must pay us an amount equal to any sales tax, use tax, gross receipts tax, documentary stamp tax or similar tax (other than income tax), fees or charges imposed on us due to any required payments you make to us.
Franchisor Employee Training Fee	\$7,500 or then current amount	On hiring	You must pay us the then current amount, which at this time is \$7,500, as a training fee if you hire our employee. This fee applies when an employee who is then employed by us is induced by you to leave his employment in favor of being employed by you. This fee may increase in the future.
Warranty Escrow on Transfer ¹	Up to 5% of sales price	On transfer	If you sell your franchised business, we will hold up to 5% of the purchase price in an escrow fund for 6 months from the date of the sale to cover any warranty or service agreement claims by your customers. The exact percentage held in escrow will be determined by the

Column 1 Type of fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			number of projects completed by you in the 6 months before the sale. If a warranty or service agreement claim is made, we will charge the escrow fund our then-current hourly service fee (a minimum of \$100 per hour) for labor plus the actual cost of materials and supplies plus a \$50 handling fee for each claim. At the end of the 6 months, we will release any remaining escrowed funds to you. If there are no claims, we will charge you a one-time handling fee of \$150 and then release the escrowed funds.
Electronic Mail	You must obtain one mandatory email account which is free for the first year and you must pay \$25 annually for that account thereafter. Additional email accounts you elect to add are \$25 per account, billed annually, with a one-time \$25 setup fee per account.	When billed	You will be required to obtain an email account or accounts from a provider we select and you must pay us the required fees when due and we may require that such payment be made by automatic bank draft or other method we specify. These fees may increase in the future. We may pass these payments on to a third party provider or other designee.
Fees Required for Programs/Services You Elect to Participate In			
Key Accounts/ Management Fee	Up to 5% of total Gross Sales of all work that is subject to the fee	When you are billed or when the fee is deducted from your payment(s) for work performed or added to the invoice	If you elect to participate in our Key Accounts program we reserve the right to require you to pay a Key Accounts / Management Fee to us or our designee. We may also sometimes refer to this fee as a “Key Accounts Management fee” or “Management fee.” The Key Accounts / Management Fee will be an amount up to 5% of certain Gross Sales, including Gross Sales that relate to Key Accounts; Gross

Column 1 Type of fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			Sales that are the result of any lead or any agreement developed by our Business Development Department or any similar group that is part of our company or is our designee; Gross Sales for work that is dispatched from any call center operated by us or our designee; Gross Sales that are audited by us or our designee according to Key Accounts standards or Gross Sales that otherwise benefit from our Key Accounts activities or management.
Key Accounts/ Administrative Fees	Up to \$35 per invoice, referral or work order dispatched, as applicable and up to 15% of the Gross Sales of the work performed.	When you are billed or when the fee is deducted from your payment(s) for work performed or added to the invoice	If you elect to participate in our Key Accounts program we may collect and pass on to a third party service provider a range of fees for these services which may be up to 15% of the Gross Sales of the work performed. We may, in addition, collect and retain, or pass on to a third party service provider, up to a \$35 fee per invoice, referral or work order dispatched.
Pay-Per-Click Fees	Typically ranges from \$200 to \$700 (Budget determined by franchisee)	Monthly or at such other time(s) as we specify	If you elect to participate in this program you must sign the applicable agreement and pay the fees required. The fees for running these campaigns consist of two parts: a service fee that is paid to our affiliate, DMS, which fee pays for the personnel and tools to run the campaigns and the remainder that must be paid to a third party (currently, Google, and in the future possibly Yahoo, Bing or other parties). We may require that payment be made by automatic bank draft or other method we specify. These fees may increase in

Column 1 Type of fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			the future. We will determine the increase, if any, to these fees each year.
Contact Center Services- Outbound Appointment Setting Fees	Two Price Packages are available. The first package for \$279 per month includes being provided with a list of up to 75 prospects and a having a minimum of 75 calls made monthly; and the second, for \$499 per month, includes being provided with a list of up to 150 prospects and a having a minimum of 150 calls made monthly with certain lead nurturing activity not available on the lower priced package . Each package requires a \$99 one-time setup fee.	Monthly or at such other time(s) as we specify	If you elect to participate in this program you must sign the applicable agreement and pay the fees required. Services offered include outbound telephone services focused on building customer relationships and setting appointments with commercial accounts for purpose of acquiring requests for proposal. We may require that payment be made by automatic bank draft or other method we specify These fees may increase in the future. We will determine the increase, if any, to these fees each year.
Contact Center Services- Answering/ Scheduling Services Fees	\$99 one-time setup fee plus \$1.28/minute for 0-999 minutes/monthly; \$1.25/min for 1,000-2,499 minutes/monthly; and \$1.23/min for 2,500+ minutes/monthly	Monthly or at such other time(s) as we specify	If you elect to participate in this program you must sign the applicable agreement and pay the fees required. Services offered include answering service message taking; appointment scheduling or call transfer to office and/or 24/7 live answering. We may require that payment be made by automatic bank draft or other method we specify These fees may increase in the future. We will determine the increase, if any, to these fees each year.
Reputation Management Services Fees	\$99 one time set-up fee plus \$75 per month	Monthly or at such other time(s) as we specify	If you elect to participate in this program you must sign the agreement and pay the applicable fees required. Services offered include email notifications each time a review is posted online. In addition you will be able to

Column 1 Type of fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			monitor accuracy of your online listing sites. We may require that payment be made by automatic bank draft or other method we specify. These fees may increase in the future. We will determine the increase, if any, to these fees each year.
Fees for Supplemental and Additional Websites	Annual fee of up to \$15 for the domain name, plus a monthly fee of up to \$30 for the website initially for each additional Supplemental Website Franchisee elects to have beyond the initial Supplemental Website for the franchised business	When you are billed or when we collect via automatic bank draft or other manner we elect	If you elect to participate in a program we may offer in the future that provides for additional or supplemental websites, you must pay in the first year of this Agreement, the fee for any additional websites beyond the initial website we may provide for the franchised business using the domain name(s) we may in our sole discretion, deem appropriate to promote the franchised business (the "Supplemental Website"). After the first year of this Agreement, we may impose a fee for the Supplemental Website and/or may increase the fees for additional/multiple Supplemental Websites.
Optional GroundsNet Operations Software - Mobile Application Initial Fee and Monthly Support Fee	Currently, \$25 per company and \$3 per user	Monthly, starting the month when you begin operating your franchised business	If you choose to use the Mobile application (currently GroundsNet), we specify and you must pay us in the manner we require, including by credit card or by automatic bank draft, each month, beginning 30 days after initial setup. This fee may increase in the future. We will determine the increase, if any, to this fee each year.

Notes:

1. **Fee Payment Information.** All fees are imposed by us and are payable to us, except any local or regional Advertising Cooperative fees, which are imposed by the Cooperative, and may be payable to us or the Cooperative. You may be required to pay by automatic bank draft all current and future fees, including fees imposed by us, our affiliates or any local or regional Advertising Cooperative; License Fees, MAP Fees, any applicable Minimum License Fees and Minimum MAP Fees; any operations hosting and maintenance software fees; any operations mobile software fees; any late fees and interest; and any other fees or amounts owed to us. See Item 11 for information about electronic reporting of Gross Sales and payment of fees by automatic bank draft. Some banks or other financial institutions may charge a fee for electronic transfers, but these fees may be negotiable. All fees are non-refundable and are imposed uniformly on similarly situated franchisees.

2. **Gross Sales.** Gross Sales means all revenues of the franchised business being all revenues from services performed from, through, by or on account of the operation of the franchise and/or revenues from the sale of products, less the amount of sales tax or similar receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and you pay the taxes to the appropriate taxing authority. Gross Sales does not include any bona fide refunds, rebates or discounts granted in the ordinary course of business. Gross Sales includes all sales, whether cash or on credit (whether or not you ultimately receive payment on credit transactions), including, credit card and debit card transactions and payments using a check, with payment received at the time the debit, charge or check is made. If a transaction that was included in a prior period's report of Gross Sales is later determined to be uncollectible, that amount will be allowed as a credit against the Gross Sales reported to us for the period in which the determination is made. Gross Sales does not include income generated by your operation of any Existing Business identified on the Excluded Services Addendum, attached as Exhibit "8B" of the franchise agreement if you are in full compliance with that Addendum and the franchise agreement. The Excluded Services Addendum requirements include that (i) the operation of the Existing Business does not interfere with your operation of the franchised business; (ii) you do not utilize our Marks, System and Confidential Information in the operation of the Existing Business; (iii) the Existing Business offers only the Excluded Services specifically identified on Exhibit "8B", which are services specified by us that are related to but distinguishable from Core Services, and does not compete with the franchise by offering the same services and/or products as the franchise; and (iv) you maintain separate books and records for each of the franchise and the Existing Business. You must agree to make the books and records for your Existing Business available to us on reasonable prior written notice so that we may verify your compliance with the requirement concerning separate books and records.

3. **Software Fees.** You must use our proprietary software, currently GroundsNet, or such other software as we designate, solely for your internal needs in the operation of your franchised business. You may choose to use our mobile application, currently GroundsNet Mobile. Monthly hosting and maintenance fees for use of our operations and mobile software in your franchised business are currently the amount stated above and are collected in the manner we require, including by credit card or via automatic bank draft. However, these fees, and the services that are provided for these fees, may change in the future and we are not limited as to the amount of any fee increase. In addition, you will be required to use an accounting software, currently QuickBooks, and the fee of \$55 per month will be paid to a 3rd party vendor. (see Item 11)

Minimum Local Marketing Spending and Local Marketing Spending for Marketing Start-up Phase. We reserve the right to require you in the future to spend an amount annually on approved local marketing and advertising (Minimum Local Marketing Spending") equal to the greater of:(a) \$15,000; or (b) 3% of your Gross Sales for the previous year. We will advise you when and if this requirement becomes applicable and you must comply beginning immediately after notice. Amounts paid

to an Advertising Cooperative as provided in the Franchise Agreement and certain other amounts of local advertising spending currently will qualify to satisfy this requirement, provided that we may include additional information and requirements in the Manuals and will determine in our sole discretion what amounts will qualify for approved Minimum Local Marketing Spending. The amount you spend on Minimum Local Marketing Spending is in addition to any amount of MAP fees you must pay and regardless of any minimum MAP fees. Whether or not we have advised you that the Minimum Local Marketing Spending is required on an annual basis, you must spend the amount we specify, between \$7,500 and \$15,000, for local marketing spending for the marketing start-up phase of your business. If we have advised you that the Minimum Local Marketing Spending is required the amount spent on local marketing spending for the marketing start-up phase of your business will qualify towards satisfying the annual required amount.

ProTradeNet. Our affiliate, ProTradeNet, negotiates and enters into purchase arrangements with suppliers for the benefit of our franchisees. ProTradeNet may return a portion of the rebates or other amounts it receives as a result of these arrangements and purchases directly to franchisees who meet certain conditions. A portion of the amounts not returned to franchisees is retained by ProTradeNet as fees. You are not required to purchase any items under the ProTradeNet Program except as otherwise required by your franchise agreement or our Manuals or policies and procedures. See Item 8.

Key Accounts and Third Party Fees. You are not required to participate in our Key Accounts program but if you elect to participate you will be required, in some cases, to use a third party billing that offers additional services and those services may include additional software. These third party providers charge a range of fees, normally a percentage of the Gross Sales of the invoice and/or a per invoice referral or work order dispatched fee which may be in addition to the fees stated above. A company that refers customers may also charge a fee for referrals or the use of their software. We cannot estimate the amount of these fees.

FEES CHART

LICENSE FEES, MINIMUM LICENSE FEES, MAP FEES AND MINIMUM MAP FEES

ALL FEES EXPRESSED IN PERCENTAGES ARE CALCULATED BY MULTIPLYING THE PERCENTAGE STATED BY MONTHLY GROSS SALES EXCEPT FOR MINIMUM FEES FOR ROLL-INS, WHICH ARE CALCULATED BY MULTIPLYING THE PERCENTAGE BY THE MONTHLY ROLL-IN GROSS SALES. SEE NOTES BELOW.

License Fees ¹				
Type Fee	Month 1 – 12	Month 13 – 24	Month 25 – 36	Month 37 – End
Standard⁵	7%	7%	7%	7%
Small Roll-in⁷	3%	7%	7%	7%
Roll-in⁸	3%	6-7%	6-7%	6-7%
Roll-in – Chemical Application⁸	3%	3%	6-7%	6-7%
Large Roll-in⁹	3%	5-7%	5-7%	5-7%
Large Roll-in – Chemical Application⁹	3%	3%	5-7%	5-7%
Specialty Services⁶	2.5%	2.5%	2.5%	2.5%

Minimum License Fees³				
Type Fee	Month 1 – 12 (May-November)	Month 13 – 24 (May-November)	Month 25 – 36 (May-November)	Month 37 – End (May-November)
Standard	N/A	\$700	\$1,050	\$1,400
Small Roll-in	3%	Greater of 3% or \$700	Greater of 3% or \$1,050	Greater of 3% or \$1,400
Roll-in and Roll-in – Chemical Application	3%	Greater of 3% or \$700	Greater of 3% or \$1,050	Greater of 3% or \$1,400
Large Roll-in and Large Roll- in – Chemical Application	3%	Greater of 3% or \$700	Greater of 3% or \$1,050	Greater of 3% or \$1,400

MAP Fees²				
Type Fee	Month 1 – 12	Month 13 – 24	Month 25 – 36	Month 37 – End
Standard	2%	2%	2%	2%
Small Roll-in	1%	2%	2%	2%
Roll-in and Roll-in – Chemical Application	1%	1%	2%	2%
Large Roll-in and Large Roll-in – Chemical Application	1%	1%	1%	2%
Specialty Services	½%	½%	½%	½%

Minimum MAP Fees⁴				
Type Fee	Month 1 – 12 (May-November)	Month 13 – 24 (May-November)	Month 25 – 36 (May-November)	Month 37 – End (May-November)
Standard	N/A	2%	2%	2%
Small Roll-in	1%	1%	1%	1%
Roll-in and Roll- in – Chemical Application	1%	1%	1%	1%
Large Roll-in and Large Roll- in – Chemical Application	1%	1%	1%	1%

Notes:

1. **License Fees are Paid on Previous Month's Gross Sales.** You begin to report Gross Sales and pay us a monthly License Fee based on the previous month's Gross Sales beginning the earlier of (a) 12 months after the effective date of the franchise agreement or (b) the month when, after completing your first week of training, you invoice your first job or receive any payment for a job.

2. **Pay Total of License Fee and MAP Fee.** You always pay the greater of the License Fee or Minimum License Fee and, in addition, you must pay the greater of the Marketing, Advertising and Promotion Fee (“MAP Fee”) or the Minimum MAP Fee.

3. **Pay Greater of License Fee or Minimum License Fee.** Currently, we charge the Minimum License Fee during the months of May through November only. However, we may change this policy in the future and begin to charge the Minimum License Fee each month. You always pay the greater of the required License Fee or the applicable Minimum License Fee.

4. **Pay Greater of MAP Fee or Minimum MAP Fee.** Currently, we charge the Minimum MAP Fee during the months of May through November only. However, we may change this policy in the future and begin to charge the Minimum MAP Fee each month. You always pay the greater of the MAP Fee or the applicable Minimum MAP Fee.

5. **For Standard Fees Calculate by Multiplying Percentage by Gross Sales.** All fees expressed in percentages are calculated by multiplying the percentage stated by total monthly Gross Sales unless otherwise indicated. See notes 6, 7, 8 and 9.

6. **Special Rates for Specialty Services.** We allow you to pay a special rate for Specialty Services as defined by us. Specialty Services currently includes landscape design and new construction services, including installation of new irrigation systems. Maintenance of irrigation systems is a core service and may not be counted as Specialty Services except in situations where a license is required and you are not licensed to perform the service yourself. Specialty Services include installation of holiday lighting and landscape lighting, high-level tree trimming and certain subcontracted services. The only other core service you may subcontract is fertilization/pest control. However if you are licensed to and perform fertilization/pest control yourself those services are not counted as Specialty Services. The definition of Specialty Services and New Construction Services shall be set at our sole discretion and may be modified from time to time and you must comply with such modifications.

7. **Special Rates for Roll-in with \$100,000 to \$299,999 in Annual Gross Sales (“Small Roll-in”).** If you have an Existing Business with \$100,000 to \$299,999 in annual gross sales volume that you “roll-in” to the franchise we allow you to use special rates at certain times. The percentages in the chart are multiplied by monthly Gross Sales, or in the case of Minimum License Fees, “monthly Roll-in Gross Sales,” which is the annual gross sales you “rolled-in” to the franchise divided by 12.

8. **Special Rates for Roll-in with \$300,000 to \$599,999 in Annual Gross Sales (“Roll-in”).** If you have an Existing Business with over \$300,000 to \$599,999 in annual gross sales volume that you “roll-in” to the franchise we allow you to use special rates at certain times. The percentages in the chart are multiplied by monthly Gross Sales, or in the case of Minimum License Fees, “monthly Roll-in Gross Sales,” which is the annual gross sales you “rolled-in” to the franchise divided by 12.

Special Rates for Roll-in with \$500,000 to \$599,999 in Annual Gross Sales from Chemical Application Business (“Roll-in- Chemical Application”). If you have an Existing Business with over \$500,000 to \$599,999 in annual gross sales volume from Chemical Application business, as described in this Item, that you “roll-in” to the franchise we allow you to use special rates at certain times. The percentages in the chart are multiplied by monthly Gross Sales, or in the case of Minimum License Fees, “monthly Roll-in Gross Sales,” which is the annual gross sales you “rolled-in” to the franchise divided by 12. Chemical Application business means business involving the use of a restricted-use, non-restricted use, or state-limited-use chemical or organic product for the purpose of applying nutrients, pesticides, herbicides, fungicides and or rodenticides, or other similar in the treatment for turf, ornamental plants and trees, aquatic ecosystems or other horticultural or arboricultural uses.

9. **Special Rates for Roll-in with \$600,000 or Greater in Annual Gross Sales (“Large Roll-in”)**. If you have an Existing Business with \$600,000 or greater in annual gross sales volume (“Large Roll-in”) that you “roll-in” to the franchise we allow you to use a special rate at certain times. The percentages in the chart are multiplied by monthly Gross Sales, or in the case of Minimum License Fees, “monthly Roll-in Gross Sales,” which is the annual gross sales you “rolled-in” to the franchise divided by 12.

Special Rates for Roll-in with \$600,000 or Greater in Annual Gross Sales from Chemical Application Business (“Large Roll-in - Chemical Application”). If you have an Existing Business with over \$600,000 or greater in annual gross sales volume from Chemical Application business, as described in this Item, that you “roll-in” to the franchise we allow you to use special rates at certain times. The percentages in the chart are multiplied by monthly Gross Sales, or in the case of Minimum License Fees, “monthly Roll-in Gross Sales,” which is the annual gross sales you “rolled-in” to the franchise divided by 12.

10. **License Fee for Roll-ins and Large Roll-ins.** For Roll-ins and Large Roll-ins the License Fee Percentage rate you must pay through the 12th month of the term is a special rate as stated in the chart above. Starting with the 13th month you pay a License Fee Percentage at a rate that is shown in the chart below at a level corresponding with the annual Gross Sales that you initially “rolled-in” to the Franchised Business. That rate is your base rate.

Previous Year Annual Gross Sales	Monthly License Fee Percentage
\$0 - \$299,999	7%
\$300,000 - \$599,999	6%
\$600,000+	5%

You pay that base rate until adjusted as described here. The first January after your 12th month and each January thereafter your monthly License Fee Percentage rate is adjusted for the current year based on reported Gross Sales for the previous calendar year (the Gross Sales from the previous January 1 to December 31). Your rate will be adjusted to a level corresponding with the annual Gross Sales stated in the chart in this note except that your rate will never be lower than your base rate. If, based on your Gross Sales achieved in the previous year, your rate is adjusted higher, you can later attain a lower rate by increasing annual Gross Sales to a level that corresponds with a lower rate; but you cannot ever have a rate lower than your base rate.

As always, the amount you pay will be the greater of (i) the amount obtained by multiplying your then applicable License Fee Percentage rate by monthly Gross Sales or (ii) the then applicable Minimum License Fee.

11. **Annual CPI Increase In Minimum License Fee.** We may increase the Minimum License Fee each January by an amount equal to the increase, if any, in The Consumer Price Index for all Urban Consumers, U.S. City Average, All Items published by the U.S. Bureau of Labor Statistics (“CPI”), or any successor or substitute index. We may not increase the Minimum License Fee more than once a year, and we may not increase the Minimum License Fee by more than \$60 per month in any calendar year period.

12. **Renewal.** If you renew your franchise agreement, the Minimum License Fee begins with the 1st week of the term of the renewal franchise agreement and would be the rate or amount stated in the renewal franchise agreement. The Minimum License Fee would be calculated based on the cumulative number of months of service as a franchisee, including months as a franchisee under the existing franchise agreement and the number of months as a franchisee under the renewal franchise agreement.

13. **Transfer.** If you are purchasing an operating franchised business (as opposed to a territory that has not yet been developed), you will pay us a monthly License Fee beginning the first month you sign your franchise agreement.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of expenditure	Column 2 Amount (Low)	Column 2 Amount (High)	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Initial Franchise Fee ¹	\$28,500	\$28,500 +\$285 per 1,000 additional population above minimum	(1)	When you sign the franchise agreement	Us
Software Fee ³	\$1,440	\$1,440	(1)	When you sign the franchise agreement	Us
Vehicle ²	\$4,000	\$50,000	(2)	(2)	3rd parties
Equipment, Supplies & Inventory ³	\$16,300	\$36,300	(3)	(3)	3rd parties and us
Insurance ⁴	\$1,200	\$5,000	As arranged	As arranged	3rd parties or us
Advertising & Promotional ⁵	\$6,000	\$25,000	Cash	As incurred	3rd parties
Training, Travel, Lodging & Food ⁶	\$2,250	\$4,850	As arranged	As incurred	3rd parties or us
Deposits, Permits & Licenses ⁷	\$50	\$1,000	As arranged	As incurred	3rd parties
Professional Fees ⁸	\$250	\$5,000	As arranged	As incurred	3rd parties
Additional Funds - 3 Mo. ⁹	\$5,000	\$30,000	Cash	As incurred	3rd parties and us
Local Marketing Spending for Marketing Start-up Phase. ¹⁰	\$7,500	\$15,000	As arranged	As incurred	3rd parties

Column 1 Type of expenditure	Column 2 Amount (Low)	Column 2 Amount (High)	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Real Estate ¹¹	\$0	\$3,000	As arranged	As incurred	3rd parties
Totals ¹²	\$72,490	\$205,090 plus any additional franchise fee	(12)	(12)	(12)

Notes:

1. The minimum initial franchise fee is \$28,500. You may qualify for a discount on the initial franchise fee. Our discounts and the range of initial franchise fees paid in our last fiscal year are described in Item 5. You must pay the initial franchise fee in full when you sign the franchise agreement. We may agree to finance a portion of the initial franchise fee, depending on your credit-worthiness, the collateral that you have available and our then-current financing policies, as explained in Item 10. Monthly payments depend on the amount financed. The initial franchise fee is not refundable except as described in Item 5. A territory will generally contain between 100,000 and 1,500,000 population. A territory is priced at \$285 per 1,000 population. A larger territory may be allowed under certain exceptional circumstances (e.g., densely populated urban areas, or if a high percentage of the territory is impoverished). See Item 5 for more information about the initial franchise fee, see Item 10 for more information about financing, and see Item 12 for more information about territory.

2. You must purchase vehicles that meet our specifications as set forth in the Manuals. Each vehicle must have the Marks professionally applied as we specify before the vehicle is put into service. We do not sell or lease vehicles. An existing vehicle can be converted according to our specifications for use in the franchised business or you may choose to acquire a vehicle which meets our specifications. See Item 8 for more information. The estimated low cost reflects the cost of having the Marks applied to an existing vehicle which meets our standards. The estimated high cost reflects the purchase of a vehicle meeting our standards plus having the Marks applied.

3. If you already own an existing business similar to the franchise, you may own much of the necessary equipment, supplies and inventory to begin the operation of your franchise. The low estimate shown here assumes that you already own an existing business similar to the franchise. The high estimate shown here assumes you do not own an existing business, and includes office and field equipment, inventory and supplies needed to equip your franchise in accordance with our standards. Both estimates include printed material (business cards, stationery, invoices, brochures, marketing materials, service agreements, etc.), operations software license fee, , accounting software license fee, and mobile software license fees, and employee uniforms. Your actual expenses for employee uniforms may vary depending on the number of employees you hire upon commencing operations.

4. You must purchase the insurance coverage described in Item 8. If you do not, we can purchase it for you and bill you for our costs. Insurance costs will vary depending on the number of vehicles to be insured, your driving record (or your employees' driving records), the insurer you choose, your location and other factors bearing on risk expense practices which apply to your locality. The cost of insurance may also vary depending on whether you are providing summer and/or winter services. You may also incur expenses for worker's compensation insurance depending on your locality.

5. You will need to advertise locally in the start-up phase of your franchise to help establish name recognition in your locality, as well as generate customer leads.

6. See Items 6 and 11 for more information about training. You should allow at least the minimum amount stated above for travel, passport requirements, lodging, food and other miscellaneous living expenses incurred during training. Your actual costs will vary, depending on the distance to be traveled, your method of travel, your lodging, living expenses (food, transportation, etc.) and your personal circumstances. The estimate assumes the stated amount of training days indicated in Item 11, which amount may vary. For additional persons, we will provide training on a space-available basis. However, the estimate does not include additional costs and expenses if you request training for additional persons.

7. We do not require any prepaid deposits, permits or licenses before you begin the operation of your franchised business but your particular locality may require a permit or business license to operate the franchised business. You are responsible for obtaining any permits or business licenses required in your locality and are also responsible for any and all costs incurred in connection with compliance with federal and state laws relating to the operation of the franchised business. You should consult your attorney or your local city, county and state authorities about the specific legal requirements for payment of sales tax and business licenses and related types of expenses.

8. These are estimates for fees that will be charged by your attorney to review the franchise agreement and other documents, to advise you and to incorporate a business entity on your behalf if desired. This estimate also includes fees charged by an accountant and/or financial advisor. These amounts are only estimates and your actual fees may vary significantly depending on the specific work you request, the advisors you select and the rates for professional fees in your area. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity and our franchise documents. It also is advisable for these professionals to review any lease or other contracts you will sign as part of starting the franchised business.

9. We recommend that you have additional funds available during the start-up phase of your franchise. These amounts are our estimates of the amount needed to cover your expenses for a 3 month period from the date you open for business. Some of these expenses include registration fees for our annual Reunion (See Item 6) and the cost to have at least one employee dedicated to ongoing daily marketing and an estimated monthly support fee to be paid for required software (see Items 8 and 11). These figures are only estimates and we cannot assure you that you will not have additional expenses starting your franchise. Your actual costs will vary according to your approach to the franchise; your management skills, experience and business acumen; local economic conditions; the local market for the franchise's services; the prevailing wage rate in your market; competition; the rate of growth of your franchise, whether you extend credit terms to customers and the time of year you start your business. We recommend that you obtain independent estimates from 3rd party suppliers of the costs which would apply to your establishment and operation of a franchise or discuss the economic experience of opening and operating a franchise with our current and past franchisees. The estimated initial investment and other estimates in this disclosure document do not take into account your personal living expenses, your salary, your debt, ongoing working capital requirements, accounts receivable financing or other costs. Not included in this estimate is the cost of Local Marketing Spending for the marketing start-up phase of your business, which is included and discussed in this Item separately, or the cost of attending Reunion. In some cases, you will be required to attend Reunion within the start-up phase of your business and you should make your own estimate of attending Reunion. See Item 6 for information about registration fees for our annual Reunion. We have not provided for capital or other reserve funds necessary for you to reach "break-even", "positive cash flow" or any other financial position. We cannot guarantee when or if your franchised business will break even. We don't furnish nor do we authorize our salespersons or anyone else to furnish estimates as to those amounts. We recommend that you review these figures carefully with your business advisors. We relied on our experience to compile these estimates.

10. We require you to spend an amount specified by us, in the range stated above, on local marketing, direct advertising/marketing/sales during the marketing start-up phase of your business, which period is specified by us and should not exceed 180 days from opening of your business.

11. If you already operate an existing business similar to the franchise, you may determine that you do not need to allocate any amounts for real estate or related costs. The franchise can be operated from your home, if your home is located within your territory granted by your franchise agreement and if local zoning allows you to operate from your home, or any existing business premises. If you choose to rent a place of business or storage space, you may expect additional investment requirements. The typical The Grounds Guys franchised business has between 1,500 and 2,500 square feet. Rent for a suitable facility of that size is estimated to range between \$12,000 and \$24,000 per year. This is only an estimate. Your actual costs will vary depending on the size and condition of the rented property, regional cost differences, the size of your territory and business and other factors.

12. All of the fees listed as payable to us are non-refundable, except as described in Item 5. The refundability of payments made to third party suppliers is up to each supplier. We relied on our experience to compile these estimates. Except as specifically stated above, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. We have no current plans to increase any payments over which we have control. You should review these figures carefully with a business advisor before deciding to acquire the franchise. If you qualify we may finance a portion of the initial franchise fee. Our financing will typically require you to pay 20% to 30% down and we will charge an annual interest rate of 9% to 12%, depending on your credit score and other factors. All financing is subject to the terms and conditions described in Item 10. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

If you are, with our approval, converting an existing business offering similar services to a franchised business or adding additional territory to a franchised business or purchasing a particularly large territory the costs stated above may vary. For example, as described in Note 3, if you already own a business that you are converting to a franchised business, you may already own some of the equipment you will need so your costs may be less than if you were beginning a new business. Also, if your territory is large or you are adding a large territory your costs may be more than the typical costs described above. For example, you may need several vehicles and more equipment than you would need as compared with a smaller territory. You should do your own analysis and investigation and adjust your estimate of your estimated initial investment based on your particular circumstances.

Renewal and Purchase of Operating Franchises

If you are renewing your franchise agreement or if you are purchasing an operating franchised business (as opposed to a territory that has not yet been developed), the above costs will not apply except to the extent they apply in your ongoing business. You will pay a Renewal Fee of \$5,000 instead of an Initial Franchise Fee when you renew the franchise agreement. Also, instead of an Initial Franchise Fee, we charge the greater of a 5% fee on the total gross sales price of the franchised business including all assets of the business or a minimum transfer fee of \$5,000 in the case of a resale/transfer (purchase of an existing franchised business). If you choose to have legal review of your renewal franchise documents the cost item above titled "Professional Fees" would apply but we currently estimate the amount to be approximately \$4,000 for a renewal since your business would have already been formed. The \$5,000 estimated in the case of review of a franchise agreement and formation of a legal entity to be the franchisee, if needed, would apply in the case of a resale/transfer. This estimate does not include the cost of preparing and negotiating the purchase agreement with the owner of the franchised business you are purchasing, if applicable, and you must make your own estimate of the amount of those costs.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must maintain the highest standards of quality and workmanship in order to provide the highest quality of service to your customers. We may specify particular performance standards in our Manuals, by bulletin, or otherwise in writing. We can, and expect to, modify our standards as we consider necessary. We will notify you of any changes to the standards or the Manuals.

All advertising and promotional materials, signs and other items we designate must bear the Marks (see Item 13 and Exhibit 1A to the franchise agreement) in the form, color, location and manner we specify. Your advertising and promotion must meet our standards as described in the Manuals or otherwise in writing. You may prepare and use your own advertising or promotional materials but if we have not prepared your advertising or promotional materials, you must get our written approval before you use them.

We may, but have no obligation to, offer a Key Accounts or similar program. From time to time we evaluate opportunities for Key Accounts which might be best administered through our parent, an affiliate or a third party. We may choose to have our Key Accounts program administered through us and/or our affiliate, DSS. If you elect to participate in our Key Accounts program you must conform to the standards and procedures of that program. We, Handled and/or a third party we select, may solicit Key Accounts for the franchisees of certain franchise systems affiliated with our Parent, including us. A "Key Account" is an account which may be national or regional and cover multiple locations and/or which we determine is designed to benefit the System by meeting competition, gaining otherwise unavailable business or addressing the concerns of customers that require special provisions, like special insurance, experience, equipment, pricing, or approvals. A Key Account is generally, but not always, a large organization with multiple locations that need products and services provided by franchisees in our franchise system and/or the franchise systems of our affiliates around the country or in a region or other area. The agreement to provide services may be formal or informal and the account may be administered by us, an affiliate or a designee of ours. In some cases our Key Accounts program provides a central number customers may call for those services. You will be required to sign the Key Accounts Program Addendum attached to the Franchise Agreement as Exhibit 15 but your participation in the program is voluntary, subject to the terms of the program. If you elect to participate, you must comply with the terms we specify, which may include provisions that require the payment of administrative or other fees, including sales commissions or similar payments, offering of special products or services at certain times or for certain prices (to the extent allowed by law) and special insurance, indemnity, quality control and other provisions. You may also be required to enter into additional agreements required by a Key Account or our policies and procedures. The Key Accounts administrator may collect payments from Key Account customers and distribute payments to franchisees for work provided but has no obligation, and we have no obligation, to make any payments to you for work to the extent payment in good funds by the Key Accounts customer has not been made to us or the administrator. We and/or the administrator of the Key Accounts program have the right to charge additional amounts, including commissions or other fees or charges, to third parties and/or to Key Account customers on account of work performed on Key Accounts by you or other third party service providers.

Before you open for business, you must purchase coverage from a responsible carrier with an A.M. Best rating of A- VIII or better and you must keep an insurance policy in force during the term of your franchise agreement. If you fail to do so, we may, but are not required to, obtain the necessary insurance for you and keep the same in force and effect, and you must pay us, on demand, all premiums charged for the policies of insurance. You must obtain 1) comprehensive general liability insurance, combined single limit, in the amount we specify, which will be an amount up to \$2,000,000 but no less

than \$1,000,000, including pesticide and herbicide coverage, and you must name us and any affiliate we deem as an additional insured on this policy of insurance and ask your carrier to give us a certificate of insurance as evidence of this coverage before you begin operating your franchised business; 2) motor vehicle liability coverage, combined single limit, in the amount we specify, which will be an amount up to \$2,000,000 but no less than \$1,000,000 on each owned, non-owned or hired vehicle which you will use, and you must name us and any affiliate we deem as an additional insured and ask your carrier to give us a certificate of insurance as evidence of this coverage before any vehicle is put into use; and 3) other insurance required by us or your state or locality. The amounts and types of insurance required may increase in the future. In any case in which you must name us and/or our affiliate as an additional insured you must do so using the specific insurance industry form acceptable to us. Currently we require you to obtain comprehensive general liability insurance, including pesticide and herbicide coverage, and motor vehicle liability coverage, each in the minimum amount of \$2,000,000 combined single limit as specified by us in the manuals and, in the case of work in connection with Key Accounts, if the amount required for any specific Key Account, or for Key Account work in general should exceed the amount specified as the maximum amount required by us for any type of insurance that higher amount required for the Key Account work will apply.

We recommend that you engage the services of a certified public accountant to assist you with the set-up of your books and records, in using the appropriate chart of accounts that we require and in producing monthly and annual compiled financial statements. If you request, we will provide you with information about companies we are aware of that offer these services to our franchisees for a fee. At this time we are aware of one company offering these services to our franchisees. We require that you use an appropriate chart of accounts, that you comply with our operating procedures and specifications, including internal audit standards; that you use the software that we require; and that your accounting must also be compatible with use of GroundsNet. See Item 11. We may, upon demand, require you to provide us, within the time required by us, with audited financial statements, using an independent certified public accountant designated by or satisfactory to us, to adopt a fiscal year consistent with ours, to cooperate with our auditors and to comply with such additional requirements as may be reasonably necessary in order to enable us to meet our obligations under generally accepted accounting principles and to comply with applicable accounting standards, codifications, rules, interpretations and any amendments or supplements to them.

You must purchase from us a license to use proprietary software (see Items 5 and 11) and pay us a monthly license fee for accounting software in our hosted environment (see Item 6).

We may also designate certain services and/or suppliers that you must use in connection with the operation of your franchised business. Currently, we require you to use approved service providers to provide GPS system hardware and software and call center services, and we may in the future require you to use approved service providers to provide call routing, and scheduling services. (See Item 11 for details). You may not contract with an alternative supplier for any products and/or services for which we have designated a supplier.

We require that the telephone numbers and electronic identities you use in connection with the Marks and/or in connection with your Franchised Business are owned and controlled by us or a supplier we approve. We require you to “port” or transfer to an approved call routing and tracking supplier all phone numbers associated with the Franchised Business or published in any print or online directory, advertisement, marketing or promotion associated with the Marks and/or the Franchised Business. Other than us or a supplier approved in writing by us and on terms we approve, we do not allow you to have your telephone numbers or other electronic identities owned by a third party, even if the third party is a company affiliated with you.

All products, supplies and equipment used by you in the operation of your franchised business, including vehicles, equipment, uniforms, computer hardware and software, office supplies and trademarked items, must of high quality to assure uniformly high standards. You must offer all, and only such, products and services as have been expressly approved by us and you must refrain from or discontinue offering any products or services which we may, in our discretion, disapprove in writing at any time. Specified products, inventory, supplies, uniforms, tools, chemicals, equipment, including telephone and internet equipment and service, and other items and materials used in the operation of your franchised business must be purchased from suppliers approved by us as suppliers whose products, workmanship and procedures demonstrate, to our continuing satisfaction, the ability to meet our specifications and high standards of quality and uniformity. You may purchase from other suppliers if, prior to your purchase, you follow our supplier approval procedures, which may be modified from time to time in the Manual, and you obtain our prior written approval. Our supplier approval criteria are available on written request. A minimum of thirty (30) business days prior to purchase from an unapproved supplier, you must give us written notice that you wish to purchase from sources other than previously approved suppliers. The notice must be given sufficiently in advance to permit us to conduct any verification and testing we deem advisable. We may require that samples from alternate suppliers be delivered to us or to a designated independent testing laboratory for testing before approval is given. A charge (to cover the actual cost of the test and any related cost/expense) may be made by us or by an independent testing laboratory designated by us and you must pay these charges upon demand. We will usually notify you of our decision within 10 days after we receive the test results. If we withhold our approval of a supplier or item, you will be notified of the reason. If a tested item does not meet our standards, we may withhold approval but you are still responsible for paying the costs of testing. Additional or different procedures may be required for approval of services, software or other special items. We reserve the right to revoke our approval upon the supplier's failure to meet our then-current criteria.

Approved suppliers may include us and our affiliates. We may periodically advise you, in writing, of designated and/or approved suppliers. Although, except as otherwise described in this Item 8, you may currently purchase from any supplier as long as our standards and specifications are met, we may in the future require you to purchase products, supplies and equipment used by you in the operation of your franchised business only from a specific supplier approved by us or from only one source. We may derive revenue as a result of these required purchases. In addition, we or an affiliate may be an approved or designated sole source supplier for these products, supplies and equipment and we may derive revenue and profit on account of our activities as a supplier.

We are not currently an approved supplier for any products, but we and our affiliates may be approved suppliers for products and services in the future. Any products sold by us or our affiliates to you will be sold at the price and on the terms we specify. The cost of items purchased in accordance with our specifications represents approximately 50% to 77% of your total purchases in connection with the establishment of your franchised business and approximately 20% of your on-going purchases in connection with operation of your franchised business.

We do not provide you with any material benefits based on your purchase of particular products or services, or your use of designated or approved sources. Our affiliate, ProTradeNet, negotiates and enters into purchase arrangements, which may include discounted pricing, special terms, rebates or other incentives with suppliers for the benefit of our franchisees. We may also negotiate or enter into these types of arrangements directly. ProTradeNet has and may enter into relationships with other buying groups, which may include competitors, for the purpose of improving negotiating strength and purchase volume for the entire group. ProTradeNet or we may, but are not required to, return a portion of any fees, payments, allowance, concessions, advantages, discounts or incentives or other payments made by suppliers from franchisee purchases ("Rebate") directly to franchisees who meet certain conditions, such

as supplier terms and conditions and attendance at annual meetings. All Rebates not returned to franchisees may be retained by ProTradeNet or us and used to cover administrative costs or promote our system and brands. Unless otherwise indicated, ProTradeNet currently will retain 20% of all Rebates, pay 20% of all Rebates to us and pay 60% of all Rebates to you, the franchisee, based on qualifying purchases. Some suppliers may also pay additional fees for advertising, which fees range from \$200 to \$14,700; for marketing, which fees range from .4% to 2% of total qualified purchases by franchisees from the supplier; and for sponsorships, and tradeshow space, which fees range from \$500 to \$7,500, for the purpose of promoting their product or service to franchisees. These amounts may change in the future at our sole discretion. The agreement you are required to sign with ProTradeNet to participate is included as Exhibit 5 of the franchise agreement, and additional terms and conditions, which may change from time to time, are included on the ProTradeNet website, www.protradenet.com. While you are required to enter into the ProTradeNet Agreement, you are not required to purchase any items under the ProTradeNet Program except as otherwise stated in this disclosure document, or as required by your franchise agreement, our Manuals or our policies and procedures. However, certain benefits, Rebates and special pricing will be available to you only if you participate on the terms required or set by ProTradeNet or each individual supplier.

Amounts listed below are based on cash received and cash disbursed. Some Rebates may be received and the portion of any that are disbursed may be held until the next national meeting before being disbursed. Not all suppliers of the described Product or Service provide Rebates. A complete listing of suppliers providing Rebates and their rates is available from ProTradeNet.

In the year ending December 31, 2013, ProTradeNet had revenue of \$9,671, or about 2% of its total revenues of \$627,457, from purchases by Grounds Guys franchisees.

In the year ending December 31, 2013, Grounds Guys had revenue of \$19,791, or about 0.56% of its total revenues of \$3,562,756, as a result of purchases by Grounds Guys franchisees from approved suppliers or under our specifications or as a result of purchases, if any, directly from us.

Basis For Supplier Payments to ProTradeNet From Franchisee Purchases

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys Fee Description	Marketing Fee
258	Accounting	3% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
269	Accounting	4.5% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1.5% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1.5% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys Fee Description	Marketing Fee
195	Advertising	4.5% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1.5% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1.5% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services
162	Background Checks	3% Rebate to Franchisee on Qualified Purchases	1% Admin Fee retained by ProTradeNet on Qualified Purchases	1% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
266	Background Checks	\$2.40-\$4.20 Rebate to Franchisee on Qualified Purchases	\$.80-\$1.40 Admin Fee retained by ProTradeNet on Qualified Purchases	\$.80-\$1.40 Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
128	Call Center	Tiered 3%-5% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
180	Call Tracking Service	4.5% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1.5% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1.5% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services
296	Computer Supplies	No Rebate is paid to Franchisee from this Supplier	Tiered .5%-2% Admin Fee retained by ProTradeNet on Qualified Purchases	No Headquarter Fee from this Supplier	No Marketing Fee
233*	Computers	No Rebate is paid to Franchisee from this Supplier	No Admin Fee from this Supplier	No Headquarter Fee from this Supplier	No Marketing Fee

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys Fee Description	Marketing Fee
319	Consumer Financing	No Rebate is paid to Franchisee from this Supplier	No Admin Fee from this Supplier	No Headquarter Fee from this Supplier	.5%-2% Marketing Fee based on product
286	Contractor Supplies	1.2% Rebate to Franchisee on Qualified Purchases	.4% Admin Fee retained by ProTradeNet on Qualified Purchases	.4% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
321	Credit Card – Merchant Processing	8% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$100 or 4% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$100 or 4% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
161	Employee Leasing	3% Rebate to Franchisee on Qualified Purchases	1% Admin Fee retained by ProTradeNet on Qualified Purchases	1% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
301	Employee Staffing	3.5% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services
305	Employee Staffing	3.5% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services
110	Equipment Rental	Tiered .6%-2.4% Rebate to Franchisee on Qualified Purchases	Tiered.2%-.8% Admin Fee retained by ProTradeNet on Qualified Purchases	Tiered.2%-.8% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys Fee Description	Marketing Fee
320	Equipment & Vehicle Financing	No Rebate is paid to Franchisee from this Supplier	No Admin Fee from this Supplier	No Headquarter Fee from this Supplier	Greater of flat fee \$1,000 or 2%-2.5% of the amount financed, depending on product
303	Fertilizers	3% Rebate on Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1% Headquarter Fee retained by Franchisor on Qualified Purchases	.5% Marketing Fee allocated by Supplier to promote business/services
156	Grounds Care Supplies	1.2% Rebate to Franchisee on Qualified Purchases	.4% Admin Fee retained by ProTradeNet on Qualified Purchases	.4% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
316	Grounds Equipment	No Rebate is paid to Franchisee from this Supplier	Flat fee \$125 per qualified purchases retained by ProTradeNet	Flat fee \$125 per qualified purchases retained by ProTradeNet	No Marketing Fee
133	Insurance	No Rebate is paid to Franchisee from this Supplier	No Admin Fee from this Supplier	No Headquarter Fee from this Supplier	\$25,000 annual Marketing Fee allocated by Supplier to promote business/services, \$7,000 Marketing Fee retained by ProTradeNet
322	Insurance	No Rebate is paid to Franchisee from this Supplier	No Admin Fee from this Supplier	No Headquarter Fee from this Supplier	\$4,005 annual Marketing Fee allocated by Supplier to promote business/services
312	Insurance/Benefits	No Rebate is paid to Franchisee from this Supplier	Flat fee \$5-\$10 per qualified payment retained by ProTradeNet	No Headquarter Fee from the Supplier	No Marketing Fee

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys Fee Description	Marketing Fee
271	Irrigation	4.5% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1.5% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1.5% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services
279	Lawn Equipment Parts	4.5% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1.5% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1.5% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services
259	Lawn Maintenance	1.2% Rebate to Franchisee on Qualified Purchases	.4% Admin Fee retained by ProTradeNet on Qualified Purchases	.4% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
280	Lawn Maintenance	1.2% Rebate to Franchisee on Qualified Purchases	.4% Admin Fee retained by ProTradeNet on Qualified Purchases	.4% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
272	Lead Generation	8% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1.75% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1.75% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services
297	Lead Generation	1.2% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or .4% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or .4% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
317	Lead Generation	3.6% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys Fee Description	Marketing Fee
226	Marketing – Internet	3.6% Rebate to Franchisee on Qualified Purchases	1.2% Admin Fee retained by ProTradeNet on Qualified	1.2% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
298	Marketing – Internet	3.6% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1% Headquarter Fee retained by Franchisor on Qualified	No Marketing Fee
304	Marketing – Printing	4.5% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1.5% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1.5% Headquarter Fee retained by Franchisor on Qualified	1% Marketing Fee allocated by Supplier to promote business/services
178	Merchant Services	6% Rebate to Franchisee on Qualified Purchases	2% Admin Fee retained by ProTradeNet on Qualified Purchases	2% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
245	Name Badges	4.5% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1.5% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1.5% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services
127	Office Supplies	3% Rebate to Franchisee on Qualified Purchases	1% Admin Fee retained by ProTradeNet on Qualified Purchases	1% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
225*	Online Listing Maintenance	3% Rebate to Franchisee on Qualified Purchases	1% Admin Fee retained by ProTradeNet on Qualified Purchases	1% Headquarter Fee retained by Franchisor on Qualified Purchases	.5% Marketing Fee allocated by Supplier to promote business/services

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys Fee Description	Marketing Fee
186	Payroll Service	No Rebate is paid to Franchisee from this Supplier	5% Admin Fee retained by ProTradeNet on Qualified Purchases	No Headquarter Fee from this Supplier	No Marketing Fee
183	Printing and Forms	3% Rebate to Franchisee on Qualified Purchases	1% Admin Fee retained by ProTradeNet on Qualified Purchases	1% Headquarter Fee retained by Franchisor on Qualified Purchases	.5% Marketing Fee allocated by Supplier to promote business/services
185*	Promotional Items	3% Rebate to Franchisee on Qualified Purchases	1% Admin Fee retained by ProTradeNet on Qualified Purchases	1% Headquarter Fee retained by Franchisor on Qualified Purchases	.5% Marketing Fee allocated by Supplier to promote business/services
219	Promotional Items	3% Rebate to Franchisee on Qualified Purchases	1% Admin Fee retained by ProTradeNet on Qualified Purchases	1% Headquarter Fee retained by Franchisor on Qualified Purchases	.5% Marketing Fee allocated by Supplier to promote business/services
264*	Promotional Products	4.5% Rebate to Franchisee on Qualified Purchases	1.5% Admin Fee retained by ProTradeNet on Qualified Purchases	1.5% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services
302	Restoration Supplies	3% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
113	Safety Products	3% Rebate to Franchisee on Qualified Purchases	1% Admin Fee retained by ProTradeNet on Qualified Purchases	1% Headquarter Fee retained by Franchisor on Qualified Purchases	.5% Marketing Fee allocated by Supplier to promote business/services
248*	Safety Products	4.5% Rebate to Franchisee on Qualified Purchases	1.5% Admin Fee retained by ProTradeNet on Qualified Purchases	1.5% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys Fee Description	Marketing Fee
117	Search Engine Marketing	3.6% Rebate to Franchisee on Qualified Purchases	1% Admin Fee retained by ProTradeNet on Qualified Purchases	1% Headquarter Fee retained by Franchisor on Qualified Purchases	.4% Marketing Fee allocated by Supplier to promote business/services
250	Snow Removal Equipment	Tiered \$20-\$350 Rebate to Franchisee on Qualified Purchases	Annual Admin Fee of \$240 retained by ProTradeNet	Annual Headquarter Fee of \$240 retained by Franchisor	No Marketing Fee
223	Trade Show Displays	No Rebate is paid to Franchisee from this Supplier	\$600 annual allowance for product retained by ProTradeNet	No Headquarter Fee from this Supplier	No Marketing Fee
104*	Uniforms	Tiered 1.5%-2.4% Rebate to Franchisee on Qualified Purchases	Tiered .5%-.8% Admin Fee retained by ProTradeNet on Qualified Purchases	Tiered .5%-.8% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
148	Uniforms	Tiered 1.8%-3% Rebate to Franchisee on Qualified Purchases	Tiered .6%-1% Admin Fee retained by ProTradeNet on Qualified Purchases	Tiered .6%-1% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
240*	Vehicle Accessories	4.5% Rebate to Franchisee on Qualified Purchases	1.5% Admin Fee retained by ProTradeNet on Qualified Purchases	1.5% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services
247	Vehicle Dealer	Flat Fee \$120-\$180 to Franchisee on Qualified Purchases	Flat Fee \$40-\$60 Admin Fee retained by ProTradeNet on Qualified Purchases	Flat Fee \$40-\$60 Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
278	Vehicle Dealer	Flat Fee of \$180 to Franchisee on Qualified Purchases	Flat Fee \$60 Admin Fee retained by ProTradeNet on Qualified Purchases	Flat Fee \$60 Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys Fee Description	Marketing Fee
155	Vehicle Fuel	No Rebate is paid to Franchisee from this Supplier	Flat fee \$20 per account signed on to program	No Headquarter Fee from this Supplier	No Marketing Fee
215*	Vehicle Fuel	No Rebate is paid to Franchisee from this Supplier	No Admin Fee from this Supplier	No Headquarter Fee from this Supplier	No Marketing Fee
135	Vehicle Leasing	No Rebate is paid to Franchisee from this Supplier	\$120 per Quarter Admin Fee retained by ProTradeNet	No Headquarter Fee from this Supplier	No Marketing Fee
181	Vehicle Leasing	Flat Fee \$180 to Franchisee on Qualified Purchases	Flat Fee \$60 Admin Fee retained by ProTradeNet on Qualified Purchases	Flat Fee \$60 Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee
291	Vehicle Tracking	4.5% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1.5% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1.5% Headquarter Fee retained by Franchisor on Qualified Purchases	1% Marketing Fee allocated by Supplier to promote business/services
106	Vehicle Wraps	Flat fee \$60 paid to Franchisee on Qualified Purchases	Flat fee \$20 per qualified purchases retained by ProTradeNet	Flat fee \$20 per qualified purchase retained by Franchisor	No Marketing Fee
176	Vehicle Wraps	Flat fee \$60 paid to Franchisee on Qualified Purchases	Flat fee \$20 per qualified purchases retained by ProTradeNet	Flat fee \$20 per qualified purchase retained by Franchisor	No Marketing Fee
205	Vehicle Wraps	Flat rate \$60 per vehicle to Franchisee	Flat fee \$20 per qualified purchase retained by ProTradeNet	Flat fee \$20 per qualified purchase retained by Franchisor	No Marketing Fee
289	Vehicle Wraps	Flat fee \$60 paid to Franchisee on Qualified Purchases	Flat fee \$20 per qualified purchases retained by ProTradeNet	Flat fee \$20 per qualified purchase retained by Franchisor	No Marketing Fee

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys Fee Description	Marketing Fee
150	Vehicles	No Rebate is paid to Franchisee from this Supplier	Flat fee \$300 per vehicle retained by ProTradeNet	No Headquarter Fee from this Supplier	No Marketing Fee
152	Vehicles	No Rebate is paid to Franchisee from this Supplier	Flat fee \$300 per qualified purchases retained by ProTradeNet	No Headquarter Fee from this Supplier	No Marketing Fee
174	VOIP Phone Systems	3% Rebate to Franchisee on Qualified Purchases	Greater of flat fee \$240 or 1% Admin Fee retained by ProTradeNet on Qualified Purchases	Greater of flat fee \$240 or 1% Headquarter Fee retained by Franchisor on Qualified Purchases	.5% Marketing Fee allocated by Supplier to promote business/services
111	Wireless Service	No Rebate is paid to Franchisee from this Supplier	No Admin Fee from this Supplier	No Headquarter Fee from this Supplier	No Marketing Fee
208	Wireless Service	No Rebate is paid to Franchisee from this Supplier	No Admin Fee from this Supplier	No Headquarter Fee from this Supplier	No Marketing Fee
211	Yellow Page Advertising	Tiered 1.8%-3% Rebate to Franchisee on Qualified Purchases	Tiered .6%-1% Admin Fee retained by ProTradeNet on Qualified Purchases	Tiered .6%-1% Headquarter Fee retained by Franchisor on Qualified Purchases	No Marketing Fee

* These rebates were offered in 2013 but are currently no longer available.

CCA Global Partners Inc, d/b/a BizUnite (“BizUnite”) is a purchasing network or buying group. BizUnite gives discounts to the franchisee and pays ProTradeNet a portion of the rebate or fee that they receive from their suppliers.

Basis For Supplier Payments to BizUnite From Franchisee Purchases

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys International Fee Description
B114	Check Guarantee	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains 2% on Qualified purchases	No Headquarter fee

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys International Fee Description
B109	Commercial Debt	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains 2% on Qualified purchases	No Headquarter fee
B100	Consumer Financing	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains .125% on Qualified usage	No Headquarter Fee
B112	Email Marketing	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains 12.5% on Qualified purchases	No Headquarter fee
B113	Freight	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains 2% on Qualified purchases	No Headquarter fee
B101	Industrial Supply	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains 2.25% on Qualified purchases	No Headquarter fee
B115	Job Search	No rebate is paid to Franchisee. Program provides discounts	No Fees paid to ProTradeNet	No Headquarter fee
B104	Office Supplies	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains 2.875% on Qualified purchases	No Headquarter fee
B105	Office Supplies	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains 3% on Qualified purchases	No Headquarter fee
B111	Parcel Auditing	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains 7.5% on Qualified New accounts	No Headquarter fee
B116	Rental Car	No rebate is paid to Franchisee. Program provides discounts	No Fees paid to ProTradeNet	No Headquarter fee
B110	Trash Hauler	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains 4% on Qualified purchases	No Headquarter fee
B107	Uniforms	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains 3% on Qualified purchases	No Headquarter fee
B108	Uniforms	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains 1.5% on Qualified purchases	No Headquarter fee
B102	Vehicle Fuel	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains .005c per gallon on Qualified purchases	No Headquarter fee

Supplier ID	Supplier Description	Rebate Description	ProTradeNet Fee Description	Grounds Guys International Fee Description
B103	Vehicle Fuel	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains 2.25% on Qualified purchases	No Headquarter fee
B106	Vehicle Maintenance	No rebate is paid to Franchisee. Program provides discounts	ProTradeNet retains \$3 for each commercial vehicle tire, \$1.50 for each consumer vehicle tire	No Headquarter fee

If you request, we will notify you of these purchase arrangements. Should you decide to purchase certain products from one of our recommended suppliers, we may be paid a commission or service fee by the supplier. You should be aware that not all suppliers of the types of products listed above, including preferred suppliers, provide rebates and some terms, including the terms described above, are available only if you purchase from the specific approved supplier providing the rebate described in each case.

We and/or our affiliates may derive revenue based on your purchases and leases, including from charging you for products and services that we or our affiliates provide to you and from promotional allowances, volume discounts and other payments that suppliers we designate, approve or recommend for some or all The Grounds Guys franchisees make to us or our affiliates. We and our affiliates may use all amounts received from suppliers, whether or not based on your and other franchisees' prospective or actual dealings with them, without restriction for any purposes that we and our affiliates deem appropriate.

You may buy any vehicle that meets our specifications. You are not required to buy your vehicles from any specified dealer, but you will receive the discount or Rebate only if your purchase qualifies under the specific program in place and only at the times specified in the program. Vehicle Rebates are applied at the time of purchase by the vehicle dealer, typically as a discount off of the vehicle purchase price. Program details and documentation are available from ProTradeNet and must be used when ordering the vehicle to receive the full benefit.

You must comply with all terms and conditions applicable to these programs to receive the discount or Rebate. Additional information is available to our franchisees by contacting us. These programs may be changed or discontinued at any time except that we do not plan to change the rebate program during any given model year.

We or our affiliates may receive a commission from the brokerage of a capital lease or other equipment finance, should you require financial assistance from third parties.

We do not currently participate in any purchasing or distribution cooperatives but we participate with ProTradeNet and BizUnite as described above. We or our affiliate(s) may negotiate purchase arrangements with suppliers (including price terms) for the items and services described earlier in this Item 8 and that you may obtain only from designated sources.

Except as noted in this Item 8, you are not required to purchase any goods or services from the suppliers listed in this Item 8.

There are no approved suppliers in which any of our officers own an interest.

Other than the items described in this Item 8, and the required purchases of promotional material you must obtain from us or our designee, we do not currently derive revenue from your purchases or leases.

ITEM 9

FRANCHISEE’S OBLIGATIONS

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

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a.	Site selection and acquisition/lease	2, 5.18 and Exhibit “1B”	11
b.	Pre-opening purchase/leases	4.5, 5.3, 5.4, 5.5 & 5.6	7, 8 & 11
c.	Site development and other pre-opening requirements	2, 4.5, 5.3, 5.4, 5.5, 5.6, 5.18	7, 8 & 11
d.	Phase I and Phase II and ongoing training	4.1 & 5.9	11
e.	Opening	5.1 & 11.2.9	11
f.	Fees	1.2, 3.1, 3.3, 3.4, 3.5, 3.8, 3.9, 3.12, 10.2.6: Section 3 of Exhibit 14 to Franchise Agreement	5, 6, 7 & 11
g.	Compliance with standards and policies/operating manual	5.1, 5.2, 5.6, 5.8 & 9.1	11
h.	Trademarks and proprietary information	6, 9.1, 9.2, 11.1.6, 11.1.8, 12.1.2 & 12.1.6	13 & 14
i.	Restrictions on products/services offered	2.3, 4.5, 5.1, 5.15, 5.16. & 9.3	8 & 16
j.	Warranty and customer service requirements	5.10, 11.2.10 & 12.1.7	11
k.	Territorial development and sales quotas	3.4	12
l.	Ongoing product/service purchases	5.5, 5.6, 5.8, 5.15 & 5.16	8 & 16
m.	Maintenance, appearance, and remodeling requirements	5.3 & 5.5	11
n.	Insurance	5.6	6 & 8
o.	Advertising	4.3 & 5.8	11
p.	Indemnification	8.1 & 8.2	6, 9, 13 & 14

	OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
q.	Owner's participation/management/staffing	3.11, 4.1, 5.1 & 5.2	11 & 15
r.	Records and reports	3.6, 3.7, 5.7 & 5.11	6
s.	Inspections and audits	5.11 & 5.12	6 & 11
t.	Transfer	10 & 14.9	17
u.	Renewal	1.2, Exhibit 12 to the franchise agreement	17
v.	Post-Termination obligations	9.3.2 & 12	17
w.	Non-competition covenants	5.1, 9.3 & 12.1.1	17
x.	Dispute resolution	13	17
y.	Other		
	Liquidated Damages (Note 1)	9.4	6
	Guarantee of Franchisee Obligations (Note 2)	Signature page	14, 15

Notes:

1. If you violate the covenant against competition or other confidential provisions and we are unable to obtain equitable relief, we may demand liquidated damages according to a formula based on your 2-year License Fee history.

2. In the case of a Franchisee that is a corporation or other entity the principal owners personally guarantee the obligations to be performed by the Franchisee under the franchise agreement.

ITEM 10

FINANCING

We have no obligation to provide you any financing but we may agree to finance a portion of the initial franchise fee for qualified prospective franchisees under specified terms and conditions. Our decision to finance the initial franchise fee will be based, in part, on your credit-worthiness, the collateral you have available to secure the financing and our then-current financing policies. If you are a resident of California, see California Addendum to Disclosure Document for additional information.

We limit the amount that we will agree to finance to a specified amount (currently, an amount that is less than 50% of the total equity, debt and other financial support of your business) ("obligations"). You must make a representation to us, in writing and in a form we specify, confirming the dollar amount of your obligations. See Exhibit 9 to the franchise agreement. The representation must remain true through execution of your franchise agreement and we may elect not to approve a transfer, including a transfer to a corporation or other entity wholly owned by you, if you do not either maintain the same investment in your business or pay any loans payable to us and our Affiliates in full. Subject to the obligation limit, the maximum amount that we will finance for a standard franchise is 80% of your initial franchise fee, the maximum amount that we will finance for a "rural franchise" is 70% of your initial

franchise fee and the minimum down payment required for a franchise for which a broker fee must be paid is 50% of your initial franchise fee.

You must qualify to purchase a franchise, meet our credit standards and be otherwise eligible for financing to qualify for the following interest rates. We currently charge an interest rate based on your credit score as follows:

Credit Score	Annual Interest Rate
Under 600	12%
600 - 649	11%
650 - 699	10%
700 or more	9%

If we agree to finance a portion of the initial franchise fee, you must sign a promissory note when you sign the franchise agreement. An example of our promissory note is attached as Exhibit 6 to the franchise agreement. You must pay us the down payment when you sign the franchise agreement and pay the balance in monthly installments.

You must make note payments to us by automatic bank draft. Some banks and other financial institutions may charge a fee for electronic transfers but these electronic transfer fees are often negotiable. Monthly payments will begin approximately 2 months after you complete Phase I training. The length of the repayment term may be negotiable but will generally follow these guidelines:

Loan Amount	Length of Payment Term
Less than \$75,000	Up to 5 years
\$75,000 - \$100,000	6 years
\$100,001 - \$125,000	7 years
Greater than \$125,000	8 years

We require a security interest in the franchise. You must sign a security agreement, substantially in the form attached in Exhibit 6, on all your assets, including after acquired property and we will file a UCC financing statement with the appropriate governmental authority. We have the right to require additional forms of security.

You may prepay the note at any time without penalty. If you default, we may declare the entire remaining amount due. If you do not pay us the entire balance, and any accrued, unpaid interest, you may be responsible for the court costs and attorneys' fees we incur in collecting the debt from you. We may terminate your franchise agreement if you do not pay us.

You must waive your rights to certain notices of a collection action in our promissory note, security agreement and guaranty but there are no waivers of defense in our promissory note, security agreement or guaranty. If you are a legal entity, your shareholders, members, partners and/or owners must personally guarantee the debt and agree to pay the entire debt and all collection costs. We have the right to require a spouse's personal guaranty.

We may sell, assign or discount any promissory note or other obligation arising out of the franchise agreement to a 3rd party. If we sell or assign your promissory note, it will not affect our obligation to provide the services to you that are described in the franchise agreement but the 3rd party may be immune under the law to any defenses to payment you may have against us.

We may periodically agree with 3rd party lenders to make financing available to our qualified franchisees and we may, in our sole discretion, refer you to a 3rd party lender for financing. We have no control over whether financing will be offered to you by any 3rd party lender. The lender is not obligated to provide financing to you or to any other franchisee that the lender finds does not meet its credit requirements and loan criteria. If we refer you to a 3rd party lender for financing, we may agree to take a short-term promissory note until your financing is arranged. An example of our short-term promissory note is attached as Exhibit 6 to the franchise agreement. You must use the proceeds from the lender to pay any promissory note to us.

We do not currently derive income from referrals or placement of financing with any 3rd party lender. However, we may require payment from you or other persons for the placement of financing in the future. If in the future we charge for placing financing, we expect to use the payments to offset our expenses in doing so. Currently, we have no arrangements with 3rd party lenders.

We do not guarantee your obligations to third parties.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you open your business, we will:

1. Designate your territory. You will select your business site within your territory subject to our approval (franchise agreement § 5.18). Our approval criteria includes our judgment on your ability to service your territory from the business site and the site's proximity to other franchisees. You may operate the franchise from your home if your home is located within your territory granted by your franchise agreement and if local zoning allows or from any existing or new business premises. If you choose to operate from your home or an existing business premises, that site is automatically approved by us if local zoning allows you to operate your business from this site. We do not own or lease any premises and we are not responsible for selecting or obtaining your business site or for ensuring that it complies with local zoning laws. If we are unable to approve your business site, we may elect to terminate the franchise agreement before you attend Phase II training. If we terminate the franchise agreement, the initial franchise fee will be refunded minus our reasonable expenses, which we usually range between \$3,000 - \$4,000. We do not assist you with constructing, remodeling or decorating your business premises at the current time but we may, in the future, require certain items to be included in construction, remodeling or decorating and you will have to comply with these requirements.

2. Provide you with written specifications and guidelines for opening inventory and supplies, part of which must be purchased in accordance with specification from approved suppliers, as explained in more detail in Items 7 & 8 (franchise agreement §§ 4.5 and 5.16).

3. Provide you access to our manuals by any method of our choosing. See Manuals below. (franchise agreement § 9.1).

4. Provide you with recommendations on advertising and promotional materials for use in the pre-opening promotion of your franchise (franchise agreement § 4.3)

5. Train you and 1 other person at no additional cost. For additional persons, we will provide training on a space-available basis. See Training below. (franchise agreement § 4.1).

We are not required to provide any other service or assistance to you before you open for business.

During the operation of your business, we will:

1. Provide you with on-going advice and assistance as we reasonably determine is needed. This assistance may include advice concerning the products and services you offer to customers, training of employees, improvements and developments in the franchise, pricing for your products and services, administrative, bookkeeping, accounting and inventory control procedures, advice concerning operating problems you may encounter during the operation of your franchise, and written materials made available to all franchisees (franchise agreement § 4.2)

2. Develop and administer promotional programs and advertising campaigns intended to promote the products and services provided by our franchisees or advance the business interests of our franchisees (franchise agreement § 4.3). You may develop promotional materials or advertising materials for your own use, at your own cost. We must approve your promotional materials and advertising materials before you use them in your franchise. We will usually give you our approval or disapproval within 5 business days after our receipt of your proposed materials (franchise agreement § 5.8)

3. Hold an annual Reunion to discuss marketing techniques and operational issues. Your attendance at the Reunion is required and you must pay us a registration fee and you must pay all of your travel, living and miscellaneous expenses (franchise agreement § 5.9). The Reunion is usually held at a different location each year. We and our affiliates select the date and location. We conduct certain sessions jointly with our affiliates' franchisees.

4. Provide additional or "refresher" training programs, seminars, regional meetings and related activities regarding the operation of your franchise as we may choose to conduct. Some of these courses may be required, but most of them will be optional. You must attend and complete all programs we designate as required. These courses may be conducted at our headquarters or at any other location we select. You must pay your personal expenses for training, including travel, living and other miscellaneous expenses (franchise agreement § 4.1)

5. Update the Manuals as we deem appropriate (franchise agreement § 9.1)

6. Indemnify you against and reimburse you for your actual damages if you are held liable in any proceeding arising out of (a) your authorized use of any of the Marks if you have notified us of the claim; or (b) our intentionally wrongful actions if you have fully complied with the terms of the franchise agreement (franchise agreement §§ 6.4 and 8.2)

We are not required to provide any other service or assistance to you during your operations.

Advertising and Promotion

MAP Fund

We use the national Marketing, Advertising and Promotion Fund (“MAP Fund,” “National Advertising Fund” or “Ad Fund”) to pay for costs and expenses related to various promotional programs and advertising campaigns designed to assist franchisees in selling and performing services in accordance with the System. Materials provided to you by the MAP Fund may include one sample of certain items provided at no charge. For additional copies or copies customized with your phone number and/or other information, you must pay actual production costs. We generally place advertising for the entire System through national electronic media. We and/or an outside national or regional advertising agency will produce advertising and marketing materials. We have the right to collect for deposit into the MAP Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with our franchisees and with whom we have agreed that we will so deposit these allowances.

The Map Fund will not be used principally to develop materials and programs to solicit franchisees. However, media, materials, and programs, including the franchise system’s website, prepared using MAP Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. Company-owned units, if any, using our marks will contribute on substantially the same basis as similarly situated franchisees. The MAP Fund is administered in part by an Advisory Council consisting of our President; our Vice President of Operations; a member of our Marketing department; and certain franchisees elected by their peers. The Advisory Council serves in an advisory capacity and its decisions are subject to our approval. We have the right to create, change or dissolve the Advisory Council. Other than the advisory input from the Advisory Council, we will direct all activities that the MAP Fund finances, with sole control over the creative concepts, graphics, materials, communication media, and endorsements used and their geographic, market, and media placement and allocation.

The MAP Fund will be used for programs and activities intended to maximize recognition of the Marks and for any other activity that we believe will enhance the System’s image and, in our sole discretion, promote general public awareness of and favorable support for the System and the Marks (including account acquisition programs and programs to obtain, maintain, and retain Key Accounts [separately or through our current Key Accounts program as administered through us and our affiliate, DSS, or any other affiliate we designate], business development initiatives, and salaries for business development personnel). Although we intend to use the MAP Fund to develop marketing and advertising materials, programs and campaigns, and to execute advertising, marketing, and research activities, which will benefit most franchised businesses using our marks, we need not ensure that MAP Fund expenditures in or affecting any geographic area are proportionate or equivalent to MAP Fund contributions by franchised businesses operating in that geographic area or that any franchised business using our marks, benefits directly or in proportion to its MAP Fund contributions from the development of advertising and marketing materials or the execution of advertising, marketing, and research activities. In addition, we and the MAP Fund may collaborate with the advertising funds of certain franchise systems affiliated with our Parent to save costs and expenses and to improve the effectiveness of our advertising programs and activities. For example, we, DSS and/or a third party we select, may solicit Key Accounts for the benefit of franchised businesses using our marks and for the franchisees of certain franchise systems affiliated with our Parent, including us. We cannot assure you that the MAP Fund’s participation in these collaborations and joint efforts will benefit the franchised businesses using our marks proportionately or equivalently to the benefits received by the other franchised businesses of the other franchise systems affiliated with our Parent that also participate.

We may spend an amount greater or less than the aggregate receipts of the MAP Fund in any given year, and the MAP Fund may borrow from us or other lenders to cover deficits of the MAP Fund or cause the MAP Fund to invest any surplus. We have the right, but not the obligation, to cause the MAP Fund to be incorporated or operated through an entity separate from us at such time as we deem appropriate. We may use collection agents and institute legal proceedings at the MAP Fund’s expense to collect MAP Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the MAP Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

The MAP Fund is not our asset, nor is it a trust. We have no fiduciary obligation to you for administering the MAP Fund or any other reason.

We will maintain separate bookkeeping accounts for the MAP Fund. An annual unaudited accounting of the MAP Fund will be available to you on written request. We may use the MAP Fund to pay the salaries and benefits of personnel who manage and administer the MAP Fund, the MAP Fund’s other administrative costs, travel expenses of personnel while they are on MAP Fund business, meeting costs, overhead relating to MAP Fund business, and other expenses that we incur in activities related to maintaining, administering, directing, and conducting the MAP Fund and its programs (including programs related to Key Accounts); conducting market research and public relations activities; creating and/or preparing advertising, promotion, and marketing materials; and collecting and accounting for MAP Fund contributions. If all MAP Fees are not spent in the fiscal year in which they are received, they remain in the MAP Fund for future use.

The MAP Fund spending in 2012 was based partially on borrowed funds. In 2013 we expect to fund MAP Fund spending with collected MAP Funds and additional borrowed funds.

During the last fiscal year ending December 31, 2013, the MAP Fund spent the following amounts:

Type Expense	\$ Amount	Percent of Income	Percent of Expenses
Production	\$255,071.55	93%	54%
Media Placement	\$169,587.65	62%	36%
Administrative Expenses	\$32,364.80	12%	7%
Other Expenses	\$12,368.00	5%	3%
Total	\$469,392.00	172%	100%

Shown in the column marked “Percent of Expenses” are the percentages for each type expense of the total amount of the MAP Fund actually spent during that fiscal year. Shown in the column marked “Percent of Income” are the percentages for each type expense of the total amount of the income for the MAP Fund for the fiscal year. That amount may include contributions carried over from a previous fiscal year or may show that not all income was used in a fiscal year. We are not required to spend any amount on advertising in your territory.

Minimum Local Marketing Spending and Local Marketing Spending for Marketing Start-up Phase.

In addition to any amount of MAP fees you must pay and regardless of any minimum amount of MAP fees you must pay, we require you to spend an amount annually on approved local marketing and advertising (“Minimum Local Marketing Spending”) in the amount(s) stated in Item 6. In addition,

whether or not we have advised you that the Minimum Local Marketing Spending is required on an annual basis, you must spend the amount we specify for local marketing spending for the marketing start-up phase of your business. See Items 6 and 7.

Amounts paid to an Advertising Cooperative as provided in the Franchise Agreement and certain other amounts of local advertising spending currently will qualify to satisfy minimum local marketing spending requirement, provided that Franchisor may include additional information and requirements in the Manuals and will determine in its sole discretion what amounts will qualify for approved Minimum Local Marketing Spending, which may change in the future.

Local or Regional Advertising Cooperative

We may approve or require the establishment of local cooperative advertising associations consisting of all franchises and our company-owned units, if any, within a geographical area ("Cooperative") (franchise agreement § 3.5) designated by us and we have the right to require cooperatives to be changed, dissolved or merged. You must participate in a local or regional advertising cooperative if located in your territory. Each local Cooperative must adopt its own written governing documents, a copy of which must be given to us. If a Cooperative has been established for your territory, a copy of the Cooperative's governing document is available on request. Each Cooperative may determine its own voting procedures. Our company-owned units, if any, using the Marks would contribute on the same basis and are entitled to vote on the same basis as you and other franchisees in the area. If we do not own a unit, we do not vote. The annual required contribution to a Cooperative may not exceed 2% of Gross Sales unless a larger contribution has been approved by the affirmative vote of 2/3 of the Cooperative members. Each Cooperative must make an annual accounting of its receipts and expenditures available to you and to us on request.

Other Marketing/Advertising Services

DMS will offer optional marketing/advertising services for franchisees. Currently DMS offers "pay-per-click" advertising campaign services for franchisees. The fees for running these campaigns consist of two parts: a service fee that pays for the personnel and tools to run the campaigns and the remainder that must be paid to a third party (currently, Google and in the future possibly Yahoo, Bing or other parties). The monthly fee incurred by the franchisee will be agreed upon in advance between DMS and the franchisee. The range of total monthly spending cannot be estimated for franchisees in general as it is based on a large number of variables specific to each individual franchisee/franchised business, including the franchisee's budget and preferences, market size, competitive factors, the extent of the market's adoption of the Internet and other factors.

Pay-per-click advertising is a marketing medium in which our franchisees pay per click on ads displayed on search engine results pages. Ads are typically text-based and, on clicking, send the searcher to our franchisee's website. If you elect to utilize these services you must execute the Pay Per Click Advertising Service Agreement (Exhibit 16) and you or DMS may terminate that agreement by giving the other party written notice at least 7 days prior to the end of the then current month.

DMS plans, but has no obligation to offer, beginning in 2014, online reputation management services where a participating franchisee will receive email notifications each time a review is posted online. In addition, the franchisee will be able to monitor accuracy of their online listing sites. Automated weekly or monthly reporting will be provided. If you elect to utilize these services you must execute the Reputation Management Services Agreement (Exhibit 16) and you or DMS may terminate such agreement by giving the other party written notice at least one month prior to the end of the then current month.

In addition, DMS plans, but has no obligation to offer, beginning in 2014 call center services where a participating franchisee will receive 24/7 live answering and scheduling services. Additional Call Center services available include outbound commercial appointment setting. Weekly or monthly reporting will be provided. If you elect to utilize these services you must execute the appropriate agreement(s) with DMS (Exhibit 16) and you or DMS may terminate each such agreement by giving the other party written notice at least one month prior to the end of the then current month.

Computer System

You must use the following hardware and software in the operation of the franchise:

Hardware

You must have a computer system and GPS system which we currently estimate will cost between \$450 and \$2,000 per computer and \$200 and \$400 per vehicle for the GPS system (including installation costs), although the cost of these systems may increase. You must use a computer with adequate memory, speed and storage to run our proprietary software (described below). We will periodically assist you in determining the appropriate hardware and operating systems needed to support this software but we are not obligated to provide or assist you in obtaining computer hardware. You may acquire your computer hardware from any source. You may use any type of computer that meets our requirements and will run the required software.

Currently, you must bring a laptop computer to training with at least a Pentium 1.5 GHz processor or the equivalent; 4 GB RAM; 500 GB hard drive; 16x DVD+/-RW and high-speed Internet access capability.

Currently, for office use, we require a PC with a 3.3 GHz or higher processor; 4 GB RAM; minimum 500 GB hard drive; wireless high speed business class Internet access capability, 16x DVD+/-RW, SVGA color monitor; keyboard; mouse; and a laser or ink jet printer.

Currently, you are required to have a mobile web enabled device such as a SmartPhone or tablet that will allow you access to GroundsNet software and/or optional GroundsNet Mobile application. We estimate the current cost of these devices to be from \$200 to \$700. These amounts may increase in the future.

You must pay for all maintenance of your computers, internet access, and local area networks, at your own expense. We do not require you to sign any hardware maintenance or support contracts with us or any 3rd party suppliers. We do not guarantee, warranty, maintain or support any computer hardware in any manner. You should determine for yourself whether or not any 3rd party supplier from whom you purchase any component of your computer system is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system, and determine the additional cost for the services.

Operating System and Software

Currently, you must obtain our proprietary operations software, GroundsNet, from us, and sign the GroundsNet User and Maintenance Agreement (franchise agreement, § 5.4 and Exhibit 14). We will provide you access to GroundsNet in its hosted environment (via access to a website) which is proprietary to our System. GroundsNet provides customer and prospect tracking, point of sale invoicing interfaced with general ledger software, customer service history, sales analysis, reporting functions and our confidential operations set-up. Currently, we do not require you to purchase more than one GroundsNet

license; however, you may wish to do so for convenience purposes. The initial setup fee for GroundsNet is \$1,440 with a recurring monthly fee of \$120 for hosting and maintenance per named user. The GroundsNet monthly fees are paid to us via credit card or by automatic bank draft, each month, beginning 30 days after initial setup. These fees may increase in the future. We will determine the increase, if any, to these fees each year. You may obtain our proprietary mobile application, currently GroundsNet Mobile. The initial setup fee and recurring monthly fee for GroundsNet Mobile is \$25 per company and \$3 per user. These fees may increase in the future.

You must also purchase accounting software, currently QuickBooks. The cost is \$55 per month. This fee will be paid to a third party via automatic bank draft or bank card and may increase in the future.

You must participate in an electronic system of reporting Gross Sales from the operation of your franchise through GroundsNet. As noted above, you must pay us a reoccurring monthly hosting and maintenance fee via ACH draft from your bank account (see Items 5 and 6). You may not substitute any other software for GroundsNet. We will have independent access to GroundsNet and certain information in your computer, including financial data (business income, expenses and similar information) and there are no contractual limitations on our right to access this information and data.

You must use an approved service provider for GPS system hardware and software. We estimate the monthly services fees for the GPS system hardware and software to be approximately \$30 per month per vehicle with a possible upfront fee of between approximately \$200 and \$400 per vehicle for hardware or installation. This estimate may change in the future. We also have the right to access tracking features on all required GPS units.

You must also use operating systems and software programs that we periodically designate. You must obtain the full version of any required software. You may use a more current version of any software. Our requirements for software will periodically change. Currently, you must use the following:

- An operating system that will provide access to the Internet and run required software
- Internet Explorer, version 11 or better, or such other Web browser as we specify
- Adobe Acrobat Portable Document File (PDF) Reader
- Anti-virus program of your choice, to protect your computer system and data
- Data backup and recovery system of your choice

We currently estimate the cost for the software you must purchase separately to be approximately \$300 to \$450, but this may vary based on whether some of the software is purchased together with your computer hardware.

Our computer hardware and software requirements will periodically change and you will be required to update your systems. We will advise you of any required upgrades.

We may periodically develop other proprietary software and other system, products and upgrades that we may require you to use. We may charge you a license fee for any new software.

You do not have to buy or use an electronic cash register.

Internet Service Provider

You must have a primary and we recommend a secondary or “back-up” source of internet access. Your primary internet access must be high speed business class internet service with a minimum of 80 kilobytes per second (kbs) of available band width per named user. We may modify or increase these requirements in the future. You may use any independent Internet service providers (“ISP”) of your choice as long as each allows you to perform all necessary functions.

System Website, Intranet and Electronic Communications and Data

We own the domain name www.thegroundsguys.com and use it as our primary website for information about franchised businesses. You must provide information to us about your business to post on the website to promote your business. You may not establish your own website without our prior written consent. Our system standards will apply to website advertising. At our option, we may establish one or more additional websites to advertise, market, promote and operate The Grounds Guys businesses and the franchise opportunity. For any website, we may, but are not required to, provide to you certain services, a listing for your location, or a web page, and we may, in the future require you to pay a fee for services in connection with these websites.

We make no warranties and we disclaim any express or implied warranty relating to any software, data, Intranet, website or other related items provided or recommended by us. If we provide you with any software or require the use of any software, Intranet, website or other related items we will not be liable for any costs or expenses, including any special, indirect, or other damages (including lost profits), even if we have been advised of the possibility of damages and even if the software did not function properly or had design problems that may have contributed to any loss.

You must comply with all policies and procedures, and execute any required agreements for use of Intranet or any electronic communication, or data storage/retrieval system, website or software as we periodically require including policies that require you to identify yourself in all electronic communications as an independently owned business. We are not obligated to provide you with an internet or intranet email account or system but we do currently use an on-line system for the communication of information and Internet/electronic mail access. In order to maintain your access privileges, you must follow our rules and policies as described in our Manuals. We may periodically modify these rules and policies at our discretion. We may discontinue the current system of communication and Internet/electronic mail at any time and you may be required to maintain an account we designate with a provider of our selection and pay the required fees. See Item 6. We are not obligated to monitor or create/maintain any backup of email and information/data related to email. We may have the capability to access and there are no contractual limitations on our right to access, information and data on electronic communication and Internet/electronic mail systems that we provide or make available to you. You agree you have no right of privacy and we may access these email communications and data. Any access to, monitoring or copies of, data related to electronic communications and emails will be solely for our benefit.

We own all data provided by you and/or your suppliers and affiliates and may use, share and disclose data, including your financial information and assessments or similar data with our affiliates, their franchisees and our franchisees, and all prospective franchisees without restriction and without compensation. We will disclose this financial information and data to any other third party only after your name has been omitted unless you consent or as required by judicial process or a governmental investigation.

Manuals

We will provide you access to one copy of our confidential Manuals, which contain mandatory and suggested specifications, standards and procedures. The Manuals are confidential and remain our property. We may provide the confidential Manuals to you in any manner we choose, including by hard copy, CD-ROM, or in electronic form through a proprietary or private intranet. We will modify the confidential Manuals periodically but the modifications will not materially alter your status and rights under the franchise agreement (franchise agreement § 9.1).

Currently, our manuals cover the following subjects:

The table of contents from our Pre-Opening Manual is as follows:

Topic	No. of Pages
Pre-opening Manual	
Mission/Vision/Core Values	1
Table of Contents	3
Introduction	6
Franchise Relationship	30
Organizing the Grounds Guys Business	12
Fast Start Checklist	10
People Like You Program	3
Total Pages	65

The table of contents from our Operations Manual is as follows:

Topic	No. of Pages
Sub-topic 1 Business Management	
Mission/Vision/Core Values	1
Table of Contents	5
Table of Figures	1
Table of Forms and Appendices	1
Introduction	6
Supplies and Equipment	11
Administration and Accounting	29
Planning for Success	62
Grounds Guys People	80
Sub-topic 2 Customer Care	
Mission/Vision/Core Values	1
Table of Contents	5
Table of Figures	1
Table of Forms and Appendices	1
Introduction	6
Marketing Grounds Guys Services	59
The Grounds Guys Sales Approach	38
Customer Care	18
Sub-topic 3 Technical Services	

Topic	No. of Pages
Mission/Vision/Core Values	1
Table of Contents	5
Table of Figures	1
Table of Forms and Appendices	1
Introduction	6
Overview of On-going Operations	48
The Grounds Guys Shop Set-up	8
Summer Maintenance Services	54
Winter Maintenance Services	22
Total Pages	138

Training

PHASE I TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction with Franchise Consultant	.5	0	Telephone Conference with Franchise Consultant
GroundsNet Software Overview	1.5	0	Online Videos & Quiz
GroundsNet the Business Tool	1.75	0	Online Videos & Quiz
Recruiting and Hiring	3	0	Online Videos & Quiz
Showing Customers we CARE	1.5	0	Online Videos & Quiz
Finances	1.25	0	Online Videos & Quiz
Technical Training	3	0	Online Videos & Quiz
Grounds Guys Systems	2	0	Online Videos & Quiz
TOTAL	14.5		

PHASE II TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Design Your Life	3	0	Offices in Waco, TX
Succeeding at Service	1.5	0	Offices in Waco, TX
Recruiting	1.5	0	Offices in Waco, TX
Retaining the Team	1	0	Offices in Waco, TX
Marketing Your Business	1	0	Offices in Waco, TX
CARE and Systems	1.75	0	Offices in Waco, TX
GroundsNet Software Intro	1	0	Offices in Waco, TX
GROW	1	0	Offices in Waco, TX
CARE People	1	0	Offices in Waco, TX
GroundsNet Software	1.75	0	Offices in Waco, TX

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Production Ratios and Measuring the Job	1	0	Offices in Waco, TX
Estimating Fundamentals	.5	0	Offices in Waco, TX
Job Sequencing Tracking – Follow the Money	.5	0	Offices in Waco, TX
Summer Operations – Shop, HUDDLE / 5S's	1.5	0	Offices in Waco, TX
ProTradeNet	.25	0	Offices in Waco, TX
Field Classroom Quoting	1.5	0	Offices in Waco, TX
GroundsNet Software	2	0	Offices in Waco, TX
Seasonal Services	.5	0	Offices in Waco, TX
Winter Operations	1.25	0	Offices in Waco, TX
Common Denominators	.5	0	Offices in Waco, TX
Vendor Relations	.5	0	Offices in Waco, TX
Time Management	.25	0	Offices in Waco, TX
Understanding Your Finances	1	0	Offices in Waco, TX
Accounting	.5	0	Offices in Waco, TX
Budgets, P&L's & Financial Reporting	1.25	0	Offices in Waco, TX
GroundsNet Final Review	1	0	Offices in Waco, TX
Marketing & Public Relations	3.75	0	Offices in Waco, TX
Feet on the Street Marketing	.5	0	Offices in Waco, TX
Site Meetings: Selling The Grounds Guys Services	.5	0	Offices in Waco, TX
Sales & Marketing Role Play	.75	0	Offices in Waco, TX
What to do when you get home	.5	0	Offices in Waco, TX
Final Q&A – Next Steps	.25	0	Offices in Waco, TX
Total	34.75		

CONTINUING EDUCATION PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Systems Review	1.5	0	Online Videos & Quiz
GroundsNet Testing	3	0	Online Practical Exercises
Making the Phone Ring	2.5	0	Online Videos & Quiz
Preferred Vendors & Resources	1	0	Phone with FC
The Next Steps (Budget & Financial Review, Ops/Goal Setting, Marketing Plan)	2	0	Phone with FC
Total	8	0	

FIELD TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Field Training in an Operating Franchised Business	0	8 - 40	Various locations to include franchised businesses selected by us as appropriate for training purposes

Training

We may, but we are not obligated to, provide Phase I Training which may be conducted at a location of our choosing or via webinar/video-conferencing at no additional costs. If we require, you must attend the Phase I Training Webinar with your assigned Franchise Consultant or other designated person prior to participating in other training. We will provide you and 1 other person with Phase I and Phase II training at no additional cost. For additional persons, we will provide training on a space-available basis. At least one owner or designated manager must attend and complete Phase I and Phase II training to our satisfaction. You must pay all travel, passport, living and miscellaneous expenses for you and your employees while attending training. All Phase II Training occurs at our offices in Waco, Texas or at such other locations we may designate, or via webinar/video conferencing, at various times during the year, depending on the number of new franchisees entering our franchise network. The Phase I Training will generally last 2.5 days but training time may vary depending upon the knowledge, qualifications, and experience of the franchisee (franchise agreement § 4.1). After Phase I Training has been completed you will attend Phase II training, which generally will last 5 to 8 days. You must pay all travel, living and miscellaneous expenses for you and your employees while attending Phase II Training. In addition, at a time we specify, which is currently within 14 days of attending Phase II training, you must complete approximately 1 to 5 days of field training at a franchised business selected by us. You will not be compensated for your work at the franchised business and you must pay all your travel, living and miscellaneous or other associated expenses while attending field training.

Our instructors include our President, who has 2 years of experience in the lawn and grounds care industry, 2 years of that with us; and our Vice President has 30 years of experience in the lawn and grounds care industry, 4 years of that with us. Our President and Vice President have responsibility for our training staff, consisting of assistants, sales and marketing staff, franchise service personnel and officers and personnel from our affiliate companies. These instructors' length of experience in the lawn and grounds care industry, ranges from 1 year to 30 years with 1 to 4 years of that experience with us. See Item 2 for additional information about the experience of our President and Vice President. Generally, the instructors will conduct the training specified using lectures, presentations, our manuals and other supplemental material. However, we may substitute, add or modify at various times during the year, the subjects covered, instructional materials, hours of classroom and/or hands-on training, and instructors for classroom and hands-on training.

You must also attend, at your expense, the annual training or conference event specified by us and currently referred to as "Reunion" every year, and any other training we designate as mandatory. We may also require you to attend and complete a "refresher" training course or advanced training course if we determine that you are not current on all aspects of the System or are otherwise in need of training.

Opening of Franchise

Our franchisees typically open for business within 60 days after completing Phase II training, which will generally take place 1 to 3 months after signing the franchise agreement. The franchise agreement requires you to open 90 days after signing the franchise agreement. The factors that affect this are the training schedule, your ability to obtain necessary financing, any local requirements for permits or licenses and your ability to complete our recommended pre-training agenda.

ITEM 12

TERRITORY

Your territory will have a minimum population that is generally at least 100,000 and a maximum population that is generally no more than 1,500,000. A larger population may be allowed under certain exceptional circumstances (e.g., densely populated urban areas, or a high percentage of the territory is impoverished). You will maintain rights to your specified territory even if the population in your territory increases. You will select your business site within your territory subject to our approval and you must operate from the approved site. If you wish to relocate from any approved business site to a new business site, you may do so after obtaining our written approval of the location; provided you are not in default of any provision of this Agreement, any other agreement with us or the lease for the former Franchise Location; you are current on your financial obligations to us and our affiliates and all your third party creditors; you deliver to us a current financial statement and a profit and loss statement for the previous twelve (12) months of operation; and you open for business at the new location on the same day you close at the former Franchise Location. You may operate your franchised business from your home if your home is located within your territory granted by your franchise agreement and if local zoning permits or from any existing business premises. See Items 5 and 7 for more information.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, provided you are in full compliance with your franchise agreement, we will not operate or grant a franchise for the operation of another *The Grounds Guys* franchise with rights to market within your territory during the term of your franchise agreement. Although you will be granted these certain exclusive rights for a specific geographic territory, because we also reserve other rights in your territory (described below), your territory is not completely exclusive to you. We and our affiliates may allow others to perform or we may perform the same or similar services in your territory. As a result other company owned or franchised businesses may compete with you in your territory and may have a financial or other impact on your business.

We also reserve other rights in your territory (described below), your territory is not completely exclusive to you. For example, we may, while your franchise agreement is in effect, sell or allow others to sell: any products or services anywhere using different trademarks; the same or similar products and services, competitive with those you will provide, anywhere using different channels of distribution; different products and services anywhere using the Marks; or the same products and services using the same trademarks anywhere outside your territory. In addition, we may advertise, solicit and enter into Key Accounts, which are national, regional or other accounts we believe will benefit the system as further described in the franchise agreement, the Manuals and Item 8 of this disclosure document and this may involve marketing in your territory. In addition to allowing others to offer products and services in your territory generally, in the specific case when a Key Account is involved we may also designate or authorize a corporate employee, another franchisee or any other third party to perform or assist you in performing services, including Core Services, within your territory if you refuse or, in our judgment, are not qualified, interested, able or available to perform services for any customer in the Territory, including

any Key Account customer; if you request assistance; or if a customer, orally or in writing, specifically requests services in the territory from a different franchisee or any other third party. If you agree to participate in or service Key Accounts you must do so on the terms we specify, which terms may include, but may not be limited to, the provision of certain insurance, equipment, products and services, and the offer of services at prices not to exceed the maximum prices specified as well as payment by you of any applicable sales or broker commissions. If we allow others to provide services in your territory, you will not be entitled to any compensation for the sales or services performed. Subject to the rights granted to you in your franchise agreement we may provide in the Manuals for other programs in which we offer and sell, and/or authorize others to offer and sell, using the Marks or other marks, goods and services in your territory that are identical or similar to and/or competitive with those provided at your location. We may also acquire businesses or be acquired by a business offering similar products and services anywhere.

You cannot advertise for or attempt to solicit customers for any products or services, including using Internet, telemarketing or other direct marketing, outside your territory. You may only provide products/services to customers outside your territory in accord with our policies and procedures and only with our prior written consent. We may set forth in the Manuals or otherwise in writing the conditions under which we would grant our consent to your servicing or selling outside of your territory and our consent may be conditioned upon whether you have obtained a required level or the highest level of quality or service as determined by a rating system we designate, which may change from time to time. Our Manuals may also set specific rules for engaging in, and what may constitute, marketing within your territory and other related matters, including what telephone area codes and exchanges that may be used within the territory (depending on the areas covered by those area codes/exchanges); which publications or media in which you may advertise (depending on whether the circulation of the publication/media is wholly or mostly within your territory); participation in promotional events, tradeshow, continuing education programs, chambers of commerce and industry association meetings; the post office box or mailing address that may be displayed on advertising; which phone numbers may be displayed on your vehicles; how, when and from which customers or accounts you may solicit work (depending on their location and the location and/or duration of the work); requirements for referral of work; enforcement, administration and interpretations of provisions of marketing/territory rules and procedures; and other matters; and these rules may change in our sole discretion.

We do not otherwise limit or restrict your solicitation of customers in your territory.

Neither we nor any other party are required to pay you as a result of us exercising in your territory any of our rights described in this Item.

We do not generally grant any right of first refusal to obtain an additional territory. You may, if qualified, purchase an 18 month option for an additional territory by paying us, at the time you purchase your franchise, a fee of 10% of the initial franchise fee for the territory you wish to buy. You must enter into an Option to Purchase Agreement (franchise agreement, Exhibit 10). At any time within the 18 month period, you may, if you are in compliance with your franchise agreement, purchase the additional territory by paying us the balance of the initial franchise fee. The 10% deposit will be applied to the purchase price. We do not refund your deposit if you decide not to purchase the additional territory. You may also acquire an additional territory during the term of the franchise agreement by entering into another franchise agreement or, at our option, an amendment to your existing franchise agreement, for that particular territory. Except in the case of additional territory purchased under an Option to Purchase Agreement, when you purchase additional territory you must satisfy the performance threshold requirement set forth in the franchise agreement, as described below.

License Fees and MAP Fees must be paid based on a minimum volume that includes volume of business franchisees roll-in from an Existing Business and we may terminate your franchise agreement if you do not pay required fees.

If you are renewing your franchise Agreement you must pay us the rates stated in the renewal franchise agreement. In order to qualify for renewal or purchase of an additional territory we may set a Performance Threshold you must meet, which may require you to meet or exceed the average annual Gross Sales of the lowest, in terms of Gross Sales reported to us, 10% to 25% of the franchised businesses operating under our System for a period determined by us, which is between five (5) years and ten (10) years, prior to the end of the twelve-month period. If you do not qualify for renewal we may in some cases, but are not required to, offer to enter into a franchise agreement with you for a smaller territory and you would then have the option to accept that territory on the terms offered.

ITEM 13

TRADEMARKS

We grant you the right to operate a franchise under the name THE GROUNDS GUYS®. You may also use our other current or future trade names, trademarks, service marks, symbols, emblems, logos and indicia of origin (“Marks”) designated by us to identify your franchise (franchise agreement § 2.1.1 and 6).

We own the following Marks that are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Description	Registration Number	Registration Date
The Grounds Guys	3,855,031	September 28, 2010
The Grounds Guys (and Design)	3,932,623	March 15, 2011
The Grounds Guys	4,154,466	June 5, 2012
The Grounds Guys (and Design)	4,122,266	April 3, 2012

Required affidavits and renewals for the registrations for our principal trademarks have been filed when due.

In addition to the Federal rights that apply to use of the registered Marks above, we claim common law rights, based on our use of the Marks, to all of our Marks. There may be areas, however, in which a third party has prior common law rights to the use of one of our Marks. If you propose to operate a franchise in one of those areas we may attempt to obtain exclusive use of that Mark, or, in the alternative, we may designate and grant you permission to utilize a different proprietary mark. There may be other instances in which we may elect to use, or require you to use, a different proprietary mark in a market, region or systemwide. In any instance in which we require you to use a different proprietary mark you must, at your expense, comply with our designation and use, or change your use to, the designated mark. You must modify or discontinue the use of a Mark, at your expense, if we direct. If we direct, you must adopt or use one or more additional or substituted Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings or material litigation involving any of the Marks that may significantly affect the

ownership or use of any Mark listed above. No agreements limit our right to use or license the use of our Marks.

We do not have actual knowledge of any infringing uses that could materially affect your use of our Marks other than the common law rights mentioned above. You must notify us immediately when you learn about an infringement of or challenge to your use of the Marks. We will take the action we think appropriate (including no action) but are not obligated to protect your rights to use the Marks. We have the right to control the defense of any claim using attorneys we choose and you must cooperate in that defense. You may participate in the defense and settlement at your own expense but our decisions will be final and binding. We will indemnify you or reimburse you for your liability and reasonable costs if there is a challenge to your authorized use of our Marks provided you have notified us immediately after you learned of the challenge and cooperate with us in defending the challenge as required (franchise agreement § 6.4).

You must follow our rules when you use the Marks and you may only use the Marks for the operation of your franchise in your territory. You must execute any documents we require to protect the Marks or to maintain their continued validity and enforceability. You may not directly or indirectly contest the validity of our Marks, our ownership of the Marks or our right to use or license the Marks, trade secrets, confidential information or business techniques that are part of our business (§§ 6.1, 6.3 and 9.2). You cannot use the Marks as part of a corporate or other legal name and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations (franchise agreement § 6.3).

You must modify or discontinue the use of a Mark, at your expense, if we direct. If we direct, you must adopt or use one or more additional or substituted Marks (franchise agreement § 6.2).

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent but you can use the proprietary information in our Manuals and software (see Item 11). We have not filed an application for a copyright registration in these items, but we claim a common-law copyright in our Manuals and software and we treat the information in these items as confidential and proprietary. Item 11 describes limitations on the use of the Manuals and software by you and your employees. You must treat these items and the information as confidential. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action to protect or defend use of proprietary information but will respond as we think appropriate and will control any action we decide to bring or defend (§ 9.1). We are not required to participate in your defense or indemnify you for use of copyrighted material or patents. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state and there are no agreements that limit our rights to use our copyrights or to allow others to use them.

Confidential information includes all information, data, knowledge, techniques and know-how designated or treated by us as confidential and includes any and all Manuals, computer software or programs, training materials, operational videos, marketing programs, franchise rosters, franchisee lists, and any other materials designated or treated by us as confidential. You may not, at any time during or after the term of the franchise agreement, disclose, copy or use any confidential information except as we specifically authorize (franchise agreement §§ 9.1 & 9.2).

If we ask, you must have your personnel who receive or will have access to confidential information sign covenants not to divulge the confidential information or use it for their own benefit. If you are a corporation or other business entity, your shareholders, members and/or owners must also abide by these covenants and sign a Guaranty of Principal Owners (franchise agreement signature page). If we ask, your employees who have access to your password and log-in name for our Intranet must sign a confidentiality agreement agreeing to not disclose this information.

If you develop any new product, concept, technique, process or improvement in the operation or promotion of your franchise, you must promptly notify us and provide us with all necessary information free of charge. You must acknowledge that we may provide the information to other franchisees for use in their franchises (franchise agreement § 5.17).

There currently are no effective adverse determinations of the USPTO, United States Copyright Office or any court, nor are there any pending infringements, opposition or cancellation proceedings or material litigation, involving the copyright materials that are relevant to their use by our franchisees.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you must directly perform or supervise the operation of the franchise unless we consent otherwise (franchise agreement § 3.11). You must obtain and maintain an immigration status that will allow you to live and work in the United States for the initial term of this Agreement and for the length of any renewal terms of the Agreement. If you do not have or maintain the required status the franchise agreement will immediately expire by its terms with no further notice or opportunity to cure and we will have no liability to you, and no refund of any fees, will be made.

If we agree that you need not personally perform or supervise operation of the franchise, an individual who has successfully completed our training program (“manager”) must directly supervise the franchise, and that individual must be a bona fide manager, as determined by us. If we ask, the manager must sign a written agreement to maintain confidentiality of the trade secrets described in Item 14 and to conform to the covenants not to compete described in Item 17.

If you are a corporation or other legal entity, direct, on-site supervision must be done by a designated shareholder and/or owner who has successfully completed our training program (“operating principal”) unless we consent otherwise (franchise agreement § 5.1). If we ask, the operating principal must sign a written statement to maintain confidentiality of the trade secrets described in Item 14 and to conform to the covenants not to compete described in Item 17. If we agree that an operating principal need not personally perform or supervise the operation of the franchise, a manager must directly supervise the franchise. The manager need not have an ownership interest in the franchise. If you are a corporation or other legal entity, your principal shareholders, members and/or owners must sign a Guaranty of Principal Owners agreeing to pay all obligations under the franchise agreement (franchise agreement signature page).

While you own the franchise, you cannot have an interest or relationship with any competitors. An Existing Business that you own when you sign the franchise agreement may be allowed by us on the terms stated in the Excluded Services Addendum if we agree, in writing (franchise agreement, Exhibit “8B”). You may not perform Excluded Services if we have not entered into an Excluded Services Addendum with you. All Core Services must be performed through the franchised business and services

which may possibly fall within the definition of Core Services and Excluded Services will be considered Core Services except as provided in an Excluded Services Addendum, if any, entered into between us.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only the goods and services which conform to our standards and specifications (see Item 8). You must offer the goods and/or services that we designate as required for all franchisees and you may elect to offer other products and/or services only if we approve them in advance. We may change the authorized services and/or products that we require you and all franchisees to offer by adding additional services and/or products or deleting products and/or services, or both and there are no limits on our right to make changes. If we make any changes we will notify you. We have no plans to make significant changes in the future.

You must honor our warranty policies for installations, repairs and replacements as described in the Manuals. This policy states that we handle warranty claims on a case-by case basis with some basic guidelines and, as a result, you will be obligated to perform warranty work at no charge, on certain repairs and replacements, including some repairs and replacements that another franchisee originally performed.

You must comply with all applicable laws and regulations and obtain all appropriate governmental approvals for the franchised business including obtaining any licenses or permits required by your locality for performing the work of the franchise. To ensure that the highest degree of quality and service is maintained, you must operate in conformity with the methods, standards and specifications in the Manuals and as we may otherwise require in writing periodically. You must not deviate from our standards and specifications without our prior written consent.

You may provide services and products outside your designated geographic territory only under the terms and conditions we specify in the Manuals. You may not advertise or solicit customers outside your territory. See Item 12.

We require that the telephone numbers and electronic identities you use in connection with the Marks and/or in connection with your Franchised Business are owned and controlled by us or a supplier we approve. We require you to “port” or transfer to an approved call routing and tracking supplier all phone numbers associated with the Franchised Business or published in any print or online directory, advertisement, marketing or promotion associated with the Marks and/or the Franchised Business. Other than us or a supplier approved in writing by us and on terms we approve, we do not allow you to have your telephone numbers or other electronic identities owned by a third party, even if the third party is a company affiliated with you.

You have the sole discretion as to the prices to be charged to your customers, although we will offer you guidelines and advice. For certain Key Account customers or customers in a similar program, we or our designee may set the maximum price which you may charge for defined services and/or products. You have the option not to participate in any Key Accounts or similar program. In addition to allowing others to offer products and services in your territory generally, in the specific case when a System Account is involved if you elect not to participate in that Key Account, we may authorize another party, including another franchisee, to perform any work within your territory requested by a Key Account or similar type customer. We currently have preferred customer plans that offer customers discount prices under certain terms and conditions. You are not required to offer these plans to customers but, if you do elect to participate in our preferred customer plans, you must offer the discount prices set by the plans in accordance with the terms of the plan.

We do not otherwise limit or restrict your solicitation of customers in your territory.

Each month, you must pay us a License Fee based on your Gross Sales, and you must pay us the greater of the License Fee or any applicable Minimum License Fee (see Items 6 and 12). If you fail to do so, we may terminate your franchise agreement (see Item 17).

ITEM 17

**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP**

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	1.1	Initial term is 10 years
b. Renewal or extension of the term	1.2	Your franchise agreement can be renewed for additional 10-year terms by executing the then-current form of franchise agreement and meeting the other requirements for renewal; if you continue to operate after expiration of the initial or a renewal term we may, at our sole election, treat the franchise agreement as expired or as continued on a month-to-month basis; provided, the Franchise Agreement will only be continued if you get a written notice of continuation from us. Once you have renewed your franchise agreement, you have no automatic further right of renewal and the provisions about renewal described in this section do not apply. At that point you may enter into a new franchise agreement on the then current terms if you and we agree to a new agreement.
c. Requirements for franchisee to renew or extend	1.2, Renewal Addendum, Franchise Agreement, Exhibit 12	You must meet any Performance Threshold set by us, which may require you to meet or exceed the average annual Gross Sales of the lowest, in terms of Gross Sales reported to us, 10% to 25% of the franchised businesses operating under our System for a period determined by us, which is between five (5) years and ten (10) years. In addition, you cannot be in default of current franchise agreement; you must give us prior written notice; you must sign a general release; you must pay us a renewal fee of \$5,000; you must complete our then current training requirements, including “basic” or “Phase I and Phase II” training, regardless of when or whether such training was completed previously and you must sign the most current version of our

Provision	Section in franchise or other agreement	Summary
		renewal addendum and our franchise agreement, which may have terms, conditions and fees that could be materially different as compared with your original franchise agreement. On renewal, the Minimum License Fee begins with the 1st week of the term of the renewal franchise agreement and is the rate or amount stated in the renewal franchise agreement. The Minimum License Fee is calculated based on the cumulative number of months of service as a Franchisee, including months as a franchisee under the existing franchise agreement and the number of months as a franchisee under the renewal franchise agreement.
d. Termination by franchisee	11.3	You may terminate the franchise agreement by mutual agreement with us or by the sale of your franchised business to another person or entity.
e. Termination by franchisor without cause	None	We cannot terminate your franchise agreement without cause.
f. Termination by franchisor with cause	11	We can terminate your franchise agreement only if you default.
g. "Cause" defined – curable defaults	11.2	You have 15 days (subject to local state law) to cure if: you fail to pay fees; you fail to observe our standards; you fail to obtain our consent when required; your representative fails to transfer your franchised business after your death, disability or incapacity; you engage in a Competitive Business; you refuse to allow our inspection of your franchise or its books and records; you fail to maintain your books and records; you fail to begin operating the franchised business within 90 days; you receive an excessive number of customer complaints; or you fail to maintain the required insurance.
h. "Cause" defined – non-curable defaults	11.1	You made material misrepresentations to us in the application for the franchise; you are insolvent; you abandon or otherwise cease to operate the franchised business; you are convicted of a felony; you divulge our Confidential Information; you knowingly maintain false books or records for the franchise; you use our Marks in an unauthorized manner; your operation of the franchised business creates a threat to public health or safety; your failure to provide the audited financial statements as required, including within the time required, by

Provision	Section in franchise or other agreement	Summary
		Section 5.G.3. of the Franchise Agreement; or, whether or not cured, you fail three or more times within any twelve consecutive months to comply with any obligation of the franchise agreement, or you fail two or more times within any six month period to comply with the same obligation of the franchise agreement.
i. Franchisee’s obligations on termination/non-renewal	12	Your obligations include complete de-identification of the franchised business, the return to us of the Manuals and software, and payment of any amounts due to us (see r).
j. Assignment of contract by franchisor	10.1	We may assign your franchise agreement to any 3rd party whom we believe is capable of performing our obligations and who agrees to assume our obligations to you.
k. “Transfer” by franchisee – defined	10.2	Includes the transfer of your franchised business or an ownership change
l. Franchisor approval of transfer by franchisee	10.2	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	10.2 & 10.4	You are not in default; the new franchisee qualifies; training for new franchisee is arranged; you sign a release; transfer fee paid; current franchise agreement signed by new franchisee (new franchisee must sign new agreement and no discounts, including reduced fees for “roll-ins” or other terms of existing franchised business transfer to new franchisee); new franchisee agrees to be bound by all customer obligations of Franchisee, including all warranty work and service plans and warranty escrow established; if transfer is to your corporation or other entity owned by you, you maintain the same level of investment in your business or pay all loans payable to us and our affiliates in full (also see r, below).
n. Franchisor’s right of first refusal to acquire franchisee’s business	10.2.9	If we choose, we may buy your franchise from you at fair market value.
o. Franchisor’s option to purchase franchisee’s business	None	
p. Death or disability of franchisee	10.3	Your personal representative must assign your franchise agreement to an operator that has been approved by us within 120 days.
q. Non-competition covenants during the term of the franchise	5.1 & 9.3.1	You cannot be involved in a Competitive Business

Provision	Section in franchise or other agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	9.3.2	For 2 years, no Competitive Business in your Territory, in all Unowned Territories in which you were at any time authorized to operate or in the territory of any of our other franchisees.
s. Modification of the agreement	14.1	No modification of the franchise agreement except by written agreement of both parties
t. Integration/merger clause	14.1	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises made outside the disclosure document or franchise agreement may not be enforceable. Nothing in the franchise agreement or any related agreement is intended to disclaim our representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	13	Most disputes must be filed in a Federal or state court located in Waco, McLennan County, Texas. If a dispute is not resolved through the mediation process described in the Franchise Agreement, and if an appropriate court makes a final ruling that the waiver of jury trial in the Franchise Agreement is unenforceable, disputes must be settled by binding arbitration.
v. Choice of forum	13.3	Litigation must be in McLennan County, Texas unless local state law supersedes this provision and arbitration must be in a mutually agreed place, or if the parties cannot agree, in McLennan County, Texas.
w. Choice of law	13.2	Texas law applies unless local state law supersedes this provision.

Reinstatements and Extensions

If any termination or expiration of the term of the franchise would violate any applicable law, we may reinstate or extend the term for the purpose of complying with the laws.

Termination on Bankruptcy

A provision in your franchise agreement that terminates the franchise on your bankruptcy may not be enforceable under Title 11, United States Code § 101 et seq.

SEE THE ATTACHED STATE ADDENDA FOR ADDITIONAL DISCLOSURES.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Debbie Hood, 1010-1020 North University Parks Drive, Waco, Texas 76707, 800/207-8515, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet¹ Summary
For years 2011 to 2013

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2011	5	33	+28
	2012	33	70	+37
	2013	70	117	+47
Company- Owned	2011	0	0	0
	2012	0	0	0
	2013	0	0	0
Total Outlets	2011	5	33	+28
	2012	33	70	+37
	2013	70	117	+47

¹ Included in “outlets” are all franchised businesses that have opened an operating location. Neither sale of a new territory to an existing franchisee where a separate operating location will not be opened nor execution of a franchise agreement for a new location where the location is not yet open are included.

Table No. 2

**Transfers¹ of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2011 to 2013**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
OR	2011	1
	2012	0
	2013	0
TX	2011	0
	2012	1
	2013	1
Total	2011	1
	2012	1
	2013	1

¹ Transfer” means the acquisition of a controlling interest in a franchised outlet, during its term, by a person other than the franchisor or an affiliate. Sale of territory only, not including a franchised outlet, from one franchisee to another franchisee is not included in transfers.

Table No. 3

**Status of Franchised Outlets
For years 2011 to 2013**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened¹	Terminations²	Non- Renewals	Reacquired by Franchisor³	Ceased Operations – Other Reasons⁴	Outlets at End of the Year
AL	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	0
	2013	0	1	0	0	0	0	1
AR	2011	0	0	0	0	0	0	0
	2012	0	2	0	0	0	0	2
	2013	2	1	0	0	0	0	3
CA	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2
CO	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened ¹	Terminations ²	Non-Renewals	Reacquired by Franchisor ³	Ceased Operations – Other Reasons ⁴	Outlets at End of the Year
	2013	0	2	0	0	0	0	2
CT	2011	0	0	0	0	0	0	0
	2012	0	2	0	0	0	0	2
	2013	2	0	0	0	0	0	2
DE	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
FL	2011	0	2	0	0	0	0	2
	2012	2	7	1	0	0	0	8
	2013	8	4	0	0	0	0	12
GA	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	2	0	0	0	0	3
IA	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
ID	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
IL	2011	0	1	0	0	0	0	1
	2012	1	1	1	0	0	0	1
	2013	1	0	0	0	0	0	1
IN	2011	0	1	0	0	0	0	1
	2012	0	3	0	0	0	0	3
	2013	3	1	0	0	0	0	4
KS	2011	1	0	0	0	0	0	1
	2012	1	0	1	0	0	0	0
	2013	0	1	0	0	0	0	1
KY	2011	0	1	0	0	0	0	1
	2012	1	2	0	0	0	0	3
	2013	3	2	0	0	0	0	5
LA	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	4	0	0	0	0	5
MA	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
MD	2011	0	1	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened ¹	Terminations ²	Non-Renewals	Reacquired by Franchisor ³	Ceased Operations – Other Reasons ⁴	Outlets at End of the Year
	2012	1	0	0	0	0	0	1
	2013	1	4	1	0	0	0	4
MI	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	1	1	0	0	0	1
MN	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
MO	2011	0	1	0	0	0	0	1
	2012	1	3	1	0	0	0	3
	2013	3	1	0	0	0	0	4
MS	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
MT	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
NC	2011	0	4	0	0	0	0	4
	2012	4	1	0	0	0	0	5
	2013	5	1	1	0	0	0	5
NE	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	1	0	0	0	0	2
NJ	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	1	0	0	0	0	2
NM	2011	0	2	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
NY	2011	0	0	0	0	0	0	0
	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2
OH	2011	0	2	0	0	0	0	2
	2012	2	2	1	0	0	0	3
	2013	3	1	0	0	0	0	4
OK	2011	0	0	0	0	0	0	0
	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened ¹	Terminations ²	Non-Renewals	Reacquired by Franchisor ³	Ceased Operations – Other Reasons ⁴	Outlets at End of the Year
OR	2011	1	2	1	0	0	0	2
	2012	2	0	1	0	0	0	1
	2013	1	1	0	0	0	0	2
PA	2011	0	0	0	0	0	0	0
	2012	0	2	0	0	0	0	2
	2013	2	1	0	0	0	0	3
SC	2011	0	0	0	0	0	0	0
	2012	0	3	0	0	0	0	3
	2013	3	1	0	0	0	0	4
TN	2011	2	1	0	0	0	0	3
	2012	3	1	0	0	0	0	4
	2013	4	2	1	0	0	0	5
TX	2011	0	4	0	0	0	0	4
	2012	4	7	2	0	0	0	8
	2013	8	5	2	0	0	0	11
UT	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
VA	2011	0	2	0	0	0	0	2
	2012	2	1	1	0	0	0	2
	2013	2	6	0	0	0	0	8
VT	2011	0	0	0	0	0	0	0
	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2
WA	2011	1	2	0	0	0	0	3
	2012	3	1	1	0	0	0	3
	2013	3	1	0	0	0	0	4
WI	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Totals	2011	5	29	1	0	0	0	33
	2012	33	47	10	0	0	0	70
	2013	70	53	6	0	0	0	117

¹ “Outlets opened” does not include outlets for which a franchise agreement was signed but the outlet was not open as of the date of this disclosure document.

² “Termination” means the franchisor’s termination of a franchise agreement prior to the end of its term and without paying any money or other compensation to the franchisee. Mutual terminations, where both the franchisor and franchisee agree to end the franchise relationship are also included in terminations listed above. Included in Terminations above are 1 outlets where the franchise agreement was terminated and the franchised business was transferred to another owner. In some instances, the franchised business/territory was transferred to an existing franchisee.

³ For purposes of these tables, a “reacquisition” means the franchisor’s acquisition of a franchised outlet during its term in exchange for a payment of money or other compensation. The franchisor’s purchase of a territory or a portion of a territory not including an operating outlet is not included in the “reacquisitions” listed above.

⁴ “Ceased operations – other reasons” includes abandonment of the franchise outlet after an existing outlet was opened. In the event no outlet was opened and there was no termination of the franchise agreement, the “abandonment” would not be included in the “ceased operations” column.

Table No. 4

**Status of Company-Owned Outlets
For years 2011 to 2013**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
Totals	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0

Table No. 5

Projected Openings of Franchised Outlets For 2013

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year
AK	0	0	0
AL	2	1	0
AR	1	1	0
AZ	0	1	0

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year
CA	0	2	0
CO	2	1	0
CT	0	1	0
DC	0	1	0
DE	0	1	0
FL	0	1	0
GA	0	1	0
HI	0	1	0
IA	0	1	0
ID	0	1	0
IL	0	1	0
IN	1	1	0
KS	1	1	0
KY	1	1	0
LA	1	1	0
MA	0	1	0
MD	0	1	0
ME	0	1	0
MI	0	1	0
MN	0	1	0
MO	1	1	0
MS	0	1	0
MT	2	1	0
NC	2	1	0
ND	0	1	0
NE	0	1	0
NH	0	1	0
NJ	1	1	0
NM	0	1	0
NV	0	1	0
NY	1	1	0
OH	1	1	0
OK	0	1	0

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year
OR	0	1	0
PA	0	1	0
RI	0	1	0
SC	2	1	0
SD	0	1	0
TN	0	1	0
TX	4	1	0
UT	0	1	0
VA	1	1	0
VT	0	1	0
WA	0	1	0
WI	0	1	0
WV	0	1	0
WY	0	1	0
TOTALS	24	51	0

Exhibit E contains the names of current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2013.

Exhibit F contains the name, city and state and the current business telephone number (or, if unknown the last known home telephone number) of franchisees who had an outlet terminated (6), cancelled, not renewed (0) or who otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during our most recently completed fiscal year (1 franchisees transferred, no franchisees left the system for other reasons) or who have not communicated with us in the 10 weeks prior to the issuance date of this disclosure document (0). If you buy this franchise your contact information may be disclosed to other buyers when you leave the franchise system.

During our last 3 fiscal years, none of our current or former franchisees have signed provisions restricting their ability to speak openly about their experience with our franchise system. There are currently no trademark-specific franchisee organizations associated with the system.

Our franchise Advisory Council for our MAP Fund was created and sponsored by us, has our business address and phone number, listed on the cover page of this disclosure document, and can be reached at the following email address: chris.elmore@dwyergroup.com. (See Item 11). We are not aware of any other trademark-specific franchisee organization associated with the franchise that has asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit C are the audited consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011 for TDG Holding Company, our parent company.

Our parent guarantees our performance under the franchise agreement. See Exhibit D.

ITEM 22

CONTRACTS

The following agreements are exhibits:

EXHIBIT A - Franchise agreement with State Addenda and Exhibits:

- 1A Defined Terms
- 1B Items Applicable to All Franchisees
- 1C Items Applicable Only to This Agreement
- 2 ACH Origination Authorization
- 3 Telephone Number and Internet Agreement, Assignment and Power of Attorney
- 4 Franchisee Disclosure Questionnaire
- 5 ProTradeNet Agreement
- 6 Promissory Note and Security Agreement
- 7 Confidentiality Agreement
- 8A Roll-in Addendum [Optional]
- 8B Excluded Services Addendum [Optional]
- 9 Legal Entity Information Sheet and Financial Information Sheet
- 10 Option to Purchase Agreement
- 11 Franchisee Disclosure Questionnaire – Transfer
- 12 Renewal Addendum
- 13 General Release [Sample]
- 14 GroundsNet User & Maintenance Agreement
- 15 Key Accounts Program Addendum
- 16 Marketing/Advertising Service Agreements

EXHIBIT G - State Riders to Franchise Agreement

ITEM 23

RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

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EXHIBIT A
THE GROUNDS GUYS LLC
FRANCHISE AGREEMENT

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**FRANCHISE AGREEMENT
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EXHIBITS:

1A	Defined Terms
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15	Key Accounts Program Addendum
16	Marketing/Advertising Service Agreements

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is made and entered into by and between Franchisor and Franchisee individually, with the names and addresses for each party listed on Exhibit "1C" hereto.

WHEREAS, Franchisor has developed the System for a Franchise which offers and sells Core Services; and

WHEREAS, Franchisor owns and has identified the System and the Franchise by means of the Marks; and

WHEREAS, Franchisee, understanding the necessity of operating in conformity to the System in connection with the Marks, desires to acquire a license for a Franchised Business to be operated in and from the Territory and Franchisor is willing and agrees to grant to Franchisee such a license for a Franchised Business to be operated in and from the Territory under the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants, terms and conditions contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged by Franchisor and Franchisee, the parties hereto agree as follows, with all terms using initial capital letters and not otherwise defined herein having the meaning set forth for such terms in Exhibit "1A" hereto, which shall be a part of this Agreement for all intents and purposes:

1. TERM AND RENEWAL

1.1 **Initial Term.** This Agreement and the license granted herein shall be for a term of ten (10) years from the Effective Date, subject to earlier termination as provided herein.

1.2 **Renewal.** At the end of the initial ten (10) year term, provided Franchisee has substantially complied with the terms of this Agreement and provided that Franchisee has met or exceeded, as determined by Franchisor, any performance threshold ("Performance Threshold") set by Franchisor as stated in Exhibit 1B hereto, Franchisee shall have the option to renew this license for an additional period of ten (10) years by giving Franchisor written notice of Franchisee's intent to renew at least six (6) months prior to the end of the then-current term. Such renewal shall be effected by the execution of the then-standard franchise agreement and applicable related agreements and addenda in effect for the grant of a new license at the time such renewal is effected; execution of a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries, affiliates and their respective shareholders, officers, directors, agents, employees, successors and assigns; execution of a renewal addendum; payment of a renewal fee in the amount stated in Exhibit "1B" hereto; and completion of Franchisor's then current training requirements, including "basic" or "Phase I and Phase II" training, regardless of when or whether such training was completed previously. The terms, conditions and fees of the then-standard franchise agreement may differ materially from the terms of this Agreement. For additional information, see Exhibit 12, Renewal Addendum. Notwithstanding the above, if this agreement is for a renewal term of a franchise agreement no additional renewal term will apply. In that case, in order to continue the Franchised Business Franchisee may enter into a new franchise agreement on the then current terms if Franchisor and Franchisee agree to a new agreement.

1.3 **Operation after Expiration of Term.** Franchisee has no right to continue operating the Franchised Business beyond the expiration of the term of this Agreement. If Franchisee does not execute a new franchise agreement prior to the expiration of the initial or any renewal term and nonetheless continues to operate the Franchised Business and/or otherwise accept the benefits of this Agreement, then,

at Franchisor's sole option, Franchisor may treat this Agreement as either (i) expired as of the date of expiration of this Agreement, with Franchisee then operating without a license or consent of Franchisor to do so, in violation of Franchisor's rights; or (ii) if Franchisor provides Franchisee written notice of continuation, as continued on a month-to-month basis (the "Interim Period") under the same terms and conditions as stated in this Agreement, except that after notice of continuation, all fees, including License Fees and Minimum License Fees, shall be payable at the highest rate stated in this Agreement regardless of level of sales or territory population and such Interim Period shall continue until one party provides the other party written notice of such party's intent to terminate the Interim Period, in which case, the Interim Period will terminate 30 days after receipt of such notice to terminate; provided, however, in any jurisdiction in which a longer notice period is required, the thirty-day notice shall be modified to be the shortest notice period required by the laws of such jurisdiction.

2. GRANT OF LICENSE

2.1 Grant and Reservation

2.1.1 **Grant.** Upon the terms and conditions set forth in this Agreement, Franchisor hereby grants to Franchisee the right, and Franchisee accepts the obligation, to: (a) establish and operate the Franchised Business under the System in the Territory at the Franchise Location; and (b) use the Marks and the System only in connection with the Franchised Business.

2.1.2 **Reservation.** Except as limited below and in Exhibit 1B to this Agreement, and provided that Franchisee is in full compliance with the Franchise Agreement, Franchisor will not operate or grant a franchise for the operation of another Franchise at a site within the Territory during the term of the Franchise Agreement. Except as expressly limited by the previous sentence, Franchisor and its affiliates may engage in any activity whatsoever on any terms and conditions Franchisor deems advisable whenever and wherever it or they desire. Franchisor and its affiliates retain all rights whatsoever not expressly granted herein, including, but not limited to:

2.1.2.1 the right to establish and operate, and to grant to others the right to establish and operate similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks and on any terms and conditions Franchisor deems appropriate;

2.1.2.2 the right to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with those provided at the Franchise Location, whether identified by the Marks or other trademarks or service marks, through dissimilar channels of distribution (including internet or similar electronic media) both inside and outside the Territory and on any terms and conditions Franchisor deems appropriate;

2.1.2.3 the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Territory under the Marks and on any terms and conditions Franchisor deems appropriate;

2.1.2.4 the right to operate, and to grant others the right to operate a Franchise located anywhere outside the Territory under any terms and conditions

Franchisor deems appropriate and regardless of their proximity to the Franchise Location or their actual or threatened impact on sales at the Franchise Location;

2.1.2.5 (a) the right, directly or through an authorized third party (including, another franchisee), to advertise, solicit and enter into Key Accounts in any area, including in the Territory. Franchisee agrees to service such Key Accounts in the Territory as Franchisor may identify from time to time, upon the terms applicable thereto (including, without limitation, the provision of certain insurance and other products and services, the offer of services at prices not to exceed the maximum prices stated and the payment by Franchisee of any applicable sales commissions or other similar fees or payments); (b) Further, in the event (i) Franchisee refuses or, in the sole judgment of Franchisor, is not qualified, interested or available to perform services or otherwise cannot or does not perform services for any customer located within the Territory, including a Key Account, (ii) Franchisee requests assistance in the performance of services, or (iii) a customer, orally or in writing, specifically requests services within the Territory from a different franchisee or any other third party, Franchisor has the right to authorize another franchisee (or designate or authorize a corporate employee or any other third party) to perform services for or sell products to said customers inside the Territory; (c) In addition to all other rights of Franchisor and except as expressly limited by the first sentence of Section 2.1.2 herein, Franchisor retains the right to provide, offer and sell and to authorize others the right to provide, offer and sell, goods and services that are identical or similar to and/or competitive with those provided at the Franchise Location, whether identified by the Marks or other trademarks or service marks, through similar or dissimilar channels of distribution both inside and outside the Territory and on any terms and conditions Franchisor deems appropriate (including, without limitation, the right, in its sole discretion, to designate or authorize a corporate employee, another franchisee or any other third party to perform or assist Franchisee in performing services, including Core Services, within the Territory); provided, however, Franchisor shall exercise its rights under this section 2.1.2.5(c) only in accord with provisions stated in the Manuals. Franchisee agrees that it shall not be entitled to any compensation for sales or services performed inside the Territory by someone other than Franchisee;

2.1.2.6 the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at the Franchised Business, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and

2.1.2.7 the right to be acquired (in whole or in part and regardless of the form of transaction), by a business providing products and services similar to those provided at the Franchised Business, or by another business, even if such business operates, franchises and/or licenses a Competitive Business(es) in the Territory.

2.2 **The System.** Franchisee does hereby adopt and shall use and become part of the System and agrees to indicate to the public that the Franchised Business is part of the System and that Franchisee is a franchisee of the System. Franchisee acknowledges that the System may be supplemented, improved upon and/or modified periodically at Franchisor's sole discretion, including, but not limited to, the right to offer new services and products to Franchisee for resale to customers and/or to discontinue allowing any products or services at any time to be offered by Franchisee. In the interest of preserving the integrity and reputation of the System, Franchisor shall have full control and discretion over such developments and Franchisee shall comply with all requests and requirements of Franchisor as a result of any changes.

Franchisee expressly agrees that all rights, title and interest in and to the System, the Marks, and Franchisor's goodwill and confidential trade secrets are owned solely by Franchisor and shall remain solely in Franchisor and are being revealed to Franchisee solely to enable Franchisee to establish and operate the Franchised Business.

2.3 **Territorial Restrictions.** Franchisee may not advertise or solicit customers, perform services or sell products related to the Franchised Business outside the Territory without Franchisor's prior written consent, which consent may be given, conditioned or withdrawn in Franchisor's sole and absolute discretion. If Franchisee receives a request for services or products from outside the Territory, Franchisee must refer that request to the franchisee, if any, that owns the applicable territory. Franchisor may, but shall not be obligated to, set forth in the Manuals or otherwise in writing conditions for such advertisement, solicitation, servicing or selling in areas outside the Territory, including, without limitation, in areas (each, a "Territory Available for Sale" or "TAFS;" also sometimes referred to as an "Unowned Territory") that are not serviced by another franchisee and Franchisee agrees to adhere to such conditions in connection with such advertisement, solicitation, servicing or selling. In all cases Franchisee must perform services or sell products related to the Franchised Business using only those telephone numbers, email addresses, domain names, social media accounts or comparable electronic identities owned by Franchisor or a supplier approved in writing by Franchisor and Franchisee shall not use any telephone numbers, email addresses, domain names, social media accounts or comparable electronic identities except on terms approved by Franchisor. Whether or not Franchisee has been granted Franchisor's consent to advertise or perform services outside the Territory, upon Franchisor's demand or upon Franchisee's actual notice that a TAFS has been purchased by another franchisee, Franchisee agrees to immediately cease and desist from conducting all out-of-Territory activities and to comply with Franchisor's procedures for the transition of customer accounts. Without limitation, Franchisee shall cease and desist from using all advertising and telephone numbers and all territory specific email addresses, domain names, social media accounts and comparable electronic identities which are, at the time of the notice or demand, or have at any time been, used outside the Territory, including telephone numbers listed in any Yellow Pages or white pages telephone directory under the Marks or any other name similar to any of the Marks, and upon demand of Franchisor, direct the telephone company or service provider servicing the Franchisee to transfer all such telephone numbers, email addresses, domain names, social media accounts and comparable electronic identities registered to Franchisee in connection with the Franchised Business to, at Franchisor's option, Franchisor or its designee.

3. FEES AND PAYMENTS

In consideration of the issuance and continuance of this license, Franchisee hereby agrees to promptly make the following payments to Franchisor:

3.1 **Initial Franchise Fee.** In consideration of the license granted herein the initial franchise fee is due and payable in full upon Franchisee's execution of this Agreement. The Franchise Fee is fully earned by Franchisor upon Franchisee's execution of this Agreement and is non-refundable except as provided herein.

3.2 **Definition of Gross Sales.** Gross Sales means all revenues of the Franchised Business as further defined on Exhibit "1A" hereto.

3.3 **License Fee.** During the term of this Agreement Franchisee shall report Gross Sales for the previous month and pay Franchisor a monthly License Fee based on the previous month's Gross Sales from the operation of the Franchised Business. The License Fee is collected from all franchisees. Set forth on Exhibit "1B" hereto is the time the License Fee originally commences, the day when it is due each month, and the sliding scale used to calculate the License Fee.

3.4 **Minimum License Fee.** Franchisee is required to pay Franchisor the greater of the License Fee or the Minimum License Fee, as applicable, each month or at the time(s) otherwise specified by Franchisor. Franchisee's failure to at least pay Franchisor the Minimum License Fee shall constitute a material default of this Agreement. The obligation to pay the Minimum License Fee shall begin at the time, and the fee shall be calculated, as stated on Exhibit "1B" hereto. The population in the Territory is subject to increase each January 1 by an amount equal to the estimated population increase in the Territory, as prepared by the U.S. Census Bureau or any substitute or successor source. The Minimum License Fee is subject to increase each January by an amount equal to the increase, if any, in "The Consumer Price Index for all Urban Consumers", U.S. City Average, All Items published by the U.S. Bureau of Labor Statistics, or any successor or substitute index appropriately adjusted.

3.5 **MAP Fee.** Franchisee shall pay each month a national Marketing, Advertising, and Promotion Fee ("MAP Fee," formerly known as "National Advertising Fee") as a contribution to the national Marketing, Advertising and Promotion Fund ("MAP Fund," formerly known as "National Advertising Fund"). The MAP Fee is due at the time stated on Exhibit "1B" hereto and is collected at the same time as the License Fee from all franchisees and company-owned units, if any, using the Marks. Franchisor may approve the establishment of local cooperative advertising associations consisting of all franchised and company-owned units within an area ("Cooperative"). Upon receipt of notice from Franchisor that a Cooperative has been formed which includes the Territory, Franchisee shall participate as a member of such Cooperative and contribute the amount determined collectively by the members of such Cooperative; provided; however, that any required contribution exceeding two percent (2%) of Gross Sales for any specified period must be approved by the affirmative vote of two-thirds (2/3) of the Cooperative members, attending in person or voting by proxy, at a duly constituted meeting.

3.6 **Reports and Payments.** Franchisee shall submit to Franchisor each month on or before the day of the month set forth on Exhibit "1B" hereto, at the time of day specified by Franchisor, and on a form approved by Franchisor, a correct statement, signed by Franchisee (a "Report"), of Gross Sales for the previous month's reporting period, together with payment of the greater of the License Fee or the Minimum License Fee, plus the MAP Fee. Franchisor may specify a different day of the month for such Reports by notifying Franchisee in writing of such change. The Report shall be submitted electronically as prescribed by Franchisor, including using prescribed software, and Franchisee shall pay by automatic bank draft the amounts owed based on the Reports submitted by Franchisee to Franchisor through electronic medium. The Report may include other operational activity as specified by Franchisor from time to time. Franchisee shall pay the License Fee, the MAP Fee, any applicable Minimum License Fee and Minimum MAP Fee, any late fees and interest and any other fees or amounts owed to Franchisor and/or its affiliates by automatic bank draft or as otherwise specified by franchisor. In connection with payment via automatic bank draft or other form of electronic transfer of funds as specified by Franchisor franchisee agrees to (i) execute, deliver and renew any and all forms required by Franchisor, including a form substantially as represented in an exhibit to this Agreement (ii) perform any and all other acts necessary to accomplish the required funds transfers and (iii) maintain sufficient funds in the applicable account(s) for withdrawal to satisfy the required transfers.

3.7 **Late Reports.** If Franchisor fails to receive a Report within five (5) days after the due date, Franchisor may assess a late reporting administrative fee per Report at the rate set forth on Exhibit "1B" hereto to reimburse Franchisor for overhead and administrative costs associated with such late reporting.

3.8 **Late Payments.** After the due date, all payments shall bear interest at the highest applicable legal rate, not to exceed the rate set forth on Exhibit "1B" hereto.

3.9 **Dishonored Checks.** To cover Franchisor's additional expenses for handling dishonored checks and/or ACH drafts, Franchisee agrees to pay Franchisor a fee for each dishonored check and/or ACH draft tendered to Franchisor by Franchisee at the rate set forth on Exhibit "1B" hereto.

3.10 **Independent Obligations; Application of Payment.** Franchisee's obligations to pay License Fees and other monetary obligations under this Agreement are absolute and independent of any other provision of this Agreement. Franchisee shall not, on any grounds, including any alleged non-performance by Franchisor of any of its obligations hereunder, withhold, offset or escrow any amounts due in accordance with this Agreement for any reason and, if Franchisee does so, such action shall be deemed an independent default of this Agreement for which Franchisor will have the absolute right to terminate this Agreement. No endorsement or statement on any check or payment of any sum less than the full sum due shall be construed as an acknowledgement of payment in full or an accord and satisfaction and Franchisor may accept and cash such check or payment without prejudice to its rights to recover the balance due or pursue any other remedy provided herein or by law. Franchisor has the right to apply any payments to past due indebtedness. Franchisor is not required to accept payments after same are due, extend credit or otherwise finance Franchisee's operations. Failure to pay all amounts when due may result in suspension of access to Franchisor's support and services until such failure is cured and constitutes good cause for termination of this Agreement. Franchisor may sell, assign or discount any note or monetary obligation arising from this Agreement to a third party.

3.11 **Personal Obligation.** Franchisee acknowledges that the License Fee and any other monetary obligations owed to Franchisor under this Agreement are personal obligations of Franchisee and that Franchisee is required to personally participate in the operation of the Franchised Business unless Franchisor otherwise consents in writing. If Franchisee is a corporation or other legal entity, Franchisee must designate an Operating Principal in accordance with Section 5.1 herein and Franchisee's principal shareholders, members or partners must personally guarantee Franchisee's performance to Franchisor. If two (2) or more persons are the Franchisee or guarantors, their obligation and liability to Franchisor shall be joint and several.

3.12 **Other Fees.** Franchisee shall pay such other fees, including fees for special, refresher or other training, fees for use of websites, internet or similar items and any other fees as may be required by Franchisor in this Agreement at rates set by Franchisor.

4. FRANCHISOR'S OBLIGATIONS

4.1 **Training.** Franchisor shall train Franchisee in the fundamental marketing and managerial skills necessary to operate a Franchise in accordance with the System. The Phase I and Phase II training program shall be conducted periodically at the home office in Waco, Texas or such other place as Franchisor may designate or via webinar/video conferencing and shall be of such duration as Franchisor may designate, provided, that training time may vary depending upon the knowledge, qualifications, and experience of the franchisee. Franchisee, or the Operating Principal or manager designated by Franchisee pursuant to Section 5.1., must attend and complete Phase I and Phase II training to Franchisor's satisfaction. If Franchisor, in its sole discretion, determines that Franchisee has failed to satisfactorily complete Phase I or Phase II Training, Franchisor may terminate this Agreement. If Franchisor terminates the Agreement, Franchisor shall refund the Franchise Fee, minus Franchisor's reasonable expenses incurred up to the date of termination. Following termination, the provisions of Section 12 shall apply. The cost of Phase I and Phase II Training is included in the Franchise Fee but it is the sole responsibility of Franchisee to pay for all food, lodging, travel and miscellaneous expenses to, from and during all training. If Franchisee has employees whom Franchisee wishes for Franchisor to train, such additional persons may attend Phase I and/or Phase II Training on a space-available basis. Franchisee is solely responsible for all food, lodging, travel and miscellaneous expenses of its employees to, from and during

all training. Franchisor may also conduct an annual convention (the “Reunion”) and various other training seminars for Franchisee at such times and places and for such duration as Franchisor designates. Franchisor may charge a fee for any such training and the amount of the fee may increase in the future. Franchisor may require Franchisee or an employee of Franchisee that Franchisor deems to be in need of training (e.g., new management employee) to attend and complete an initial, refresher or advanced training course as Franchisor deems advisable. In all cases, Franchisee shall pay for all food, lodging, travel and miscellaneous expenses and Franchisor reserves the right to charge for such training at the then current rate, in the case of Phase I and Phase II training, or at a rate set by Franchisor in the case of other training.

4.2 **Sales Analysis and On-Going Support.** Provided Franchisee complies with the contractual reporting requirements to furnish necessary information about the Franchised Business, Franchisor shall periodically analyze Franchisee's sales, promotional efforts and financial status and furnish Franchisee with suggestions as to any improvement which Franchisor believes to be necessary and Franchisor shall provide Franchisee with such on-going advice and assistance as Franchisor deems necessary and appropriate. These services may be offered by any means Franchisor deems effective, subject to the availability of Franchisor’s staff. Franchisor may, but is not required to, establish an intranet accessible only by means of user names and passwords, in order to provide support to, and facilitate communication among, all franchisees.

4.3 **Promotion and Advertising.** Franchisor shall develop, or shall authorize designees to develop, from time to time, promotional programs and advertising campaigns to assist Franchisee in selling and performing services in accordance with the System. In particular, Franchisor shall maintain and administer the MAP Fund as follows:

4.3.1 The MAP Fund shall consist of MAP Fee contributions from franchisees; contributions from Franchisor for company-owned units, if any, using the Marks on substantially the same basis as similarly situated franchisees contribute; and certain advertising or promotional monies or credits from approved vendors based upon purchases by Franchisor’s franchisees. Franchisee hereby authorizes Franchisor to collect such advertising or promotional monies or credits from approved vendors. All interest earned on monies in the MAP Fund shall be deposited to the MAP Fund.

4.3.2 Franchisor shall direct, or shall authorize its designees to direct, all promotional programs and advertising campaigns financed by the MAP Fund, and Franchisor shall retain sole discretion over the choice of advertising agencies, spokespersons, creative concepts, graphics, materials, communication media, geographic placements, media placements and market allocations. The MAP Fund may be used for programs and activities intended to maximize recognition of the Marks and for any other activity that Franchisor believes will enhance the System’s image and, in Franchisor’s sole discretion, promote general public awareness of and favorable support for the System and the Marks (including account acquisition programs and programs to obtain, maintain, and retain Key Accounts [separately or through Franchisor’s Key Accounts program as administered through Franchisor or an affiliate], business development initiatives, and salaries for business development personnel). Although Franchisor intends for the MAP Fund to develop marketing and advertising materials, programs and advertising campaigns, and to execute advertising, marketing, and research activities, which will benefit most franchisees, Franchisor is not obligated to make expenditures on behalf of or for the benefit of Franchisee which are equivalent or proportionate to Franchisee’s contributions to the MAP Fund or to ensure that any particular geographic area benefits directly or pro rata from MAP Fund expenditures. The Franchisor and the MAP Fund may collaborate with the advertising funds of certain franchise systems affiliated with Franchisor and may solicit Key Accounts for the benefit

of franchised businesses using the Marks and for the franchisees of certain franchise systems affiliated with Franchisor. Franchisee acknowledges that there can be no assurance that the MAP Fund's participation in these collaborations and joint efforts will benefit the franchised businesses using the Marks proportionately or equivalently to the benefits received by the other franchised businesses of the other franchise systems affiliated with Franchisor that also participate.

4.3.3 The MAP Fund may be used to pay any and all costs of preparing and producing video, audio and printed advertising materials, administering national and regional advertising programs, including direct mail, point of sale and other media advertising, employing advertising agencies and supporting public relations, market research, advertising and marketing activities and other promotions or activities intended to advance the business prospects of franchisees. The MAP Fund may be used to support any Key Accounts program that is intended to attract Key Account customers for services that are provided by franchisees in the System, and that is being administered by Franchisor or any designee of Franchisor. Media, materials, and programs, including the franchise system's website, prepared using MAP Fund contributions may describe Franchisor's franchise program, reference the availability of franchises and related information, and process franchise leads.

4.3.4 The MAP Fund shall be accounted for separately from the other monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for amounts which may be used to defray expenses of establishing and maintaining Franchisor's websites and such salaries, expenses and administrative costs, travel expenses of personnel while they are on MAP Fund business, meeting costs, overhead relating to MAP Fund business, and other expenses that Franchisor incurs in activities related to maintaining, administering, directing and conducting the MAP Fund and its programs, including, without limitation, programs related to Key Accounts, conducting market research and public relations activities; preparing advertising, promotion and marketing materials; and collecting and accounting for MAP Fund contributions.

4.3.5 In any fiscal year, Franchisor may spend an amount greater or less than the aggregate receipts of the MAP Fund in that year, and the MAP Fund may borrow from Franchisor or other lenders to cover deficits of the MAP Fund or cause the MAP Fund to invest any surplus.

4.3.6 Franchisor has the right, but not the obligation, to cause the MAP Fund to be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, and any such successor entity shall have all the rights and duties of Franchisor under this Section 4.3. Franchisor may use collection agents and institute legal proceedings at the MAP Fund's expense to collect MAP Fund contributions. Franchisor also may forgive, waive, settle, and compromise all claims by or against the MAP Fund.

4.3.7 The MAP Fund is not Franchisor's asset. The MAP Fund is not a trust and Franchisor has no fiduciary obligation to Franchisee for administering the MAP Fund or for any other reason. As soon as reasonably practicable following the end of each fiscal year, Franchisor will prepare an unaudited accounting of the MAP Fund. Such accounting shall be furnished to Franchisee upon written request.

4.3.8 Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to collecting amounts due to the MAP Fund or related to Franchisor's maintenance, direction or administration of the MAP Fund, including with respect to the efficiency or

effectiveness, if any, of the MAP Fund in enhancing the Marks, brand or System or advancing the business interests of a franchisee or franchisees in general.

Franchisor may maintain one or more websites on the Internet to advertise and promote its System and services marketed by its franchisees. Franchisor may, but is not required to, make website space available to Franchisee. For any website, Franchisor may, but is not required to, provide to Franchisee certain services, a listing for the Franchisee's franchised business, or a web page, and Franchisor may require Franchisee to pay a fee for services in connection with such websites. Franchisee may not establish a website without Franchisor's prior written consent. Franchisor's system standards apply to all website advertising, as well as all Internet marketing. Any representations and warranties of any kind whatsoever, express or implied, regarding any website, including representations and warranties as to the operation, functionality, lack of interruption or resources of the website, are expressly excluded. Without limiting the foregoing, Franchisor disclaims any implied warranties of merchantability and fitness for a particular purpose as to any website. As to any malfunctioning of any website, Franchisor will not be liable to Franchisee for any consequential, incidental, indirect, economic, special, exemplary or punitive damages, such as, but not limited to, loss of revenue or anticipated profits or lost business, even if Franchisee has advised Franchisor that such damages are possible as a result of any breach of warranty or malfunction.

4.4 **Confidentiality.** Franchisor owns all data provided by Franchisee, as described in this Agreement. Franchisor may share and/or disclose all data, including Franchisee's financial information and operating performance ratings, assessments or similar data with Franchisor's affiliates and franchisees, Franchisor's affiliate's franchisees and all prospective franchisees (in the U.S. or elsewhere) through the use of newsletters, bulletins, award ceremonies, and otherwise as Franchisor deems necessary or advisable without restriction. In the case of disclosure to any other third party, Franchisee's financial information shall only be disclosed to any other third party after Franchisee's name has been omitted from the financial information unless Franchisee consents in advance of the disclosure, or as may be required in response to lawful judicial process or any governmental investigation.

4.5 **Source of Supplies.** Franchisor will provide Franchisee with information regarding required equipment, supplies and materials needed for the Franchised Business. This information may be amended from time to time at Franchisor's sole discretion. Any products sold by Franchisor shall be sold to Franchisee at the price and on the terms as may be specified by Franchisor from time to time.

4.6 **Proprietary Software.** If and at the times determined by Franchisor and for so long as Franchisor elects to do so, Franchisor may license Franchisee proprietary computer software developed by or for Franchisor for use solely in the operation of the Franchised Business ("Software"), according to the terms of the applicable license agreement specified by Franchisor. Franchisee is required to use the Proprietary Software at the times and on the terms specified by Franchisor.

5. FRANCHISEE'S OBLIGATIONS

5.1 **Manner of Operation; Best Efforts; Cooperation with Franchisor; Limitation of Services.** Commencing no later than ninety (90) days after the Effective Date, Franchisee shall at all times operate the Franchised Business within the Territory from the Franchise Location during customary business hours in compliance with Franchisor's System, including all standards, policies and procedures which Franchisor may from time to time establish in Franchisor's Manuals, bulletins, notices, or otherwise in writing. Franchisee shall maintain the highest standards of quality and workmanship in its operation of the Franchised Business in accordance with the standards established by Franchisor in order to provide the highest quality service to customers of Franchisee and to preserve and enhance the value of the Marks

licensed hereunder. Franchisor specifically reserves the right and privilege, in its sole and absolute discretion, to vary the applicability or enforcement of any of Franchisor's standards, policies, specifications and/or procedures for any System franchisee for any reason Franchisor deems appropriate, including peculiarities of a particular site or circumstance, density of population, business potential, population, existing business practices or any other condition or circumstance. Franchisee shall not be entitled to require that Franchisor disclose any such variation or to grant the same or a similar variation to Franchisee.

During the term of this Agreement, Franchisee shall comply with its obligations and requirements under this Agreement and the Manuals in its operation of the Franchised Business; act in good faith; cooperate with Franchisor in accomplishing the purpose of this Agreement; not engage in any business activity which would be detrimental to or interfere with the operation, reputation or goodwill of the Franchised Business, Franchisor, Franchisor's System, or any other franchisee; and comply with Section 9.3.1. hereof. Notwithstanding the foregoing, Franchisor and Franchisee acknowledge and agree that any Existing Business identified on Exhibit "8B" shall not constitute a violation of this Agreement so long as Franchisee operates such Existing Business in full compliance with the provisions of the Excluded Services Addendum (Exhibit "8B") and this Agreement. During and after customary business hours, Franchisee shall use only the type of telephone answering service or other means of telephone answering approved by Franchisor. Unless Franchisor consents in writing, Franchisee is required to personally operate and/or exercise personal supervision over the operation of the Franchised Business. Notwithstanding anything in this Agreement to the contrary, the grant of this Agreement is subject to Franchisee obtaining and maintaining an immigration status that will allow him/her to live and work in the United States for the initial term of this Agreement and for the length of any renewal terms of the Agreement. If such status is not obtained within the time specified by Franchisor from the date of execution of this Agreement, notwithstanding anything in this Agreement to the contrary, this Agreement will immediately expire by its terms with no further notice or opportunity to cure and Franchisor shall have no liability to Franchisee whatsoever, and no refund of any fees, including all initial fees paid to Franchisor upon execution of this Agreement, shall be payable to Franchisee under any circumstances. Notwithstanding any termination of the Agreement, Franchisee shall remain bound by all post termination obligations in the Agreement, including all obligations regarding noncompete, de-identification, confidentiality and indemnity.

If Franchisee is a corporation or other legal entity, Franchisee must designate an Operating Principal and furnish all organizational and other documents regarding Franchisee's creation and structure, together with any and all modifications thereto, to Franchisor. In any case in which Franchisor consents in writing to allow a person other than Franchisee to personally operate and/or supervise the Franchised Business the person who Franchisee engages to perform operation and supervision of the Franchised Business must be a bona fide manager, as determined by Franchisor, devoting full time and attention to the management of the Franchised Business.

5.2 **Compliance with Laws, Rules and Regulations.** Franchisee shall, at all times, comply with all federal, state and local laws, codes, ordinances, rules and regulations which affect, directly or indirectly, the operation of the Franchised Business. In particular Franchisee acknowledges that Franchisee is solely responsible for obtaining all necessary licenses, including those set forth on Exhibit "1B" and complying with all federal, state, municipal and/or other laws and local licensing requirements for the operation of the Franchised Business and the performance of all services performed by Franchisee and/or required by Franchisor. Franchisor assumes no responsibility for Franchisee's acts or omissions in this regard. Franchisee shall obtain and keep in force all licenses, permits and certificates necessary for the full and proper operation of the Franchised Business, including, without limitation, licenses or permits to do business, assumed name registrations and sales tax permits. Franchisee shall pay promptly, as and when due, all taxes and charges lawfully assessed by any governmental authority, including, without

limitation, state and federal employment and unemployment taxes, income taxes, sales taxes, payroll taxes, and all accounts and other indebtedness of every kind. Franchisee shall pay Franchisor an amount equal to any sales tax, use tax, gross receipts tax, documentary stamp tax or similar tax (other than income tax), fees or charges imposed on Franchisor with respect to any payments to Franchisor required under this Agreement.

5.3 **Vehicle Acquisition and Maintenance.** Franchisee shall acquire and maintain, at Franchisee's sole expense, a vehicle as specified by Franchisor for use in the Franchised Business. Franchisor may specify, from time to time, the minimum number of vehicles to be operated by Franchisee based on the population of the Territory and the Gross Sales of the Franchised Business. Unless otherwise approved in writing by Franchisor, each vehicle shall be in the condition as stated on Exhibit "1B" hereto. Each vehicle shall be equipped and outfitted in accordance with Franchisor's specifications. Franchisee shall maintain the interior, exterior and mechanical parts of the required vehicle in good repair and condition and shall regularly service and maintain the required vehicle so as to keep it clean and in good working order.

5.4 **Computer and Software.** Franchisee shall acquire, install, use, maintain and upgrade computer hardware, including, but not limited to, desktops, laptops, tablets, other mobile electronic devices or similar devices, and other hardware and peripherals or related items; software; Internet access, and similar or related items, as periodically required by Franchisor during the term of the Agreement. Franchisor or its designee may be a designated supplier or the sole designated supplier for some or all of the required computer hardware, software and/or Internet service. The System, the Proprietary Software, and Franchisor's proprietary products, services, operations and training, may be periodically upgraded, improved, refined, changed, deleted or altered to address new technology, efficiency, quality control, economic or market factors. Franchisee expressly agrees to implement any such changes when necessary, within the time period specified for all franchisees and at Franchisee's sole expense, and to comply with all policies and procedures, and execute any required agreements or licenses, and pay applicable license and maintenance fees, which may increase in the future, regarding use of intranet or any electronic communication, or data storage/retrieval system, website or software as Franchisor may prescribe from time to time. Franchisor always will have the right to have unlimited, independent access to (i) the data, including financial data (business income, expenses and similar information) provided by Franchisee or its suppliers, uploaded from Franchisee's system to any computer system owned or maintained by Franchisor or its affiliates, and/or downloaded from Franchisee's or suppliers' system(s) to Franchisor's computer system and (ii) any GPS systems used by Franchisee in operating the Franchised Business and the data derived therefrom.

5.5 **Uniforms.** Franchisee shall present a neat and clean appearance while performing the services of the Franchised Business. Franchisee and any employee of the Franchised Business shall wear a uniform as specified in Franchisor's Manuals, bulletins, notices, or otherwise in writing.

5.6 **Insurance.** Franchisee shall, at all times during the term of the Agreement and any extension thereof, procure and maintain policies of insurance as Franchisor may specify. If Franchisee fails to do so, Franchisor may, but is not required to, obtain the necessary insurance for Franchisee and keep the same in force and effect, and Franchisee shall pay Franchisor, on demand, all premiums charged for the policies of insurance. All policies purchased by Franchisee shall provide that Franchisor be given at least thirty (30) days' prior written notice of any termination, amendment, cancellation or modification thereof and shall require the insurer to defend Franchisee and Franchisor in any action based on personal injury or property damage suffered as a result of or arising out of the operation of the Franchised Business. Franchisor and any affiliates it designates shall be named as an additional insured in all insurance policies and each policy shall further provide that Franchisee's insurance coverage is primary to any coverage maintained by Franchisor or any of its affiliates. A certificate of insurance evidencing

applicable coverage shall be delivered to Franchisor prior to completion of Phase I Training and upon each renewal of said policy. Before the completion of Phase I Training, Franchisee shall procure the insurance policies of the types and amounts set forth on Exhibit "1B" hereto and such other insurance as required by Franchisor or Franchisee's state or locality and all insurance shall have such standards and limits for insurance coverage and other terms (such as naming Franchisor and any affiliates it designates as an additional insured) as Franchisor may set from time to time in the Manuals or by other written notice. Nothing contained herein shall be deemed to constitute an undertaking or representation by Franchisor that any such insurance will insure Franchisee against any or all insurable risks of loss which may or can arise out of or in connection with the operation of the Franchised Business.

If the amount of insurance Franchisee must obtain is based on Franchisee's annual total Gross Sales, the relevant amount of Gross Sales shall be the total from the previous calendar year for all of Franchisee's Franchised Businesses, regardless of the number of months Franchisee was open during the year. In each case in which Franchisor and/or any of its affiliates are required to be an additional insured the endorsement for the additional insured status must be worded and have such coverage as specified by Franchisor and the additional insured endorsement may not have any exclusions or limitations not allowed by Franchisor. In any case in which umbrella policies are required the umbrella policies shall be endorsed so as to indicate that such policies provide primary coverage, without right of contribution by the Franchisor's liability insurance policies for all claims against the Franchisor arising out of the performance of the work by Franchisee.

5.7 **Records and Reports.** Franchisee shall install, and maintain at all times, a complete and uniform accounting system that results in financial information being prepared in accordance with generally accepted accounting principles ("GAAP") and meeting the standard operating procedures and specifications, including internal audit standards, prescribed periodically by Franchisor. These procedures and specifications may include, but are not limited to, all sales and cash journal sheets, bank reconciliations, payroll records, invoices and invoice logs, and other financial records as required by Franchisor, and may include the use of computer hardware and software as periodically specified by Franchisor and the adoption of a fiscal year and accounting periods consistent with those used by Franchisor. Franchisee agrees to maintain complete and accurate records, accounts, books, data and reports which shall accurately reflect all particulars arising out of this Agreement. If Franchisee transacts business which is not subject to this Agreement, all records connected to such other operation shall be kept in a manner necessary to effect a clear and convenient segregation between the Franchised Business and such other business. Franchisee shall deliver, without further notice, except in the case of Section 5.7.5 and 5.7.6 herein, the following reports to Franchisor through electronic medium and/or otherwise as Franchisor directs from time to time:

5.7.1 each month on or before the day of the month set forth on Exhibit "1B" hereto, a Report of Gross Sales for the previous month, together with copies of all invoices and payment of the greater of the License Fee or any applicable Minimum License Fee plus the MAP Fee; and

5.7.2 within fifteen (15) days after the close of each calendar month, a monthly financial report consisting of a profit and loss statement and balance sheet for the Franchised Business as it stands at the end of such period, all in reasonable detail and in accordance with generally acceptable accounting principles and certified to be true and correct by Franchisee or Franchisee's authorized agent; and

5.7.3 within sixty (60) days after the close of the second quarter of each year and within ninety (90) days after the close of each fiscal year, an income and expense statement and a balance sheet for the Franchised Business as it stands at the end of such fiscal year; all in reasonable detail and in accordance with generally accepted accounting principles and certified to

be true and correct by Franchisee; and, upon demand of Franchisor, such financial statements, including a balance sheet and income statement, in such form and format, as Franchisor shall require, all prepared and audited by an independent certified public accountant specified by or satisfactory to Franchisor and within the time period required by Franchisor, which may be less than ninety (90) days after the close of Franchisee's fiscal year; and

5.7.4 within thirty (30) days after filing, a copy of Franchisee's federal and any state income tax returns and all amendments thereto pertaining to the operation of the Franchised Business, and a letter stating whether or not: (a) all payroll tax returns have been filed and payroll taxes paid; (b) all federal income tax returns have been filed and taxes paid; and (c) any state income and franchise tax returns have been filed and taxes paid; and

5.7.5 upon demand, Franchisee shall provide to Franchisor a complete customer list of the Franchised Business, including the customer's name, address and telephone number, Franchisee shall maintain such list in an electronic format acceptable to Franchisor, which allows for the electronic delivery of such information and Franchisee agrees such information, whether or not requested by Franchisor at any time, is and shall be the property of Franchisor; and

5.7.6 such other reports, forms and records as Franchisor may reasonably specify in writing, including information from any Existing Business identified in Exhibit "8B" hereto. Franchisee shall make available for inspection by Franchisor, at reasonable times and during normal business hours, all original books and records that Franchisor may deem necessary to ascertain the accuracy of such periodic reports.

In addition, Franchisee shall allow such auditing, inspection, copying of records, and similar review and inspection of Franchisee's books and records as Franchisor may require and shall cooperate with Franchisor's auditors, on a reasonable but unannounced basis, for such purposes. Franchisor may also require Franchisee to comply with such additional requirements as may be reasonably necessary in order to enable Franchisor to meet its obligations under GAAP and to comply with applicable accounting standards, codifications, rules, interpretations and any amendments or supplements to them.

5.8 **Promotion and Marketing**. Franchisee shall, during the term of the Agreement and any extensions thereof, engage in local marketing and promotion of the services and products available through the Franchised Business in accordance with Franchisor's Manuals, bulletins, notices, or otherwise in writing, which marketing shall include procuring and maintaining such ads covering the Territory as the Manuals shall require from time to time. Franchisee shall also advertise and promote in Franchisee's local market the services and products available through the Franchised Business, in a format satisfactory to Franchisor, using media such as newspapers, magazines, press releases, radio, television, billboards, direct mail, coupon inserts, the Internet and any other media approved or required by Franchisor. This requirement is in addition to any MAP Fee required under Section 3.5 or any contribution to a Cooperative.

Franchisee agrees to participate in all non-price related marketing and public relations programs instituted by the MAP Fund or a Cooperative. Although Franchisor is not obligated to maintain or allow any type of Internet presence, Franchisee shall provide and keep updated all information required by Franchisor for inclusion on Franchisor's website or other Internet presence, if any, promoting the Marks or the products and services offered by the System as deemed appropriate by Franchisor. Franchisee shall not create, maintain or modify a website or any other type of Internet presence containing Franchisor's name or Marks without Franchisor's prior written approval and shall cease using or modify same at any time as required by Franchisor. 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, the

Marks, the System or the public. Franchisee shall submit to Franchisor all promotional and advertising materials prepared by Franchisee, whether print, electronic, audio or visual (including Yellow Pages or Internet advertising and material connected with social media), prior to use, together with an outline of its proposed use, for Franchisor's written approval and Franchisee agrees that all such material prepared by Franchisee, whether or not submitted to Franchisor shall be the sole property of Franchisor and Franchisor grants Franchisee a license to use such material for the term of this Agreement. Franchisee shall not sell, promote or advertise any product or service not specifically authorized by this Agreement or by Franchisor in writing prior to its use or promotion.

5.9 **Training Meetings and Reunion.** Unless otherwise approved in writing, Franchisee shall attend, at Franchisee's sole expense, Phase I and Phase II training, the annual training and/or conference event specified by Franchisor and currently referred to by Franchisor as "Reunion" (every year or as scheduled), and any other training Franchisor designates as required, including training under other names and forms and including such form of "field training" or "on the job" training that Franchisor may require. In connection with any field training or on the job training that may be required, Franchisor may require and Franchisee must agree to purchase at Franchisee's sole expense any insurance specified by Franchisor and execute any agreements regarding training/training facilities, including those with waiver of liability, release or indemnification provisions as Franchisor may require. Franchisor also retains the right to require Franchisee to attend and complete a "refresher" training course or advanced training course if Franchisor determines that Franchisee is not current on all aspects of the System or is otherwise in need of such training. Franchisee must pay all travel, lodging and living expenses and any fees set by Franchisor in connection with all annual, conference event, special, refresher, advanced training or additional Phase I or Phase II training (repeated for Franchisee or its employees or new hires) attended by Franchisee or its employees.

5.10 **Customer Service.** Franchisee shall hold itself solely responsible for the quality and results of the services performed hereunder, maintaining a continuing responsibility with respect to such services beyond the termination or expiration of this Agreement. Franchisee shall render and shall cause each of its employees to render prompt, competent and courteous service to customers and Franchisee shall offer and honor such service warranties as Franchisor directs. Franchisor's expectation is that Franchisee shall respond to any dissatisfied customers within twenty four (24) hours after the complaint is received, whenever possible. Should Franchisee be unable to equitably resolve the customer's complaint within seven (7) days after the initial contact, Franchisee shall contact Franchisor for assistance in handling the complaint. In no event shall Franchisor's assistance be construed to make Franchisor liable to Franchisee or to Franchisee's customer in connection with such complaint since Franchisee is solely responsible for satisfactorily resolving all warranty claims or customer disputes. Should Franchisee fail to do so, Franchisee is responsible for reimbursing the cost of such services to Franchisor or any franchisee that does perform the services after being authorized by Franchisor to perform such services. Franchisor may at any time contact Franchisee's customers concerning the quality of services, the level of customer satisfaction, or other aspects of the Franchised Business that Franchisor deems relevant.

5.11 **Quality Assurance; Books & Records.** Franchisor or its authorized representative shall have the right, at any time during customary business hours, upon prior notice, and without any compensation to Franchisee, to (1) examine and copy the books, records and tax returns of the Franchised Business; (2) inspect the premises of the Franchised Business and all equipment, tools, service vehicles, inventory, operating materials and supplies; (3) observe, photograph and/or videotape the operation of the Franchised Business for such consecutive or intermittent periods as Franchisor deems necessary or advisable; (4) remove samples of any products for testing and analysis; (5) interview personnel of the Franchised Business; (6) interview customers of the Franchised Business; (7) remove copies of any forms or marketing materials; and (8) inspect the records of any Existing Business as identified in Exhibit "8B." hereto. Franchisee agrees to cooperate with Franchisor in connection with any such inspections,

observations, photographing, videotaping, product removal and/or interviews and, if requested by Franchisor, Franchisee agrees to deliver evaluation forms prepared by Franchisor to customers of the Franchised Business. Franchisee further agrees to participate in any surveys or studies performed by Franchisor or its designee and that results or data derived from same are the property of Franchisor and may be used by Franchisor for such purposes as Franchisor elects.

5.12 **Audit.** From time to time, during normal business hours, Franchisor shall have the right to review, examine and copy, at Franchisor's expense, or to otherwise conduct an audit ("audit" for purposes of this section of the Agreement shall mean any review or examination whether formal or informal) of the Franchised Business and Franchisee's business records for the purposes of determining Franchisee's compliance with this Agreement. If the results of any such audit conducted by Franchisor or a third party show that Franchisee has underreported Gross Sales or misstated Gross Sales in any report submitted to Franchisor or any third party, Franchisee shall pay to Franchisor the amount due on all such understated amounts at the maximum rate applied or applicable to Gross Sales under this Agreement (or, at the sole election of Franchisor, the amount which Franchisor estimates, using such rates and methods as Franchisor deems appropriate, is due on the understated amounts) upon demand, plus interest from the date such amount was due until paid at the highest rate allowed by law. In addition, if Franchisee has understated Gross Sales by three percent (3%) or more, Franchisee shall reimburse Franchisor for its reasonable costs and expenses of such audit, including but not limited to, travel expenses, lodging, the regular wages of any of Franchisor's employees who may conduct such audit, accounting and legal fees and any other ordinary and necessary expenses. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

5.13 **Payments.** In addition to all payments to Franchisor provided for in this Agreement, Franchisee agrees to promptly pay all undisputed amounts due to suppliers of goods and services supplied to Franchisee. Franchisor reserves the right to require Franchisee to establish and maintain such credit card issuers or sponsors, check verification services and electronic fund transfer systems as Franchisor may reasonably designate from time to time.

5.14 **Prohibition Against Encumbrance.** Without Franchisor's prior written consent, Franchisee shall not grant any security interest in this Agreement nor shall any ownership interest in any corporate Franchisee or the Franchised Business be pledged or encumbered. If Franchisor consents to the grant of a security interest, the secured party must agree that in the event of Franchisee's default, Franchisor shall be notified of the default and shall have the right but not the obligation to be substituted as an obligor to the secured party. In no event shall this requirement be construed to make Franchisor liable to Franchisee or to the secured party.

5.15 **Proprietary Products and Supplies.** Franchisee may purchase and/or may be required to purchase, from Franchisor or its designee certain proprietary products which now comprise, or in the future may comprise, a part of Franchisor's System. Franchisor shall sell to Franchisee proprietary products at the price specified by Franchisor from time to time.

5.16 **Products, Services and Approved Suppliers.** All products, supplies and equipment used by Franchisee in the Franchised Business shall be of high quality to assure uniformly high standards. Franchisee shall offer all, and only such, products and services as have been expressly approved by Franchisor and shall refrain from or discontinue offering any products or services which Franchisor may, in its discretion, disapprove in writing at any time. Specified products, inventory, supplies, uniforms, tools, chemicals, equipment, including telephone and internet equipment and service, and other materials used in the operation of the Franchised Business shall be purchased from suppliers approved by Franchisor as suppliers whose products, workmanship and procedures demonstrate, to Franchisor's continuing satisfaction, the ability to meet Franchisor's specifications and high standards of quality and

uniformity. Franchisee shall have the right to purchase from an unapproved supplier provided that, prior to such purchase, Franchisee follows the procedures specified herein, as such procedures may be modified from time to time in the Manual, and obtains Franchisor's prior written approval. A minimum of thirty (30) business days prior to purchase from an unapproved supplier, Franchisee must give Franchisor written notice that it wishes to purchase from sources other than previously approved suppliers. The notice shall be given sufficiently in advance to permit Franchisor to conduct any verification and testing it deems advisable. Franchisor may require that samples from alternate suppliers be delivered to Franchisor or to a designated independent testing laboratory for testing before approval is given. A charge (to cover the actual cost of the test and any related cost/expense) may be made by Franchisor or by an independent testing laboratory designated by Franchisor and shall be paid by Franchisee to Franchisor or the independent testing laboratory upon demand. Additional or different procedures may be required for approval of services, software or other special items. Franchisor reserves the right to revoke its approval upon the supplier's failure to meet Franchisor's criteria. Franchisor may periodically advise Franchisee, in writing, of designated and/or approved suppliers. Approved suppliers may include Franchisor and its affiliates. Franchisor may require Franchisee to purchase products, supplies and equipment used by Franchisee in the Franchised Business only from a specific supplier approved by Franchisor or from only one source Franchisor designates. Franchisor or an affiliate may be an approved or designated sole source supplier for products, supplies and equipment used by Franchisee in the Franchised Business and Franchisor may derive revenue and profit on account of activities as a supplier.

5.17 **Products, Services and Equipment Developed by Franchisee.** Franchisee is encouraged to submit suggestions to Franchisor for improving the System, which shall be considered by Franchisor when adopting or modifying the standards, specifications and procedures for the System. Franchisor has no obligation to use any suggestions or, if used, to compensate Franchisee. Franchisee agrees and affirms that any and all suggestions, techniques, products and equipment relating to the System which are developed by or on behalf of Franchisee in conjunction with or for use in, arising from or related to the Franchised Business, are hereby irrevocably and forever licensed to Franchisor for integration into the System for use by Franchisor and other franchisees at Franchisor's sole discretion. Franchisor shall not be liable to Franchisee in any way whatsoever as a result of this provision or such license.

5.18 **Franchise Location.** Unless otherwise approved by Franchisor, Franchisee shall open the Franchise Location within the Territory at the time and in accordance with the provisions set forth in Exhibit "1B" hereto. Franchisee is required to operate from the Franchise Location.

6. TRADEMARKS

6.1 **Franchisor's Ownership of the Marks.** Franchisee agrees that the Marks are the exclusive property of Franchisor and Franchisee asserts no claim and will hereafter assert no claim to the ownership thereof or to any goodwill attendant thereto. Franchisee further covenants that it will not contest Franchisor's ownership of the Marks or their validity nor will it do or permit any act or thing to be done in derogation of any of the rights of Franchisor in connection with the Marks either during the term of this Agreement or thereafter. Nothing in this Agreement shall be construed to give Franchisee any right, title or interest in or to any of the Marks except for a revocable privilege and license to display and use the Marks during the term of and pursuant to the conditions contained in this Agreement. Franchisee expressly understands and agrees that it has not acquired and will not acquire any ownership interests, equitable rights, goodwill or other interests in any Mark by virtue of this Agreement, its relationship with Franchisor, or Franchisee's use of any of the Marks, and Franchisee shall not represent that it has acquired any ownership interests, equitable rights, goodwill or other interests in any Mark. Franchisee also understands and agrees that following the expiration or termination of this Agreement for any reason, it

shall not attribute any monetary amount to any goodwill associated with its use of the Marks or in connection with its operation of the Franchised Business.

6.2 **Modification of Marks.** If Franchisor, in its sole discretion, decides to modify or discontinue the use of any Mark and/or to adopt or use one or more additional or substituted Marks, whether in one market or region or systemwide, Franchisee shall, at its sole expense, promptly conform its use of the Marks as directed. Franchisee waives any claims arising from or relating to any such change, modification or substitution of Marks.

6.3 **Franchisee's Use of the Marks.** Franchisee shall use only the authorized trade name specified on Exhibit "1B" hereto in all advertising and public presentations, including but not limited to business cards, letterheads and invoices. Franchisee may not use the Marks or association therewith for the benefit of any business other than the Franchised Business. Franchisee acknowledges that Franchisor's prior written consent is required for the use of any of the Marks, except as granted herein. Franchisee shall permit reasonable inspections of the Franchised Business to monitor Franchisee's use of the Marks and Franchisee shall supply Franchisor with specimens of all uses of the Marks upon request. Franchisee shall use the Marks and/or any trademark, service mark, trade name or combinations containing the same adopted by Franchisor strictly in accordance with this Agreement and/or other written instructions received from Franchisor, from time to time, including the form and manner and appropriate legends as may be prescribed from time to time. Franchisee agrees not to use any other trademark, service mark or trade name in combination with any of the Marks without Franchisor's prior written consent. Franchisee shall not use the Marks of Franchisor in advertising or any other form of promotion without the appropriate copyright, trademark or service mark designation. All promotional materials, signs or other items which bear the Marks shall be in the form, color, location and manner prescribed by Franchisor. Franchisee shall not include any of the Marks in the name of any legal entity, or any Internet domain name, social media account, metatag, hyperlink, universal resource locator (URL) or hypertext reference (HREF), without Franchisor's prior written permission. If a trade name, assumed name, or fictitious name filing with any state, county or other local authority is legally required, Franchisee shall register the Franchised Business as stated in Exhibit "1B" hereto.

6.4 **Defense of the Marks.** If Franchisee learns of any claim, suit or demand against Franchisee or the Marks on account of any alleged infringement, unfair competition, or similar matter relating to the Marks, or any unauthorized use of the Marks, Franchisee shall promptly notify Franchisor, in writing. Franchisor (or its parent or affiliates) may, but is not obligated to, take such action, if any, as Franchisor, in its sole discretion, deems necessary or appropriate. Franchisor and its parent or affiliates shall have the sole right to defend, compromise or settle any such claim at Franchisor's (or its parent's or affiliates') sole cost and expense, using attorneys of its own choosing. Franchisee agrees to cooperate fully with Franchisor in connection with the defense of any such claim and hereby irrevocably appoints Franchisor to defend or settle all of such claims, demands or suits. Franchisee may participate at its own expense in such defense or settlement, but Franchisor's decisions shall be final and binding upon Franchisee. Franchisee shall not settle or compromise any such claim without the prior written consent of Franchisor. Franchisor agrees to indemnify and hold Franchisee harmless against any claim or demand arising from Franchisee's authorized use of the Marks provided Franchisee has notified Franchisor of any claim or demand as required by this Section 6.4.

7. INDEPENDENT CONTRACTOR

7.1 It is understood and agreed by and between the parties that this Agreement does not create a fiduciary relationship between Franchisee and Franchisor, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose

whatsoever. Franchisee is not authorized to incur any debt or other obligation in Franchisor's name or to make any contract or agreement on Franchisor's behalf.

7.2 During the term of this Agreement and any extension hereof, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement with Franchisor. Franchisee agrees to conspicuously post notices to that effect in such locations and by such means determined necessary by Franchisor, including by adding appropriate notices to all electronic and similar communications, to inform the public, customers, suppliers and other third parties. Franchisor specifically reserves the right to specify the content of such notices as well as where the notices shall be posted.

8. INDEMNIFICATION

8.1 Franchisee shall be fully responsible for any damage, loss or other claims arising out of its operations hereunder, whether conducted by Franchisee or Franchisee's employees, subcontractors, agents or representatives. Franchisee agrees to indemnify, defend and hold Franchisor and its officers, directors, employees, shareholders and parent, and all other persons or entities affiliated with Franchisor, and all other franchisees of Franchisor, harmless against, and reimburse them for, all fines, suits, proceedings, claims, demands, debts, obligations, liabilities, judgments, damages or actions of any kind or nature (including, without limitation, reasonable outside and in-house accountants' fees, outside and in-house attorneys' fees and expert witness fees, costs of investigation and proof of facts, court costs, other litigation, defense and settlement costs and expenses and travel and living expenses) arising or resulting out of, or in connection with any act or omission by Franchisee or any of Franchisee's employees, subcontractors, agents or representatives, including acts or omissions arising from or connected with all application or other materials and reports submitted by Franchisee to Franchisor, the operation of the Franchised Business, any personal injury or property damage suffered by any party, the intentional or negligent acts of Franchisee, its contractors, agents, employees or representatives and Franchisee's breach of the terms of any agreement with Franchisor or its affiliates. Franchisee's indemnification applies regardless of any fault on Franchisor's part. This indemnity shall continue in full force and effect subsequent to and notwithstanding the termination, expiration or non-renewal of this Agreement.

8.2 Franchisor agrees to indemnify, defend and hold Franchisee and its officers, directors, employees and shareholders, and all persons or entities affiliated with Franchisee, harmless against, and reimburse them for, all fines, suits, proceedings, claims, demands, debts, obligations, liabilities, judgments, damages or actions of any kind or nature (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur which arise from or are in connection with any intentionally wrongful acts of Franchisor. Notwithstanding the foregoing, Franchisor shall not be obligated to indemnify and hold harmless Franchisee (a) if Franchisee is not in full compliance with the terms of this Agreement; or (b) for losses and claims based, in whole or in part, upon or alleging: (i) negligence and/or intentional misconduct of Franchisee; or (ii) breaches by Franchisee.

9. PROPRIETARY INFORMATION AND NONCOMPETITION

9.1 **Manuals.** Franchisor shall loan Franchisee one copy of, and/or provide Franchisee access to, Franchisor's confidential Manuals, which Manuals may be provided in any media selected by Franchisor, including in electronic form. Franchisee acknowledges that all Manuals are confidential and Franchisee does not acquire any right, title or interest in the Manuals. The Manuals, and the information contained in them, shall at all times remain the property of Franchisor. Franchisee shall, at all times, treat the Manuals and the information contained therein as confidential and shall use best efforts to maintain

such information as secret and confidential. Franchisee acknowledges that the Manuals are confidential and will not at any time contest the confidentiality of the information in them or Franchisor's sole ownership of the Manuals or Franchisor's ownership of the information contained in the Manuals. Franchisee shall not, at any time, duplicate, copy, record or otherwise reproduce the Manuals, in whole or in part, nor otherwise make the Manuals available to any unauthorized person. Franchisee shall conduct the operation of the Franchised Business in accordance with the systems, procedures, policies, methods and requirements contained in the Manuals. Franchisor may make additions to, deletions from or revisions of the Manuals as Franchisor deems necessary, and such additions, deletions and modifications shall become part of the Manuals and shall be binding upon Franchisee immediately after Franchisee's actual or deemed receipt of such additions, deletions or modifications. Franchisee shall, at all times, ensure that its copy of the Manuals is current and up to date. In the event of any dispute as to Franchisee's compliance with the provisions of the Manuals, the Manuals maintained by Franchisor at Franchisor's home office shall be controlling. Upon the expiration or other termination of this Agreement for any reason, Franchisee shall return all Manuals.

9.2 **The System, Confidential Information and Trade Secrets.** Franchisee acknowledges that Franchisor has developed, and may continue to develop or revise in the future, the System pertaining to the Franchised Business, and further acknowledges that the System, together with information pertaining to customers of the System, are trade secrets of Franchisor which have been developed through the research of and at the expense of Franchisor. During the term of this Agreement or any time thereafter, Franchisee shall not (except as otherwise contemplated by this Agreement) communicate, divulge or use for itself or for the benefit of any other person, persons, corporation or other entity any Confidential Information. Franchisee shall only divulge such Confidential Information to those employees of Franchisee who must have access to it in order to participate in the operation of the Franchised Business. When an employee's employment with Franchisee is terminated or otherwise comes to an end, Franchisee shall collect all Manuals and other Confidential Information that is in the employee's possession. When Franchisor directs, Franchisee shall also cause its employees and, if Franchisee is a corporation or other legal entity, its shareholders, officers, members, directors and partners, to sign an agreement to safeguard the Confidential Information which agreement must be in form approved in writing, in advance by Franchisor.

9.3 **In-Term & Post-Term Covenants.** Recognizing that Franchisor would be unable to protect its trade secrets against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among its franchisees if its franchisees were permitted to hold interests in a Competitive Business and acknowledging that, pursuant to this Agreement, Franchisee will receive valuable specialized training and Confidential Information, including, without limitation, information concerning the operational and marketing methods and techniques of Franchisor and Franchisor's System, Franchisee therefore covenants and agrees that:

9.3.1 Franchisee shall not, directly or indirectly, as a proprietor, partner, investor, shareholder, member, director, officer, employer, employee, principal, agent, adviser, franchisor, franchisee or in any other individual or representative capacity or otherwise during the term of this Agreement and any extensions thereof:

9.3.1.1 engage in or participate in or derive any benefit from a Competitive Business which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the Marks or similar marks or operates or licenses others to operate a business under the Marks or similar marks; or

9.3.1.2 employ, seek to employ or otherwise induce any person to leave his employment who is then employed by any other franchisee or by Franchisor, unless, in the case of any employee of Franchisor, Franchisee has obtained Franchisor's prior written consent and paid the then current Franchisor Employee Training Fee set forth in Exhibit "1B" hereto, which Franchisee acknowledges and agrees is reasonable and necessary to compensate Franchisor for a portion of the costs of training such employee; or

9.3.1.3 interfere or attempt to interfere with any of the business relationships and/or advantages of Franchisor or any other franchisee; or

9.3.1.4 use any Confidential Information whatsoever in any manner which is or is intended to be damaging or derogatory or hinder the relationship of Franchisor with its other franchisees, customers, suppliers or other third parties, or the relationship of any other franchisee with its customers or suppliers; or

9.3.1.5 divert, attempt to divert, solicit, or endeavor to obtain any customer, account or business from Franchisor or any other franchisee; and

9.3.2 Franchisee shall not, directly or indirectly, as a proprietor, partner, investor, shareholder, member, director, officer, employer, employee, principal, agent, adviser, franchisor, franchisee or in any other individual or representative capacity or otherwise for a period of two (2) years immediately following the later of the expiration, termination or non-renewal of this Agreement for any reason whatsoever or the date on which Franchisee actually ceases operation of the business:

9.3.2.1 engage in or participate in or derive any benefit from a Competitive Business located (i) in the Territory, or (ii) in the territory of any other of Franchisor's franchisees. For purposes of this provision, Franchisee's Territory shall be deemed to include all Unowned Territories in which Franchisee was authorized to operate pursuant to Section 2.3 of this Agreement; or

9.3.2.2 employ, seek to employ or otherwise induce any person to leave his employment who is then employed by any other franchisee or by Franchisor, unless, in the case of any employee of Franchisor, Franchisee has obtained Franchisor's prior written consent and paid the then current Franchisor Employee Training Fee set forth in Exhibit "1B" hereto, which Franchisee acknowledges and agrees is reasonable and necessary to compensate Franchisor for a portion of the costs of training such employee; or

9.3.2.3 interfere or attempt to interfere with any of the business relationships and/or advantages of Franchisor or any other franchisee; or

9.3.2.4 use any Confidential Information whatsoever in any manner which is or is intended to be damaging or derogatory or hinder the relationship of Franchisor with its other franchisees, customers, suppliers or other third parties, or the relationship of any other franchisee with its customers or suppliers; or

9.3.2.5 divert or attempt to divert any customer or business from Franchisor or any other franchisee or solicit or endeavor to obtain the business of any person who shall have been a customer of Franchisee's Franchised Business.

9.4 **Liquidated Damages.** If Franchisor establishes that Franchisee has violated the material terms of this Section 9 and such provisions are not enforceable by equitable relief for any reason, Franchisee agrees that Franchisor will incur certain damages and costs that are not readily ascertainable. Therefore, in such event, Franchisee shall pay to Franchisor, as liquidated damages and not as a penalty, a sum of money equal to the amount set forth in Exhibit "1B" hereto. For purposes of this Section, if Franchisee has failed and/or refused to report Gross Sales, the parties agree that Franchisor may estimate a reasonable amount of License Fee and Franchisee shall be bound by Franchisor's estimate. Payment of such sum by Franchisee shall be due immediately upon demand by Franchisor after Franchisee's violation of the terms of this Section 9 and Franchisor's inability to obtain equitable relief for any reason. Franchisor and Franchisee both agree that the amount established in this Section 9.4. as liquidated damages is reasonable under the circumstances existing at the time of execution of the Agreement.

9.5 **Independent Covenants.** Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court having valid jurisdiction in a non-appealable final decision to which Franchisor is a party, Franchisee agrees to be bound by a lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part hereof.

10. ASSIGNMENT AND TRANSFER

10.1 **Assignment by Franchisor.** Franchisor may assign this Agreement and all or any portion of its rights and privileges and/or duties hereunder to any other person or legal entity; provided, however, that in respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall, at the time of such assignment be economically capable, in Franchisor's reasonable judgment, of performing the obligations of Franchisor hereunder and expressly assume and agree to perform such obligations.

10.2 **Assignment by Franchisee.** Franchisee acknowledges and agrees that Franchisor is entering into this Agreement in reliance upon and in consideration of Franchisee's business skills, financial capacity and other necessary qualifications. Accordingly, the rights and duties created by this Agreement are personal to Franchisee and neither Franchisee's interest in this Agreement nor any of its rights or privileges hereunder nor the license, Franchised Business or any interest therein may be assigned, transferred, shared or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner, without the prior written consent of Franchisor, which consent shall not be unreasonably withheld provided Franchisee fully complies with the provisions herein. Any actual or intended assignment, transfer or sale made in violation of the terms of this Section shall be null and void and shall constitute a material breach of this Agreement, constituting good cause for termination of this Agreement. In order to secure Franchisor's consent for the transfer of the Franchised Business:

10.2.1 the assignee must demonstrate the necessary skills, qualifications and economic resources necessary, in Franchisor's judgment, to operate the Franchised Business and to fulfill the obligations to Franchisee and Franchisor; and

10.2.2 the assignee must expressly assume in writing all of the obligations of Franchisee under this Agreement, or at the option of Franchisor, the assignee shall execute a separate franchise agreement in the form and on the terms and conditions then being offered by Franchisor to prospective franchisees, except that the assignee shall not be obligated to pay a Franchise Fee to Franchisor. In any case, no discounts, including reduced fees for "roll-ins" or other terms of this Agreement or any other existing Agreement between the parties will transfer to assignee unless Franchisor specifically agrees to those terms in writing, and Franchisor reserves the right

to require certain fees, including minimum fees that may be higher than would otherwise apply, to transfer and be applicable to the new franchise agreement. The execution of a new franchise agreement by an approved assignee shall be deemed to terminate this Agreement, except for the contractual obligations of Franchisee which by their very nature specifically survive the termination of this Agreement; and

10.2.3 as of the date of an assignment, Franchisee shall have fully complied with all of its obligations to Franchisor and any parent or affiliate of Franchisor, whether under this Agreement or any other agreement or understanding with such parties; and

10.2.4 Franchisee or assignee shall have furnished to Franchisor, prior to its execution, a legible copy of the contract conveying the business assets or stock of Franchisee to the assignee, pursuant to which contract assignee shall have agreed to be bound by all customer obligations of Franchisee, including all warranty work and service plans, and Franchisor shall not have objected to such contract within fifteen (15) business days after the receipt of such contract; and

10.2.5 Franchisee shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries and affiliates, and their respective officers, directors, shareholders, employees, successors and assigns, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; and

10.2.6 a Transfer Fee shall be paid to Franchisor. Franchisee hereby acknowledges that such sum is reasonably required to reimburse Franchisor for its expenses relating to said assignment. The transfer fee may be waived at Franchisor's sole discretion when the Franchised Business is being transferred pursuant to Section 10.3. or 10.4. or otherwise to Franchisee's immediate family members; and

10.2.7 the assignee shall have satisfactorily completed the training then required of all new franchisees of Franchisor, unless such training is waived by Franchisor in writing by reason of the assignee's prior experience or training, and a training fee in the amount set forth on Exhibit "1B" hereto shall be paid to Franchisor, which sum Franchisee acknowledges is reasonably required to reimburse Franchisor for its expenses relating to such training; and

10.2.8 Franchisor will hold up to five percent (5%) of the sales price in escrow for a period of six (6) months from the date of the sale or assignment or transfer for the purpose of covering any warranty claims by Franchisee's customers. The exact percentage to be held in escrow will be determined by the number of projects completed by Franchisee in the six (6) months preceding the sale or assignment or transfer. If there are warranty claims, the escrowed funds shall be charged at Franchisor's then-current hourly service rate (which minimum rate is set forth on Exhibit "1B" hereto), the cost of materials and supplies, plus an administrative handling fee for each claim at the rate set forth on Exhibit "1B" hereto. At the end of the six (6) months, Franchisor will release the remaining escrowed funds to Franchisee. If there are no claims, Franchisor shall deliver the escrowed funds minus a handling fee in the amount set forth on Exhibit "1B" hereto; provided, however, notwithstanding any agreement between a franchise buyer and seller, escrow, or lack thereof, a franchisee that purchases any business or territory from another franchisee shall be responsible for and satisfy customer and warranty claims relating to the territory or business purchased; and

10.2.9 Except with respect to transfers under Section 10.4., Franchisee's right to transfer shall be subject to Franchisor's right of first refusal, as follows:

10.2.9.1 Within thirty (30) days following the receipt by Franchisor of written notice from Franchisee (or, if Franchisor requests additional information, within thirty (30) days following receipt of such information), Franchisor shall either (1) consent to the proposed transfer; or (2) withhold its consent in accordance with the provisions of this Section; or (3) exercise its right of first refusal by purchasing the interest at the fair market value thereof as determined in good faith between Franchisee and Franchisor and failing such agreement, as determined by three (3) appraisers, with Franchisor and Franchisee each selecting one appraiser and the two (2) appraisers selecting the third appraiser, provided that Franchisor shall have at least thirty (30) days to prepare for closing and the form of agreement for sale and any related agreements Franchisee shall execute at closing shall be the form prescribed by Franchisor.

10.2.9.2 If Franchisor does not exercise its right of first refusal and consents to the proposed assignment, Franchisee shall be free to assign the interest to the assignee on the terms and conditions specified in the notice at any time within the thirty (30) day period following Franchisor's consent. Should the sale not be completed within such thirty (30) day period, or should the terms of sale materially change from the terms described in the notice, Franchisor shall again have the same right of first refusal as in the case of the initial offer.

10.2.9.3 Notwithstanding anything else in this Section, Franchisor will not exercise its right of first refusal so as to become a partial owner of the Franchised Business if Franchisee has obtained from a lender a loan ("Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"); provided, however, this provision shall apply only until (i) a Termination occurs under this Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

10.3 **Transfer Due to Death or Incapacity.** The transfer of Franchisee's interest in this Agreement in the event of the death, legal incapacity or permanent disability of Franchisee or the Operating Principal shall require compliance with all of the provisions of Section 10.2. herein; except that such transfer shall not require payment of a transfer fee as long as the person designated by Franchisee's heirs or personal representative:

10.3.1 meets Franchisor's standards for new franchisees; and

10.3.2 agrees to be bound by the terms and conditions of the franchise agreement then in effect between Franchisor and Franchisee; and

10.3.3 executes a consent to be so bound; and

10.3.4 satisfactorily completes Franchisor's then-current training requirements within one hundred twenty (120) days after the death or legal incapacity or permanent disability of Franchisee or the Operating Principal, as applicable; and

10.3.5 pays the then current fee for legal work on behalf of the Franchisor associated with preparation of the documents for the transfer.

10.4 **Transfer to Franchisee's Corporation.** If an individual Franchisee desires to transfer or assign this Agreement to a corporation or legal entity formed or controlled by Franchisee, or in which Franchisee has an interest the transfer shall require compliance with all of the provisions of Section 10.2.

herein; except that, in the case of transfer to a corporation controlled by Franchisee, such transfer shall not require payment of a transfer fee, provided:

10.4.1 Franchisee is, and covenants to remain, the owner of all or the majority of the voting stock of the legal entity or, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the legal entity as that individual had in the Franchised Business prior to the transfer of the Franchised Business; and

10.4.2 all corporate documents and supporting documentation required by Franchisor are provided to Franchisor prior to the transfer; and

10.4.3 Franchisee or another qualified individual is specifically designated Operating Principal in accordance with Section 5.1. hereof; and

10.4.4 Franchisee and/or the principal owners personally guarantee the obligations to be performed under this Agreement by the assignee entity; and

10.4.5 Franchisee shall maintain the same level of investment in the franchised business as Franchisee had at the time of execution of this Agreement and/or as shown on the Legal Entity Information Sheet and Financial Information Sheet, Exhibit 9 hereto, or pay in full all loans due to Franchisor and its affiliates; and

10.4.6 Franchisee pays the then current fee for legal work on behalf of the Franchisor associated with preparation of the documents for the transfer.

In the event that Franchisee transfers his/her interest in this Franchise Agreement to an entity which will be the Franchisee upon completion of such transfer or in which Franchisee has an interest, all obligations to obtain insurance and indemnify Franchisor shall apply the same as if such entity had originally signed this Agreement.

11. DEFAULT AND TERMINATION

11.1 **By Franchisor, Without Notice.** Franchisee shall be deemed to be in default of this Agreement, and Franchisor may terminate the Agreement, without affording Franchisee an opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, if:

11.1.1 Franchisee becomes insolvent or makes a general assignment for the benefit of creditors or proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee or a petition in bankruptcy is filed by Franchisee or if such a petition is filed and not opposed by Franchisee or Franchisee is adjudicated as bankrupt or insolvent or a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee or a receiver or custodian of Franchisee's assets or property, or any part thereof, is appointed by any court; or

11.1.2 a final judgment related to the Franchised Business remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed) or the Franchised Business is dissolved or execution is levied against the Franchisee or suit to foreclose any lien or mortgage against the Franchised Business or its equipment is instituted against Franchisee and not dismissed within thirty (30) days or the real or personal property of the Franchised Business must be sold after levy thereupon by any sheriff, marshal or constable; or

11.1.3 Franchisee has made any material misrepresentations to Franchisor on the application for the Franchised Business, or with respect to the ownership of the Franchised Business; or

11.1.4 Franchisee abandons the Franchised Business or forfeits the right to transact business or otherwise ceases to operate the Franchised Business for seven (7) consecutive days (excluding normal vacations and holidays) when, in Franchisor's opinion, the ability of Franchisee to resume an effective operation has been substantially impaired or operations are otherwise not likely to resume; or

11.1.5 Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect upon the Franchised Business, the Marks, or the goodwill associated therewith; or

11.1.6 Franchisee discloses the contents of the Manuals or other Confidential Information provided to Franchisee contrary to the terms of the Agreement; or

11.1.7 Franchisee knowingly maintains false books or records, or knowingly submits a false or fraudulent Report, statement or document to Franchisor; or

11.1.8 Franchisee misuses or makes any unauthorized use of the Marks or any other identifying characteristics of the System, or Franchisee otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein; or

11.1.9 Franchisee causes or allows to exist a threat or danger to public health or safety from Franchisee's maintenance and/or operation of the Franchised Business; or

11.1.10 Franchisee fails to provide the audited financial statements as required, including within the time required, by Section 5.7.3. herein; or

11.1.11 Franchisee (a) fails on three (3) or more separate occasions within any twelve (12) consecutive month period to submit when due reports, records or required information to Franchisor or its affiliates or substantially comply with any one or more of the obligations of this Agreement, whether or not cured after notice and whether such failures involve the same or different requirements of this Agreement or (b) fails on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation of this Agreement, whether or not cured after notice.

11.2 **By Franchisor, With Notice**. Except as set forth in Section 11.1., Franchisee shall have fifteen (15) days after receipt of a written Notice of Default from Franchisor within which to remedy any default under this Agreement and provide evidence thereof to Franchisor; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the fifteen (15) day period (or within such longer period as Franchisor may, at its sole option, grant), and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the fifteen (15) day period or such longer period as applicable law may require. Franchisee shall be in default under this Agreement for failure to comply with any of the requirements imposed by this Agreement or any other agreement between Franchisor and Franchisee, as such agreements may from time to time be amended or supplemented by the Manuals, or fails to carry out the terms of this

Agreement or any other agreement between Franchisor and Franchisee. Such defaults include, but are not limited to; if Franchisee:

11.2.1 fails, refuses, or neglects to pay promptly any monies owing to Franchisor or its parent or affiliates when due, or fails, refuses or neglects to submit the financial or other information required by Franchisor under this Agreement; or

11.2.2 fails to comply with any of the standards, specifications or procedures prescribed by Franchisor in this Agreement, the Manuals, or otherwise in writing; or

11.2.3 attempts to assign this Agreement and/or transfer the Franchised Business (or the controlling interest in any corporate franchisee) to a third party without the prior written consent of Franchisor as required in the Agreement, or if an assignment of the Agreement shall occur by operation of law, or by reason of judicial process; or

11.2.4 or Franchisee's heirs, legatees, personal representative, conservator or guardian, as applicable, fails to dispose of Franchisee's interest in the Franchised Business following Franchisee's death or permanent disability or legal incapacity; or

11.2.5 engages in a Competitive Business or violates the covenant against competition, or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Marks, or uses the Marks in an unauthorized manner; or

11.2.6 fails to comply with any of the covenants or conditions contained in the Agreement or fails to obtain execution of the covenants required by the Agreement; or

11.2.7 refuses to permit Franchisor to inspect the Franchised Business, or the books and records of the Franchised Business, in accordance with the terms of this Agreement; or

11.2.8 fails to keep the records of the Franchised Business and/or any Existing Business identified in Exhibit "8B" to this Agreement in a manner which permits a determination of Gross Sales; or

11.2.9 fails to commence the operation of the Franchised Business within ninety (90) days after the Effective Date; or

11.2.10 receives an excessive, as determined by Franchisor, amount of customer complaints and an investigation by Franchisor determines these complaints to be warranted; or

11.2.11 fails to acquire, or to continuously maintain the required minimum levels of insurance, fails to have Franchisor named as an additional insured, or fails to provide a current certificate of insurance as required under the Agreement.

11.3 By Franchisee. Franchisee may terminate this Agreement prior to the expiration of its term by mutual agreement with Franchisor and execution of a mutual release or electing to sell the Franchised Business to another franchisee in good standing or to a qualified third party.

11.4 Notice As Required by Law. Notwithstanding anything to the contrary contained in this Section, if applicable law limits Franchisor's rights to terminate or requires longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not;

however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration or dispute.

12. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR NON-RENEWAL

12.1 Franchisee's Obligations. Immediately upon termination, expiration or non-renewal of this Agreement, all rights granted to Franchisee shall terminate and Franchisee shall:

12.1.1 cease to use the System and Franchisor's methods of operation and comply with the post-termination covenants contained in Section 9; and

12.1.2 cease to use the Marks or any confusingly similar name, device, mark, service mark, trademark, trade name, slogan or symbol used in connection with the Franchised Business, including any reproduction, counterfeit copy, variation, emulation or colorable imitation thereof which is likely to cause confusion or mistake or deceive the public and take any steps necessary to change the name of any entity which Franchisee may have formed, or under which Franchisee does business, so that the name will not likely be confused with Franchisor and/or Franchisor's Marks (this includes, without limitation, a reference to Franchisee's former affiliation with Franchisor); and

12.1.3 bring about a complete and effective transfer of the Franchised Business, its customers and/or customer list and services to Franchisor or its designee; and

12.1.4 cease and desist from using (a) all telephone numbers which are, at the time of termination, or have at any time been, listed in the Yellow Pages or white pages of the telephone directory, on any web page, electronic or web-based directory or website or on any other directory, regardless of the media, under any of the Marks or any other name confusingly similar to any of the Marks; and (b) all email addresses, domain names, social media accounts and comparable electronic identities that use the Marks or any portion of them; and, upon demand of Franchisor, direct the telephone company and/or Internet Service Provider or other party servicing the Franchised Business, to transfer all telephone numbers and transfer, or if transfer is not possible, change or terminate, all email addresses, domain names, social media accounts and comparable electronic identities, registered to Franchisee in connection with the Franchised Business to Franchisor or its designee; and

12.1.5 promptly pay all sums and debts owing to all third-party creditors of the Franchised Business as well as to Franchisor and its affiliates, whether such sums and debts owing to Franchisor and its affiliates are evidenced by promissory note, invoice, bill or other writing and notwithstanding the fact that such sums and debts owing to Franchisor and its affiliates may not at that time be fully due and payable, such debts being accelerated automatically without further notice to Franchisee. If Franchisee has failed and/or refused to report Gross Sales so that the License Fee cannot be determined, Franchisor may calculate the missing License Fee based on the greater of Franchisee's actual past performance or the Minimum License Fee. If termination is for any default of Franchisee, sums owing to Franchisor shall include all damages, costs and expenses (including reasonable attorney's fees) incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the vehicles, personal property, equipment, inventory, fixtures or other assets used in the Franchised Business or any Existing Business identified on Exhibit "8B" hereto; and

12.1.6 return to Franchisor, at Franchisee's sole expense, all materials furnished to Franchisee, including, without limitation, all Manuals, advertising material, stationery, printed forms, program and system software, including all tapes, discs, diskettes, user's guides and other instructional documentation, and all other materials relating to the operation of the Franchised Business and/or bearing the Marks (and retain no copy of the foregoing) which may be in Franchisee's possession or control; and

12.1.7 satisfactorily address and resolve all warranty claims or customer disputes, or reimburse Franchisor for the cost of such services; and

12.1.8 refrain from doing anything, whether specified or not, that would directly or indirectly indicate that Franchisee was a former franchisee of Franchisor.

12.2 **Execution of Documents.** Franchisee agrees to periodically execute a Telephone Number and Internet Assignment and Power of Attorney or comparable document. Franchisee further agrees that Franchisor may execute on Franchisee's behalf any documents necessary to effect Franchisee's obligations under Section 12.1. and Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in-fact to do so.

12.3 **Franchisor's Rights Not Prejudiced.** The expiration, non-renewal or termination of this Agreement shall be without prejudice to Franchisor's rights against Franchisee and such expiration, non-renewal or termination shall not relieve Franchisee of any of its obligations to Franchisor existing at such time, nor will it terminate those obligations of Franchisee which by their nature specifically survive the expiration, termination or non-renewal of this Agreement.

12.4 **Independent Obligation to Discontinue Use of Marks, System.** Franchisee specifically acknowledges and agrees that no allegations of wrongful termination of this Agreement shall justify continued use of the Marks, the System or any other intellectual property of Franchisor and that wrongful termination shall not be a defense to an infringement action brought by Franchisor.

13. DISPUTE RESOLUTION

13.1 **Agreement to Use Procedure.** Franchisor and Franchisee have entered into this Agreement in the belief that it is mutually advantageous to them. It is with the same spirit of cooperation that they pledge to attempt to amicably resolve any Dispute. Therefore, if a Dispute arises, the parties shall utilize the procedures described herein. If a party commences any legal action, other than as provided for in Section 13.7. hereof, without having first complied with all of the provisions of this Section 13 regarding mediation, the other party shall be entitled to a thirty (30) day abatement of the legal action upon filing the appropriate procedural motion in the legal proceeding and bringing this provision to the attention of the court or other legal authority having jurisdiction.

13.1.1 **Initiation of Procedure.** Should a Dispute arise, the initiating party shall give written notice to the other party, describing the exact nature of the Dispute, its claim for relief and identifying one or more individuals with authority to resolve the Dispute on such party's behalf. The other party shall have five (5) business days within which to designate in writing one or more individuals with authority to resolve the Dispute ("Authorized Individuals").

13.1.2 **Direct Negotiations.** The Authorized Individuals shall be entitled to investigate the Dispute as they deem appropriate, but agree to meet promptly, and in no event later than fifteen (15) days from the date of the initiating party's written notice, to negotiate a resolution of the Dispute. Authorized Individuals shall meet in person or by telephone at times and places as

they may agree. However, if the Dispute has not been resolved within fifteen (15) days from the date of their initial meeting, the parties shall cease direct negotiations and shall submit the Dispute to mediation in accordance with the procedure described below. In mediation, each party shall be represented by persons with authority to negotiate a resolution of the Dispute.

13.1.3 **Selection of Location for Mediation.** Within five (5) business days after the parties cease negotiations, the parties shall make a good faith effort to select a mutually convenient location for mediation. If the parties cannot timely agree on a mutually convenient location, the location shall be in Waco, McLennan County, Texas.

13.1.4 **Selection of a Mediator.** Within five (5) business days after the parties agree upon a location for the mediation, or the location is determined pursuant to Section 13.1.3 hereof, the parties shall make a good faith effort to select a person to mediate the Dispute. If the parties are unable to agree on a mediator, the Central Texas Chapter of the Association of Attorney-Mediators, 2501 North Lamar, Austin, TX 78705 at 512/476-3400, or such other independent dispute resolution organization as shall be approved by Franchisor, shall be asked to supply a list of five (5) potential qualified attorney-mediators within ten (10) business days. Within five (5) business days after receipt of the list, the parties shall rank the proposed mediators in numerical order of preference, simultaneously exchange such list, and the individual receiving the highest combined ranking shall be the mediator. If such individual is not available, the parties shall proceed to contact the individual who was the next highest in ranking.

13.1.5 **Exchange of Information; Summary of Views.** The parties and the mediator shall determine a convenient date for the mediation; however, if the parties are unable to agree, the mediator shall set the date. Both parties shall attempt in good faith to agree on procedures for the expeditious exchange of information in the possession of the other party which is desired to prepare for the mediation. Each party will deliver a concise summary of its view on the Dispute to the mediator at least seven (7) days before the first scheduled mediation session.

13.1.6 **Conduct of Mediation.** The mediator shall determine the format for the mediation and the mediation session shall be private. The mediator shall keep confidential all information learned in private caucus with any party unless specifically authorized by such party to make disclosure of the information. The parties agree that the mediation shall be governed by such rules as the mediator shall prescribe before the first scheduled session.

13.1.7 **Termination of Procedure.** Both parties agree to participate in the mediation to its conclusion. The mediation shall be terminated by: (1) the execution of a settlement agreement; or (2) a declaration by the mediator that mediation is terminated; or (3) a declaration by both parties (and not by one of the parties unilaterally) that the mediation is terminated at the conclusion of one full day's session.

13.1.8 **Fees; Disqualification; Confidentiality.** The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matters. Mediation is a compromise negotiation for purposes of Federal and Texas Rules of Evidence and constitutes privileged communication under Texas law. The entire mediation process is confidential, and any statements, offers, views and opinions shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the mediation.

13.2 **Governing Law.** The parties agree that the execution of this Agreement and the acceptance of its terms occurred in Waco, McLennan County, Texas, and Franchisor and Franchisee further agree that the performance of certain obligations of Franchisee arising under the Agreement, including but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of Franchisor, shall occur in Waco, McLennan County, Texas. Accordingly, this Agreement, the rights of Franchisor and Franchisee herein and the relationship between Franchisor and Franchisee shall be governed by the internal laws of the state of Texas, without regard to its conflicts of laws rules, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et seq.) and except to the extent governed by the Federal Arbitration Act (9 U.S.C., Section 1 et seq.).

13.3 **Consent to Jurisdiction.** **FRANCHISOR AND FRANCHISEE SPECIFICALLY AGREE THAT ANY ACTION ON ANY DISPUTE SHALL BE FILED IN A FEDERAL OR STATE COURT LOCATED IN WACO, MCLENNAN COUNTY, TEXAS, AND FRANCHISEE HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND SPECIFICALLY WAIVES ANY OBJECTION IT MAY HAVE TO EITHER THE JURISDICTION OR VENUE OF SUCH COURTS.** However, Franchisor may, at its option, seek to enforce this Agreement and any arbitration orders and awards in the courts of the state or states in which Franchisee is domiciled or the Territory is located.

FRANCHISOR AND FRANCHISEE ACKNOWLEDGE AND AGREE THAT THEIR AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM PROVIDE EACH OF THE PARTIES WITH THE MUTUAL BENEFIT OF THE UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES. THE PARTIES FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

13.4 **No Class or Consolidated Actions.** **ALL CLAIMS, CONTROVERSIES AND DISPUTES MAY ONLY BE BROUGHT BY FRANCHISEE ON AN INDIVIDUAL BASIS AND MAY NOT BE CONSOLIDATED WITH ANY CLAIM, CONTROVERSY OR DISPUTE FOR OR ON BEHALF OF ANY OTHER FRANCHISEE OR BE PURSUED AS PART OF A CLASS ACTION.**

13.5 **Arbitration.** If the parties are not able to resolve any Dispute through the mediation process described above, and if any court of competent jurisdiction determines in a final, unappealable ruling that the waiver of jury trial in Section 14.17 below is unenforceable or otherwise not given effect, then the parties agree, notwithstanding anything to the contrary in this Agreement, that the Dispute shall be submitted to binding arbitration according to this Section 13.5. The arbitration shall be conducted through an organization experienced in the arbitration of Disputes between franchisors and franchisees and shall be designated by Franchisor; however, such organization will be independent of Franchisor. The arbitration shall be conducted by one (1) arbitrator selected by agreement of the parties or (in the event the parties cannot agree) in accord with the rules of the organization selected to conduct the arbitration, except that no party shall be required to accept an arbitrator to which it objects, unless that party has refused to accept ten (10) candidates whom the other side has indicated it would accept. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of evidence. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1-16. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below.

The place of arbitration shall be as mutually agreed between the parties; provided, however, if the parties cannot agree, the place of arbitration shall be in Waco, McLennan County, Texas. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished any right to seek the recovery of those costs. The arbitrator, in the conduct of the arbitration, shall not have the authority to declare any Mark generic or otherwise invalid and, to the fullest extent permitted by law, each party waves any right to or claim for any punitive, exemplary, incidental or consequential damages against the other. The arbitrator shall be required to state in writing the reasoning on which the award is based.

In accordance with Section 13.4., the parties agree that arbitration shall be conducted on an individual, not a class wide, basis, that only Franchisor (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other natural person, association, corporation, partnership, limited liability company or other entity. Notwithstanding the foregoing or anything to the contrary in this Section or Section 14.7, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a Dispute that otherwise would be subject to arbitration under this Section 13.5, then all parties agree that this arbitration clause shall not apply to that Dispute and that such Dispute shall be resolved in a judicial proceeding in accordance with this Agreement (excluding this Section 13.5)

If any party to an arbitration wishes to appeal any final award by the arbitrator, such party may appeal, within thirty (30) days of such final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal panel. Any party that does not pay for or share in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.

13.6 Limitation of Claims. FRANCHISEE SHALL COMMENCE ALL CLAIMS, CONTROVERSIES AND DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT WITHIN TWO (2) YEARS OF THE DATE SUCH CLAIM, CONTROVERSY OR DISPUTE AROSE OR WITHIN SUCH SHORTER PERIOD AS PROVIDED BY ANY APPLICABLE LAW. IF FRANCHISEE DOES NOT COMMENCE ANY CLAIM, CONTROVERSY, OR DISPUTE WITHIN SUCH PERIOD, FRANCHISEE SHALL BE DEEMED TO HAVE WAIVED SUCH CLAIM, CONTROVERSY OR DISPUTE.

13.7 Emergency Relief. During the course of any Dispute, should a situation arise relating to Franchisee's use of the Marks, the System or Franchisor's Confidential Information or trade secrets and the situation is one in which a party believes it will suffer irreparable loss or damage unless that party takes immediate action, including but not limited to a situation involving threatened or actual conduct alleged to be in violation of Section 9 of this Agreement, the party seeking relief shall be free to seek restraining orders, preliminary injunctive relief and/or other interim relief from any court of competent jurisdiction, and such actions or lawsuits shall not be considered in violation of the provisions of this Section 13.

13.8 **Resolution Program.** Without limiting any of the foregoing procedures, Franchisor specifically reserves the right, at any time, to create a dispute resolution program and related specifications, standards, procedures, and rules for the implementation thereof to be administered by Franchisor or its designee for the benefit of all franchisees conducting business under the System. The standards, specifications, procedures and rules for such dispute resolution program shall be made part of the Manuals and if made part of the Manuals, on either a voluntary or mandatory basis, Franchisee shall comply with all such standards, specifications, procedures and rules in seeking resolution of any Disputes with or involving Franchisor or other franchisees, if applicable, under the program. If such dispute resolution program is made mandatory, then Franchisor and Franchisee agree to submit any Disputes for resolution in accordance with such dispute resolution program prior to seeking resolution of such Disputes in the manner provided for in this Section 13. If such Dispute relates to another franchisee, Franchisee agrees to participate in the program and submit any Dispute in accordance with the program's standards, specifications, procedures and rules, prior to seeking resolution of such Dispute by any other judicial or legally available means. Franchisee hereby acknowledges and agrees that Section 13.7 shall not be superseded or affected by this Section.

13.9 **WAIVER OF CONSUMER RIGHTS.**

WAIVER OF CONSUMER RIGHTS

FRANCHISEE WAIVES ANY RIGHTS IT MAY HAVE UNDER THE DECEPTIVE TRADE PRACTICES CONSUMER PROTECTION ACT, SECTION 17.41, ET SEQ., BUSINESS AND COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS.

14. ADMINISTRATIVE PROVISIONS

14.1 **Entire Agreement.** This Agreement and the Exhibits hereto constitute the entire Agreement between the parties and may not be altered, amended or added to unless such amendment or addition is in writing and signed by an authorized officer of each party. This Agreement shall be deemed to cancel and supersede the terms of all prior written or oral agreements and understandings, if any, between Franchisor and Franchisee pertaining to this Agreement, the license, the Franchised Business and any other related matter, except the representations made in Franchisor's Franchise Disclosure Document (including exhibits and any updates or amendments). Nothing in the Agreement or in any related agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document.

14.2 **Notices.** All notices, agreements, designations and modifications hereunder shall be in writing and shall be deemed to have been delivered three (3) business days after being placed in the United States mail, enclosed in a certified, return receipt requested, prepaid envelope, addressed to the respective parties at the address stated on page one and Exhibit "1C" hereof, or to such changed address as a party may have designated by proper notice to the other party. Electronic form of notice is effective only as provided in Section 14.18 herein.

14.3 **Consent from Franchisor.** Whenever this Agreement requires Franchisor's consent, Franchisee agrees to make a timely written request for such consent. Franchisor will not unreasonably withhold its consent but its consent must be in writing to be valid.

14.4 NO WARRANTY. EXCEPT AS SPECIFICALLY PROVIDED HEREIN, NEITHER FRANCHISOR NOR ANY AFFILIATE OF FRANCHISOR MAKES ANY EXPRESS OR IMPLIED WARRANTY WHATSOEVER. FRANCHISOR AND ALL AFFILIATES OF

FRANCHISOR EXPRESSLY DISCLAIM THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FRANCHISOR SPECIFICALLY MAKES NO WARRANTIES AND DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTY RELATING TO ANY SOFTWARE, COMPUTER PROGRAM, DATA, INTRANET, WEBSITE OR OTHER RELATED ITEMS PROVIDED OR RECOMMENDED BY FRANCHISOR.

14.5 **Performance.** Any and all payments by Franchisee to Franchisor under this Agreement shall be made at Franchisor's place of business in Waco, McLennan County, Texas.

14.6 **Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original; and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

14.7 **Severability.** Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Except as otherwise set forth in this Agreement (including, without limitation, Section 13.5), whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provision of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirement of the law. Except as otherwise set forth in this Agreement (including, without limitation, Section 13.5), in the event that any part of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable for any reason, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in force and effect as if this Agreement had been executed with the invalid portion thereof eliminated; and it is hereby declared the intention of Franchisor and Franchisee that they would have executed the remaining portion of this Agreement without including therein any such part which may be hereafter declared invalid or otherwise unenforceable for any reason.

14.8 **Waiver and Delay.** The acceptance by Franchisor of any payment specified to be paid by Franchisee with knowledge of a breach of any covenant or agreement hereof shall not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement. The failure or delay to enforce any of the provisions of this Agreement shall not constitute a waiver of rights or a waiver of any subsequent enforcement of the provisions of this Agreement. The waiver or remedy of any default or breach hereunder shall not waive or affect the default remedied or any prior or subsequent default. However, either party may, by written notice, unilaterally waive or reduce any obligation or restriction of the other party. The waiver or reduction may be revoked at any time for any reason on ten (10) days' written notice. All rights and remedies herein enumerated shall be cumulative and none shall exclude any other right or remedy allowed by law, and said rights and remedies may be exercised concurrently.

14.9 **Construction, Interpretation.** If any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid. The paragraph headings used herein are descriptive only and shall have no legal force or effect whatsoever.

Franchisee acknowledges that because of different circumstances applicable to different System franchisees uniformity of franchise agreements among System franchisees may not always be possible or practical. Franchisee acknowledges that Franchisor has offered franchise agreements in the past, the terms, conditions, and obligations of which may have varied materially from those set forth in this Agreement, and may, in the future, offer franchise agreement on terms materially different from those set forth in this Agreement. Franchisor specifically reserves the right and privilege, in its sole and absolute

discretion, to materially vary the franchise agreement the terms, conditions, and obligations (such as those relating to fees, territories, training and other items) for any Franchised Business for any reason Franchisor deems appropriate, including based on population, business potential, market conditions, existing business practices, the timing of the grant of the franchise, the characteristics of the particular territory, and any other condition or circumstance. Franchisee shall not be entitled to require that Franchisor disclose any such variation or to grant the same or a similar variation to Franchisee. The existence of these other forms of franchise agreement do not affect the validity, enforceability or construction or interpretation of this Agreement.

14.10 **Savings Clause.** If any term hereof may be construed to obligate Franchisee to pay interest in excess of the highest legal amount, it is agreed that such term is a mistake and, notwithstanding same, it is agreed that neither Franchisee nor any other person or entity obligated for the payment of any sums hereunder shall ever be obligated to pay interest in excess of the highest lawful amount. Franchisor intends to conform strictly to usury laws now and hereafter in effect and in no event shall Franchisor charge or collect, directly or indirectly, an amount for the use, forbearance or detention of money hereunder in excess of the highest lawful rate of interest, any excess of payments to be spread first over the term of the obligation and then, if any excess remains, to be applied next to reduction of the unpaid balance of the principal and then, after such unpaid balance is reduced to zero, any remaining excess shall be rebated to Franchisee. If the maturity of any indebtedness hereunder is accelerated before the due date, any unearned interest in excess of the maximum permitted by law shall be canceled as of the date of such acceleration and if paid, shall be credited against the principal amount.

14.11 **Acknowledgments.** Franchisee acknowledges and agrees that Franchisor and its subsidiaries and affiliates have certain rights reserved to them to grant licenses and rights to others, which may or may not be similar to the license and rights conveyed hereunder; to market Franchisor-approved products; and to otherwise use Franchisor's Marks and System as set forth in this Agreement. Franchisee acknowledges that, prior to the execution of this Agreement, Franchisee has had the opportunity to contact existing franchisees of Franchisor. Franchisee further acknowledges that Franchisee has had the opportunity to independently investigate, analyze and construe both the business opportunity being offered hereunder and the terms and provisions of the Agreement itself, utilizing the services of such independent attorneys, accountants, or other advisers as Franchisee so elects. Franchisee acknowledges that no representation, statement, warranty or guaranty, express or implied, has been made by Franchisor or any employee, agent or salesperson thereof and relied upon by Franchisee regarding the quality of the software, advertising, support, or operating system of Franchisor, the future growth of Franchisor's System, the anticipated or potential income, volume, profit, earnings, likely success or growth of Franchisee, the viability of the business opportunity conveyed or any other matter except as specifically set forth in Franchisor's Franchise Disclosure Document of which this Agreement is a part. Franchisee acknowledges that it has read the Agreement, including all Exhibits, and that it accepts and agrees to all of the provisions, covenants and conditions thereof.

14.12 **Submission of Agreement.** Submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the Effective Date. This Agreement, when fully executed, shall supersede all prior existing agreements between Franchisor and Franchisee concerning the subject matter of this Agreement.

14.13 **Force Majeure.** Neither party shall be under any liability to the other in any way whatsoever for destruction, damage or delay arising out of circumstances beyond its reasonable control, including but not limited to, war, acts of terrorism, rebellion, civil commotion, strikes, lock-outs and industrial disputes, fire, theft, explosion, earthquake, act of God, flood, drought or bad weather. Notwithstanding the foregoing, each party shall use all reasonable endeavors to continue to perform, or resume performance of, all contractual obligations in this Agreement.

14.14 **Limitation of Liability.** THE LIABILITY OF FRANCHISOR, AND ALL AFFILIATES OF FRANCHISOR, TO FRANCHISEE, INCLUDING, BUT NOT LIMITED TO, ANY POTENTIAL LIABILITY FOR PROVIDING, RECOMMENDING OR REQUIRING THE USE OF ANY SOFTWARE, INTRANET, WEBSITE, OR ANY OTHER ITEMS, WILL BE LIMITED TO DIRECT DAMAGES. IN NO EVENT WILL FRANCHISOR OR ITS AFFILIATES BE LIABLE FOR INCIDENTAL, SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF FRANCHISOR OR ITS AFFILIATES HAD PREVIOUSLY BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

14.15 **No Third Party Beneficiaries.** Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

14.16 **Waiver of Punitive Damages.** THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

14.17 **Waiver of Jury Trial.** THE PARTIES, FULLY AWARE OF THEIR CONSTITUTIONAL RIGHT TO TRIAL BY JURY AND HAVING HAD FULL OPPORTUNITY TO CONSULT WITH COUNSEL AND OTHERWISE EVALUATE WHETHER TO WAIVE THAT RIGHT, HEREBY IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY.

14.18 **Electronic Form of Written Material.** In the case of any notice or other item required herein to be provided by Franchisor "in writing" Franchisor's communication of such item or notice in electronic form shall satisfy the requirement of "writing." Electronic form of notice, by itself, from Franchisee to Franchisor shall not satisfy any requirement of Franchisee to provide any notice or other item "in writing" unless Franchisor has granted prior consent in writing to provide such material in electronic form.

14.19 **Cooperation; Release and Other Agreements.** Franchisee shall execute such other or further agreements, documents or instruments that may be necessary to carry out the intent of this Agreement. In the event of a renewal, transfer, purchase of additional territory, or an amendment or change to this Agreement requested by Franchisee, Franchisee shall execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its parent, subsidiaries and affiliates, and their respective officers, directors, shareholders, employees, successors and assigns, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

14.20 **Consent for Franchisor to Obtain Credit Reporting and Other Information.** In connection with this Franchise Agreement and any agreements related to it, Franchisee hereby consents to Franchisor or its agents obtaining or exchanging any personal information about Franchisee from financial institutions, credit bureaus, credit reporting agencies and also from any other third parties identified by Franchisor in its policies and procedures, for the purpose of verifying the information Franchisee provided as part of the application process or to obtain other information which Franchisor considers necessary to decide whether to grant a franchise, additional territory or an extension of credit, or to make other decisions with respect to the franchise, including any employment history, relevant criminal convictions, education, and credit information.

14.21 **Enforceability.** Franchisee hereby acknowledges that, notwithstanding being informed that certain provisions of the Agreement may not be enforceable under law, (1) Franchisee is aware that Franchisor intends to insist on enforcement of those provisions; (2) Franchisee is entering into this Agreement with the expectation that those provisions will be enforced; and (3) there has been a "meeting of the minds" as to those provisions.

14.22 **Covenant as to Anti-Terrorism Laws.** Franchisee and its principal shareholders, members and/or owners ("principal owners" or "principals" agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its principals certify, represent, and warrant that none of their respective property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that neither Franchisee nor any of its principals are otherwise in violation of any of the Anti-Terrorism Laws. For the purposes of this Section, the term "Anti-Terrorism Laws" shall mean Executive Order 13224 issued by the President of the United States ("Executive Order 13224"), 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 other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement and/or their actions) addressing or in any way relating to terrorist acts and/or acts of war. Franchisee and its principals certify that none of them, their respective employees, or anyone associated with any of them is listed in the Annex to Executive Order 13224 (the "Annex"), which is available at: <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>. Franchisee agrees not to knowingly hire any individual who is listed in the Annex (or, if he or she is already employed, retain the employment of that individual). Franchisee also agrees not to knowingly: (a) establish a new relationship with a person as an employee, principal, banker, or otherwise who is listed in the Annex (whether or not Franchisor has consented to a transfer involving such new principal); and (b) maintain a business relationship (whether with an employee, an principal, banker, or otherwise) with a person who is added to the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee and/or its principals, its employees, or anyone else associated with Franchisee to be listed in the Annex to Executive Order 13224. Franchisee understands that it is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Developer, its principals, its employees, and/or their respective affiliates shall constitute grounds for immediate termination of this Agreement, and any other Agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates.

14.23 **Data.** Franchisee understands and agrees that Franchisor has a business need to know and understand local and systemwide sales, product mix, promotions, and other information about Franchisee's business and to use such information for business purposes, including for use in efforts towards maximizing sales and marketing efforts and efficiencies. Franchisee agrees to take any steps Franchisor feels necessary to provide such information to Franchisor; including, but not limited to, providing Franchisor access to Franchisee's point of sale or similar data, including computer and electronic data and data stored using any other media or means. Further, Franchisee agrees to take all steps necessary to grant all of Franchisee's suppliers consent to provide any such information relating to Franchisee's business to Franchisor without any additional notice, action or agreement on the part of Franchisee or Franchisor. All data provided by Franchisee or its suppliers, uploaded from Franchisee's system to any computer system owned or maintained by Franchisor or its affiliates, ("Franchisor's computer system") and/or downloaded from Franchisee's or suppliers' system(s) to Franchisor's

computer system is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including but not limited to consumer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination or expiration of this Agreement. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the Franchised Business.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

THE GROUNDS GUYS LLC

BY: _____
Christopher A. Elmore, President

ATTEST:

Deborah Wright-Hood, Secretary

GUARANTY OF PRINCIPAL OWNERS

Each of the undersigned acknowledges and agrees as follows:

Each has read the terms and conditions of the Agreement and acknowledges that the execution of this Guaranty is a condition to the granting of the Franchise for operation of the Franchised Business, and that Franchisor would not have granted this license without the execution of this Guaranty and such undertakings. Each individually, jointly and severally, makes, accepts and agrees to all of the provisions, covenants, conditions, representations, warranties and agreements set forth in the Agreement and is obligated to perform thereunder. Further, each individually, jointly and severally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under the Agreement will be punctually performed and/or paid. Upon default by Franchisee or upon written notice from Franchisor, each will make each payment and/or perform each obligation of Franchisee under the Agreement.

EXHIBIT 1A

Defined Terms

The Following Includes Items That Apply to All THE GROUNDS GUYS Franchisees

Franchise Agreement Section	Term	Definition
Preamble	Agreement	This Franchise Agreement, as amended by any addenda entered into in accordance with this Agreement and signed by the Franchisor
Preamble	Franchisor	The Grounds Guys LLC
Preamble	Franchisee	The Franchisee named in Exhibit "1C"
Preamble	System	Certain skills, concepts, business techniques, marketing systems, and a specialized method and process with uniform standards, specifications, methods, policies and procedures which Franchisor has expended significant time, money and effort to develop
Preamble	Franchise	A business that utilizes the System to offer and sell Core Services
Preamble	Franchised Business	The business that utilizes the System to offer and sell Core Services that is operated by Franchisee pursuant to this Agreement.
Preamble	Core Services	Commercial, residential, and municipal property maintenance and landscaping services; snow removal services; trash and debris removal; horticultural services, namely, sod installation and commercial and municipal lawn and vegetation fertilization and treatment; and other related services and products
Preamble	Marks	Certain trade names, service marks, trademarks, logos, slogans and other indicia of origin, including but not limited to the Principal Marks Licensed to Franchisee and such other trade names, service marks, trademarks, logos, slogans and other indicia of origin owned by Franchisor and which are now and may hereafter be designated by Franchisor for use in connection with the System and the Franchise
Preamble	Principal Marks Licensed to Franchisee	THE GROUNDS GUYS® and logo
Preamble	Territory	A geographic territory described in Exhibit "1C" for which Franchisor grants to Franchisee a license to operate under the terms and conditions set forth in this Agreement
1.1	Effective Date	The date Franchisor signs this Agreement.
1.2	Renewal Addendum	The Renewal Addendum attached to the current Franchise Disclosure Document

Franchise Agreement Section	Term	Definition
1.2 and other sections	Affiliate	An entity controlled by, controlling or under common control with another entity
1.2	Performance Threshold	The criteria or level of performance that Franchisor may specify in the Manuals from time to time that Franchisee must meet or exceed in the twelve-month period ending one hundred and eighty (180) days prior to the expiration of the then-current term in order to qualify for renewal of the Franchise Agreement
2.1	Franchise Location	The location from which Franchisee operates the Franchised Business, for which location Franchisee must obtain Franchisor's prior written approval.
2.1.2.5	Key Accounts	National, regional or other customers located within or outside the Territory that Franchisor has or plans to enter into contracts, programs or other arrangements with for service of multiple locations or that, in Franchisor's sole determination, are designed to benefit the System by meeting competition, gaining otherwise unavailable business or addressing the concerns of customers that may require specific terms or provisions, including, but not limited to, special insurance, experience, equipment, pricing, or approvals.
3.1	Franchise Fee	An initial franchise fee as described in Exhibit "1B" and more specifically set forth on Exhibit "1C"
3.2	Gross Sales	<p>All revenues billed to customers from services performed from, through, by or on account of the operation of the Franchised Business and/or revenues from the sale of products, less the amount of sales tax or similar receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and if such taxes are paid to the appropriate taxing authority.</p> <p>Gross Sales includes all sales, whether cash or on credit (whether or not Franchisee ultimately receives payment on credit transactions), including, credit card and debit card transactions and payments using a check, with payment received at the time the debit, charge or check is made. If a transaction which was previously included in a prior period's report of Gross Sales is determined to be uncollectible, that amount shall be allowed as a credit against the Gross Sales reported to Franchisor for the period in which the determination is made.</p> <p>Gross Sales does not include any bona fide refunds, rebates or discounts granted in the ordinary course of business. Notwithstanding the foregoing, Gross Sales does not include income generated by Franchisee's operation of any Existing Business identified on Exhibit "8B" so long</p>

Franchise Agreement Section	Term	Definition
		<p>as Franchisee fully complies with the conditions set forth in Exhibit “8B” and the terms of this Agreement and further provided that Franchisee maintains separate books and records for each of the Franchise and such Existing Business. Franchisee shall make the books and records for any Existing Business available to Franchisor upon reasonable prior notice so that Franchisor may verify Franchisee's compliance with the separate books and records requirement.</p> <p>Specialty Services includes landscape design and New Construction Services, including installation of new irrigation systems. Maintenance of irrigation systems is a core service and may not be counted as Specialty Services except in situations where a license is required and Franchisee is not licensed to perform the service. Specialty Services include installation of holiday lighting & landscape lighting, high-level tree trimming and certain subcontracted services. The only other core service Franchisee may subcontract is fertilization/pest control. However if Franchisee is licensed to and performs fertilization/pest control those services are not counted as Specialty Services. The definitions of New Construction Services and Specialty Services shall be set at the sole discretion of Franchisor and may be modified from time to time by Franchisor and Franchisee shall comply with such modifications.</p>
3.4	Minimum License Fee	The minimum License Fee Franchisee is required to pay Franchisor each month commencing at the time and as calculated as stated in Exhibit “1B”
3.5	MAP Fee	An additional amount Franchisee shall pay to Franchisor each month, based on the percentage stated on Exhibit “1B” hereto, on the previous month's Gross Sales from the operation of the Franchise as a contribution to the MAP Fund (“MAP Fee” is also sometimes referred to as “National Advertising Fee” or “Ad Fund”)
3.5	MAP Fund	The fund administered by Franchisor in which MAP Fees are deposited to be used as described in this Agreement for the benefit of franchisees (“MAP Fund” is also sometimes referred to as “National Advertising Fund” or “Ad Fund”).
3.12	Key Accounts/ Management Fee	A weekly fee payable by Franchisee to Franchisor based on the previous week’s Gross Sales from the operation of the Franchise. An additional fee, the Key Accounts/Management Fee, will be required to be paid to Franchisor or its designee in connection with processing, handling and other activities related to Key Accounts and

Franchise Agreement Section	Term	Definition
		Key Accounts management. The fee shall be paid by Franchisee weekly based on the previous week's Gross Sales from the operation of the Franchise, or as specified by Franchisor, on certain Gross Sales, including Gross Sales that relate to Key Accounts, Gross Sales that are the result of any lead or any agreement developed by Franchisor's Business Development Department or any similar group that is part of Franchisor's company or is Franchisor's designee; Gross Sales for work that is dispatched from any call center operated by Franchisor or Franchisor's designee; Gross Sales that are audited by Franchisor or Franchisor's designee according to Key Accounts standards or Gross Sales that otherwise benefit from Franchisor's Key Accounts activities or management as specified by Franchisor.
3.12	Key Accounts/ Administrative Fee	A fee collected by Franchisor that may be passed on to a third party service provider for referral or work order dispatched.
4.6	Proprietary Software	Software that is proprietary to Franchisor that Franchisor requires Franchisee to use, which currently includes GroundsNet software.
5.1	Operating Principal	If Franchisee is a corporation or other legal entity, the shareholder, partner or member of Franchisee designated by Franchisee to be the Operating Principal who must (i) be acceptable to Franchisor (ii) provide all information requested by Franchisor (iii) be responsible for the day-to-day operation of the Franchise. The duties and obligations of the Franchisee are joint and several as between the Operating Principal and all owners of any interest in the franchise regardless of whether or not any specific owner is designated as an Operating Principal
5.1	Excluded Services	Services specified by Franchisor that may be related to services currently defined as Core Services but that are distinguishable from Core Services as currently defined. Franchisee may not engage in any Excluded Services except in compliance with Exhibit 8B hereto. All services that are related or similar to Core Services shall be considered Core Services except that the services specifically listed on Exhibit 8B, whether or not related or similar to Core Services, shall be considered Excluded Services for the purposes of this Agreement to the extent and subject to the terms provided in Exhibit 8B hereto.

Franchise Agreement Section	Term	Definition
5.8	Minimum Local Marketing Spending and Local Marketing Spending for Marketing Start-up Phase	Franchisee’s obligation to engage in local marketing and promotion of the services and products available through the Franchised Business may include a requirement for a minimum amount of annual spending on approved local marketing and advertising. The amount which Franchisee must, upon notice by Franchisor, spend annually on approved local marketing and advertising as specified by this Agreement and as may be more specifically provided in the Manuals shall be referred to as “Minimum Local Marketing Spending”. This amount is In addition to any amount of MAP fees Franchisee must pay and regardless of any minimum amount of MAP fees. During the marketing start-up phase of Franchisee’s business, which period is specified by Franchisor not to exceed 180 days from opening, Franchisee must spend an amount, specified by Franchisor on local marketing, direct advertising/marketing/sales pursuant to a plan developed by Franchisor and Franchisee.
5.8	Promotion and Marketing – Employee Dedicated to Marketing	In addition, Franchisee shall within six (6) months, hire and maintain at least one employee dedicated to ongoing daily marketing who must comply with any requirements set by us in the Manuals.
5.18	Franchise Location	The site selected in accord with this Agreement from which Franchisee shall operate the Franchised Business
9.1	Manuals	Franchisor’s confidential Manuals containing mandatory and suggested standards, specifications, operating procedures, policies, rules and guidelines prescribed by Franchisor
9.2	Confidential Information	Any information, knowledge or know-how concerning the System which Franchisor designates or treats as confidential
9.3	Competitive Business	Any business other than the Franchise which offers or sells any product or service or component thereof which composes a part of Franchisor’s System or which competes directly or indirectly with the Franchise or Franchisor’s System provided; however, that no Existing Business offering the Excluded Services identified on Exhibit “8B” to this Agreement shall be deemed to be a Competitive Business so long as it fully complies with all of the conditions set forth in Exhibit “8B” and Franchisee is in full compliance with the terms of this Agreement.
10	Transfer	The term “transfer” as used in the Agreement shall mean and include the voluntary, involuntary, conditional, direct or indirect assignment, sale, gift or other transfer by Franchisee (or any of Franchisee’s owners) of any interest

Franchise Agreement Section	Term	Definition
		in or the grant of any security interest in this Agreement, the Franchise, Franchisee or some or all of the assets of the Franchise. As used herein, a sale, assignment or transfer shall specifically include, but not be limited to, the transfer of ownership of shares or a partnership interest; merger or consolidation or issuance of additional securities representing an ownership interest; any sale of voting shares of Franchisee or any security convertible to voting shares of Franchisee or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an ownership interest; and transfer in a divorce, insolvency, corporate or partnership dissolution proceeding or, in the event of the death of Franchisee or an owner, by will, intestate succession or otherwise by operation of law.
10.2.6	Immediate Family	The term “immediate family” as used in this Agreement means a person’s spouse, parents, siblings, or natural or adopted children and does not include any other family member.
10.2.6	Transfer Fee	The fee Franchisee must pay Franchisor upon transfer of the franchised business as set forth in this Agreement
13.1	Dispute	Any controversy or claim arising out of or relating to this Agreement or the breach thereof, the relationship of Franchisor and Franchisee (or their respective representatives) or any transaction embodied in this Agreement or related thereto
Exhibit “8A”	Existing Business	A business that is operated, as of the Effective Date, by Franchisee or its Affiliate which (a) prior to the date of this Agreement performed services for existing customers that are similar to the Core Services offered by the Franchise (the “Roll-in Services”) and/or (b) offers Excluded Services.
Exhibit “8A”	Chemical Application Business	Chemical Application business means business involving the use of a restricted-use, non-restricted use, or state-limited-use chemical or organic product for the purpose of applying nutrients, pesticides, herbicides, fungicides and or rodenticides, or other similar in the treatment for turf, ornamental plants and trees, aquatic ecosystems or other horticultural or arboricultural uses.
Exhibit “8A”	Small Roll-in	Roll-in Services of \$100,000 to \$299,999 in annual gross sales volume that the Franchisee assigns or “rolls-in” (or causes its Affiliate to assign or roll-in) from an Existing Business to the Franchised Business in consideration for which Franchisor allows special rates for specified times as stated in Exhibit “1C” and Exhibit “8A”

Franchise Agreement Section	Term	Definition
Exhibit “8A”	Roll-in	Roll-in Services of \$300,000 to \$599,999 in annual gross sales volume that the Franchisee assigns or “rolls-in” (or causes its Affiliate to assign or roll-in) from an Existing Business to the Franchised Business in consideration for which Franchisor allows a discounted Initial Fee and special rates for specified times as stated in Exhibit “1C” and Exhibit “8A”
Exhibit “8A”	Roll-in – Chemical Application	Roll-in Services of \$500,000 to \$599,999 in annual gross sales volume from Chemical Application business that the Franchisee assigns or “rolls-in” (or causes its Affiliate to assign or roll-in) from an Existing Business to the Franchised Business in consideration for which Franchisor allows a discounted Initial Fee and special rates for specified times as stated in Exhibit “1C” and Exhibit “8A”
Exhibit “8A”	Large Roll-in	Roll-in Services of \$600,000 or greater in annual gross sales volume that the Franchisee assigns or “rolls-in” (or causes its Affiliate to assign or roll-in) from an Existing Business to the franchised Business in consideration for which Franchisor allows a discounted Initial Fee and special rates for specified times as stated in Exhibit “1C” and Exhibit “8A”
Exhibit “8A”	Large Roll-in – Chemical Application	Roll-in Services of \$600,000 or greater in annual gross sales volume from Chemical Application business that the Franchisee assigns or “rolls-in” (or causes its Affiliate to assign or roll-in) from an Existing Business to the Franchised Business in consideration for which Franchisor allows a discounted Initial Fee and special rates for specified times as stated in Exhibit “1C” and Exhibit “8A”

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EXHIBIT 1B

Items Applicable to All Franchisees

The Following Includes Items that Apply to All THE GROUNDS GUYS Franchisees, as Indicated

Franchise Agreement Section	Item	Description
1.2	Renewal Fee	\$5,000
1.2	Performance Threshold	The average annual Gross Sales for a twelve-month time period specified by Franchisor of the Bottom Tier (as defined below) of franchised businesses that have been operating under the System for a period determined by Franchisor, which is between five (5) years and ten (10) years, prior to the end of such twelve-month period. The Bottom Tier of franchised businesses is the group of franchised businesses that fall within the percentage, as specified by Franchisor from time to time in the Manuals, between the lowest twenty-five (25%) of Franchised Business to the lowest ten percent (10%) of Franchised Businesses, in terms of Gross Sales volume reported to Franchisor.
2.1.2	No exclusive territory	Franchisor and its affiliates may perform or allow others to perform the same or similar services in Franchisee's territory using the Marks or similar Marks. Other company owned or franchised businesses may compete with Franchisee in Franchisee's territory and Franchisee understands they may have a financial or other impact on Franchisee's business. Franchisor will have no liability to Franchisee for such competition or impact.
2.3	Territorial Restrictions	Notwithstanding anything in this section to the contrary, at present (i) Franchisor does not allow Franchisee to market/advertise or solicit customers or utilize certain telephone numbers, email addresses or comparable electronic identities outside the Territory; and (ii) only under the terms and conditions stated in the Manuals Franchisee may perform services or sell products outside the Territory. The specific requirements for and definitions of what may constitute marketing and advertising and the terms under and whether Franchisee may perform services or sell products outside the Territory and related matters shall be set forth in Franchisor's Manuals, which may be revised from time to time in the sole discretion of Franchisor; and (iii) whether or not Franchisee has been granted Franchisor's consent to advertise or perform services outside the Territory, upon Franchisor's notice or upon Franchisee's actual notice that a TAFS has been purchased by another franchisee,

Franchise Agreement Section	Item	Description
		Franchisee need not cease and desist from conducting out-of-Territory sales and service activities and comply with Franchisor's procedures for the transition of customer accounts unless Franchisor advises franchisee that service/sales must cease.
3.1	Franchise Fee	\$28,500 + \$285 per 1,000 population in excess of the minimum 100,000 population provided that the minimum territory is not appropriate or available in all cases and in all areas, depending on demographics, proximity to larger population centers, percentage of area population, the need to buy whole counties, how well the proposed territory matches what is expected will be the territory Franchisee will actually serve and how well it fits within Franchisor's current plan for development of the applicable larger area or region.
3.3	Time License Fee Commences	The earlier of (a) ninety (90) days after the effective date of this Agreement or (b) the month when, after completing the first week of training, Franchisee invoices his first job or receives any payment for a job
3.3	When License Fee is Due	Monthly on the fourteenth (14) day of each month and is calculated on the previous month's Gross Sales
3.3	License Fee Percentage	7% of monthly Gross Sales
3.3	License Fee for Specialty Services	2.5% of monthly Gross Sales
3.3	Provisions Applicable to Specialty Services	<p>Specialty Services. Franchisee may perform Specialty Services under this Agreement provided Franchisee complies with the terms and conditions of this Agreement, including, but not limited to the following:</p> <p>1. Services Included. Franchisor will specify, from time to time, what specific services are included in Specialty Services and which services are included in Core Services and the additional terms and conditions under which services may be treated as Specialty Services. The types and specifications of services included may be modified by Franchisor at any time in Franchisor's sole discretion and any and all questions about whether a type of service qualifies as Core Services, Specialty Services, or neither type of service, shall be determined by Franchisor in its sole discretion.</p> <p>2. License Fees and MAP Fees. Provided Franchisee is in compliance with this Agreement, Franchisee shall be allowed to use the rate stated in Section 3 of this Agreement applicable to Gross Sales from Specialty Services. Specialty Services Gross Sales and fees shall be accounted for and calculated separately from all other fees</p>

Franchise Agreement Section	Item	Description
		<p>provided for in Section 3 of the Agreement.</p> <p>3. Independent Contractor. Franchisee hereby acknowledges and agrees that it will provide a notice of the type specified in Section 7.2 of the Agreement when soliciting work from any Specialty Services potential customer and before beginning work for any Specialty Services customer. Franchisee will obtain in each contract with a Specialty Services customer an acknowledgment from the customer that Franchisee is an independent contractor operating its own independent business under a franchise agreement with Franchisor.</p> <p>4. Subcontractors. Franchisor acknowledges that Franchisee may hire subcontractors to provide some or all Specialty Services for particular customers. Franchisee agrees to responsibly select and supervise those subcontractors, to require those subcontractors to procure and maintain the same types and amounts of insurance coverage as Franchisee is required to procure and maintain under Section 5 herein (including without limitation naming Franchisor and other appropriate persons as an “additional insured”), and to be liable under the Agreement and this Addendum for those subcontractors’ actions as though they were Franchisee’s actions.</p> <p>5. Competing Business. Franchisee shall not operate an Existing Business or a Competing Business.</p> <p>6. Insurance. Franchisee shall obtain the types and amounts of insurance coverages that pertain to Specialty Services as are required by law and as are required by Franchisor in the Manuals or other written notices, including, without limitation “additional insured” coverages for Franchisor. A certificate of insurance evidencing such coverage shall be sent to Franchisor before any Specialty Services are offered by Franchisee and upon each renewal of said policy; and</p> <p>7. Acknowledgments. Franchisee acknowledges and agrees that:</p> <ul style="list-style-type: none"> a. Franchisee desires to use the Marks in conjunction with offering and providing Specialty Services to comply with applicable law, increase its own operational efficiencies and/or to increase general customer awareness of the Marks in the Territory; b. Franchisor will not provide Franchisee with any training related to offering or providing Specialty Services, and may not provide Franchisee with any guidance, assistance, procedures or systems related to offering or providing Specialty Services, other than certain

Franchise Agreement Section	Item	Description		
		<p>quality control standards designed to protect the goodwill associated with the Marks, which will be specified by Franchisor in the Manuals and other written notices;</p> <p>c. Franchisee must adhere to any procedures, systems or quality control standards related to offering or providing Specialty Services that Franchisor may specify in the Manuals and other written notices delivered to Franchisee.</p> <p>d. Franchisee shall obtain and maintain all licenses and permits required to offer all Specialty Services offered by Franchisee.</p>		
3.4	Time Minimum License Fee commences	Beginning with the thirteenth (13) month after the Franchisor executes this Agreement. Franchisor collects Minimum License Fees May through November.		
3.4	Minimum License Fee Rates	<u>Months</u> 13 – 24	<u>Months</u> 25 – 36	<u>Month</u> 37 +
		\$700	\$1,050	\$1,400
3.4	Minimum License Fee Limit on increase	The Minimum License Fee shall never be increased more than once per calendar year and said increase, if any, shall never be more than \$60 per month in any calendar year period.		
3.5	Amount of MAP Fee	Franchisee shall pay an additional two percent (2%) of the previous month's Gross Sales from the operation of the Franchise as the MAP Fee which will be a contribution to the MAP Fund.		
3.5	Amount of MAP Fee for Specialty Services	Franchisee shall pay an additional one-half percent (1/2%) of the previous month's Gross Sales for Specialty Services as the MAP Fee for such services which will be a contribution to the MAP Fund.		
3.5	When MAP Fee is due	The MAP Fee is due on the fourteenth (14) day of each month at the same time as the License Fee and is collected from all franchisees and company-owned units, if any, using the Marks.		
3.6	When Report is due	Monthly on the tenth (10) day of each month or as we specify		
3.7	Amount of Late Report Fee	\$10		
3.8	Interest Rate Applied to Late Payments	Twelve percent (12%) per annum; which may be collected on demand, including weekly or monthly through automatic bank draft		
3.9	Dishonored Check Fee	\$25		

Franchise Agreement Section	Item	Description
3.12	Other Fees – Fees for Supplemental and Multiple/Additional Supplemental Websites	If Franchisee elects to participate in supplemental or additional websites under a program Franchisor may, in its sole discretion, offer in the future, Franchisee must pay in the first year of this Agreement, the fee for any additional websites beyond the initial website Franchisor may provide for the franchised location using the domain name(s) consisting of such terms that Franchisor may, in its sole discretion, deem appropriate to promote the franchised business (the “Supplemental Website”). For any such additional websites Franchisee shall pay, via the payment method determined by Franchisor, including via automatic bank draft, an annual fee of up to \$15 for the domain name, plus a monthly fee of \$30 for the website initially. After the first year of this Agreement, Franchisor may impose a fee for the Supplemental Website and/or may increase the fees for multiple additional websites.
3.12	Other Fees – Electronic Mail	Franchisee will be required to obtain at least one electronic mail account from a provider specified by Franchisor, which provider may include Franchisor or its designee. Franchisee will be required to pay a fee, currently a \$25 set up fee, per account (and Franchisor currently recommends 3 accounts) for all accounts with the exception of the first/mandatory account. For all accounts including the first/mandatory account an annual fee, which is currently \$25 per account, must be paid. Franchisee must pay the required fees when due to Franchisor or its designee/third party provider via automatic bank draft or other method specified by Franchisor. These fees may increase in the future.
3.12	Key Accounts/ Management Fee Rate	The Key Accounts/Management Fee shall be an amount as specified by Franchisor up to 5% of Gross Sales paid by Franchisee weekly based on the previous week’s Gross Sales from the operation of the Franchise, or as specified by Franchisor, on certain Gross Sales, including Gross Sales that relate to Key Accounts, Gross Sales that are the result of any lead or any agreement developed by Franchisor’s Business Development Department or any similar group that is part of Franchisor’s company or is Franchisor’s designee; Gross Sales for work that is dispatched from any call center operated by Franchisor or Franchisor’s designee; Gross Sales that are audited by Franchisor or Franchisor’s designee according to Key Accounts standards or Gross Sales that otherwise benefit from Franchisor’s Key Accounts activities or management

Franchise Agreement Section	Item	Description
		as specified by Franchisor. This fee may also sometimes be referred to as a “Key Accounts management fee” or “management fee.”
3.12	Key Accounts/ Administrative Fees	Franchisor may charge up to \$35 per invoice, referral or work order dispatched, as applicable, which fee may be retained by Franchisor or passed on to a third party service provider, and up to 15% of the Gross Sales of the work performed, which fee may be collected and passed on to a third party service provider. Key Accounts/Administrative Fees may be collected when Franchisee is billed or when the fee is deducted from Franchisee’s payment(s) for work performed or when added to the invoice.
3.12	Call Center Fees	Franchisor reserves the right to require Franchisee to use a designated service provider to provide call center services and in that case Franchisee must pay fees for call center services which may include scheduling and routing and the current rate is \$1.30 per call with a \$50 per month minimum fee per franchised location. These fees may increase in the future.
4.6	Proprietary Software	Franchisee shall be required to use Software according to the terms of the GroundsNet license agreement
5.2	Required License(s)	Any licenses or permits required to perform or offer Core Services or any other goods or services Franchisee is required by Franchisor to offer or perform
5.3	Vehicle Requirements	Vehicle meeting the specifications set forth in the Manuals with Marks professionally applied prior to the vehicle being put into service.
5.6	Amount and Type of Insurance Required	<p>1. Comprehensive general liability insurance, including, without limitation, pesticide and herbicide coverage, in the minimum amount specified by Franchisor, which will be an amount up to \$2,000,000 but not less than \$1,000,000 combined single limit to protect Franchisee against injury to property or person arising from the operation of the Franchise. Franchisor and any affiliates it deems shall be named as an additional insured in the policy and the policy shall further provide that Franchisee’s insurance coverage is primary to any coverage maintained by Franchisor. A certificate of insurance evidencing such liability coverage shall be delivered to Franchisor prior to operation of your franchised business and upon each renewal of said policy; and</p> <p>2. Motor vehicle liability insurance policies covering each and every vehicle operated by, or on behalf of, the Franchise, including owned, non-owned or hired vehicles, and providing protection for injury caused to person or</p>

Franchise Agreement Section	Item	Description
		<p>property by such vehicles in the minimum amount specified by Franchisor, which will be an amount up to \$2,000,000 but not less than \$1,000,000 combined single limit. Franchisor and any affiliates it designates shall be named as an additional insured in the policy and the policy shall further provide that Franchisee's insurance coverage is primary to any coverage maintained by Franchisor. A certificate of insurance evidencing such coverage shall be sent to Franchisor before any vehicle is put into use in the Franchise contemplated hereby and upon each renewal of said policy; and</p> <p>3. Such other insurance as required by Franchisor or Franchisee's state or locality and such revised minimum standards and limits for insurance coverage and other terms (such as naming Franchisor and any affiliates it deems as an additional insured) as Franchisor may set from time to time in the Manuals or by other written notice.</p> <p>In each case where insurance is required the insurance must be purchased from an insurance carrier acceptable to Franchisor and in each case in which Franchisee must name Franchisor and/or its affiliate as an additional insured Franchisee must do so using the specific insurance industry form acceptable to Franchisor. Franchisor may require that Franchisor or any affiliate be named an additional insured on any and all required insurance policies.</p> <p>Notwithstanding the above, in the case of work in connection with Key Accounts, if the amount required for any specific Key Account, or for Key Account work in general should exceed the amount specified as the maximum amount required by Franchisor for any type of insurance that higher amount required for the Key Account work will apply.</p>
5.8	Minimum Local Marketing Spending and Local Marketing Spending for Marketing Start-up Phase	<p>Franchisor may, upon notice to Franchisee, require Franchisee to spend annually</p> <ul style="list-style-type: none"> • \$15,000 ; or • 3% of annual Gross Sales (based on Gross Sales from the previous calendar year). <p>Franchisor will advise Franchisee when and if this requirement becomes applicable and Franchisee must comply beginning immediately after notice.</p> <p>Amounts paid to an Advertising Cooperative as provided in the Franchise Agreement and certain other amounts of local advertising spending currently will qualify to satisfy this requirement; provided Franchisor may include</p>

Franchise Agreement Section	Item	Description
		<p>additional information and requirements in the Manuals and will determine in its sole discretion what amounts will qualify for approved Minimum Local Marketing Spending, which may change from time to time. Whether or not Franchisee is notified that annual spending is required for minimum local marketing spending, during the marketing start-up phase of Franchisee's business, which period is specified by Franchisor not to exceed 180 days from opening, Franchisee must spend an amount, specified by Franchisor, currently in the range of \$7,500 and \$15,000, on local marketing, direct advertising/marketing/sales pursuant to a plan developed by Franchisor and Franchisee.</p>
5.9	Annual Convention ("Reunion") Fees	<p>Franchisee must pay a fee, currently \$1,000, unless Franchisee registers by the end of Reunion Registration deadline and attends Reunion. If Franchisee does not attend Reunion this required fee is paid in any case and any training materials from Reunion will be made available to Franchisee at the time and in the manner determined by Franchisor. In the event Franchisee attends Reunion Franchisor will discount the fee to a specified amount, currently \$200 to \$275 U.S. per person. Discounts may also be available for early registration and there may be a cap on the maximum fee for any franchisee attending Reunion. However, unless a cap applies Franchisee must pay the per person registration for all persons attending regardless of whether the total is greater than \$1,000 or the current required fee. For non-participants, there is a separate charge for the Awards Banquet, currently \$35 - \$60 U.S. for children 12 and under and \$75 - \$90 U.S. for anyone over 12. These fees may increase in the future.</p>
5.18	Franchise Location Selection	<p>Franchisee selects the Franchise Location subject to approval of Franchisor. Franchisee may operate the Franchised Business from Franchisee's home if Franchisee's home is located within the territory granted by the franchise agreement and if local zoning laws allow or from business premises currently being utilized by Franchisee to deliver services of the type included within Core Services.</p> <p>If Franchisor has been unable to approve a Franchise Location prior to Phase II training and Franchisor determines in its sole discretion that Franchisee has had a reasonable time and opportunity to propose an appropriate site then Franchisor may elect to terminate the Agreement. If Franchisor terminates the Agreement Franchisor will</p>

Franchise Agreement Section	Item	Description
		<p>refund to Franchisee the initial franchise fee minus Franchisor's reasonable expenses. Following termination, the provisions of Section 12 shall apply.</p> <p>Franchisee is solely responsible for selecting the Franchise Location and obtaining the written consent of Franchisor. Franchisor is not responsible for selecting or obtaining the Franchise Location. Unless otherwise agreed in writing, Franchisor makes no representations or guarantees that a specific location can be obtained, nor does Franchisor guarantee the success of a particular Franchise Location. Final responsibility for selection of the Franchise Location will always remain with Franchisee.</p>
5.18	Construction of Franchise Location	<p>Once the Franchise Location has been selected, unless Franchisee is permitted under the terms of this Agreement to operate from Franchisee's home or an existing business premises, Franchisee shall completely construct and equip, at Franchisee's expense, the Franchise Location in accordance with Franchisor's standards and specifications, if any, as outlined in the Manuals or otherwise in writing.</p>
5.18	Use and Maintenance of Franchise Location	<p>Franchisee shall use the Franchise Location solely for the operation of the Franchise, shall keep the Franchise Location open and in normal operation for such minimum hours and days as Franchisor may specify in the Manuals or otherwise in writing (or as may be required by the lease); and shall refrain from using or permitting the use of the Franchise Location for any other purpose or activity at any time without first obtaining the written consent of Franchisor.</p> <p>Franchisee must maintain the Franchise Location (including adjacent public areas) in orderly condition, and in good repair. Franchisee must make such additions, alterations, repairs, and replacements as may be required for that purpose or as stated in the Manuals.</p>
5.18	Remodel of Franchise Location	<p>Franchisee may be required to remodel the Franchise Location upon lease renewal, or as otherwise required by Franchisee's lease. All remodels must be in compliance with standards and specifications, if any, set by Franchisor in the Manuals.</p>
5.18	Lease	<p>If applicable, upon request, Franchisee will provide Franchisor a copy of the lease for the Franchise Location prior to execution of the lease. Franchisor may require the inclusion of certain provisions in the lease; provided; however, Franchisor does not assume responsibility for negotiation or content of the lease. The final responsibility for acceptance of the terms and conditions of the lease remains with Franchisee. Franchisee shall comply with its</p>

Franchise Agreement Section	Item	Description
		lease and all other agreements affecting the operation of the Franchise. Franchisee shall undertake its best efforts to maintain a positive working relationship with its landlord, and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease for, the Franchise Location.
5.18	Relocation	Franchisee may relocate the Franchise to a new location within the Territory provided Franchisee complies with the following terms and conditions: (a) Franchisee is not in default of any provision of this Agreement, any other agreement with Franchisor or the lease for the former Franchise Location; and (b) Franchisee is current on Franchisee's financial obligations to Franchisor, Franchisor's affiliates and all third party creditors of the Franchise; and (c) Franchisee delivers to Franchisor a current financial statement and a profit and loss statement for the Franchise's last twelve (12) months of operation; and (d) the new Franchise Location has been approved by Franchisor; and (e) the Franchise officially opens for business at the new location on the same day the Franchise officially closes at the former Franchise Location, which time period Franchisor may extend for an additional period of time for good cause.
6.3	Authorized Trade Name	THE GROUNDS GUYS®
6.3	Assumed Name to Register with State, County or Other Local Authority	If a trade name, assumed name, or fictitious name filing with any state, county or other local authority is legally required, Franchisee shall register the Franchise as "THE GROUNDS GUYS of (geographical designation)".
9.3.1.2	Franchisor Employee Training Fee	Currently \$7,500; provided this fee may increase in the future.
9.4	Liquidated Damages	24 times the largest monthly License Fee paid by Franchisee to Franchisor during the term of this Agreement.
10.2.6	Transfer Fee	Five percent (5%) of the total gross sales price of the Franchise including all assets of the franchised business or the sum of \$5,000, whichever is greater
10.2.7	Training Fee Required at Transfer	\$5,000
10.2.8	Current hourly service rate for warranty claims pursuant to this Section	\$100 per hour

Franchise Agreement Section	Item	Description
10.2.8	Administrative handling fee for each warranty claim pursuant to this Section	\$50
10.2.8	Administrative handling fee for handling escrow pursuant to this Section if there are no claims	\$150

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EXHIBIT 1C

Items Applicable Only to this Agreement

The Following Includes Items that are Specific to this Franchise Agreement and will be completed when the Franchise Agreement is provided for signature

Franchise Agreement Section	Item	Description
Preamble	Franchisor Type of entity and place organized Franchisor's Address	THE GROUNDS GUYS LLC a Texas limited liability company 1010-1020 North University Parks Drive, Waco, TX 76707
Preamble	Franchisee Type of entity and place organized Franchisee's Address	_____ a _____. _____ _____ _____
2.1.1	Territory Description	<p>[INSERT TERRITORY DESCRIPTION]</p> <p>Areas with Special Laws or Requirements: To the extent any portion of the territory includes area designated as an Indian Reserve, a governmental entity or other territory which may have separate or additional laws, regulations or other requirements for performing work in such territory, Franchisee is granted such territory only to the extent and for so long as Franchisee may become qualified under such separate or additional requirements to perform work in such area; knowledge of and compliance with such requirements being the sole responsibility of Franchisee.</p>

Franchise Agreement Section	Item	Description
3.1	Or 1.2 in the case of a Renewal Initial Franchise Fee	
SPECIAL PROVISIONS APPLICABLE TO FRANCHISEES WITH AN ROLL-IN ADDENDUM AND/OR AN EXCLUDED SERVICES ADDENDUM		
Franchise Agreement Section	Item	Description
Exhibit "8A"	Roll-in Services	<input type="checkbox"/> None <input type="checkbox"/> See Exhibit "8A," "Roll-in Addendum"
Exhibit "8B"	Excluded Services	<input type="checkbox"/> None. No Excluded Services or services that are in any way the same as or similar to Core Services may be performed by Franchisee other than through the Franchised Business <input type="checkbox"/> See Exhibit "8B," "Excluded Services Addendum." Only the Excluded Services specified on Exhibit 8B may be performed by Franchisee and only through the Existing Business identified on Exhibit 8B

EXHIBIT 2

ACH ORIGATION AUTHORIZATION

ACH Origination services will not be considered until this application is
FILLED OUT COMPLETELY

Date of Application _____	Business Phone _____
Name of Company _____	
Contact Person _____	Title _____
Address _____	

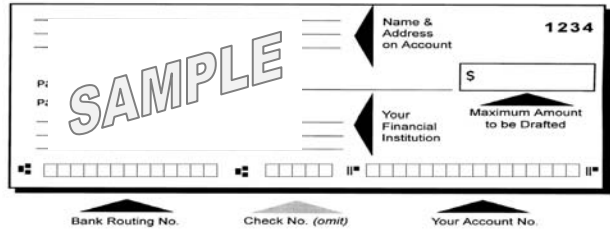
Please complete blanks below with your banking information using the sample as a reference only

Name of Financial Institution: _____

Name and Address on Account: _____

Bank Routing No.: _____

Account No: _____



I hereby authorize THE GROUNDS GUYS LLC (“Franchisor”), its affiliates, including Dwyer Franchising LLC, and the financial institution named above to initiate entries, including debit entries, to my checking/savings account identified above periodically, including weekly, monthly, annually or as necessary, on a day specified from time to time by Franchisor to pay all fees, charges and any other amounts owed (including, License fees, MAP fees, late fees, interest charges, note payments, software fees and any other amounts owed) pursuant to the terms of the Franchise Agreement and all related agreements entered into with Franchisor and/or its affiliates, with License fees and MAP fees to be in accordance with the weekly sales analysis submitted by me; and, if necessary, to initiate adjustments for any transactions credited in error. These debits are related to the operation of the franchised business and the amount of each debit will vary, including from week to week, to a maximum amount (if any) as set forth in the Franchise Agreement. This authority will remain in effect until I notify you in writing to cancel it in such time as to afford the financial institution a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the financial institution at least 3 days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to 15 days following issuance of my statement by the financial institution or up to 60 days after deposit, whichever occurs first.

Signature: _____

Printed Name & Title: _____ Date: _____

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EXHIBIT 3

**TELEPHONE NUMBER AND INTERNET AGREEMENT,
ASSIGNMENT & POWER OF ATTORNEY**

FRANCHISEE'S SIGNATURE ON THIS DOCUMENT MUST BE NOTARIZED BY A NOTARY PUBLIC

(Name of Telephone Company)

(Address)

(City, State, Zip)

This TELEPHONE NUMBER AND INTERNET AGREEMENT, ASSIGNMENT AND POWER OF ATTORNEY (“Assignment”) is made pursuant to the terms of the Franchise Agreement dated _____ (“Agreement”) by and between THE GROUNDS GUYS LLC (“Franchisor”) and _____ (“Franchisee”), authorizing Franchisee to use Franchisor’s Marks and System in the operation of a business providing commercial, residential, and municipal property maintenance and landscaping services; snow removal services; trash and debris removal; horticultural services, namely, sod installation, commercial and municipal lawn and vegetation fertilization and treatment; and other related services and products (the “Franchise”) in and for the Territory.

For value received, Franchisee hereby irrevocably assigns to Franchisor the Telephone Listings and Internet Listings (collectively referred to herein as “Listings”) described under “A” and “B” below:

A. All telephone listings and numbers used by Franchisee in any printed or internet telephone directory in connection with the operation of the Franchise in the Territory covered by the Agreement, whether now-existing or adopted by Franchisee in the future, (collectively “Telephone Listings”) including, without limitation, the following numbers:

Number	Telephone Company/Service Provider	Account Number

under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

Signed this ____ day of _____, 20__.

(Signature)

SWORN TO AND SUBSCRIBED before me by _____ on the ____ day of _____, 20__.

Notary Public, State of _____

[FOR THE GROUNDS GUYS CENTRAL OFFICE USE ONLY]

I hereby assume and agree to pay all charges outstanding, either billed or unbilled, including White Pages directory charges, on the telephone number(s) and other Listings listed above.

Date

New Customer's Signature

SWORN TO AND SUBSCRIBED before me by _____ on the ____ day of _____, 20__.

Notary Public, State of _____

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EXHIBIT 4

FRANCHISEE DISCLOSURE QUESTIONNAIRE

You are preparing to enter into a THE GROUNDS GUYS® Franchise Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue or misleading.

1. Establishment of New Business. The purchase of a THE GROUNDS GUYS Franchise is primarily the purchase of a license to establish and operate a business under THE GROUNDS GUYS® name and trademark. You must operate the Franchise in accordance with our business format. You understand that the operation of a new business involves a number of business risks, which exist in connection with any business.

2. Ability to Operate a THE GROUNDS GUYS Franchise. The ability to operate a profitable Franchise requires some level of business and management skills and the capability of providing good customer service. Our franchisees must always provide excellence in customer service. How you treat customers is critical to the Franchise.

3. Importance of Your Effort. Starting a business is a complicated undertaking and will require both a financial investment and a commitment of personal time to work at and on the business a substantial number of hours per week. Although we will provide assistance and advice, we cannot guarantee your success as a franchisee. The earnings and profits that you earn as a franchisee will depend upon your own individual efforts in operating your Franchise. You understand that the success or failure of your Franchise may depend primarily on your local marketing efforts and you agree to engage actively and continuously in local marketing efforts such as door hangers, flyer distribution, placement of advertisements in local newspapers and magazines, yellow pages, and otherwise as we recommend. Your failure to follow the System may have a negative effect on the Franchise.

4. Additional Funds and Financial Requirements. In our Franchise Disclosure Document (“FDD”), we have disclosed an ESTIMATE of the amount of additional funds that you should have available to invest in the Franchise in the start-up phase. However, no amount of investment can guarantee you will have a profitable Franchise.

5. Pricing of Products and Services. Although we recommend methods to establish your pricing, as an independent business owner, you must establish your own pricing for products and services sold by your Franchise. If you elect to price products and services too low, you may adversely affect your profit margin. If you elect to set your prices too high, you may lose business to your competitors.

6. Training and Support. We produce and distribute various training materials, programs, manuals and newsletters to our franchisees, and we facilitate the holding of local, regional and/or national conferences in order to encourage networking and exchange of ideas for the purpose of making your Franchise more profitable. While we can make recommendations and suggestions on how to improve your Franchise, it is up to you to avail yourself of and use the information and ideas we provide.

7. Competition and Territory. Each of the services you provide is provided by others and new competitors may appear at any time within your Territory. It is also possible that another THE GROUNDS GUYS franchise may be located near or adjacent to your Territory. In addition, you specifically understand and agree: that you will not receive an exclusive territory; provided you are in full compliance with your franchise agreement, we will not operate or grant a franchise for the operation of another *The Grounds Guys* franchise with rights to market within your territory during the term of your

franchise agreement but we and our affiliates may allow others to perform or we may perform the same or similar services in your territory under the terms and conditions we specify; and as a result other company owned or franchised businesses may compete with you in your territory and may have a financial or other impact on your business and we will not be liable for any resulting or consequential financial or other impact.

8. Taxes, Fees and Governmental Regulations. Your Franchise is a business operation and will be required to pay all existing and any new taxes and fees imposed on businesses by various governmental entities. Your Franchise will be subject to a variety of federal, state, and local laws and governmental regulations, including local licensing requirements, safety matters, environmental matters, toxic and hazardous materials, compliance with the Americans with Disabilities Act (ADA), OSHA, EEO, and any new or proposed legislation. You understand that we cannot advise you with regard to all such laws and it is your responsibility to know and comply with them.

9. Complaints and Litigation. Occasionally, we may receive complaints from or be served with lawsuits by our franchisees or customers of our franchisees alleging misconduct and/or a violation of law. Adverse publicity resulting from such allegations may materially affect us and all of our franchisees, regardless of whether such allegations are true. On occasion, we will file suit against franchisees or former franchisees to enforce the terms of the franchise agreement. While we believe we have not violated any franchise laws or misled or defrauded any prospective franchisees, we cannot provide any assurance that an adverse result may not occur.

10. Liability Insurance. You may, from time to time, receive complaints from or be served with lawsuits by customers alleging breach of contract or other misconduct resulting from your operation of the Franchise. Because you are licensed to use our trade name in your operation of the Franchise, we are occasionally included in these lawsuits. If we are sued because of something you have allegedly done or failed to do, you must defend us in the lawsuit. As a result, you must carry proper insurance on the Franchise and you must name us as an additional insured. If you do not carry the proper coverage or if you fail to defend us, we may cancel your Franchise Agreement.

11. Renewal Option at End of Term. Your Franchise Agreement gives you a license to operate a Franchise for an initial term of 10 years. At the end of the 10 years, if you have complied with the terms of the Franchise Agreement, you may renew your Franchise by executing the then-current franchise agreement and complying with all other requirements for renewal. If we refuse to renew your Franchise Agreement because you have not complied with the Franchise Agreement or if you choose not to renew your Franchise Agreement, you may be required to turn your customer list and your telephone numbers and electronic identities, including domain names, over to us and/or you may be prohibited from operating any similar business which competes with us or our franchisees for a period of 2 years in your Territory.

12. Use of Independent Professional Advisers. We recommend that you consult with your own independent advisors in order to satisfy yourself concerning your ability to establish and operate a profitable business, taking into account the amount of working capital you have available, your anticipated debt service, your expenses, etc.

Please review each of the following questions carefully and provide responses.

1. Have you received and carefully reviewed the FDD provided to you?

Yes _____ No _____

2. Did you sign a receipt page for the FDD indicating the date you received it?

Yes _____ No _____

3. Have you received and carefully reviewed the Franchise Agreement and each exhibit and schedule attached to the Franchise Agreement?

Yes _____ No _____

4. Do you understand that you may not rely on, and we will not be bound by (i) any representation or statement other than those included in our FDD; or (ii) any promise or obligation that is not specifically set forth in the Franchise Agreement or an exhibit or schedule attached to the Franchise Agreement?

Yes _____ No _____

5. Have you been given the opportunity, whether or not you may have done so, to discuss the risks of operating a THE GROUNDS GUYS Franchise with an attorney, accountant or other professional advisor?

Yes _____ No _____

6. Do you understand that the purchase of a THE GROUNDS GUYS Franchise is a business decision that has many of the same risks associated with starting any type of business and that the success or failure of your THE GROUNDS GUYS Franchise will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the System and methods of doing business, competition from other businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

Yes _____ No _____

7. Do you understand and acknowledge that we cannot guarantee the success of your THE GROUNDS GUYS Franchise or that it will ever achieve profitability and that we make no promises or representations and there can be no guarantee of the amount or type of customers, including Key Account (or similar) customers, that may be available to you if you purchase an THE GROUNDS GUYS Franchise?

Yes _____ No _____

8. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

Yes _____ No _____

9. Do you understand that any information concerning the revenue, profits, income or costs of a THE GROUNDS GUYS Franchise that was given to you by one of our franchisees is not information obtained from our employees or representatives, and we make no representation about the information's accuracy?

Yes _____ No _____

10. Do you understand and acknowledge that we cannot guarantee that there will be no unauthorized, infringing, out of date or incorrect uses of our Marks in telephone, internet or similar media/listings, electronic or otherwise, in the area in which your franchised business is located, that many third party providers responsible for such listings and identifications are beyond our control and that it is your obligation prior to beginning operation/during the operation of your business to conduct such investigations and due diligence as you deem appropriate in your area to determine if any incorrect, unauthorized or infringing uses of our Marks are present which could potentially impact your business and fully address your concerns prior to opening, take steps to notify us in appropriate cases, take corrective action where appropriate and secure your rights to use our Marks in an authorized manner, including obtaining all telephone and other listings and identifications that should properly be associated with your business?

Yes _____ No _____

11. IF YOU ANSWERED “NO” TO ANY OF QUESTIONS 1 THROUGH 10, PLEASE INDICATE THE NUMBER(S) OF THE QUESTION(S) AND PROVIDE A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY. IF YOU ANSWERED “YES” TO ALL OF QUESTIONS 1 THROUGH 10, PLEASE LEAVE THE LINES BLANK.

Question No. Explanation

Please review each of the following questions carefully and provide responses. When answering these questions, please remember that a THE GROUNDS GUYS franchisee is not our representative for the purposes of answering these questions.

12. Have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement concerning the revenues, profits and/or income of a THE GROUNDS GUYS Franchise?

Yes _____ No _____

13. Have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement about the amount of money you may earn or the revenue or profits that you should or might expect to achieve as a franchisee that is contrary to, or different from, the information contained in our Franchise Disclosure Document?

Yes _____ No _____

14. Have any of our employees or representatives made any statement or promise regarding the costs you may incur in operating a THE GROUNDS GUYS Franchise; the advertising, marketing, training, support service or assistance that we will furnish to you; or any other statement, promise or agreement that is contrary to, or different from, the information contained in the FDD provided to you?

Yes _____ No _____

15. Have any of our employees or representatives made any promise or agreement concerning the amount or type of customers, including Key Account (or similar) customers, that may be available to you if you purchase a THE GROUNDS GUYS Franchise?

Yes _____ No _____

16. IF YOU ANSWERED “YES” TO ANY OF QUESTIONS 12 THROUGH 15, PLEASE INDICATE THE NUMBER(S) OF THE QUESTION(S) AND PROVIDE A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED. ATTACH ADDITIONAL SHEETS IF NECESSARY. IF YOU ANSWERED “NO” TO ALL OF QUESTIONS 12 THROUGH 15 ABOVE, PLEASE LEAVE THE LINES BLANK.

Question No.	Explanation
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You understand that your answers are important and that we will rely on them when making our decision to award you a Franchise. By signing below, you are representing that you have responded truthfully to the above questions and that you FULLY UNDERSTAND AND ACCEPT ALL OF THE BUSINESS RISKS described above.

Date

Signature of Franchisee

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EXHIBIT 5

PROTRADENET AGREEMENT

WHEREAS, _____, individually, having an address of _____ (“Franchisee,” sometimes referred to as “Contractor”) is a Franchisee of **THE GROUNDS GUYS LLC**, a Texas limited liability company, having an address of 1010-1020 N. University Parks Drive, Waco, TX 76707 (“Franchisor,” sometimes referred to as “Trading Partner”), the trading partner of **PROTRADENET, LLC** (“PROTRADENET”) having an address of 1010-1020 N. University Parks Drive, Waco, TX 76707 and Franchisee desires to participate in discounts, rebates, incentives and other benefits (“Programs”) negotiated by PROTRADENET with selected vendors, manufacturers and distributors (“Vendors”);

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is acknowledged by all parties, the parties hereto agree to the following terms and conditions:

1. **Term and Default.** The term of this Agreement shall commence on _____ and end on December 31, 20__ and the Agreement will automatically renew for an additional one (1) calendar year period each year thereafter, commencing on January 1, 20__ and each January 1st thereafter, unless earlier terminated in accordance with this Agreement. Notwithstanding the foregoing, PROTRADENET may terminate this Agreement at any time, with or without cause, for any reason whatsoever upon providing the other party written notice of intent to terminate the Agreement and this agreement will automatically terminate upon expiration or termination of the franchise agreement by and between Franchisee and Franchisor with no notice of termination required.. In any case, PROTRADENET may terminate this Agreement at any time upon notice to Franchisee if Franchisee is in default of his Franchise Agreement with Franchisor or if Franchisee has failed to comply with the terms and conditions of participation in this Program as set forth in this Agreement, on the website of PROTRADENET or as specified by Franchisor. Upon any termination of this agreement neither PROTRADENET nor any of its affiliates will have any liability to Franchisee or any other party.

2. **PROTRADENET Administration.** PROTRADENET or Franchisor may, but are not required to, return a portion of the fees paid to PROTRADENET from Vendors on behalf of purchases made by Franchisee (“Rebates”) directly to Franchisee if Franchisee meets certain conditions, such as Vendor terms and conditions, attendance at Franchisor annual meetings, and other criteria as established by Vendor, PROTRADENET or Franchisor. All fees or Rebates not returned to franchisees may be retained by PROTRADENET or Franchisor and used to cover administrative costs or promote Franchisor’s system and brand. The allocation of these Rebates may change at the sole discretion of PROTRADENET. Accordingly, subject to the terms and conditions set forth in this Agreement, PROTRADENET agrees to process Program Rebates when paid by Vendor within terms as agreed upon by Franchisor. PROTRADENET will pay Franchisor or Franchisee directly, at the discretion of the Franchisor. The Franchisor reserves the right to deny Program Rebates otherwise due to Franchisee if Franchisor deems Franchisee not qualified for a Rebate(s). PROTRADENET may also withhold or deny Program Rebates if terms of the Program are not met.

3. **Franchisee Exclusion from Vendor Program.** Franchisee acknowledges the Vendor’s right to exclude Franchisee from the Program for failure to meet Vendor’s terms or for other reasons at the Vendor’s discretion.

4. **Access and Release of Information.** Franchisee authorizes PROTRADENET to provide information including, but not limited to, Franchisee’s Federal Tax Identification Number (“FTIN”) and purchase orders, invoices, payments, purchase history or other purchasing information to its Vendors

regarding Franchisee, and Franchisee authorizes PROTRADENET to request, and Vendors to provide, information manually or electronically regarding purchase orders, invoices, payments, purchase history or other purchasing information from Vendors for the purpose of administration of the Program. Franchisee hereby releases PROTRADENET and its parent, affiliates, members, officers, employees, agents, successors and assigns from any liability whatsoever with regard to PROTRADENET providing Franchisee's confidential information, including Franchisee's FTIN, to Vendors or Franchisor pursuant to this Agreement.

5. **Confidentiality.** Franchisee acknowledges the proprietary and confidential nature of PROTRADENET's, Franchisors' and Vendor's Program details and shall use this information only for the purposes of inquiry or purchasing of VENDOR's products and services from the Program. Franchisee shall not provide PROTRADENET's, Franchisors' and/or Vendor's confidential Program information to a third party. This section shall survive the expiration or termination of this Agreement.

6. **Vendors.** Vendors may be added or removed from the Program at any time. Franchisee will receive written, email, or website notification of a change in Vendor status from PROTRADENET or Franchisor. Franchisors have SOLE DISCRETION over whether or not they choose to participate in a Vendor Program and offer that Program to their Franchisees.

7. Miscellaneous

7.1 **No Guarantee of Rebates.** PROTRADENET does not guarantee any Vendor rebates or payments by Vendors. If PROTRADENET does not receive payment from the Vendor, rebates will not be paid.

7.2 **No Guarantee of Accuracy.** PROTRADENET makes no guarantee of accuracy or uninterrupted delivery of the data exchanged using the e-commerce web solution software as a part of the Program. It is the responsibility of the Franchisee to notify PROTRADENET or Vendor if the purchasing information represented on the e-commerce website is incorrect. Franchisee must notify PROTRADENET within sixty (60) days of the transaction date if the purchasing information is missing or invalid.

7.3 **Effective Date.** This Agreement shall become effective on the date that it is signed by PROTRADENET.

8. **Electronic Invoicing.** Franchisee agrees by its signature below to receive invoices from any Vendor electronically that offers this service through the PROTRADENET e-commerce platform.

9. **Electronic Promotions.** Franchisee agrees by its signature below to receive electronic or email based promotions from PROTRADENET.

10. **Additional Terms and Conditions.** Franchisee agrees by its signature below to abide by all of the terms and conditions on the website of PROTRADENET, www.PROTRADENET.com, www.PROTRADENET.com and www.PROTRADENET.net, which include but are not limited to:

Terms of Use
Privacy Policy

These terms and conditions may be modified and additional terms and conditions added at the sole discretion of Franchisor or PROTRADENET.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives whose signatures appear below.

FRANCHISEE

PROTRADENET, LLC

By: _____
Authorized Signature

By: _____
Douglas Dixon, President

Name (Please Print Clearly)

Name (Please Print Clearly)

Title

Title

Date

Date

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EXHIBIT 6

PROMISSORY NOTE AND SECURITY AGREEMENT

DATE: _____

DEBTOR: _____

DEBTOR'S MAILING ADDRESS: _____

SECURED PARTY: THE GROUNDS GUYS LLC, a Texas limited liability company

SECURED PARTY'S MAILING ADDRESS: 1010-1020 N. University Parks Drive,
Waco, TX 76707

PRINCIPAL: _____ **AND 00/100 DOLLARS (\$____.____)**

INTEREST: Twelve percent (12%) per annum on unmatured, unpaid PRINCIPAL beginning thirty (30) days before the due date of the first payment and the maximum legal rate of interest on matured, unpaid amounts from the date of maturity.

PAYMENT TERMS:

The principal and interest of this note shall be payable in monthly installments of _____ AND 00/100 DOLLARS (\$____) each, beginning on _____ and continuing on the first day of each month thereafter until _____ when the entire principal balance and any accrued, unpaid interest is due in full. By execution of the ACH Origination Authorization attached to the Franchise Agreement entered into by and between DEBTOR and SECURED PARTY, DEBTOR authorizes SECURED PARTY and the financial institution named thereon to make the foregoing payments from DEBTOR'S account until DEBTOR cancels such automatic draft in accordance with the terms of the Authorization or this note is paid in full.

DEBTOR promises to pay PRINCIPAL and INTEREST according to the TERMS OF PAYMENT to the order of SECURED PARTY. This note may be prepaid in any amount at any time before maturity without penalty. Installments shall continue to be payable regularly after any partial payment unless and until this note has been fully paid. INTEREST shall be calculated on the unpaid PRINCIPAL to the date of any payment or prepayment, with that payment or prepayment being credited first to pay the accrued INTEREST and then to reduce the PRINCIPAL.

IF DEBTOR defaults in the payment of any indebtedness or the performance of any obligations under this document or any document collateral to it, including, without limitation, the Franchise Agreement by and between DEBTOR and SECURED PARTY, or DEBTOR sells, assigns or transfers the Franchise or the Franchise Agreement to a third party, SECURED PARTY may declare the unpaid PRINCIPAL and earned INTEREST immediately due. DEBTOR and each surety, endorser and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate, notices of acceleration, protests and notices of protest to the extent permitted by law.

If this document or any document collateral to it, including, without limitation, the Franchise Agreement, is given to an attorney for collection or enforcement, is collected or enforced after suit is brought for that purpose or is collected or enforced through probate, bankruptcy or other judicial proceeding, DEBTOR shall pay SECURED PARTY all costs of collection and enforcement (including,

without limitation, reasonable attorney's fees and court costs) in addition to amounts due. Reasonable attorney's fees shall be ten percent (10%) of all amounts due unless plead otherwise.

Interest on any indebtedness under this document or any document collateral to it shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged or received under law. Any interest in excess of that maximum amount shall be credited on the principal of the indebtedness or, if that has been paid, refunded. Any such excess resulting from any acceleration or prepayment shall be canceled automatically or, if already paid, credited on the unpaid principal of the indebtedness or, if the principal of the indebtedness has been paid, refunded. This provision overrides other provisions in this and all other instruments.

If any installment of this note is not paid within thirty (30) days of its due date, a late charge in the amount of FIVE AND NO/100 DOLLARS (\$5.00) per payment will be paid by DEBTOR upon demand as compensation for any expense or inconvenience incurred in collecting that delinquent installment. DEBTOR is not hereby authorized to be delinquent in paying any installment. Any demand for a late charge shall not affect any other remedies available.

If any draft or check is returned by DEBTOR'S financial institution for insufficient funds or any other reason, SECURED PARTY is entitled to reimbursement from DEBTOR in the amount of TWENTY FIVE AND 00/100 DOLLARS (\$25.00). Any demand for reimbursement shall not in any manner affect any other remedies available.

COLLATERAL:

All present and after-acquired personal property including, without limitation, all fixtures, furniture, leasehold improvements, furnishings, materials, supplies, equipment, goods, machinery, general intangibles, money, accounts, inventory, chattel paper, documents, instruments and other personal property of any kind whatsoever now or hereafter owned, acquired or used by DEBTOR in any manner in connection with THE GROUNDS GUYS Franchise or any other business which has provided or is providing services in any manner related to commercial, residential, and municipal property maintenance and landscaping services; snow removal services; trash and debris removal;; horticultural services, namely, sod installation, commercial and municipal lawn and vegetation fertilization and treatment; and other related services and products; and all replacements, betterments, substitutions, renewals, additions, products and proceeds thereto or therefrom.

DEBTOR grants SECURED PARTY a security interest in the COLLATERAL to secure the payment of all indebtedness owed and the performance of all obligations performable by DEBTOR to or for SECURED PARTY (including, without limitation, all indebtedness and obligations under this document or any document collateral to it).

SECURED PARTY's sole duty with respect to the custody, safekeeping and physical preservation of COLLATERAL in its possession or under its control will be to use reasonable care in the custody and preservation of such COLLATERAL. DEBTOR agrees that SECURED PARTY will be deemed to have used reasonable care in the custody and preservation of COLLATERAL if SECURED PARTY deals with such COLLATERAL in the same manner as SECURED PARTY deals with similar property for its own account and, to the extent permitted by applicable law. SECURED PARTY need not take any steps to preserve rights against any other person or entity. Neither SECURED PARTY nor any of its directors, officers, employees or agents will be liable for failure to demand, collect or realize upon the COLLATERAL or will be under any obligation to sell or otherwise dispose of any COLLATERAL.

DEBTOR confirms that value has been given, that DEBTOR has rights in the COLLATERAL, and that DEBTOR and SECURED PARTY have not agreed to postpone the time for attachment of the security interest to any of the COLLATERAL. In respect of COLLATERAL which is acquired after the execution date of this Promissory Note and Security Agreement, the time for attachment will be the time when DEBTOR acquires such COLLATERAL.

DEBTOR'S WARRANTIES AND COVENANTS:

DEBTOR warrants and represents that: 1) No financing statement covering the COLLATERAL is filed in any public office; 2) DEBTOR owns the COLLATERAL and has the authority to grant this security interest; 3) none of the COLLATERAL is or will be affixed to real estate, an accession to any goods, commingled with other goods, or a fixture, accession or part of a product or mass with other goods; 4) all information about DEBTOR'S financial condition provided to SECURED PARTY was accurate when submitted, as will be any information subsequently provided; 5) DEBTOR will defend the COLLATERAL against all claims and demands adverse to SECURED PARTY'S interest in it; 6) the COLLATERAL will remain in DEBTOR'S possession or control at all times; 7) DEBTOR will maintain the COLLATERAL in good condition and protect it against misuse, abuse, waste and deterioration except for ordinary wear and tear resulting from its intended use; 8) DEBTOR will insure the COLLATERAL in accordance with SECURED PARTY'S reasonable requirements regarding choice of carrier, casualties insured against and amount of coverage; 9) policies will be written in favor of DEBTOR and SECURED PARTY according to their respective interests or according to SECURED PARTY'S other requirements; 10) all policies shall provide that the SECURED PARTY will receive at least ten (10) days' notice before cancellation, and the policies or certificates evidencing them will be provided to SECURED PARTY when issued; 11) DEBTOR assumes all risk of loss damage to the COLLATERAL to the extent of any deficiency in insured coverage; 12) DEBTOR irrevocably appoints SECURED PARTY as DEBTOR'S attorney-in-fact to collect on DEBTOR'S behalf any returned unearned premiums and proceeds of any insurance on the COLLATERAL and to endorse any draft or check deriving from the policies and made payable to DEBTOR; 13) DEBTOR will pay all expenses incurred by SECURED PARTY in obtaining, preserving, perfecting, defending and enforcing this document, any document collateral to it or the COLLATERAL (expenses for which DEBTOR is liable include, without limitation, taxes, assessments, reasonable attorney's fees and other legal expenses, these expenses will bear interest from the dates of payments at the highest legal rate of interest, and DEBTOR will pay SECURED PARTY this interest on demand at a time and place reasonably specified by SECURED PARTY); 14) DEBTOR will sign any papers that SECURED PARTY considers necessary to obtain, maintain and perfect this security interest or to comply with any relevant law; 15) DEBTOR will immediately notify SECURED PARTY of any material change in the COLLATERAL, of any change in DEBTOR'S name, address or location, of any change in any matter warranted or represented in this document or any document collateral to it, of any change that may affect the security interest in the COLLATERAL and of any event of default; 16) without SECURED PARTY'S prior written consent, DEBTOR will not sell, transfer or encumber any of the COLLATERAL other than inventory, which may be sold in the ordinary course of business; 17) DEBTOR will maintain accurate books and records covering the COLLATERAL; and 18) DEBTOR will furnish SECURED PARTY any requested information related to the COLLATERAL and DEBTOR will allow SECURED PARTY, at any time and place, to inspect the COLLATERAL and all records describing or related to the COLLATERAL.

RIGHTS AND REMEDIES OF SECURED PARTY:

Either before or after default, SECURED PARTY may: 1) take control of any proceeds of the COLLATERAL; 2) release any COLLATERAL in SECURED PARTY'S possession to any debtor, temporarily or otherwise; 3) take control of any funds generated by the COLLATERAL, such as refunds from and proceeds of insurance and reduce any part of the owed indebtedness accordingly or permit

DEBTOR to use such funds to repair or replace damaged/destroyed COLLATERAL; 4) demand, collect, convert, redeem, settle, compromise, receipt for, realize on, adjust, sue for and foreclose on the COLLATERAL either in SECURED PARTY'S or DEBTOR'S name; 5) contact account debtors directly to verify information furnished by DEBTOR; 6) notify obligors on the COLLATERAL to pay SECURED PARTY directly; 7) take control of all proceeds of any payments on any COLLATERAL and apply them against any indebtedness owed or obligations performable by DEBTOR under this document; and 8) as DEBTOR'S agent, endorse any documents or chattel paper that is COLLATERAL or that represents proceeds of COLLATERAL.

SECURED PARTY has no obligation to collect any account and will not be liable for failure to collect any account or for any act or omission on the part of SECURED PARTY or SECURED PARTY'S officers, agents or employees, except willful misconduct. If DEBTOR fails to maintain insurance as required, SECURED PARTY may purchase single-interest insurance coverage that will protect only SECURED PARTY. If SECURED PARTY purchases this insurance, the insurance premiums will become part of the indebtedness owed by DEBTOR to SECURED PARTY.

EVENTS OF DEFAULT:

Each of the following conditions is an event of default: 1) if DEBTOR defaults in the timely payment or performance of any indebtedness, obligation, covenant or liability in this document, in any document collateral to it, including, without limitation, the Franchise Agreement, or in any other agreement between DEBTOR and SECURED PARTY; 2) if any warranty, covenant or representation made to SECURED PARTY by or on behalf of DEBTOR proves to have been false or incomplete in any material respect when made; 3) if a receiver is appointed for DEBTOR or any of the COLLATERAL or if the COLLATERAL is assigned for the benefit of creditors or, to the extent permitted by law, if bankruptcy or insolvency proceedings are commenced against or by DEBTOR, any partnership of which DEBTOR is a general partner or any maker, drawer, acceptor, endorser, guarantor, surety, accommodation party or other person liable on or for any part of the indebtedness owed or obligations performable by DEBTOR under this document or any document collateral to it; 4) if any lien attaches to any of the COLLATERAL; and 5) if any of the COLLATERAL is lost, stolen, damaged or destroyed, unless it is promptly replaced with collateral of like quality or restored.

REMEDIES OF SECURED PARTY OF DEFAULT:

During the existence of any event of default, SECURED PARTY may declare the unpaid PRINCIPAL and earned INTEREST immediately due in whole or part, enforce the payment of indebtedness and performance of obligations by DEBTOR under this document and any document collateral to it and exercise any rights and remedies granted by this document, any document collateral to it or by the Texas Uniform Commercial Code, including, without limitation, the following: 1) require DEBTOR to deliver to SECURED PARTY all books and records relating to the COLLATERAL; 2) require DEBTOR to assemble the COLLATERAL and make it available to SECURED PARTY at a place reasonably convenient to both parties; 3) take possession of any of the COLLATERAL and for this purpose enter any premises where it is located; 4) sell, lease or otherwise dispose of any of the COLLATERAL in accord with the rights, remedies and duties of a secured party under Chapters 2 and 9 of the Texas Uniform Commercial Code after giving notice as required by those chapters; 5) surrender any insurance policies covering the COLLATERAL and receive the unearned premium; 6) apply any proceeds from disposition of the COLLATERAL after default in the manner specified in Chapter 9 of the Texas Uniform Commercial code, including, without limitation, payment of SECURED PARTY'S reasonable attorney's fees and court expenses; and; 7) if disposition inadequate, collect the deficiency.

GENERAL PROVISIONS:

1. SECURED PARTY'S rights under this document shall inure to the benefit of its successors and assigns.
2. Neither delay in exercise nor partial exercise of any of SECURED PARTY'S remedies or rights shall waive further exercise of those remedies or rights. SECURED PARTY'S failure to exercise remedies or rights does not waive subsequent exercise of those remedies or rights. SECURED PARTY'S waiver of any default does not waive further default. SECURED PARTY may remedy any default without waiving the default.
3. If DEBTOR fails to perform any of DEBTOR'S obligations, SECURED PARTY may perform those obligations and be reimbursed by DEBTOR on demand for any sums so paid (including, without limitation, attorney's fees and other legal expenses) plus interest on those sums from the dates of payment at the maximum legal rate of interest. The sum to be reimbursed shall be secured by the security interest under this document.
4. No provisions of this document shall be modified or limited except by written agreement.
5. The unenforceability of any provision will not affect the enforceability or validity of any other provision.
6. This document and the agreement evidenced thereby is to be construed according to Texas laws. All indebtedness is payable and all obligations are performable in Waco, McLennan County, Texas.
7. A carbon, photographic, electronic or other reproduction of this Promissory Note and Security Agreement or any financing statement covering the COLLATERAL is sufficient as a financing statement.
8. If the COLLATERAL is sold after default, recitals in the transfer document will be prima facie evidence of their truth, and all prerequisites to the sale specified herein and by the Texas UCC will be presumed satisfied.
9. The security interest under this document shall neither affect nor be affected by any other security for any of the indebtedness owed or obligations performable by DEBTOR under this document or any document collateral to it. Neither extensions of any of that indebtedness or those obligations nor releases of any of the COLLATERAL will affect the priority or validity of the security interest under this document.
10. Foreclosure of the security interest under this document by suit shall not limit SECURED PARTY'S remedies, including, without limitation, the right to sell the COLLATERAL. All remedies of SECURED PARTY may be exercised at the same or different times, and no remedy shall be a defense to any other. SECURED PARTY'S rights and remedies include all those granted in this document, by law or otherwise.
11. DEBTOR'S appointment of SECURED PARTY as DEBTOR'S attorney-in-fact or agent is coupled with an interest and will specifically survive any death or disability of DEBTOR.

12. As used in this document and unless the context requires another construction, the masculine, feminine and neuter gender shall each include the others and the singular and plural case shall each include the other.
13. DEBTOR acknowledges receipt of an executed copy of this document. DEBTOR waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of SECURED PARTY to deliver to DEBTOR a copy of any financing statement or any statement issued by any entity that confirms registration of a financing statement.

(Signature)

PROMISSORY NOTE

\$ _____

(Date)

WACO, McLENNAN COUNTY, TEXAS

FOR VALUE RECEIVED, _____, whose address is _____ (“Maker”), hereby promises and agrees to pay to the order of THE GROUNDS GUYS LLC, a Texas limited liability company whose address is 1010-1020 North University Parks Drive, Waco, TX 76707 (“Company”), the principal sum of _____ AND ___/100 DOLLARS (\$____) on or before _____, when the entire principal balance is due in full. This Note shall bear no interest if paid in full by the due date. Thereafter, this Note shall bear interest at the highest rate allowed by law.

Prepayment may be made in whole or in part at any time. All payments, including any prepayment, will be applied first to accrued interest and then to principal. Maker and any surety, endorser and guarantor of this Note hereby waive demand, presentment, notice of dishonor, diligence in collection, and notice of protest, and agree to all extensions and partial payments before or after maturity without prejudice to Company.

Maker acknowledges that time is of the essence in paying this Note no later than the due date. If Maker fails to do so, Company may, at its option, demand payment in full of principal and accrued interest. If Maker fails to pay according to the terms of this Note, Maker will pay Company all costs, including reasonable attorney's fees, that Company incurs in attempting to collect the amount Maker owes under this Note.

Signature of Maker

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EXHIBIT 7

CONFIDENTIALITY AGREEMENT

This CONFIDENTIALITY AGREEMENT is entered into by and among **THE GROUNDS GUYS LLC**, a Texas limited liability company having a principal place of business at 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”); _____, individually (“Franchisee”); and _____, individually, who is associated with Franchisee as a spouse, manager or other employee (“Associate”)

WHEREAS, Franchisor intends to enter into a Franchise Agreement (the “Franchise Agreement”) pursuant to which Franchisor will grant Franchisee (or a legal entity owned and/or controlled by Franchisee) a license to use Franchisor’s trademarks, services marks, logos and other indicia of origin (the “Marks”) and Franchisor’s methods of operation (the “System”) in connection with the operation of a business providing commercial, residential, and municipal property maintenance and landscaping services; snow removal services; trash and debris removal; horticultural services, namely, sod installation, commercial and municipal lawn and vegetation fertilization and treatment; and other related services and products (the “Franchise”) in and for a specified geographical area described in the Franchise Agreement; and

WHEREAS, Franchisor has undertaken, at considerable effort and expense, to create the System which will be revealed to Franchisee pursuant to the Franchise Agreement and Associate either will be involved in the operation of the franchise, or, if a spouse of Franchisee, may not intend to hold an ownership interest in the Franchise or be actively involved in the operation of the Franchise but, through association with Franchisee, will be exposed to and learn many procedures, techniques and other matters which are identified and treated by Franchisor as confidential, proprietary or trade secret, including, without limitation, information regarding the operational, sales, and marketing methods and techniques of Franchisor, which are beyond Associate’s skills and experience (“Confidential Information”).

NOW, THEREFORE, the parties agree as follows:

1. Acknowledgement of Confidentiality Obligation. Associate acknowledges that through association with Franchisee, Associate will receive valuable Confidential Information which provides a competitive advantage in the development of the Franchise. Associate acknowledges and agrees that the Confidential Information and any Manuals are confidential or proprietary in nature and contain trade secrets belonging to Franchisor and that all such tangible evidence of Confidential Information is a property right of great value to Franchisor. Associate hereby agrees to be bound by the provisions of the Franchise Agreement related to confidentiality and protection of trade secrets, including but not limited to Sections 9.2. and 9.3. of the Franchise Agreement, the same as if a party to the Franchise Agreement.

2. Non-Use. Associate agrees not to use Confidential Information without prior written approval from Franchisor and Associate shall not divert or attempt to divert any business or customer of the Franchise to any competitor, by direct or indirect inducement or otherwise, or do or perform any other act injurious to the goodwill associated with the Marks and the System.

3. Non-Disclosure. Associate agrees not to disclose, communicate or divulge any Confidential Information for Associate’s benefit or for the benefit of any other third party, including, without limitation, a competitor of the Franchise and/or Franchisor, without prior written approval from Franchisor.

4. Exclusions. Confidential Information does not include and this Agreement does not apply to (a) information that is previously known by Associate, (b) information that is or becomes part of the public domain other than through a wrongful act of Associate, (c) information that is independently developed by Associate, (d) information that is otherwise in the hands of Associate by a means other than breach of this Agreement, or (e) information that is sought pursuant to a subpoena or written discovery (“Process”) provided that Franchisor shall be immediately notified of the receipt of the Process, whereupon Franchisor has the right to request that Franchisee and/or Associate delete the Confidential Information from the scope thereof, and if Franchisee or Associate refuses, then Franchisor may seek any and all available remedies, including, without limitation, commencing proceedings to enjoin the disclosure of Confidential Information or intervening impending proceedings to seek the entry of protective orders or other appropriate relief. Nothing in this Agreement shall be construed to interfere with a party’s obligations to comply with lawful court orders; however, no disclosure of Confidential Information by a party pursuant thereto shall be deemed to place the Confidential Information in the public domain or to relieve the party from the future performance of all its confidentiality obligations under this Agreement, absent express orders of the court to the contrary.

5. Covenant Not to Compete. Except as otherwise approved in writing by Franchisor, during the term of the Franchise Agreement and for a period of two (2) years, commencing with the earlier of the termination of the Franchise Agreement or the date on which Associate ceases to be associated with Franchisee (or the individual who is the principal of a legal entity identified as Franchisee), whether because of the later to occur of a termination of an employment arrangement or marriage, which period shall be extended by any period of non-compliance, Associate shall not, directly or indirectly, through, on behalf of, or in conjunction with, any other person, partnership, or legal entity, own, maintain, operate, or engage or participate in, or have any financial interest, either as an officer, agent, employee, principal, partner, director, shareholder or any other individual or representative capacity, in any corporation, partnership or legal entity which engages in any business which is the same or similar to the Franchise, or is otherwise in competition with the business of Franchisor or Franchisor’s franchisees, which engages in the distribution of similar products, services and equipment within the geographical area specified in Exhibit 1C of the Franchise Agreement. Associate further agrees that upon Franchisor’s request Associate shall make his/her personal and business records available for inspection by Franchisor to determine Associate’s compliance with this provision.

6. Choice of Law and Jurisdiction. This Agreement shall be governed by the internal laws of the State of Texas. The parties agree that any litigation or legal action to enforce or relating to this Agreement shall be filed in Waco, McLennan County, Texas. The parties hereby consent to the jurisdiction of such Courts and further agree to waive any rights or objections to the jurisdiction or venue of any such actions when filed in such Courts.

7. Legal Fees and Costs. Any unauthorized disclosure following execution of this Agreement may be cause for suit for injunctive relief and damages. If a party breaches this Agreement, the defaulting party shall pay reasonable attorney’s fees and other costs incurred by the other party in enforcing the provisions of this Agreement. If any legal proceeding is commenced to enforce or interpret any provision of this Agreement, the prevailing party will be entitled to recover reasonable attorney’s fees and all costs and disbursements allowed by law.

8. Entire Agreement. This Agreement sets forth the entire understanding of the parties and cannot be changed except by written instrument signed by all parties. There are no representations of any kind except as contained herein. This Agreement will be binding upon and inure to the benefit of the parties, their legal representatives, successors, and assigns.

Signed on this _____ day of _____, 20__.

Franchisee Signature

Associate Signature

Accepted at Waco, Texas this _____ day of _____, 20__.

THE GROUNDS GUYS LLC

BY: _____
Christopher A. Elmore, President

ATTEST:

Deborah Wright-Hood, Secretary

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EXHIBIT 8A

ROLL-IN ADDENDUM

This ROLL-IN ADDENDUM (“Addendum”) is entered into by and between **THE GROUNDS GUYS LLC**, a Texas limited liability company having a principal place of business at 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, having an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (“Agreement”); and

WHEREAS, Franchisee (or its affiliate) currently operates an Existing Business which performs services for existing customers that are similar to the Core Services offered by the Franchise (“Roll-In Services”); and

WHEREAS, in consideration of an assignment or “roll-in” from the Existing Business to the Franchised Business of the Roll-in Services, including the customer base for work which falls within the definition of Core Services as defined in Exhibit “1A” of the Agreement, Franchisor is willing to alter certain fees for a time period specified in the Agreement;

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

1. **Type of Roll-In.** This Addendum documents either a Small Roll-in, Roll-in or Large Roll-In, each as defined in Exhibit 1.A. to the Agreement. (check the applicable category)

_____ SMALL ROLL-IN

_____ ROLL-IN

_____ LARGE ROLL-IN

2. **Roll-in Gross Sales; Monthly Roll-in Gross Sales.**

(a) The annual gross sales being represented by the Roll-in Services being assigned or “rolled-in” from the Existing Business to the Franchise are: \$_____

(b) The monthly roll-in gross sales represented by the Roll-in Services being assigned or “rolled-in” from the Existing Business to the Franchise are: \$_____ (annual Roll-in Gross Sales divided by 12)

3. **Initial Franchise Fee Discount.** Anything in Section 3.1 of the Agreement to the contrary notwithstanding, Franchisee shall be entitled to the following initial franchise fee discount: (check those that apply)

(a) _____ Small Roll-In: Discount of _____ [Insert applicable discount based on schedule in Franchise Disclosure Document, Item 5]

(b) _____ Roll-in and Large Roll-in: Discount of _____ [Insert applicable discount based on schedule in Franchise Disclosure Document, Item 5]

4. **Assignment of Revenues and Customers; Definition of Gross Sales.**

(a) Franchisee hereby assigns [or has caused its Affiliate to assign] to the Franchise (i) all gross sales generated by the Roll-in Services, and (ii) the customers and/or accounts associated with the Roll-in Services that generated such gross sales.

(b) Anything in Section 3.2 of the Agreement to the contrary notwithstanding, the definition of “Gross Sales” is amended to provide that “Gross Sales” includes all gross sales of the Roll-in Services assigned or “rolled-in” to the Franchise.

5. **License Fees.** Anything in Section 3.3 of the Agreement to the contrary notwithstanding, Franchisee the following License Fees shall apply to Franchisee for the time periods set forth below:

(a) For a period of 12 months, beginning on _____, Franchisee shall pay a License Fee of 3% of monthly Gross Sales in the case of a Small Roll, Roll-in or Large Roll-in. For the period starting 13 months from the date Franchisee begins to pay License Fees and thereafter Franchisee shall pay a License Fee of 7% in the case of a Small Roll-in. For the period starting 13 months from the date Franchisee begins to pay License Fees and thereafter Franchisee shall pay a License Fee at a rate of 6% -7% of monthly Gross Sales in the case of a Roll-in and 5% - 7% of monthly Gross Sales in the case of a Large Roll-in as determined in this Section 5.

(b) For a Roll-in or a Large Roll-in starting with the 13th month from the date Franchisee begins to pay License Fees Franchisee must pay a License Fee Percentage at a rate that is shown in the chart below at a level corresponding with the annual Gross Sales that Franchisee initially “rolled-in” to the Franchised Business. That rate is Franchisee’s base rate.

Previous Year Annual Gross Sales	Monthly License Fee Percentage
\$0 - \$299,999	7%
\$300,000 - \$599,999	6%
\$600,000+	5%

Franchisee must pay that base rate until adjusted as described here. The first January after Franchisee’s 12th month and each January thereafter Franchisee’s monthly License Fee Percentage rate is adjusted for the current year based on reported Gross Sales for the previous calendar year (the Gross Sales from the previous January 1 to December 31). Franchisee’s rate will be adjusted to a level corresponding with the annual Gross Sales stated in the chart in this section except that Franchisee’s rate will never be lower than his/her base rate. If, based on Gross Sales achieved in the previous year, Franchisee’s rate is adjusted higher, he/she can later attain a lower rate by increasing annual Gross Sales to a level that corresponds with a lower rate; but Franchisee cannot ever have a rate lower than his/her base rate.

6. **Minimum License Fee.** Anything in Section 3.4 of the Agreement to the contrary notwithstanding, the Minimum License Fee shall be: (check one)

(a) _____ Small Roll-In, Roll-in and Large Roll-In First 12 Months: For the first 12 months starting _____, the Roll-in Minimum License Fee, which is \$ _____ (being 3% of Monthly Roll-in Gross Sales), shall constitute the Minimum License Fee.

(b) _____ Small Roll-In, Roll-in and Large Roll-In, 12th Month through Remainder of Term: Starting with the 13th month, and for the remaining term of the Agreement thereafter, the Minimum License Fee that Franchisee must pay will be the greater of (i) the Roll-in Minimum License Fee, which is \$ _____ (being 3% of Monthly Roll-in Gross Sales) or (ii) the Minimum License Fee as set forth in Section 3.4 and Exhibit "1B."

7. **MAP Fee.** Anything in Section 3.5 of the Agreement to the contrary notwithstanding, the MAP Fee shall be: (check one)

(a) _____ Small Roll-In: for a period of 12 months, beginning on _____, Franchisee shall pay a MAP Fee of the greater of (a) 1% of monthly Gross Sales or (b) the Minimum MAP Fee, which is \$ _____ (being 1% of Monthly Roll-in Gross Sales). For the remaining term of the Agreement thereafter, Franchisee shall pay a MAP Fee of the greater of (a) 2% of monthly Gross Sales, including business which has been "rolled in" in accordance with the Agreement or (b) the Minimum MAP Fee, which is \$ _____ (being 1% of Monthly Roll-in Gross Sales).

b) _____ Roll-In: for a period of 24 months, beginning on _____, Franchisee shall pay a MAP Fee of the greater of (a) 1% of monthly Gross Sales or (b) the Minimum MAP Fee, which is \$ _____ (being 1% of Monthly Roll-in Gross Sales). For the remaining term of the Agreement thereafter, Franchisee shall pay a MAP Fee of the greater of (a) 2% of monthly Gross Sales, including business which has been "rolled in" in accordance with the Agreement or (b) the Minimum MAP Fee, which is \$ _____ (being 1% of Monthly Roll-in Gross Sales).

(b) _____ Large Roll-in: for a period of 36 months, beginning on _____, Franchisee shall pay a MAP Fee of the greater of (a) 1% of monthly Gross Sales or (b) the Minimum MAP Fee, which is \$ _____ (being 1% of Monthly Roll-in Gross Sales). For the remaining term of the Agreement thereafter, Franchisee shall pay a MAP Fee of the greater of (a) 2% of monthly Gross Sales, including business which has been "rolled in" in accordance with the Agreement or (b) the Minimum MAP Fee, which is \$ _____ (being 1% of Monthly Roll-in Gross Sales).

8. **Manner of Operation; Best Efforts; Cooperation with Franchisor.** Section 5.1 of the Agreement is hereby amended to provide that the Roll-in Services and accounts and customers associated with such services which were assigned or "rolled-in" to the Franchised Business from the Existing Business shall not be excluded from the Agreement. All provisions of the Franchise Agreement shall apply to such Roll-in Services and the accounts and customers associated with such services.

9. **Insurance.** If this Addendum documents a Large Roll-in, Section 5.6 of the Agreement is hereby amended to provided that Franchisee must obtain the amount of insurance required for a Franchisee who had total Gross Sales of \$2,000,000 or more in the previous calendar year.

10. **Non-Competition Covenants.** Roll-in Services and the accounts and customers associated with such services which were assigned or "rolled-in" from any Existing Business shall be included in the Agreement for all purposes and the in-term and post-term non-competition covenants set forth in Section 9.3 of the Agreement apply to such Roll-in Services and accounts and customers associated with such services the same as any other business and customers of Franchisee. This provision

shall survive the transfer expiration, termination or non-renewal of the Agreement or the Franchised Business for the time period set forth in Section 9.3.2 of the Agreement.

11. **Franchisee's Representations and Warranties.** Franchisee hereby represents and warrants to Franchisor that: the Existing Business has fully empowered Franchisee to execute this Existing Business Addendum and that all necessary action for the execution of this Existing Business Addendum has been taken.

12. **Construction.** Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that all terms using initial capital letters and not otherwise defined herein shall have the meaning set forth for such terms in Exhibit "1A" to the Agreement, which shall be a part of this Addendum for all intents and purposes and the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

THE GROUNDS GUYS LLC

BY: _____
Christopher A. Elmore, President

ATTEST:

Deborah Wright-Hood, Secretary

EXHIBIT 8A

ROLL-IN ADDENDUM

[Chemical Application Business]

This ROLL-IN ADDENDUM (“Addendum”) is entered into by and between **THE GROUNDS GUYS LLC**, a Texas limited liability company having a principal place of business at 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, a _____ having an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (“Agreement”); and

WHEREAS, Franchisee (or its affiliate) currently operates an Existing Business which performs services for existing customers that are similar to the Core Services offered by the Franchise (“Roll-In Services”); and

WHEREAS, in consideration of an assignment or “roll-in” from the Existing Business to the Franchised Business of the Roll-in Services – Chemical Application with a minimum of \$500,000 in annual Gross Sales, including the customer base for work which falls within the definition of Core Services as defined in Exhibit “1A” of the Agreement, Franchisor is willing to alter certain fees for a time period specified in the Agreement;

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

1. **Type of Roll-In.** This Addendum documents either a Roll-in or Large Roll-In, each as defined in Exhibit 1.A. to the Agreement, of Chemical Application business with a minimum of \$500,000 in annual Gross Sales, where “Chemical Application” business means business involving the use of a restricted-use, non-restricted use, or state-limited-use chemical or organic product for the purpose of applying nutrients, pesticides, herbicides, fungicides and or rodenticides, or other similar in the treatment for turf, ornamental plants and trees, aquatic ecosystems or other horticultural or arboricultural uses.

_____ ROLL-IN

_____ LARGE ROLL-IN

2. **Roll-in Gross Sales; Monthly Roll-in Gross Sales.**

(a) The annual gross sales being represented by the Roll-in Services being assigned or “rolled-in” from the Existing Business to the Franchise are: \$ _____

(b) The monthly roll-in gross sales represented by the Roll-in Services being assigned or “rolled-in” from the Existing Business to the Franchise are: \$ _____ (annual Roll-in Gross Sales divided by 12)

3. **Initial Franchise Fee Discount.** Anything in Section 3.1 of the Agreement to the contrary notwithstanding, Franchisee shall be entitled to the following initial franchise fee discount of _____ [discount based on schedule in Franchise Disclosure Document, Item 5.]

4. **Assignment of Revenues and Customers; Definition of Gross Sales.**

(a) Franchisee hereby assigns [or has caused its Affiliate to assign] to the Franchise (i) all gross sales generated by the Roll-in Services – Chemical Application, and (ii) the customers and/or accounts associated with the Roll-in Services that generated such gross sales.

(b) Anything in Section 3.2 of the Agreement to the contrary notwithstanding, the definition of “Gross Sales” is amended to provide that “Gross Sales” includes all gross sales of the Roll-in Services assigned or “rolled-in” to the Franchise.

5. **License Fees.** Anything in Section 3.3 of the Agreement to the contrary notwithstanding, Franchisee the following License Fees shall apply to Franchisee for the time periods set forth below:

(a) For a period of 24 months, beginning on _____, Franchisee shall pay a License Fee of 3% of monthly Gross Sales in the case of a Roll-in or Large Roll-in. For the period starting 25 months from the date Franchisee begins to pay License Fees and thereafter Franchisee shall pay a License Fee at a rate of 6% -7% of monthly Gross Sales in the case of a Roll-in and 5% - 7% of monthly Gross Sales in the case of a Large Roll-in as determined in this Section 5.

(b) For a Roll-in or a Large Roll-in starting with the 25th month from the date Franchisee begins to pay License Fees Franchisee must pay a License Fee Percentage at a rate that is shown in the chart below at a level corresponding with the annual Gross Sales that Franchisee initially “rolled-in” to the Franchised Business. That rate is Franchisee’s base rate.

Previous Year Annual Gross Sales	Monthly License Fee Percentage
\$0 - \$299,999	7%
\$300,000 - \$599,999	6%
\$600,000+	5%

Franchisee must pay that base rate until adjusted as described here. The first January after Franchisee’s 24th month and each January thereafter Franchisee’s monthly License Fee Percentage rate is adjusted for the current year based on reported Gross Sales for the previous calendar year (the Gross Sales from the previous January 1 to December 31). Franchisee’s rate will be adjusted to a level corresponding with the annual Gross Sales stated in the chart in this section except that Franchisee’s rate will never be lower than his/her base rate. If, based on Gross Sales achieved in the previous year, Franchisee’s rate is adjusted higher, he/she can later attain a lower rate by increasing annual Gross Sales to a level that corresponds with a lower rate; but Franchisee cannot ever have a rate lower than his/her base rate.

6. **Minimum License Fee.** Anything in Section 3.4 of the Agreement to the contrary notwithstanding, the Minimum License Fee shall be:

(a) **Roll-in and Large Roll-In First 12 Months:** For the first 12 months starting _____, the Roll-in Minimum License Fee, which is \$_____ (being 3% of Monthly Roll-in Gross Sales), shall constitute the Minimum License Fee.

(b) Roll-in and Large Roll-In, 12th Month through Remainder of Term: Starting with the 13th month, and for the remaining term of the Agreement thereafter, the Minimum License Fee that Franchisee must pay will be the greater of (i) the Roll-in Minimum License Fee, which is \$_____ (being 3% of Monthly Roll-in Gross Sales) or (ii) the Minimum License Fee as set forth in Section 3.4 and Exhibit "1B."

7. MAP Fee. Anything in Section 3.5 of the Agreement to the contrary notwithstanding, the MAP Fee shall be:

(a) _____ Roll-In: for a period of 24 months, beginning on _____, Franchisee shall pay a MAP Fee of the greater of (a) 1% of monthly Gross Sales or (b) the Minimum MAP Fee, which is \$_____ (being 1% of Monthly Roll-in Gross Sales). For the remaining term of the Agreement thereafter, Franchisee shall pay a MAP Fee of the greater of (a) 2% of monthly Gross Sales, including business which has been "rolled in" in accordance with the Agreement or (b) the Minimum MAP Fee, which is \$_____ (being 1% of Monthly Roll-in Gross Sales).

(c) _____ Large Roll-in: for a period of 36 months, beginning on ____, Franchisee shall pay a MAP Fee of the greater of (a) 1% of monthly Gross Sales or (b) the Minimum MAP Fee, which is \$____ (being 1% of Monthly Roll-in Gross Sales). For the remaining term of the Agreement thereafter, Franchisee shall pay a MAP Fee of the greater of (a) 2% of monthly Gross Sales, including business which has been "rolled in" in accordance with the Agreement or (b) the Minimum MAP Fee, which is \$_____ (being 1% of Monthly Roll-in Gross Sales).

8. Manner of Operation; Best Efforts; Cooperation with Franchisor. Section 5.1 of the Agreement is hereby amended to provide that the Roll-in Services and accounts and customers associated with such services which were assigned or "rolled-in" to the Franchised Business from the Existing Business shall not be excluded from the Agreement. All provisions of the Franchise Agreement shall apply to such Roll-in Services and the accounts and customers associated with such services.

9. Insurance. If this Addendum documents a Large Roll-in, Section 5.6 of the Agreement is hereby amended to provided that Franchisee must obtain the amount of insurance required for a Franchisee who had total Gross Sales of \$2,000,000 or more in the previous calendar year.

10. Non-Competition Covenants. Roll-in Services and the accounts and customers associated with such services which were assigned or "rolled-in" from any Existing Business shall be included in the Agreement for all purposes and the in-term and post-term non-competition covenants set forth in Section 9.3 of the Agreement apply to such Roll-in Services and accounts and customers associated with such services the same as any other business and customers of Franchisee. This provision shall survive the transfer expiration, termination or non-renewal of the Agreement or the Franchised Business for the time period set forth in Section 9.3.2 of the Agreement.

11. Franchisee's Representations and Warranties. Franchisee hereby represents and warrants to Franchisor that: the Existing Business has fully empowered Franchisee to execute this Existing Business Addendum and that all necessary action for the execution of this Existing Business Addendum has been taken.

12. Construction. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that all terms using initial capital letters and not otherwise defined herein shall have the meaning set forth for such terms in Exhibit "1A" to the Agreement, which shall be a part of this Addendum for all intents and purposes and the Agreement

remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

THE GROUNDS GUYS LLC

BY: _____
Christopher A. Elmore, President

ATTEST:

Deborah Wright-Hood, Secretary

EXHIBIT 8B

EXCLUDED SERVICES ADDENDUM

This EXCLUDED SERVICES ADDENDUM (“Addendum”) is entered into by and between **THE GROUNDS GUYS LLC**, a Texas limited liability company having a principal place of business at 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, having an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (“Agreement”); and

WHEREAS, Franchisee [or its Affiliate] currently operates an Existing Business which offers Excluded Services that are related to but distinguishable from the Core Services provided by the Franchised Business; and

WHEREAS, Franchisor has agreed that, subject to Franchisee’s [and, if applicable, its Affiliate’s] continuing compliance with the conditions set forth in this Addendum, the continued operation of the Excluded Services by the Existing Business shall not be deemed to be a violation of Section 9.3 of the Agreement and the gross sales attributable to such Excluded Services shall not be included as “Gross Sales” under the Agreement;

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

1. **Identification of Existing Business.** The name of the Existing Business authorized pursuant to this Addendum is: _____, and the Excluded Services performed by the Existing Business are: _____.

2. **Authorization of Excluded Services Offered by the Existing Business.** Anything in the Agreement to the contrary notwithstanding, the continued offer of the Excluded Services by the Existing Business identified above shall not be deemed to be a violation of Section 9.3 of the Agreement and the gross sales of such Excluded Services shall not be deemed to be “Gross Sales” under the Agreement; provided, that the conditions set forth in subparagraphs 2(a)-(d) are satisfied as of the date of this Addendum and throughout the term of the Agreement (including any extensions or renewals thereof):

(a) the operation of such Existing Business does not interfere with Franchisee’s operation of the Franchised Business;

(b) the Existing Business does not utilize Franchisor’s Marks, System or Confidential Information;

(c) the Existing Business offers only the Excluded Services identified herein and does not offer the Core Services or otherwise compete with the Franchised Business; and

(d) the Franchised Business and the Existing Business shall maintain separate books and records.

3. **Effect of Failure to Comply with Conditions.** If any of the conditions set forth in subparagraphs 2.(a)-(d) of this Addendum fail to be satisfied at any time, then the continued operation of the Existing Business shall be deemed to be a violation of Section 9.3 of the Agreement. In that event

Franchisor may terminate the Franchise Agreement if Franchisee fails (or fails to cause its Affiliate) to cure the breach within a reasonable period of time, not to exceed ten (10) calendar days following written notice from Franchisor. Upon any termination of the Franchise Agreement pursuant to this provision, Franchisor shall be entitled to all legal and equitable remedies permitted by the Franchise Agreement and applicable law. Without limitation, the parties agree that Franchisor shall be entitled to collect, as liquidated damages and not as a penalty, an amount equal to the License Fees provided in the Franchise Agreement with respect to all Gross Sales of the Existing Business for all periods during which the breach is continuing or, if such period cannot be ascertained with certainty, during all periods during which this Agreement has been in effect. This provision shall survive the transfer expiration, termination or non-renewal of the Agreement or the Franchised Business for the time period set forth in Section 9.3.2 of the Agreement.

4. **Inspections; Audits.** Franchisee shall make and shall cause its Affiliate to make the books and records for the Existing Business available to Franchisor upon reasonable prior notice so that Franchisor may verify Franchisee's compliance with the separate books and records requirement set forth in subparagraph 2(d) above. In addition, the provisions of Section 5.12 of the Agreement regarding audit shall apply with respect to the Existing Business and Franchisor shall have the same rights to audit and require payment for the audit as with the Franchised Business.

5. **Franchisee's Representations and Warranties.** Franchisee hereby represents and warrants to Franchisor that: the Existing Business has fully empowered Franchisee to execute this Existing Business Addendum and that all necessary action for the execution of this Existing Business Addendum has been taken.

6. **Construction.** Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that all terms using initial capital letters and not otherwise defined herein shall have the meaning set forth for such terms in Exhibit "1A" to the Agreement, which shall be a part of this Addendum for all intents and purposes and the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

7. **No Restriction on In-Term and Post-Term Covenants.** Except as specifically stated in this Addendum nothing in the Agreement or this Addendum or in the terms used herein shall be construed in any way to limit or restrict the application of the provisions of Section 9.3 of the Agreement as it relates to this or any other business.

[SIGNATURE PAGE TO FOLLOW]

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

THE GROUNDS GUYS LLC

BY: _____
Christopher A. Elmore, President

ATTEST:

Deborah Wright-Hood, Secretary

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EXHIBIT 9

LEGAL ENTITY INFORMATION SHEET

Franchisee is a: sole proprietorship general partnership limited partnership
 corporation limited liability company

Name of Legal Entity: _____

State of Formation: _____ Date of Formation: _____

Operating Principal (Section 5.1): _____

List of Shareholders/Members/Partners:

% Interest	Class/General or Limited Partner	Name
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Conditions:

The legal entity’s activities must be confined exclusively to operating the Franchise.

Each shareholder, member, partner or other beneficial owner must personally guarantee Franchisee’s performance under the Franchise Agreement.

The legal entity must maintain a current list of all shareholders, member, partners and other beneficial owners, and furnish an updated list to Franchisor on request.

Organizing Documents:

	Already Provided	To Be Provided Within 30 Days
Certificate and Articles of Incorporation or Organization	<input type="checkbox"/>	<input type="checkbox"/>
Certificate and Articles of Association or Partnership	<input type="checkbox"/>	<input type="checkbox"/>
By-Laws, Operating Agreement or Partnership Agreement	<input type="checkbox"/>	<input type="checkbox"/>
Resolution Authorizing Franchise Agreement	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>

FINANCIAL INFORMATION SHEET

Name of Franchised Business (Legal Entity Name): _____

Balance sheet for existing business attached

Bank Statements/other information provided: (List) _____

Investment in Franchised Business	
Cash and Other Assets	\$
Cash invested from owner(s):	
Fair Market Value of other assets invested (describe/itemize):	
Borrowings	\$
Proposed loan(s) from franchisor	
Other loans (describe/ itemize):	
Value of assets underlying leases:	
Vehicles:	
Other (describe):	
Total investment (debt and equity) in franchised business	

THE UNDERSIGNED WARRANTS AND REPRESENTS THAT ALL OF THE INFORMATION IN THIS FINANCIAL INFORMATION SHEET AND ANY ATTACHMENTS IS TRUE AND CORRECT AS OF THIS DATE AND WILL REMAIN TRUE AND CORRECT AS OF THE EXECUTION OF THE FRANCHISE AGREEMENT AND/OR CLOSING OF THE LOAN FROM THE FRANCHISOR OR ITS AFFILIATE, AS THE CASE MAY BE. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES AND UNDERSTANDS THAT THE GROUNDS GUYS LLC AND ITS AFFILIATES ARE RELYING ON THIS INFORMATION AND ALL OTHER INFORMATION PROVIDED BY THE UNDERSIGNED IN MAKING ITS DECISION TO

OFFER A LOAN TO THE UNDERSIGNED; THAT ANY MISREPRESENTATIONS OR OMISSIONS IN ANY SUCH INFORMATION SHALL CONSTITUTE A MATERIAL DEFAULT UNDER THE FRANCHISE AGREEMENT, PROMISSORY NOTE AND/OR RELATED DOCUMENTS; AND THAT, IN THE EVENT ANY INTEREST IN THE FRANCHISED BUSINESS IS PROPOSED TO BE TRANSFERRED, INCLUDING A TRANSFER TO AN ENTITY WHOLLY OWNED BY THE UNDERSIGNED, THE REQUIRED CONSENT OF THE FRANCHISOR MAY BE CONDITIONED, AMONG OTHER THINGS ON FULL PAYMENT OF ANY OUTSTANDING LOANS TO THE FRANCHISOR AND ITS AFFILIATES OR MAINTENANCE OF A LEVEL OF INVESTMENT IN THE FRANCHISED BUSINESS THAT IS EQUAL TO OR GREATER THAN THE TOTAL INVESTMENT AMOUNT SHOWN ABOVE.

Date: _____

SIGNATURES:

Name of Franchised Business/Franchisee: _____

By: _____

Print name: _____

Title: _____

Shareholders/Owners/Partners (All equity holders must sign):

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

[FOR THE GROUNDS GUYS LLC CENTRAL OFFICE USE ONLY]

Total debt and equity: _____

Total proposed loan amount: _____

Loan amount as a percentage of total debt and equity: _____

Accounting Department approval: _____

Reviewed by: _____

Date: _____

Approved Y/N: _____

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EXHIBIT 10

OPTION TO PURCHASE AGREEMENT

This OPTION TO PURCHASE AGREEMENT is entered into by and between **THE GROUNDS GUYS LLC**, a Texas limited liability company having a principal place of business at 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, having an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) pursuant to which Franchisor granted Franchisee a license to use the Marks and the System to operate a Franchise in and for a specified geographical area more-fully described in the Agreement (the “Territory”) and Franchisee desires and Franchisor is willing to grant Franchisee an option to acquire the territory described on Exhibit “A” hereto (the “Additional Territory”) in which to operate the Franchise

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

1. Franchisor acknowledges and agrees that Franchisee has paid Franchisor the non-refundable sum of \$_____, which shall be credited toward the initial franchise fee of \$_____ for the Additional Territory upon Franchisee's exercise of this option.

2. Franchisee is hereby granted an option to acquire the rights to the Additional Territory for a period of eighteen (18) months from the effective date hereof (the “Option Period”), provided; however, that Franchisee must be in substantial compliance with the Agreement in order to exercise its option hereunder. All rights created hereunder shall terminate should Franchisee at any time be in material breach of the Agreement. So long as the foregoing conditions are fulfilled:

a. Franchisee may exercise this option at any time during the Option Period by notifying Franchisor in writing of Franchisee's intent to purchase the Additional Territory (if Franchisee does not notify Franchisor of its intent to exercise its option by the end of the Option Period, this option shall expire and the consideration paid shall be forfeited).

b. Franchisor shall, if Franchisee qualifies to purchase the Additional Territory, deliver a franchise agreement (or an amendment adding the Additional Territory to Franchisee's existing franchise agreement) for the grant of the Additional Territory within 30 business days after receipt of Franchisee's notice.

c. Franchisee shall sign and return the franchise agreement (or amendment, as the case may be) and pay all initial franchise fees due thereunder within the time specified by Franchisor, typically 7 calendar days after receipt of the franchise agreement; provided; however, that notwithstanding the foregoing, Franchisee shall always have until the end of the Option Period to execute the franchise agreement and pay all initial franchise fees due thereunder.

[SIGNATURE PAGE TO FOLLOW]

Signed this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of this _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

THE GROUNDS GUYS LLC

BY: _____
Christopher A. Elmore, President

ATTEST:

Deborah Wright-Hood, Secretary

**EXHIBIT A
TO THE OPTION TO PURCHASE AGREEMENT**

Additional Territory Description	<p style="text-align: center;"><i>[INSERT TERRITORY DESCRIPTION]</i></p> <p>Areas with Special Laws or Requirements:</p> <p>To the extent any portion of the territory includes area designated as an Indian Reserve, a governmental entity or other territory which may have separate or additional laws, regulations or other requirements for performing work in such territory, Franchisee is granted such territory only to the extent and for so long as Franchisee may become qualified under such separate or additional requirements to perform work in such area; knowledge of and compliance with such requirements being the sole responsibility of Franchisee.</p>
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EXHIBIT 11

FRANCHISEE DISCLOSURE QUESTIONNAIRE – TRANSFER

You are preparing to enter into a THE GROUNDS GUYS® Franchise Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue or misleading.

1. Establishment of New Business. The purchase of a THE GROUNDS GUYS Franchise is primarily the purchase of a license to establish and operate a business under THE GROUNDS GUYS® name and trademark. You must operate the Franchise in accordance with our business format. You understand that the operation of a business which is new to you involves a number of business risks, which exist in connection with any business.

2. Ability to Operate a THE GROUNDS GUYS Franchise. The ability to operate a profitable Franchise requires some level of business and management skills and the capability of providing good customer service. Our franchisees must always provide excellence in customer service. How you treat customers is critical to the Franchise.

3. Importance of Your Effort. Starting and running a business is a complicated undertaking and will require both a financial investment and a commitment of personal time to work at and on the business a substantial number of hours per week. Although we will provide assistance and advice, we cannot guarantee your success as a franchisee. The earnings and profits that you earn as a franchisee will depend upon your own individual efforts in operating your Franchise. You understand that the success or failure of your Franchise may depend primarily on your local marketing efforts and you agree to engage actively and continuously in local marketing efforts such as door hangers, flyer distribution, placement of advertisements in local newspapers and magazines, yellow pages, and otherwise as we recommend. Your failure to follow the System may have a negative effect on the Franchise.

4. Additional Funds and Financial Requirements. In our Franchise Disclosure Document (“FDD”), we have disclosed an ESTIMATE of the amount of additional funds that you should have available to invest in the Franchise in the start-up phase of your ownership. However, no amount of investment can guarantee you will have a profitable Franchise.

5. Pricing of Products and Services. Although we recommend methods to establish your pricing, as an independent business owner, you must establish your own pricing for products and services sold by your Franchise. If you elect to price products and services too low, you may adversely affect your profit margin. If you elect to set your prices too high, you may lose business to your competitors.

6. Training and Support. We produce and distribute various training materials, programs, manuals and newsletters to our franchisees, and we facilitate the holding of local, regional and/or national conferences in order to encourage networking and exchange of ideas for the purpose of making your Franchise more profitable. While we can make recommendations and suggestions on how to improve your Franchise, it is up to you to avail yourself of and use the information and ideas we provide.

7. Competition and Territory. Each of the services you provide is provided by others and new competitors may appear at any time within your Territory. It is also possible that another THE GROUNDS GUYS franchise may be located near or adjacent to your Territory. In addition, you specifically understand and agree: that you will not receive an exclusive territory; provided you are in full compliance with your franchise agreement, we will not operate or grant a franchise for the operation of another *The Grounds Guys* franchise with rights to market within your territory during the term of your

franchise agreement but we and our affiliates may allow others to perform or we may perform the same or similar services in your territory under the terms and conditions we specify; and as a result other company owned or franchised businesses may compete with you in your territory and may have a financial or other impact on your business and we will not be liable for any resulting or consequential financial or other impact.

8. Taxes, Fees and Governmental Regulations. Your Franchise is a business operation and will be required to pay all existing and any new taxes and fees imposed on businesses by various governmental entities. Your Franchise will be subject to a variety of federal, state, and local laws and governmental regulations, including local licensing requirements, safety matters, environmental matters, toxic and hazardous materials, compliance with the Americans with Disabilities Act (ADA), OSHA, EEO, and any new or proposed legislation. You understand that we cannot advise you with regard to all such laws and it is your responsibility to know and comply with them.

9. Complaints and Litigation. Occasionally, we may receive complaints from or be served with lawsuits by our franchisees or customers of our franchisees alleging misconduct and/or a violation of law. Adverse publicity resulting from such allegations may materially affect us and all of our franchisees, regardless of whether such allegations are true. On occasion, we will file suit against franchisees or former franchisees to enforce the terms of the franchise agreement. While we believe we have not violated any franchise laws or misled or defrauded any prospective franchisees, we cannot provide any assurance that an adverse result may not occur.

10. Liability Insurance. You may, from time to time, receive complaints from or be served with lawsuits by customers alleging breach of contract or other misconduct resulting from your operation of the Franchise. Because you are licensed to use our trade name in your operation of the Franchise, we are occasionally included in these lawsuits. If we are sued because of something you have allegedly done or failed to do, you must defend us in the lawsuit. As a result, you must carry proper insurance on the Franchise and you must name us as an additional insured. If you do not carry the proper coverage or if you fail to defend us, we may cancel your Franchise Agreement.

11. Renewal Option at End of Term. Your Franchise Agreement provides a license to operate a Franchise for an initial term of 10 years. At the end of the 10 years, if you have complied with the terms of the Franchise Agreement, you may renew your Franchise by executing the then-current franchise agreement and complying with all other requirements for renewal. If we refuse to renew your Franchise Agreement because you have not complied with the Franchise Agreement or if you choose not to renew your Franchise Agreement, you may be required to turn your customer list and your telephone numbers and electronic identities, including domain names, over to us and/or you may be prohibited from operating any similar business which competes with us or our franchisees for a period of 2 years in your Territory.

12. Use of Independent Professional Advisers. We recommend that you consult with your own independent advisors in order to satisfy yourself concerning your ability to establish and operate a profitable business, taking into account the amount of working capital you have available, your anticipated debt service, your expenses, etc.

Please review each of the following questions carefully and provide responses.

1. Have you received and carefully reviewed the FDD provided to you?

Yes _____ No _____

2. Did you sign a receipt page for the FDD indicating the date you received it?

Yes _____ No _____

3. Have you received and carefully reviewed the Franchise Agreement and each exhibit and schedule attached to the Franchise Agreement?

Yes _____ No _____

4. Do you understand that you may not rely on, and we will not be bound by (i) any representation or statement other than those included in our FDD; or (ii) any promise or obligation that is not specifically set forth in the Franchise Agreement or an exhibit or schedule attached to the Franchise Agreement?

Yes _____ No _____

5. Have you been given the opportunity, whether or not you may have done so, to discuss the risks of operating a THE GROUNDS GUYS Franchise with an attorney, accountant or other professional advisor?

Yes _____ No _____

6. Do you understand that the purchase of a THE GROUNDS GUYS Franchise is a business decision that has many of the same risks associated with starting any type of business and that the success or failure of your THE GROUNDS GUYS Franchise will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the System and methods of doing business, competition from other businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

Yes _____ No _____

7. Do you understand and acknowledge that we cannot guarantee the success of your THE GROUNDS GUYS Franchise or that it will ever achieve profitability and that we make no promises or representations and there can be no guarantee of the amount or type of customers, including Key Account (or similar) customers, that may be available to you if you purchase an THE GROUNDS GUYS Franchise?

Yes _____ No _____

8. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

Yes _____ No _____

9. Do you understand that any information concerning the revenue, profits, income or costs of a THE GROUNDS GUYS Franchise that was given to you by one of our franchisees is not information obtained from our employees or representatives, and we make no representation about the information's accuracy?

Yes _____ No _____

10. Do you understand and acknowledge that we cannot guarantee that there will be no unauthorized, infringing, out of date or incorrect uses of our Marks in telephone, internet or similar media/listings, electronic or otherwise, in the area in which your franchised business is located, that many third party providers responsible for such listings and identifications are beyond our control and that it is your obligation prior to beginning operation/during the operation of your business to conduct such investigations and due diligence as you deem appropriate in your area to determine if any incorrect, unauthorized or infringing uses of our Marks are present which could potentially impact your business and fully address your concerns prior to opening, take steps to notify us in appropriate cases, take corrective action where appropriate and secure your rights to use our Marks in an authorized manner, including obtaining all telephone and other listings and identifications that should properly be associated with your business?

Yes _____ No _____

11. IF YOU ANSWERED “NO” TO ANY OF QUESTIONS 1 THROUGH 10, PLEASE INDICATE THE NUMBER(S) OF THE QUESTION(S) AND PROVIDE A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY. IF YOU ANSWERED “YES” TO ALL OF QUESTIONS 1 THROUGH 10, PLEASE LEAVE THE LINES BLANK.

Question No.	Explanation
--------------	-------------

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Please review each of the following questions carefully and provide responses. When answering these questions, please remember that a THE GROUNDS GUYS franchisee is not our representative for the purposes of answering these questions.

12. Have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement concerning the revenues, profits and/or income of a THE GROUNDS GUYS Franchise?

Yes _____ No _____

13. Have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement about the amount of money you may earn or the revenue or profits that you should or might expect to achieve as a franchisee that is contrary to, or different from, the information contained in our FDD?

Yes _____ No _____

14. Have any of our employees or representatives made any statement or promise regarding the costs you may incur in operating a THE GROUNDS GUYS Franchise; the advertising, marketing, training, support service or assistance that we will furnish to you; or any other statement, promise or agreement that is contrary to, or different from, the information contained in the FDD provided to you?

Yes _____ No _____

15. Have any of our employees or representatives made any promise or agreement concerning the amount or type of customers, including Key Account (or similar) customers, that may be available to you if you purchase a THE GROUNDS GUYS Franchise?

Yes _____ No _____

16. IF YOU ANSWERED "YES" TO ANY OF QUESTIONS 12 THROUGH 15, PLEASE INDICATE THE NUMBER(S) OF THE QUESTION(S) AND PROVIDE A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED. ATTACH ADDITIONAL SHEETS IF NECESSARY. IF YOU ANSWERED "NO" TO ALL OF QUESTIONS 12 THROUGH 15 ABOVE, PLEASE LEAVE THE LINES BLANK.

Question No.

Explanation

You understand that your answers are important and that we will rely on them when making our decision to award you a Franchise. By signing below, you are representing that you have responded truthfully to the above questions and that you FULLY UNDERSTAND AND ACCEPT ALL OF THE BUSINESS RISKS described above.

YOU HEREBY REPRESENT AND WARRANT TO US THAT YOU HAVE ENTERED INTO A BINDING PURCHASE AGREEMENT FOR THE PURCHASE OF A BUSINESS CURRENTLY OPERATED BY ONE OF OUR EXISTING FRANCHISEES (THE "SELLER"). YOU ACKNOWLEDGE AND UNDERSTAND THAT THE SELLER IS AN INDEPENDENT BUSINESS OWNER AND HAS NO AUTHORITY TO ACT OR SPEAK ON OUR BEHALF. ALL INFORMATION YOU RECEIVED ABOUT THE EXISTING BUSINESS YOU ARE PURCHASING IS THE SOLE RESPONSIBILITY OF THE SELLER AND WE SHALL HAVE NO LIABILITY FOR ANY STATEMENTS OR OMISSIONS OF SELLER. YOU FURTHER ACKNOWLEDGE THAT WE HAVE ADVISED YOU TO, AND YOU HAVE HAD THE OPPORTUNITY TO, OBTAIN AS MUCH INFORMATION AS POSSIBLE ABOUT THE BUSINESS YOU ARE PURCHASING AND THE SELLER AND TO REVIEW ALL SUCH INFORMATION WITH ADVISORS, LIKE AN ATTORNEY

AND AN ACCOUNTANT, OF YOUR CHOOSING BEFORE ENTERING INTO THE PURCHASE TRANSACTION WITH SELLER. YOU AGREE THAT YOU HAVE CONDUCTED YOUR OWN INDEPENDENT INVESTIGATION OF THE SELLER AND THE EXISTING BUSINESS YOU ARE PURCHASING AND, OTHER THAN THE INFORMATION IN OUR FRANCHISE DISCLOSURE DOCUMENT, YOU ARE NOT RELYING ON ANY INFORMATION PROVIDED BY US OR ANY OF OUR FRANCHISEE OR FRANCHISE LOCATION SELECTION CRITERIA IN YOUR REVIEW OF YOUR PURCHASE DECISION OR TERMS FOR PURCHASE OF THE EXISTING BUSINESS.

Date

Signature of Franchisee

EXHIBIT 12

RENEWAL ADDENDUM

This RENEWAL ADDENDUM is entered into by and between **THE GROUNDS GUYS LLC**, a Texas limited liability company having a principal place of business at 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, having an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have entered into an Agreement pursuant to which Franchisor has granted Franchisee a license, right and obligation to establish and operate a Franchise using the Marks and the System in and for the Territory (the “Original Franchise Agreement”); and

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into an Agreement pursuant to which Franchisor has granted Franchisee a renewal license, granting Franchisee the right and obligation to continue operation of a Franchise using the Marks and the System in and for the Territory (the “Agreement”); and

WHEREAS, the parties have agreed to alter the terms stated in the Agreement, as provided herein to reflect the parties intentions and the terms of renewal stated in the Original Franchise Agreement;

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

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

2. Franchisee hereby represents and warrants to Franchisor that all necessary action for the execution of this Renewal Addendum has been taken.

3. Section 3.1, Initial Franchise Fee, is amended to provide that no initial franchise fee shall be due.

4. Section 3.3, License Fee, is amended to provide that Franchisee must report and pay a monthly License Fee beginning the 1st month of the Agreement at the rate stated in the Agreement.

5. Section 3.4, Minimum License Fee, is amended to provide that the Minimum License Fee begins with the 1st month of the term of the Agreement and the Minimum License Fee is the Minimum License Fee stated in the Agreement; provided, the Minimum License Fee is calculated based on the cumulative number of months of service as a Franchisee, including months as a franchisee under the Original Franchise Agreement and the number of months as a franchisee under the Renewal Franchise Agreement.

6. Section 3.5, MAP Fee, is amended to provide that Franchisee shall pay a MAP Fee beginning the 1st month of the term of the Agreement at the rate or amount set for the MAP Fee as stated in the Agreement.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

THE GROUNDS GUYS LLC

BY: _____
Christopher A. Elmore, President

ATTEST:

Deborah Wright-Hood, Secretary

EXHIBIT 13

GENERAL RELEASE

This GENERAL RELEASE is made and executed by [NAME], individually ("you"), as of _____ ("Effective Date").

WHEREAS, you entered into a franchise agreement dated _____ with **THE GROUNDS GUYS LLC** ("us"), and [describe facts].

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, you agree as follows:

You, for yourself and each of your past and present heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasor"), hereby release and forever discharge us and each of our predecessors, successors, affiliates, subsidiaries, assigns, officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasees"), from, in respect of and in relation to any and all claims, demands, causes of action, suits, debts, obligations, sums of money, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, which, against Releasees, the Releasor ever had, now has or which Releasors hereinafter can, will or may have, for, upon or by reason of any matter, cause or thing whatsoever, through the Effective Date.

Name, individually

STATE OF _____ §

§

COUNTY OF _____ §

§

I hereby certify that before me, a notary public, personally appeared [NAME] who made oath in due form of law that s/he was executing the foregoing General Release for the purposes therein contained.

As witness, my hand and Notarial Seal on _____, 20____.

Notary Public

My Commission Expires: _____

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EXHIBIT 14

GROUNDNET USER & MAINTENANCE AGREEMENT

This GROUNDNET USER & MAINTENANCE AGREEMENT (this “Agreement”) is entered into on this ____ day of _____, 20__ (the “Effective Date”) by and between **THE GROUNDS GUYS LLC**, a Texas limited liability company with an address of 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”), and _____, a(n) _____, having an address of _____ (“Franchisee”)

WHEREAS, contemporaneously with the execution of this Agreement, the parties are entering into a franchise agreement and/or an Amendment to an existing Franchise Agreement (“Franchise Agreement”) pursuant to which Franchisor is granting to Franchisee the right to operate a The Grounds Guys franchise and Franchisee is agreeing to undertake the obligations of a The Grounds Guys franchisee. One of Franchisee’s obligations under the Franchise Agreement is to install, maintain and upgrade such computer hardware, software and Internet access as Franchisor may periodically require.

WHEREAS, Franchisor requires all of its franchisees providing summer and winter commercial, residential, and municipal property maintenance and landscaping services, and other related services and products to use a computer software program called GroundsNet, an internet SaaS (software as a service) system designed for franchisees and customized for use in Franchisor’s franchise system (“GroundsNet”).

WHEREAS, the parties desire to define the terms and conditions by which Franchisor will provide GroundsNet to Franchisee, provided that Franchisee remains in good standing, and further provide for the training, maintenance and support of GroundsNet through Franchisor.

NOW, THEREFORE, the parties agree as follows:

1. **SCOPE OF USE**

(a) **Utilization.** Franchisor grants to Franchisee the nonexclusive right to use the custom enhancements to the existing software that Franchisor refers to as GroundsNet, subject to the terms and conditions set forth in this Agreement. Franchisor reserves the right to change the name of the software Franchisor currently refers to as GroundsNet and, in such event, this Agreement shall apply equally in all respects to the software after the name change and the term “GroundsNet” as used herein shall also be deemed to refer to the software under any new or changed name.

(b) **Limitation of Use.** Franchisee may use GroundsNet solely for Franchisee’s internal needs in the operation of Franchisee’s business as a franchisee of Franchisor and will not make GroundsNet available to or permit the use thereof by any person or entity except to the extent and in the manner permitted under Section 4 below.

(c) **No Right to Copy.** Franchisee may not copy or allow copies of GroundsNet to be made.

(d) **No Reverse Engineering or Modifications.** Franchisee shall not reverse engineer, decompile or disassemble GroundsNet or any part of GroundsNet, nor shall Franchisee change, modify or create derivative works from GroundsNet.

(e) **No Assignment.** The user rights granted hereby are personal to Franchisee, are nonassignable and may not be otherwise transferable by Franchisee.

(f) **Ownership.** Franchisee acknowledges that Franchisee has no ownership rights in GroundsNet and no other rights with respect to GroundsNet except those rights expressly granted by this Agreement.

2. TRAINING AND SUPPORT

(a) **Training and Support.** Franchisor will provide service for training and support to Franchisee by telephone and over the internet during Franchisor's normal business hours. Franchisor will provide up to two hours of such training and support within the first two months following the initialization of access to GroundsNet by the Franchisee. The amount and types of support and the fees for support may change or increase in the future.

(b) **Maintenance, Upgrades and Fixes.** Franchisor may, in its discretion, modify, upgrade or create fixes, service releases and new versions of GroundsNet from time to time and provide them to Franchisee.

(c) **Remote Access.** Franchisee acknowledges that the proper functioning of GroundsNet as intended by Franchisor may require that Franchisor have remote access to Franchisee's GroundsNet. Franchisee agrees to allow Franchisor such remote access to Franchisee's GroundsNet at all times to provide for the full functioning of GroundsNet, to allow Franchisor to install GroundsNet and modifications, fixes, service releases and new versions of GroundsNet, and to provide training and support. Franchisee understands and acknowledges that such remote access will allow Franchisor to have access to Franchisee's computer system and the data generated by Franchisee's use of GroundsNet, and will allow for Franchisee's submission of periodic reports to Franchisor, as required by Franchisor. Franchisor shall have the right to use the data as it determines.

3. FEES

(a) **Hosting and Maintenance Fee.** Upon signing this Agreement, Franchisee will pay to Franchisor via credit card or, at Franchisor's election, ACH draft from Franchisee's bank account, a hosting and maintenance fee in the amount of \$1,440 per GroundsNet license granted to Franchisee.

(b) **Monthly Hosting and Maintenance Fee.** Franchisee must pay to Franchisor or Franchisor's designee ("Designee"), who may be designated in writing to Franchisee by Franchisor from time to time, a monthly hosting and maintenance fee of \$120 per month per GroundsNet license granted to Franchisee. Franchisee must pay the hosting and maintenance fee to Franchisor via credit card or, at Franchisor's election, ACH draft from Franchisee's bank account. Franchisor may increase the hosting and maintenance fee, and/or modify the services, support hours, etc., that are provided for the fee, provided Franchisee is notified of any changes applicable to Franchisee. The amount of each bill will be the then current amount charged for hosting and maintenance fees by Franchisor and will vary depending on the number of GroundsNet licenses granted to Franchisee.

(c) **Additional Fees.** In addition to the fees under Subsections (a) through (d) above, Franchisor or Designee has the right to charge Franchisee other fees, including a training fee for training services relating to GroundsNet. If Franchisor or Designee develops proprietary software other than GroundsNet that Franchisor requires or permits Franchisee to use, Franchisor or Designee may charge Franchisee a user or maintenance fee for such software that will be reasonable in light of the fees that other companies charge for comparable software packages and Franchisor's initial and ongoing expenses in developing, providing and maintaining such software. Unless the parties enter into a separate user agreement for such software, the terms and conditions of such use will be the same as those set forth in this Agreement.

(d) **Late Payments.** Any payment to be made by Franchisee that is not made within ten (10) days after such payment is due will bear interest at the rate of 1½% per month, or the highest rate allowed by law, whichever is less.

(e) **Change of Hosting Facility, Fees and/or Services.** In the event that Franchisor shall choose to change the hosting facility from Designee and/or any subsequent hosting facility and/or should Franchisor decide at any time to require Franchisee to pay Franchisor or Designee directly for the use of GroundsNet, Franchisee hereby acknowledges, understands and agrees that it will timely and fully pay Franchisor or Franchisor's designee via credit card or, at Franchisor's election, ACH draft from Franchisee's bank account, all appropriate fees as noted in this Agreement. Franchisee further agrees that Franchisor shall have the right in its sole discretion to modify the fees and/or the services, etc., noted in this Agreement at any time upon notice to Franchisee.

4. CONFIDENTIALITY AND LIMITED ACCESS

(a) **Nondisclosure.** Franchisee agrees to maintain GroundsNet, its documentation and the data generated by the use of GroundsNet in confidence by using at least the same physical and other security measures that Franchisee uses for its own confidential information. Franchisee further agrees not to allow anyone to access or use GroundsNet or to see its documentation or the data it generates other than Franchisor or, any Designee of Franchisor that Franchisor has contracted with to provide such services in connection with GroundsNet, Franchisee's employees, agents and representatives who have a need to have access to or to use GroundsNet in order to support Franchisee's authorized use thereof, provided that each such employee, agent and representative shall have signed an undertaking to Franchisee acknowledging that he or she is bound by an obligation of confidentiality.

(b) **Notice of Loss.** Franchisee shall immediately notify Franchisor upon discovering any loss or theft of any copy of GroundsNet or its documentation or any data generated by its use, or any unauthorized disclosure thereof by any of Franchisee's employees, agents or representatives.

5. REPRESENTATIONS; WARRANTIES; LIMITATION OF LIABILITY; INDEMNIFICATION

(a) **Franchisor's Representations.** Franchisor hereby represents, warrants and covenants that the custom enhancements to GroundsNet will not infringe, nor will Franchisee's use of the custom enhancements to GroundsNet in the manner permitted under this Agreement infringe, any U.S. patent, copyright or trade secret of any third party.

(b) **Disclaimer of Warranty.** **EXCEPT AS SPECIFICALLY PROVIDED HEREIN, FRANCHISOR DOES NOT MAKE ANY EXPRESS OR IMPLIED WARRANTY WHATSOEVER. FRANCHISOR EXPRESSLY DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

(c) **Limitation of Liability.** **THE LIABILITY OF FRANCHISOR TO FRANCHISEE WILL BE LIMITED TO DIRECT DAMAGES. EXCEPT IN THE CASE OF A CLAIM FOR INDEMNIFICATION UNDER SECTION 5(D), IN NO EVENT WILL FRANCHISOR BE LIABLE FOR INCIDENTAL, SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF FRANCHISOR HAS PREVIOUSLY BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.**

(d) **Franchisee's Right to Indemnification.** If a third party claims that the custom enhancements Franchisor refers to as GroundsNet infringes any U.S. patent, copyright, or trade secret,

Franchisor will (as long as Franchisee is not in default under this Agreement or any other agreement with Franchisor or any of Franchisor's affiliates) defend Franchisee against such claim at Franchisor's expense and pay all damages that a court finally awards, provided that Franchisee promptly notifies Franchisor in writing of the claim, and allows Franchisor to control, and Franchisee cooperates with Franchisor in, the defense or any related settlement negotiations. If such a claim is made or appears possible, Franchisor may, at its option, secure for Franchisee the right to continue to use the custom enhancements referred to as GroundsNet, modify or replace such custom enhancements so that it is non-infringing, or, if neither of the foregoing options is available in Franchisor's judgment, terminate the User & Maintenance Agreement granted by this Agreement and require Franchisee to return GroundsNet without compensation. Franchisor has no obligation with respect to any claim based on a version of GroundsNet that is modified without Franchisor's authorization or is combined, operated or used with any product, data, or apparatus not specified or approved by Franchisor. **THIS PARAGRAPH STATES THE ENTIRE OBLIGATION OF FRANCHISOR TO FRANCHISEE WITH RESPECT TO ANY CLAIM OF INFRINGEMENT.**

6. TERMINATION

(a) **Term.** Except as otherwise expressly set forth below, the parties intend that the term of the User & Maintenance Agreement granted hereby will be coextensive with the term of the Franchise Agreement and all renewals and extensions thereof.

(b) **Automatic Termination.** The User & Maintenance Agreement granted hereby will terminate automatically upon the expiration, nonrenewal or termination of the Franchise Agreement.

(c) **Termination by Franchisor.** Franchisor may terminate this User & Maintenance Agreement granted hereby upon notice to Franchisee with immediate effect in the event that (i) Franchisee materially breaches any of its obligations under this Agreement or under the Franchise Agreement, or (ii) Franchisor requires Franchisee to cease using GroundsNet.

(d) **Disabling of GroundsNet.** Franchisee understands that Franchisor reserves the right to include in GroundsNet a function by which GroundsNet will automatically cease to function fully or at all in the event that Franchisee fails in a timely manner to (i) submit to Franchisor the reports required by Franchisor or (ii) pay to Franchisor or its designee the required monthly hosting and maintenance or mobile license fees. Franchisor and Designee reserve the right to disable the functionality of GroundsNet in whole or in part in the event that Franchisee materially breaches this Agreement or the Franchise Agreement. Franchisor will not be liable to Franchisee for any damages whatsoever that may result directly or indirectly from Franchisor's disabling of the functionality of GroundsNet pursuant to this section.

(e) **Disposition of Copies.** Upon termination of the User & Maintenance Agreement granted hereby, Franchisee shall promptly return to Franchisor, or otherwise dispose of as Franchisor may instruct, all physical copies, if any, of GroundsNet and its associated documentation in Franchisee's possession or under Franchisee's control and shall remove all copies thereof from Franchisee's computers and other electronic storage media. Upon Franchisor's request, Franchisee shall provide Franchisor with written certification of its compliance with the foregoing.

(f) **No Refunds.** Upon the expiration or termination of the User & Maintenance Agreement granted hereby, or if GroundsNet is disabled as described above, Franchisee will not receive any refund of any payments made to Designee and/or Franchisor.

7. MISCELLANEOUS

(a) **Remedies.** Franchisee acknowledges that any breach of the covenants set forth in Sections 1(b), (c), (d) or (e) or Section 4 this Agreement would cause irreparable damage to Franchisor that would be incapable of precise measurement and for which no adequate remedy would exist at law. Franchisee therefore agrees that injunctive relief shall be available for any such breach in addition to all other remedies that may be available.

(b) **Notices.** All notices, requests, consents and other communications required or permitted by this Agreement shall be in writing and shall be delivered by hand, fax, overnight delivery service, or registered or certified first class mail, to the then-current address of the recipient known by the sender, to the attention of the person then holding the title of the person signing this Agreement on behalf of the recipient. Any such notice, request, consent or other communication shall be deemed given and be effective upon receipt at such address on a business day during normal business hours.

(c) **Entire Agreement; Amendments.** This Agreement constitutes the entire understanding between the parties relating to the subject matter hereof, superseding all prior agreements, arrangements and understandings between the parties relating to its subject matter. This Agreement may not be amended or changed in any way unless such changes are in writing signed by the parties hereto.

(d) **Waiver.** No delay, omission or failure to exercise any right or remedy provided for herein will be deemed to be a waiver thereof or acquiescence in the event giving rise to such right or remedy. No waiver will be binding unless contained in a writing signed by the party waiving its rights. Any waiver is limited to the specific situation in which it is given and no waiver of any breach or default under this Agreement will be construed as a waiver of any earlier or succeeding breach or default.

(e) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Texas applicable to agreements made and to be performed entirely within the State of Texas, without regard to Texas's conflicts of law principles.

(f) **Forum.** The parties hereby irrevocably consent to the non-exclusive jurisdiction of the federal and state courts located in Waco, McLennan County, Texas, in any action for temporary, interim or provisional equitable remedies. The parties hereby waive, to the full extent permitted by law, defenses based on jurisdiction, venue and forum non convenient. The parties further consent to service of process by certified mail, return receipt requested, or by any other means permitted by law.

(g) **Costs, Expenses and Attorneys' Fees.** If an action is commenced between the parties to enforce any provision of this Agreement, the prevailing party will be entitled to reasonable costs and expenses, including attorneys' fees.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this GroundsNet User & Maintenance Agreement effective as of the Effective Date.

[SIGNATURE PAGE TO FOLLOW]

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

THE GROUNDS GUYS LLC

BY: _____
Christopher A. Elmore, President

ATTEST:

Deborah Wright-Hood, Secretary

AUTHORIZATION

I hereby authorize The Grounds Guys LLC and/or Designee and the credit card financial institution, to initiate entries to my credit card accounts and, if necessary, to initiate adjustments for any transactions credited in error. This authority will remain in effect until I notify The Grounds Guys LLC in writing to cancel it in such time as to afford the financial institution a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the credit card financial institution at least 3 days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to 15 days following issuance of my statement by the financial institution named above or up to 60 days after deposit, whichever occurs first. Furthermore, in accordance with Section 3(e) of the GroundsNet User & Maintenance Agreement, I hereby authorize The Grounds Guys LLC and/or Designee to make ACH drafts directly from my bank account should Franchisor exercise its rights under the GroundsNet User & Maintenance Agreement to receive payment of any fees due.

FRANCHISEE:

Signature: _____

Printed Name & Title: _____

Date: _____

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EXHIBIT 15

KEY ACCOUNTS PROGRAM ADDENDUM

This KEY ACCOUNTS PROGRAM ADDENDUM is entered into by and among **THE GROUNDS GUYS LLC**, a Texas limited liability company with an address of 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”); _____, individually, having an address of _____ (“Franchisee”); and, **HANDLED.COM LLC**, d/b/a Dwyer Service Solutions™ (“DSS”), a Texas limited liability company with an address of 1010-1020 North University Parks Drive, Waco, TX 76707 (“ADMINISTRATOR”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) pursuant to which Franchisee was granted a license to use Franchisor’s Marks and System in the operation of a Franchise in a specific Territory; and

WHEREAS, ADMINISTRATOR is an affiliate of Franchisor which secures Key Account customers and administers a Key Accounts Program (the “KAP”); and Franchisee has read and understands the KAP’s standards and procedures and (i) wants to participate in the KAP, or (ii) has indicated below that Franchisee has elected not to participate; and

NOW, THEREFORE, for and in consideration of the mutual covenants, terms and conditions contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged by Franchisor and Franchisee, the parties hereto agree as follows:

1. ADMINISTRATOR plans to pursue and attempt to negotiate KAP contracts for products and services provided by franchisees in Franchisor’s system and/or the franchise systems of affiliates of Franchisor. ADMINISTRATOR, in its sole discretion, shall determine the best method of pursuing, negotiating with and servicing KAP customers, and shall establish the terms of each account, based on the customers’ needs and the KAP service providers’ capabilities. ADMINISTRATOR agrees to contact Franchisee in connection with any request from a KAP customer for a product or service of the type provided by Franchisee within the Territory; provided that if a customer has indicated to ADMINISTRATOR, orally or in writing, that it does not want to deal with Franchisee for any reason (such as for prior poor work), if Franchisee has indicated that it is not qualified, interested or available to perform a particular job or a particular type of work, if ADMINISTRATOR is unable to contact Franchisee for a job request despite making reasonable efforts to do so, or if Franchisee does not meet a customer’s minimum insurance requirements, ADMINISTRATOR may refer the work to any third party, including another franchisee; and further provided that ADMINISTRATOR may be required under some KAP contracts to obtain multiple bids on jobs or to follow other procedures or preferences inconsistent with the foregoing, in which case ADMINISTRATOR will refer work in the Territory to Franchisee to the extent permitted under those contracts or procedures. ADMINISTRATOR may contact Franchisee in connection with any KAP customer requiring service within a reasonable distance outside Franchisee’s Territory, but is not required to do so.

2. Franchisee acknowledges that ADMINISTRATOR is not required to pursue a KAP contract with any particular customer or on any particular terms. Franchisee understands and agrees that it must be and remain in good standing with Franchisor under the Agreement in order to participate in the KAP. Franchisee agrees to comply with the standards and procedures of the KAP and to service KAP customers when requested to do so in accordance with those standards and procedures, subject to Franchisee’s right to decline any particular job. Franchisee acknowledges that ADMINISTRATOR may represent to a KAP customer that Franchisee will comply with terms and conditions negotiated between ADMINISTRATOR and the customer, and Franchisee agrees to do so and Franchisee further agrees to

execute such agreements, forms and documents as ADMINISTRATOR or Franchisor may deem necessary or advisable in connection with or as may be required by a KAP customer. The terms and conditions in the procedures of ADMINISTRATOR or Franchisor that Franchisee is required to comply with to participate in the KAP or that may be included in agreements Franchisee must execute in order to participate may include provisions that require the payment of administrative or other fees, including sales commissions or similar payments, offering of special products or services at certain times or for certain prices (to the extent allowed by law) and special insurance, indemnity, quality control and other provisions. Franchisee acknowledges that KAP customers may not be assigned or subcontracted without written permission from ADMINISTRATOR, and that Franchisee's participation in the KAP is not assignable without the express written consent of Franchisor. Franchisee further understands and agrees that if Franchisor notifies ADMINISTRATOR that Franchisee is delinquent in Franchisee's payments to Franchisor while Franchisee is owed for services through the KAP, ADMINISTRATOR may, in its sole discretion: a) deliver any monies owed to Franchisee; b) deliver any monies owed to Franchisor to cover Franchisee's delinquent payments; or c) hold any monies owed until the matter is resolved.

3. Franchisee understands and agrees that the fees and charges of ADMINISTRATOR (or its designee) for the KAP may include fees and charges for administering the KAP, obtaining and servicing customers and collecting from customers, billing fees and related activities. ADMINISTRATOR hereby agrees to pay Franchisee its charges for a job in accordance with the standards and procedures of the KAP, provided Franchisee has fully complied with all of the customer's reporting and authorization requirements; and provided further, that ADMINISTRATOR has received payment in good funds for the work performed.

4. All parties acknowledge that Franchisee's participation in the KAP is voluntary. Franchisee may decline any job tendered by ADMINISTRATOR. If Franchisee declines a job, ADMINISTRATOR will be free to refer the work to any third party, including another franchisee. If Franchisee declines three (3) consecutive jobs without specifying reasonable reasons for declining the jobs, ADMINISTRATOR may consider this to be notice of Franchisee's intent to cease participation in the KAP.

5. Franchisee may terminate this KAP Addendum (and its participation in the KAP), on 14 business days' written notice to Franchisor and ADMINISTRATOR, for any reason. This KAP Addendum shall terminate if the Agreement terminates, expires or is not renewed or if Franchisor terminates its franchisees' part in the participation in the KAP, on written notice to ADMINISTRATOR and Franchisee, for any reason. ADMINISTRATOR may terminate this KAP Addendum (and Franchisee's participation in the KAP), on written notice to Franchisee and Franchisor, for Franchisee's failure to substantially comply with the standards and procedures of the KAP as outlined in writing, or if ADMINISTRATOR decides for any reason that it will no longer pursue or service KAP customers needing products and services provided by franchisees in Franchisor's system.

6. Franchisee hereby represents and warrants to Franchisor that Franchisee is fully empowered to execute this Addendum and that all necessary action for the execution of this Addendum has been taken and that it shall take any necessary steps, sign and execute any and all necessary documents, agreements or instruments which are required to implement the terms of this KAP Addendum, and it shall refrain from taking any action which would have the effect of prohibiting or hindering the performance of any other party.

7. All of the acts and omissions of Franchisee and Franchisee's employees, subcontractors, agents and representatives in connection with any work performed pursuant to this Addendum or in connection with the KAP shall be subject to the indemnification provisions in the Agreement.

8. Franchisee agrees that all insurance required in the Franchise Agreement will cover Franchisee's activities under the KAP and will name Franchisor and ADMINISTRATOR as an additional insured.

9. Franchisee shall always notify Franchisor and ADMINISTRATOR, in writing, of any change in Franchisee's ownership, business address, area of coverage in which it is authorized to provide services, or fax or telephone number, not less than 14 business days prior to such change.

10. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that all terms using initial capital letters and not otherwise defined herein shall have the meaning set forth for such terms in the Agreement, which shall be a part of this Addendum for all intents and purposes and the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

11. Franchisee understands and agrees that Franchisor does not and cannot have any control over the location, number, and/or size of Key Account work/jobs assigned to Franchisee. Furthermore, Franchisee understands and agrees that Franchisor does not and cannot guarantee a Key Account job will be assigned to Franchisee. Franchisee understands and agrees that participation in the Key Account Program provides Franchisee only the opportunity to receive a Key Account job if it becomes available.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

THE GROUNDS GUYS LLC

BY: _____
Christopher A. Elmore, President

ATTEST:

ADMINISTRATOR:

HANDLED.COM LLC
d/b/a DWYER SERVICE SOLUTIONS™

BY: _____
Deborah Wright-Hood, Secretary

IMPORTANT NOTE:

- (A) IF YOU HAVE DECIDED THAT YOU DO WANT TO PARTICIPATE IN THE KEY ACCOUNTS PROGRAM AND YOU HAVE ELECTED TO PARTICIPATE IN THE KEY ACCOUNTS PROGRAM BY EXECUTING THE KEY ACCOUNTS PROGRAM ADDENDUM ABOVE THE FOLLOWING IS NOT APPLICABLE TO YOU. PLEASE DO NOT SIGN BELOW.
- (B) IF YOU HAVE DECIDED THAT YOU DO NOT WANT TO PARTICIPATE IN THE KEY ACCOUNTS PROGRAM PLEASE SIGN BELOW TO EXECUTE THE ELECTION SHOWING THAT YOU DO NOT WANT TO PARTICIPATE.
- (C) IF YOU NEED ADDITIONAL INFORMATION PLEASE CONTACT US AT THE NUMBER INDICATED ON THE COVER PAGE OF THIS DISCLOSURE DOCUMENT.

ELECTION NOT TO PARTICIPATE IN KEY ACCOUNTS PROGRAM:

By signing below Franchisee represents that he/she read and understands all terms of the KAP as stated in this Addendum and the policies and procedures of Franchisor and has elected not to participate in the program. All KAP work that would have been referred to Franchisee under the KAP may be referred to any other party, including another Franchisee, without notice or compensation to Franchisee. Franchisee understands and agrees that he may not have an opportunity to elect to participate in the KAP in the future.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

EXHIBIT 16
MARKETING/ADVERTISING SERVICE AGREEMENTS

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PAY PER CLICK ADVERTISING SERVICE AGREEMENT

THIS PAY PER CLICK ADVERTISING SERVICE AGREEMENT (“Agreement”) is made this ____ day of _____, 20____ (the “Effective Date”) by and between HANDLED.COM LLC, d/b/a Dwyer Marketing Services™ (“DMS”), a Texas limited liability company with an address of 1010 N. University Parks Drive, Waco, Texas 76707 and _____(Franchisee”).

1. Pay Per Click (“PPC”) Campaign

In consideration for the fees noted below to be paid to DMS by Franchisee, DMS agrees to provide the following :

A. Campaign Development

DMS will create, develop, deploy and manage custom PPC Advertising campaigns using tactics including:

Individual Ads: Monitored daily for performance

Keyword Performance: Based on click through statistics

Keyword Opportunity: Research and discover new keywords relevant to business

Multiple Ad Groups: Use of relevant ads tailored to keywords searched

B. Campaign Services

Keyword Selection: DMS will manage a list of keywords relevant to Franchisee’s business

Ad Copy: DMS will write ad copy designed to drive high quality traffic

Click-Through Rate: DMS will monitor CTR and adjust campaign as necessary

Conversion: DMS will utilize call-tracking software to provide relevant conversion data

Consulting: DMS will provide monthly campaign analysis via phone to clarify campaign performance

Statistics: DMS will make available to Franchisee monthly analytics via email including:

Total Campaign Clicks

Total Campaign Calls

Average Cost per Click

Average Cost per Call

C. Campaign Dates

DMS will begin all PPC Campaigns on the 1st day of the first month and continued monthly until written notification of cancellation. Franchisee’s Monthly Budget Payment amount, as noted below, will be required on the 15th day of the prior month. DMS will require that payment be received by the 25th of the month in order to ensure continuation of the campaign in the following month.

Franchisee’s Monthly Budget for PPC under this Agreement: \$_____

Campaign Start Date:_____

2. Independent Contractor. The Parties understand, acknowledge and agree that they are independently-owned and operated entities and neither party is the employee or agent of the other.

3. Term. This Agreement shall commence on the Effective Date noted above and continue on, month-to-month unless terminated or suspended pursuant to Section 4 hereof.

4. Suspension or Termination. DMS may suspend or terminate this Agreement in the event that Franchisee fails to fully and timely abide by its obligations under this Agreement including, but not limited to, the timely payment of all fees due from Franchisee under this Agreement. Franchisee of HCOM may terminate this Agreement upon giving written notice to the other Party at least seven (7) days prior to the expiration of the then current month.

5. Hold Harmless / Indemnification. Franchisee warrants that everything it provides to DMS to employ in the PPC Campaign(s) is legally owned by or licensed to Franchisee. Franchisee agrees to indemnify and hold DMS harmless from any and all claims brought by any third party relating to any aspect of the PPC Campaign(s), including, but without limitation, any and all demands, liabilities, losses, costs and claims including attorneys' fees arising out of injury caused by Franchisee's services/products.

6. Limitation of Liability. Franchisee waives any claim for damages, direct or indirect, and agrees that its sole and exclusive remedy for damages (either in contract or tort) is the return of consideration paid to DMS, pursuant to Section 1.C. above, for the then-current month.

7. No Guarantee. The parties acknowledge, understand and agree that DMS will use its commercially reasonable efforts to conduct successful campaigns but there is no guarantee that any campaign will be successful and DMS makes no representations whatsoever as to the amount of customer traffic and/or leads that may be generated by any campaign that it conducts.

8. Governing Law. This Agreement shall be governed by the laws of the State of Texas without regard to conflicts of law principles.

9. Disputes – Jurisdiction and Venue. Any dispute(s) arising under this Agreement shall first be addressed by the parties by good faith negotiations in an attempt to resolve such dispute(s) economically and in good faith. Should good faith negotiations fail to resolve any dispute(s), the parties may seek to mediate the dispute(s) through a mutually agreeable mediator, such mediation to take place in Waco, Texas. Should any mediation effort made under this section fail to resolve the dispute(s), the parties will litigate the matter in the appropriate State or Federal Court located in Waco, Texas. Franchisee hereby submits to the personal jurisdiction of said Courts.

10. Payment: Franchisee understands that DMS will begin one (1) or more PPC Campaign(s) on Franchisee's behalf and automatically debit Franchisee's account according to the above information.

THE PARTIES HEREBY accept and agree to the terms of this Agreement and acknowledge and represent that the persons signing below are authorized to bind Franchisee and HCOM, respectively, to this Agreement.

[SIGNATURE PAGE TO FOLLOW]

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

ATTEST:

HANDLED.COM LLC
d/b/a DWYER MARKETING SERVICES™

BY: _____
Pam Harper, Vice President

CODE: PPC USE

- Consultation
- Basecamp
- Pivotal

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REPUTATION MANAGEMENT AGREEMENT



Handled.Com LLC d/b/a Dwyer Marketing Services™
1010 N. University Parks Drive
Waco, TX 76707

Advertiser Name:

Company Address:

Billing Address:

Contact Name:

Phone:

Email Address:

Cell Phone:

Contract Start Date:

This Agreement is hereby made between Handled.com LLC d/b/a Dwyer Marketing Services™ (“DMS”) and the undersigned Advertiser. This Agreement shall be effective on _____ (the “Effective Date”).

Advertiser agrees to use and pay DMS for Advertising or Digital Marketing Solutions at a minimum revenue commitment of _____ or as follows during the period of 12 Months from the Effective Date of this Agreement for the Reputation Intelligence service as outlined below:

Reputation Intelligence

The reputation intelligence solution automatically and continuously monitors sources, collects and analyzes the data and reports on how businesses are perceived by its customers. The solution includes:

- a. Visibility monitoring: finds and shows where a business is listed on selected web sites across the Internet;
- b. Ratings and Reviews: finds and reports consumer ratings and reviews found on selected websites;
- c. Mentions: finds various mentions of the business from across the web with sentiment analysis;
- d. Competition: displays a share of voice comparison between several key competitors;
- e. Social: tracks the growth in social audiences on key social networks and reports audience activity.

Limit of Liability

DMS will not be liable to Advertiser for any damages, direct or indirect, including but not limited to, lost profits, incidental, consequential, punitive, or special damages. DMS will not be liable for any indirect or consequential damage (including, but not limited to, loss of anticipated profit, goodwill, data or damage to the business or any end user or loss as a consequence of any other kind of business interruption) arising out of the use of the service or any inadequate or faulty performance. Accordingly, no claims for damages can be raised by reason of indirect or consequential damage.

Additional Information:

HANDLED.COM LLC
d/b/a Dwyer Marketing Services™

ADVERTISER'S SIGNATURE

_____, Vice President

Advertiser

**Master Services Agreement
For
Inbound Answering/Scheduling Services**

THIS MASTER SERVICES AGREEMENT FOR INBOUND ANSWERING/SCHEDULING SERVICES (“Agreement”) is made this ____ day of _____, 20__ (the “Effective Date”) by and between HANDLED.COM LLC d/b/a Dwyer Marketing Services™ (“DMS”) a Texas limited liability company with offices located at 1010 N. University Parks Drive, Waco, Texas 76707 and _____ (“Franchisee”). DMS and Franchisee may be referred to herein singularly as a “Party” and jointly as the “Parties”.

Whereas, DMS directly and/or through its Designee, desires to provide certain contact center and customer response services; and

Whereas, Franchisee desires to utilize DMS and/or DMS’ Designee to provide inbound contact center and customer response services, all in accordance with the provisions of this Agreement:

Now, therefore, in consideration of the mutual promises and covenants set forth herein, the amount and sufficiency of which are hereby acknowledged and agreed to by the Parties. The Parties hereby agree as follows:

1. DMS Services. During the term of this agreement, DMS, directly and/or through its Designee (hereinafter jointly referred to as “DMS”), will provide the following services (the “Services”) on behalf of Franchisee:
 - a. DMS, in consultation with Franchisee, will develop and implement an inbound customer response program with Franchisee. The specific terms of this program, including service levels, work to be performed, fee, and payment structure will be set out in a Statement of Work (SOW) Addendum which is attached to this Agreement.
 - b. DMS will train personnel to execute Services in accordance with the obligations set forth in the Addendum.
 - c. DMS will monitor and manage the performance of each of its customer response representatives for quality assurance purposes at a frequency agreed to between the Parties and as outlined in the Addendum.
 - d. DMS will provide Franchisee with contact data at a frequency agreed to between the Parties and with the content and in an appropriate format. The reports shall include the number of contacts received, the number of hours of service, and such other information Franchisee and DMS shall mutually and reasonably determine.
 - e. DMS will utilize call flows, processes, procedures and guidelines as specified and agreed upon with Franchisee.
 - f. DMS will perform all Services in a professional and business-like manner, and at a level of performance, including timeliness and accuracy of reports, meetings, training and communication to Franchisee, consistent with the highest industry standards and practices.

- g. DMS may subcontract call center services to Legacy Support Services, LTD. d/b/a, Support Services Group, a Texas limited partnership with offices located at 300 South 13th St., Waco, TX 76701 (hereafter referred to as “Designee”) and/or such other entity(ies) as DMS may designate as a designee from time to time.
2. Franchisee Obligations. During the term of this Agreement, Franchisee shall be responsible for the following:
- a. Franchisee will provide DMS with any prior customer response data and any support materials sufficient for DMS to perform its Services hereunder.
 - b. Franchisee shall be responsible for approving the call flows, processes, procedures and guidelines for the program. DMS shall have the right to request Franchisee make changes to the call flows, processes, procedures and guidelines which DMS may deem necessary or appropriate to provide quality interactions and service. Franchisee shall work with DMS to provide timely response to such inquiries.
 - c. Franchisee shall provide DMS access to any system, logins, databases, and other tools necessary for DMS to perform the Services.
 - d. Franchisee shall be responsible for providing any product and service data, manuals, guides, and related material that may be necessary for DMS to perform Services as deemed necessary by Franchisee.
3. Term; Termination. The term of this Agreement shall commence on the date this Agreement is executed by DMS and shall continue for one (1) year (the “Initial Term”), unless terminated as provided below. Thereafter, the term of this Agreement will automatically renew annually (each a “Renewal Term”) and continue unless and until terminated in accordance with the following provisions.
- a. Either Party shall have the right to terminate this Agreement by providing at least thirty (30) days written notice to the other Party.
 - b. If either Party breaches any material term of this Agreement and such breach continues for a period of ten (10) days after receipt by the breaching Party of notice of such breach, the non-breaching Party may, without limitation of any of its other rights or remedies, terminate this Agreement upon notice to the breaching Party. Franchisee shall have the right to terminate this Agreement immediately upon written notice to DMS in the event that any regulatory authority alleges that any program is in violation of any applicable law or regulation, or in the event that either Party is served with a notice from a federal or state government or other authority having jurisdiction over this Agreement during the term hereof that it has become the subject of any investigation by such authority regardless of its business. DMS agrees to notify Franchisee promptly upon receipt of any such notice from the government or regulatory authority.
 - c. Either Party may terminate this Agreement immediately upon written notice to the other Party upon the filing of a voluntary petition of bankruptcy, within the meaning of the federal Bankruptcy Code or the institution of bankruptcy, receivership, insolvency, reorganization, dissolution, liquidation or similar proceeding by the other Party under applicable state or federal law.

4. Escalation and Contact Procedures

- a. DMS support professionals shall be required to escalate issues according to mutually agreed upon escalation procedures.
- b. The escalation procedures shall be adhered to for all escalation issues with the exception of certain circumstances set forth herein below, in which the DMS professional shall use his/her best judgment in determining if the escalation procedures should be circumvented and immediately escalated to Franchisee. Such circumstances include, but are not limited to the following:
 - i. Customer issues regarding an exception which requires Franchisee's approval per the agreed upon escalation plan.
 - ii. The customer support professional is communicating with a representative of the Attorney General's office or similar federal agency.
 - iii. Injury/Damage/Safety related issues that require escalation and will be handled according to the current Franchisee escalations procedures.
- c. DMS shall report any system problems, connectivity problems, training issues, quality monitoring issues, service level issues and procedure issues to the appropriate personnel of Franchisee as quickly as possible.
- d. Franchisee shall report any system problems, connectivity problems, training issues, quality monitoring issues, service level issues, procedure issues, requests and/or notifications to the appropriate DMS personnel as quickly as possible.

5. Relationship Between Parties. The Parties' relationship to each other under this Agreement shall be that of independent contractors. This Agreement shall not be construed to create a joint venture, partnership or employer/employee relationship between the Parties.

6. Representations and Warranties.

- a. Each Party represents and warrants to the other that: (I) it is duly organized and in good standing under the laws of the state indicated as its state of incorporation or organization in the first paragraph of this Agreement and has the authority and ability to enter and perform this Agreement; (II) this Agreement has been duly authorized, executed and delivered on behalf of such Party and constitutes the valid, legal and binding agreement of such Party, enforceable in accordance with its terms; and, (III) neither the execution nor the performance of this Agreement does, or shall, violate, conflict with, or constitute a breach or default under, the articles of incorporation or organization of such Party, or any statute, rule, regulation, order, ordinance, judgment, decree or award applicable to such Party or any material agreement or other instrument to which such Party or any material asset or property of such Party is, or may be bound.
- b. Additionally, DMS represents and warrants to Franchisee that it will provide its Services in accordance with all applicable laws, rules and regulations, including state licensing laws, the Call Center Sales Rules and all applicable federal and state call center laws and

regulations. In addition, it will not take actions that lead to violations of the law by Franchisee. DMS covenants that it will obtain any license to perform the Services, in the event that either Party determines that such a license is required to perform the Services.

7. Indemnity.

- a. Franchisee shall indemnify and hold harmless DMS, its parent, affiliates, subsidiaries, members, officers, directors, agents, employees and representative from any and all claims, demands, liabilities, court costs, damages and expenses (including reasonable attorneys' fees) resulting from the breach by Franchisee of any warranty, representation or agreement made by Franchisee herein.
- b. DMS will indemnify and hold harmless Franchisee, its parent, affiliates, subsidiaries, members, officers, directors, agents, employees from any and all claims, demands, liabilities, court costs, damages and expenses (including reasonable attorneys' fees) resulting from (I) the breach by DMS of any warranty, representation or agreement made by it herein; (II) the performance by DMS of its Services hereunder, and (III) the failure by DMS to comply with any applicable laws or regulations in connection with the performance of its Services hereunder.

8. Confidentiality. DMS and Franchisee each acknowledge that they may be furnished with, receive, or otherwise have access to information of, or concerning the other Party which such Party considers to be confidential, proprietary, a trade secret or otherwise restricted. As used in this Agreement, "Confidential Information" shall mean;

- a. With respect to either Party, all information, in any form, furnished or made available directly or indirectly by one Party to the other that includes without limitation: (I) information that is marked confidential, restricted, proprietary or with a similar designation; (II) all information concerning the operations, affairs, methods, transactions and businesses of the Party or its affiliates (including ideas, marketing plans, business plans or strategies, business volumes or usage, data and other information that are trade secrets or are competitively sensitive), the financial information or affairs of the Party, pricing information and the relations of the Party with its employees and service providers; and
- b. With respect to Franchisee: (I) the relations and normal business operations of Franchisee and its affiliates; and (II) all information received by DMS from Franchisee or from any other source in connection with DMS' performance of the Services or under the Agreement.
- c. Without limiting the foregoing, the terms and conditions of this Agreement shall be deemed Confidential Information.

9. Assignment. Neither Party may assign this Agreement without the other Party's written consent, which shall not be unreasonably withheld. Notwithstanding the foregoing, without securing such prior consent but on prompt written consent, either Party shall have the right to assign this Agreement to an affiliate by way of merger, consolidation, reorganization or acquisition of all or substantially all of the business and assets of the assigning Party relating to this Agreement.

10. Non-Hiring. Franchise and DMS agree that during the Initial term and any Renewal Term(s) of and for a period of one (1) year following the expiration or termination of this Agreement, neither

will directly or indirectly solicit employment or retention of an employee of the other who were in any way involved in the execution of the Services hereunder, without the prior written consent of such other Party.

11. Force Majeure. Either Party shall have the right to delay delivery, performance or acceptance where such delay is caused by occurrences beyond the reasonable control of such Party, including without limitations, acts of God, fire, natural disaster, accident, riots, acts of government, shortage of materials or supplies, lack of energy, outage of carriers or distributors, or failure of transportation, communication or suppliers of goods or services, which could not have been prevented through the use of reasonable care or which was not reasonably foreseeable by the affected Party. The affected Party shall notify the other Party of the delay as soon as possible, and shall cooperate in minimizing the impact of such delay.
12. Governing Law. The laws of the State of Texas shall govern the construction and interpretation of this Agreement, without regard to the conflict of laws or choice of law provisions thereof. Venue in any action brought with respect to this Agreement shall be in the state and/or federal courts located in Waco, Texas and the Parties hereby submit to the personal jurisdiction of said courts.
13. Dispute Resolution. Both Parties agree that any action under this Agreement involving amounts over \$10,000 shall be submitted to arbitration administered by the American Arbitration Association (AAA) or the Judicial Arbitration and Mediation Services (JAMS) before a sole arbitrator in accordance with the then existing arbitration rules of AAA or JAMS. The arbitrator shall be selected from a list of approved arbitrators for disputes of the type presented. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.
 - a. The arbitrator will render a decision based on the facts at hand and terms of this Agreement. The prevailing Party will be rewarded its reasonable fees of attorneys and costs incurred in connection with the arbitration. The proceedings will be confidential and will not be discussed by the Parties and arbitrator with third parties, with exception of the attorneys, consultants and others engaged to assist the Parties in the arbitration. All documents and other evidence exchanged in the arbitration and any copies thereof will be returned by the arbitrator and the other Party to the Party producing such documents or other evidence promptly after the conclusion of any arbitration by award, stipulation, or continuance.
14. Entire Agreement Amendment. This Agreement contains the entire agreement of the Parties and there are no other promises, or conditions in any other agreement whether written or oral. This Agreement supersedes any prior written or oral agreements between the Parties. This Agreement shall not be changed, modified, altered or amended without the written mutual consent of both parties.
15. Payment Terms. All invoices are due within thirty (30) days upon receipt. Should any item on an invoice be disputed, the unspecified balance of payment shall be paid on time, while the balance of the disputed items is being resolved. DMS reserves the right to discontinue service for non-payment.
16. Fees. All rates and fees are valid for one (1) year from the date of this Agreement. On the anniversary of the Agreement and each Renewal Agreement, if any, DMS may, at its option, modify the service fees not to exceed five percent (5%) of the then current Hourly Agent Rate, or the most recent published Consumer Price Index. DMS shall provide Franchisee with sixty (60)

days written notice prior to any changes in fees under this Agreement and/or any Renewal Agreement.

- 17. Notices. Any notice, request, designation or other communication required or permitted to be given hereunder shall be in writing and may be given by personal delivery, e-mail, regular mail, or overnight mail and shall be deemed sufficiently given if delivered or addressed to Franchisee or DMS at the respective addresses set forth herein. Mailed notice shall be deemed given upon actual receipt at the address required, or three (3) business days following deposit in the mail, postage prepaid, whichever first occurs. Overnight mail shall be deemed given on the following business day. Personal delivery shall be deemed given on the day it is so delivered. Either Party may by notice to the other, specify a different address for notice purposes and copies of all notices or requested required or permitted to be given hereunder shall be concurrently transmitted to such Party or Parties at such address as Franchisee or DMS may from time to time designate by notice.

If to DMS:

Handled.com, LLC (d/b/a Dwyer Marketing Services)
1020 N University Parks Dr.
Waco, TX 76707
Attn: Tanya Gutierrez
With a copy to Attn: General Counsel

If to Franchisee:

Franchisee Name
Franchisee Address
City, State, Zip

IN WITNESS WHEREOF, DMS and Franchisee have caused this Agreement to be duly executed by their authorized representatives as of the date written below.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

ATTEST:

HANDLED.COM LLC
d/b/a DWYER MARKETING SERVICES™

BY: _____
Pam Harper, Vice President

***Addendum to
Master Services Agreement for Inbound Answering/Scheduling Services***

Statement of Work (SOW) to Master Services Agreement

Client: [Insert name of Franchisee]

Program: Local Contact Center

This Statement of Work, is governed by the Master Services Agreement dated _____ ("Agreement") and entered into between Franchisee and Handled.com LLC d/b/a Dwyer Marketing Services ("DMS"). This Statement of Work, together with the Agreement, constitute the entire agreement between Franchisee and DMS, and supersedes all other oral and written representations, understandings or agreements relating to this engagement, and may not be amended except by mutual agreement of Franchisee and DMS.

Except as set forth herein, all defined terms shall have the meaning set forth in the Agreement.

I. Description of Services

DMS shall perform the Services in accordance with methodologies, policies, and procedures ('M&P's) defined by DMS quarterly during the term of this Agreement. It is understood that Designee shall be responsible for ensuring that the M&P's are accurate, up to date and comply with all federal, state and local laws and regulations.

S2G will provide trained contact center agents to handle Customer Response Center Services for Franchisee in relation to its service-based franchise's products and services. The objective of the contact interactions is to:

- Provide inbound customer sales inquiry interaction resolution and service appointment scheduling for franchisee services;
- Utilize DMS developed tools to provide timely contact resolution and service scheduling;
- Resolve all contact issues per DMS and Franchisee agreed to resolution methods and escalation procedures; and
- Properly record interactions and schedules/appointments/orders via DMS and Designee agreed to Scheduling/CRM/Ticket/Order Management systems.

A. Hours of Operation: Except as otherwise set forth herein, the hours of operation for the Services will be 7X24X365 coverage with Service Levels Goals set specific to certain Operational Hours.

- a. Service Level Goals are delineated below and are defined as the percentage of calls answered within the time frame which starts when the call arrives in queue, those being:
 - i. Monday-Friday, 8am-8pm CST: 90% answered within 30 seconds (90/30 SLA)
 - ii. Monday-Friday, 8pm-8am CST: 80% answered within 60 seconds (80/60 SLA)
 - iii. Saturday & Sunday: 80% answered within 60 seconds (80/60 SLA)
- b. Change in Operation Hours and/or SLA: Should Hours of Operations or SLA need to change, the Parties agree to discuss such change in good faith with the final decision regarding any such change being made by DMS in its sole discretion. DMS

requires a two-week lead-time in order to ensure scheduling, staffing, and pricing can accommodate new Operation Hours.

- c. Holidays: The following major holidays are observed by DMS but are included within the hours of operation for the Services: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day.

DMS and Franchisee must agree in writing 60 days prior to each holiday of expected call volume, in order to ensure scheduling & staffing can accommodate Holiday needs.

- B. Services Locations: DMS will outsource local contact center services to S2G. S2G shall perform the Services at S2G-owned and/or operated facilities located in Waco, Texas. S2G shall provide the building, telecommunications lines and switch, Interactive Voice Response (IVR) System, remote monitoring application, universal power supply (UPS), desktop computers, office supplies, dedicated workspaces and any other labor, tools, equipment, and materials necessary to perform the Services in accordance with the M&P's and Performance Metrics. Unless otherwise provided in this Agreement, S2G shall be responsible for all costs associated with Supplier's facilities. Franchisee shall have the right, to the extent permitted by law and at no additional expense, to inspect the Services being performed at any facility at any time during normal business hours upon reasonable notice to ensure compliance with Franchisee's performance, operational and quality control standards.

- C. Languages Supported: S2G shall staff for the Service to be provided in American English.

- a. Additional Language: Any additional language requirements will be mutually agreed upon in writing and added to this Addendum at such time they are required.

- D. Supplier Personnel: S2G will recruit, train, and staff the appropriate number of personnel necessary to perform the Services. The Parties will mutually agree upon the number of agents necessary to perform the Services, as well as changes to the number of agents necessary to perform the Services. S2G reserves all rights pertaining to the selection, employment status and disposition of employees engaged in the Services, *provided*, that if Franchisee reasonably requests in writing that DMS remove any personnel performing Services pursuant to this Agreement, S2G shall promptly reply with written explanation as to why the personnel should not be removed, or promptly comply with such request.

- a. Shared Agent Staffing: Franchisee and DMS agree that the program will be staffed via the use of a qualified shared agent staffing pool available within S2G. All agents assigned to the DMS program will hold the necessary skills and background considered to make them qualified for the DMS program. All agents assigned to the DMS program will undergo DMS specific training to successfully perform the Services.

- E. Training: S2G shall train all agents and management in accordance with the M&Ps. DMS will conduct "train-the-trainer" sessions to enable S2G's trainers to deliver the necessary training to agents. S2G will ensure that each agent has the necessary functional and related training to successfully perform the Services. In addition, before a

function is performed by an individual assigned to that function, S2G shall verify that the necessary skills have been attained through the use of certification of skills program.

- a. **Training Billing:** Franchisee will be assessed an hourly fee for training agents, supervisors, quality, and Management who will be handling calls on behalf of Franchisee. S2G shall not assess training fees for any shared agent staff that are not handling Franchisee inbound calls on a regular basis. S2G will provide a list of agents and expected hours of training to DMS prior to conducting training; and such information shall be used as supporting documentation for invoices, which include training fees.
 - i. Training fees will be waived for agents who fail to successfully perform services in accordance with the call quality standards set forth below. New trainees shall be scheduled for as many hours on service as practical within their first month on service to ensure full reinforcement of skills learned through the training program.
 - ii. Franchisee will be responsible for all costs and expenses associated with training agents, as well as any additional agents mutually agreed by the Parties in connection with increased call volumes and/or the launch of new products or services by Franchisee.
 - iii. DMS will be responsible for all reinforcement or changes to services training required.
 - iv. Should reinforcement training be required for an existing agent in order to meet quality requirements, such training will be provided at no cost.
- b. **Attrition Training:** S2G shall be responsible for training any new agent training due to attrition.
- c. **Training Curriculum Development:** DMS may request S2G to be responsible for creating and developing new training curriculum to be used for the DMS program. Development costs shall be as set forth in Section II, Fees.

F. **Forecasts:** Franchisee shall provide DMS with a written 90 day rolling forecast (herein "Rolling Forecast") of the expected daily volume of Customer calls, the most immediate 30 days of which are "locked" for the purposes of S2G staffing and performance service level attainment. Franchisee reserves the right to adjust volumes, as business needs dictate, with 30 business days notice for variations in volume greater than 10% from the original 90 day forecast. (A Rolling Forecast is desired for each language supported.) Based upon the Rolling Forecast, S2G shall recruit, train and staff the appropriate number of agents to handle the Rolling Forecast volumes in accordance with the M&Ps and Performance Metrics. If changes greater than 15% are made to the Rolling Forecast with less than 30 days notice, S2G will make reasonable commercial efforts to adjust staffing to maintain Franchisee performance service levels.

- a. **Dramatic Spikes in Volume due to Nature of Business:** It is understood between the Parties that occasionally due to the nature of the franchise business, Franchisee may experience dramatic spikes in volume and have limited ability to provide forecast information to DMS. It is also understood between both parties that during this time, S2G will utilize shared agents and adjust staff as rapidly as is

commercially and reasonably possible to maintain Franchisee performance service levels.

- G. Reporting: DMS shall provide standard reporting via the Asterisk communications portal, and/or as mutually agreed upon in the M&P's. In addition, DMS shall provide downloads of all call handling data to Franchisee in the time frame and format reasonably required by Franchisee. DMS shall also provide regular updates of call and/or contact handling data in the course of the day as reasonably required by Franchisee. This data shall include, but is not limited to, all DMS switch data pertaining to Franchisee inbound and outbound calls, e-mail and web chat transactions, and specific call handling detail for all agents and supervisors, as reasonably required by Franchisee.
- H. Call Quality: DMS shall ensure that quality methodology, criteria and call-handling procedures are consistent with appropriate standards and objectives. Call quality shall be measured using the following types of quality evaluations: (a) Franchisee evaluation; (b) Franchisee/DMS joint calibration evaluation; and (c) DMS evaluation. An agreed upon number of quality evaluations shall be performed per agent per month. The scores for all quality evaluations will be totaled and an average monthly score shall be calculated. The call quality evaluation form to be used in this process shall be provided by Franchisee, or shall be created in partnership with DMS. Results shall be used to provide both immediate and monthly feedback to agents and DMS management. The call quality scoring criteria used by DMS will match that used by Franchisee.
- a. Call Recording: S2G will record 100% of calls and hold those calls for up to forty-five (45) days at no charge to Franchisee. S2G will provide a method for DMS to access call recordings at no additional charge. Calls will be accessible to DMS and Franchisee for quality assurance and review purposes.
 - i. Compliance. All such recording shall be in compliance with applicable laws, rules, and regulations as outlined in the Agreement.
 - ii. Indemnity. Indemnification for Franchisee in regards to all such recording shall be as outlined in the Agreement.
 - b. Quality Evaluation. Calls older than 48 hours at the time of the evaluation will not be eligible for scoring. Respective Operations Supervisors or Quality personnel will provide agents feedback for all evaluations, regardless of score, within 24 hours of their next scheduled shift.
 - c. Adherence to Call Quality Criteria. DMS may request, and/or S2G may remove agents from service for failure to adhere to call quality criteria. This will be defined as per S2G's Contact Evaluation Policy, which outlines the frequency of call evaluations, evaluation methods, and corrective actions that apply.
 - d. Remote Monitoring Capability. Remote monitoring capability of the calls being handled by S2G will be supplied to DMS. This will include the ability for DMS to monitor independently. S2G will maintain a phone number or web based method for DMS' use for unsupervised remote monitoring.
- I. Materials: DMS shall provide information reasonably required by S2G to perform Services under this Agreement, including, but not limited to, agent hiring profiles,

rolling forecasts, current process performance statistics, M&Ps, routing and network addresses and configurations. DMS shall provide and be responsible for keeping M&P's and training materials up to date, at no charge to S2G. S2G shall promptly implement changes to M&P's and training materials following notice of such changes from DMS.

- J. Key Contacts & Problem Escalation: DMS shall assign and keep Franchise informed at all times of key contacts required to perform Services under this Agreement. DMS shall also provide to Franchise any necessary problem escalation paths internal to DMS in order to perform Services with no interruption. Franchise shall assign and keep DMS informed at all times of key contacts required by DMS in order to perform Services under this Agreement. Franchise shall also provide to DMS any necessary problem escalation paths to DMS in order to perform Services with no interruption.
- K. Changes and Special Projects: Changes and Special Projects are subject to mutual agreement of the Parties and may result in additional fees. Changes and Special Projects shall be authorized and documented according to the procedures described below. Franchisee and DMS shall complete a Work Authorization Form for any Changes and Special Projects required and mutually agreed upon. DMS shall acknowledge receipt of the Work Authorization Form. DMS shall then evaluate the impact of changes and estimated scope, timeframe, and fees associated with implementing the changes, providing such information to Franchise in the Work Authorization Form. Franchisee and DMS shall discuss and agree on any work to be performed, requirements, resources, timeline, and fees, updating the Work Authorization Form accordingly. Upon written authorization from Franchise to proceed with the work described in the Work Authorization Form, DMS shall complete the work within the agreed timeframe. Changes and Special Projects shall be billed according either to the hourly rates in Section II, 'Fees', of this Addendum or according to pricing provided.
 - a. "Changes" to the Scope of Work in this Agreement shall be defined as any modifications requested by Franchisee that materially alter the Services, including but not limited to, alterations in DMS policies, technologies, M&P's, standard reporting and any changes necessary to comply with federal or state statutes and regulations.
 - b. "Special Projects" shall be defined as any services provided by Supplier to meet short-term, situational Franchisee needs not contemplated by this statement of work, including, but not limited to, statistical studies, software development, special data handling, and rework queues.
- L. Key Performance Indicators/Metrics: DMS will continually pursue optimum performance, availability and reliability of the Services. Accordingly, DMS will work with Franchisee to define Key Performance Indicators/Metrics ("KPI 's") that will define the success of optimum performance. The metrics defined will be set forth in an appropriate Exhibit to this SOW or such other manner mutually agreeable to the Parties and shall define metrics such as: Quality score, First Call/Contact Resolution Rate, Average Handle Time, etc. Calculations for compliance with KPI's shall be computed on a monthly basis.

- a. Launch Performance Metrics: For the initial launch of this program, shared agent resources and staffing is being set based on Franchise and DMS' best efforts according to call predictions and hours of support. KPI measures at this time such as Average Handle Time, Average Talk Time, Average Hold Time, and Average Wrap Times are estimates until historic analysis can be developed.

II. Fees

Franchisee agrees to and shall pay the following fees as applicable for DMS performing the Services under this Agreement:

- A. English Inbound & Outbound Per Minute Volume Based Pricing: (voice/talk time, hold time, and after call/wrap work). The applicable per minute rate shall be determined by the cumulative minutes under the Master Services Agreement for Inbound Answering/Scheduling Services:
 - 0-999 minutes/month \$1.28/minute
 - 1,000-2,499 minutes/month \$1.25/minute
 - 2,500+ minutes/month \$1.23/minute
- B. Implementation Costs: The following set-up fees are required for this implementation and payable at the time of contract signature. Any and all additional set-up fees (if required) will be agreed to in writing and will be treated as pass-thru costs.
 - Set-Up Fees: \$99
- C. Training Fees: Training fees shall be applicable as defined in this section and shall be clearly identified in the invoicing for Services.
 - Ramp, Growth Agent, and Quality Training \$35.00/hour
- D. Other Professional Services: Should Franchisee require additional Professional Services as part of the desired scope of the Services provided by DMS, the following Professional Services standard rates would apply. Any and all Professional Services to be provided by DMS will be mutually agreed to in writing between the Parties.
 - Knowledgebase Development \$50/hour
 - CRM Development \$50/hour
 - 1/T Programming/Development \$100/hour
 - IVR/VRU Advanced Programming Development \$125/hour

Pricing Assumptions:

- Training Length: To be mutually agreed upon in writing between Franchisee and DMS
- Service Level Goal/s:
 - M-F, 8am-8pm CST: 90/120
 - M-F, 8pm-8am CST: 80/60
 - Saturday & Sunday: 80/60
- Abandonment Rate Goal: 5%

- Average Handle Time (includes after call wrap): to be mutually agreed upon between the Parties
- DMS will supply training material and conduct train the trainer training
- Quality Metrics/Score: To be mutually agreed upon by Franchisee and DMS
- Languages: English

III. Invoicing, Payment, & Minimums

- A. Invoicing: DMS will invoice Franchisee for the fees payable pursuant to this Agreement

Payment: DMS invoicing will be monthly. Franchisee will pay all undisputed amounts within thirty (30) days of the date of invoice. Invoices over 30 days past due will be subject to a late fee of 1.5% per month. DMS must be notified in writing within five (5) days of invoice receipt of any disputed amounts. In the event of a dispute of an invoice Franchisee agrees to pay the undisputed amount of the invoice and to work with DMS to resolve dispute within 15 days of invoice receipt.

All invoices shall be sent to:

Franchisee Name
 Franchisee Address
 City, State, Zip
 Attn:

- B. Audit: During the Term of this Agreement, DMS shall maintain accurate records of the fees payable by Franchisee pursuant to this Agreement and related information necessary for the calculation of such fees. Franchisee, at its expense, and upon ten (10) business days advance written notice, shall have the right no more than once every six (6) months during the Term to examine or audit such records in order to verify the figures reported in any report and the amounts payable by Franchisee under this Agreement. Any such audit shall be conducted, to the extent possible, in a manner that does not interfere with the ordinary business operations of DMS. The cost of such audit shall be borne by the Party bringing such audit, unless a deficiency in excess of 5% is discovered, in which case both the cost of the audit and the full amount of such deficiency shall be paid by the audited Party to the auditing Party within 30 days of notification of such finding.

IN WITNESS WHEREOF, Franchisee and DMS have caused this Addendum to be duly executed by their authorized representatives as of the date written below.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

 _____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

ATTEST:

HANDLED.COM LLC
d/b/a DWYER MARKETING SERVICES™

BY: _____
Pam Harper, Vice President

Outbound Teleservices Agreement

THIS OUTBOUND TELESERVICES AGREEMENT (“Agreement”) is made this ____ day of _____, 20__ (the “Effective Date”) by and between HANDLED.COM LLC d/b/a Dwyer Marketing Services™ (“DMS”) a Texas limited liability company with offices located at 1010 N. University Parks Drive, Waco, Texas 76707 and _____ (“Franchisee”). DMS and Franchisee may be referred to herein singularly as a “Party” and jointly as the “Parties”.

1. Outbound Teleservices

In consideration for the fees noted below to be paid to DMS by Franchisee, DMS agrees to provide the following:

- A. Outbound Teleservices (“OT”). Franchisee authorizes DMS to conduct OT, for the purpose of acquiring Requests for Quote (“RFQ’s”) from commercial accounts. Telemarketing services will be provided based on contact information provided by Franchisee to DMS. OT also includes research necessary to acquire commercial business lists in the specified Franchisee territory. Amount of research will be determined by OT package selected.
- B. Services . DMS will utilize software to track commercial accounts contacted through OT and resulting information. Such information will be shared via monthly reporting to Franchisee. OT will include DMS providing prospect follow-up on behalf of Franchisee. This may be done via email or telephone and will be tracked in software and made available to Franchisee.
- C. Fees. DMS will conduct OT based upon two support level packages as described in the attached Exhibit “A”:
 - Level 1: \$279 per month
 - Level 2: \$499 per month

Each of the above support level packages requires a one-time set up fee of \$99.

- D. Service Term. This Agreement is for monthly OT which shall continue from month to month until written notification of cancellation is received from Franchisee.

Franchisee’s Selected Support Package \$ _____
One time setup fee \$99

- E. Deposit. DMS will collect a Deposit upon execution of this Agreement equal to the Franchisee’s one time setup fee, as noted above.
2. Independent Contractor. The Parties understand, acknowledge and agree that they are independently owned and operated entities and neither Party is the employee or agent of the other.
 3. Term. This Agreement shall commence on the Effective Date noted above and continue on, month-to-month, unless terminated or suspended pursuant to Section 4 hereof.

4. **Suspension or Termination.** DMS may suspend or terminate this Agreement in the event that Franchisee fails to fully and timely abide by its obligations under this Agreement including, but not limited to, the timely payment of all fees due from Franchisee under this Agreement. Franchisee or HCOM may terminate this Agreement upon giving written notice to the other Party at least seven (7) days prior to the expiration of the then current month.
5. **Hold Harmless / Indemnification.** Franchisee warrants that everything it provides to DMS to employ in the OT is legally owned by or licensed to Franchisee. Franchisee agrees to indemnify and hold DMS harmless from any and all claims brought by any third party relating to any aspect of the OT including, but without limitation, any and all demands, liabilities, losses, costs and claims including attorneys' fees arising out of injury caused by Franchisee's services/products.
6. **Limitation of Liability.** Franchisee agrees that its sole and exclusive remedy for damages (whether arising in contract, tort and/or any other manner) is the return of consideration paid to DMS, pursuant to Section 1.C. above, for the then current month.
7. **No Guarantee.** The Parties acknowledge, understand and agree that DMS will use its commercially reasonable efforts to conduct successful OT but there is no guarantee regarding quantity or quality of leads or the success of the results obtained from those leads.
8. **Governing Law.** This Agreement shall be governed by the laws of the State of Texas without regard to conflicts of law principles.
9. **Disputes – Jurisdiction and Venue.** Any dispute(s) arising under this Agreement shall first be addressed by the Parties by good faith negotiations in an attempt to resolve such dispute(s) economically and in good faith. Should good faith negotiations fail to resolve any dispute(s), the Parties may seek to mediate the dispute(s) through a mutually agreeable mediator, such mediation to take place in Waco, Texas. Should any mediation effort made under this section fail to resolve the dispute(s), the Parties will litigate the matter in the appropriate State or Federal Court located in Waco, Texas. Franchisee hereby submits to the personal jurisdiction of said Courts.
10. **Payment.** Franchisee understands that DMS will begin OT on Franchisee's behalf and automatically debit Franchisee's account according to the above information. In the event that an automatic debit is refused due to insufficient funds or other stoppage of payment by Franchisee, Franchisee shall be charged a \$25.00 fee for each such occurrence.

THE PARTIES HEREBY accept and agree to the terms of this Agreement and acknowledge and represent that the persons signing below are authorized to bind Franchisee and DMS, respectively, to this Agreement.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

ATTEST:

HANDLED.COM LLC
d/b/a DWYER MARKETING SERVICES™

BY: _____
Pam Harper, Vice President

OUTBOUND TELESERVICES

EXHIBIT A

Outbound Teleservices	Pkg 1 - \$279/month	Pkg 2 - \$499/month
Franchisee Provided List	✓	✓
HCOM Provided List	up to 75 contacts	up to 150 contacts
Guaranteed Set Monthly Calls	minimum 75	minimum 150
Call Recording	✓	✓
Online CRM Access to Records		✓
Call Nurturing		✓
Cold Calls	✓	✓
Warm Calls	✓	✓
Basic List Research-including name, address & phone number	✓	
Standard List Research-includes basic + property type, number of properties, property size & other pertinent, available information		✓
Lead Data Entry		✓
Appointment Data Entry	✓	✓
RFQ Data Entry	✓	✓
Qualify Leads	✓	✓
Shared Leads	✓	✓
Cross Market Leads	✓	✓
Email Appointment Confirmation	✓	✓
Follow-up Appointment Confirmation		✓
Quarterly Email Follow-up	✓	✓
Quarterly Phone Follow-Up		✓
Basic Reporting - includes total calls generated; appointments/RFQ's set	✓	
Standard Reporting-includes Basic Reporting + lead information, follow-up status and lead nurturing activity if requested		✓
\$99 One Time Set-up Fee	✓	✓

EXHIBIT B
AGENCIES/AGENTS
FOR SERVICE OF PROCESS

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**AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	California Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	California Corporations Commissioner
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Mr. 203 Honolulu, HI 96813 (808) 586-2727	Commissioner of Securities
ILLINOIS	Office of Attorney General Franchise Bureau 500 South Second Street Springfield, IL 62706 (217) 782-4436	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Securities Commissioner
MICHIGAN	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, MI 48913 (517) 373-7117	Michigan Attorney General's Office, Consumer Protection Division
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211	Secretary of State State of New York
NORTH DAKOTA	Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Oregon Division of Finance and Corporate Securities 350 Winter St. NE, Room 410 Salem, OR 97310 (503) 378-4387	Oregon Division of Finance and Corporate Securities
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue John O. Pasture Complex – Bldg. 69-1 Cranston, RI 02920 (401) 462-9527	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 (605) 773-4823	Director of South Dakota Division of Securities
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions
WISCONSIN	Department of Financial Institutions Division of Securities 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin
OTHER STATES	N/A	James M. (Duke) Johnston, Jr. 1010 N. University Parks Drive Waco, TX 76707

EXHIBIT C
AUDITED FINANCIAL STATEMENTS OF OUR PARENT

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AUDITED FINANCIAL STATEMENTS OF OUR PARENT
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013, 2012, AND 2011

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OUR PARENT COMPANY
TDG HOLDING COMPANY

AUDITED
CONSOLIDATED
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

As of and for the Years Ended December 31, 2012 and 2013

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TDG Holding Company and Subsidiaries

Consolidated Financial Statements
For the years ended December 31, 2013 and 2012

**TDG Holding Company
and Subsidiaries**

Consolidated Financial Statements
For the years ended December 31, 2013 and 2012

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700 North Pearl, Suite 2000
Dallas, TX 75201

Independent Auditor's Report

To the Board of Directors and Stockholder of
TDG Holding Company and Subsidiaries
Waco, Texas

We have audited the accompanying consolidated balance sheets of TDG Holding Company and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related statements of operations and comprehensive income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TDG Holding Company and Subsidiaries as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA LLP

Dallas, Texas
March 25, 2014

Consolidated Financial Statements

TDG Holding Company and Subsidiaries

Consolidated Balance Sheets

<i>As of December 31,</i>	2013	2012
Assets		
Current assets		
Cash	\$ 6,958,922	\$ 4,964,966
Trade accounts receivable - net	4,099,151	3,796,764
Accrued interest receivable	143,557	147,075
Trade notes receivable - current portion - net	4,911,703	4,385,041
Inventories	420,844	321,293
Prepaid expenses	971,476	692,899
Deferred tax assets	2,294,799	1,818,410
Total current assets	19,800,452	16,126,448
Property and equipment - net	9,381,014	7,847,762
Accounts receivable from affiliates	1,073,038	375,435
Trade notes receivable - less current portion - net	16,491,659	16,774,843
Intangible assets - net	107,829,943	110,057,568
Goodwill	51,949,074	52,001,067
Other assets	32,049	17,312
	\$ 206,557,229	\$ 203,200,435

TDG Holding Company and Subsidiaries

Consolidated Balance Sheets (continued)

<i>As of December 31,</i>	2013	2012
Liabilities and Stockholder's Equity		
Current liabilities		
Trade accounts payable	\$ 1,635,225	\$ 1,250,569
Accrued liabilities	7,649,929	6,594,500
Deferred franchise sales revenue	537,670	497,141
Income taxes payable	1,419,725	642,323
Derivative liability, current	41,588	-
Current portion of long-term debt	4,144,325	2,975,805
Current portion of capital lease obligations	328,673	276,895
Total current liabilities	15,757,135	12,237,233
Long-term debt - less current portion	114,378,166	119,072,924
Capital lease obligations - less current portion	555,794	427,913
Derivative liability, long-term	-	175,106
Deferred income taxes	38,093,177	38,013,892
Commitments and Contingencies (Note 13)		
Stockholder's equity		
Common stock-par value \$.01 per share		
Authorized - 600,000 shares		
Issued and outstanding - 1,000 shares	10	10
Additional paid-in capital	74,459,990	73,909,990
Retained earnings	(36,373,579)	(40,723,928)
Accumulated other comprehensive income	(313,464)	87,295
Total stockholder's equity	37,772,957	33,273,367
	\$ 206,557,229	\$ 203,200,435

See accompanying notes to consolidated financial statements.

TDG Holding Company and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income

<i>For the years ended December 31,</i>	2013	2012
Revenues and income		
Franchise service fees	\$ 37,085,044	\$ 33,574,280
Franchise sales fees	11,217,685	11,939,262
Sales of products and services	29,201,253	28,100,877
Interest and other	4,281,895	5,163,534
Total revenues and income	81,785,877	78,777,953
Costs and expenses		
Cost of products and services	11,373,662	11,065,370
General and administrative expense	34,281,168	35,403,937
Equity-based compensation expense	550,000	550,000
Selling expense	8,968,298	8,368,213
Bad debt expense	3,357,585	3,083,558
Total costs and expenses	58,530,713	58,471,078
Operating income	23,255,164	20,306,875
Other expenses		
Depreciation and amortization	3,122,705	2,871,314
Interest	11,253,843	10,040,213
Management fees and expenses	705,751	557,901
Total other expenses	15,082,298	13,469,428
Income before income taxes	8,172,866	6,837,447
Provision for income taxes	3,822,516	2,557,443
Net income	4,350,349	4,280,004
Other comprehensive income - Foreign currency translation adjustment	(400,759)	103,491
Comprehensive income	\$ 3,949,590	\$ 4,383,495

See accompanying notes to consolidated financial statements.

TDG Holding Company and Subsidiaries

Consolidated Statements of Changes in Stockholder's Equity

	Common Stock		Paid - In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance - December 31, 2011	1,000	\$	10 \$ 73,359,990	\$ 3,536,068	\$ (16,196)	\$ 76,879,872
Net income	-	-	-	4,280,004	-	4,280,004
Dividend	-	-	-	(48,540,000)	-	(48,540,000)
Stock based compensation	-	-	550,000	-	-	550,000
Foreign currency translation	-	-	-	-	103,491	103,491
Balance - December 31, 2012	1,000	\$	10 73,909,990	(40,723,928)	87,295	33,273,367
Net income	-	-	-	4,350,349	-	4,350,349
Stock based compensation	-	-	550,000	-	-	550,000
Foreign currency translation	-	-	-	-	(400,759)	(400,759)
Balance - December 31, 2013	1,000	\$	10 \$ 74,459,990	(36,373,579)	(313,464)	\$ 37,772,957

See accompanying notes to consolidated financial statements.

TDG Holding Company and Subsidiaries

Consolidated Statements of Cash Flows

<i>For the years ended December 31,</i>	2013	2012
Operating activities		
Net income	\$ 4,350,349	\$ 4,280,004
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,122,705	2,871,314
Amortization of deferred financing costs	950,088	832,442
Bad debt expense	3,357,585	3,083,558
Notes received for franchise sales	(7,678,420)	(7,994,616)
Notes received other than for franchise sales	(558,217)	(725,826)
Deferred income taxes	(385,268)	(431,033)
Stock-based compensation	550,000	550,000
Interest paid in kind	399,393	299,130
Changes in assets and liabilities:		
Accounts receivable	(1,653,092)	(1,410,866)
Interest receivable	2,858	(1,368)
Inventories	(99,552)	125,121
Prepaid expenses and other assets	(292,477)	32,340
Other intangible assets	(50,277)	(59,805)
Accounts payable	384,609	93,812
Accrued liabilities	928,728	(137,368)
Income taxes payable	762,354	1,818,558
Deferred franchise sales revenue	42,589	91,399
Net cash provided by operating activities	4,133,955	3,316,796
Investing activities		
Purchase of property, equipment and other assets	(3,185,150)	(1,909,923)
Collections of notes receivable	5,884,897	6,105,052
Net cash provided by investing activities	2,699,747	4,195,129
Financing activities		
Dividend	-	(48,540,000)
Deferred financing costs paid	(227,979)	(2,028,944)
Payments/proceeds from related party accounts receivable	(708,921)	44,410
Payments on long-term borrowings	(4,240,875)	(5,434,544)
Proceeds from long-term borrowings	494,638	46,738,536
Net cash used in financing activities	(4,683,137)	(9,220,542)
Effect of foreign currency translation on cash	(156,609)	56,057
Net increase (decrease) in cash	1,993,956	(1,652,560)
Cash - Beginning of year	4,964,966	6,617,526
Cash - End of year	\$ 6,958,922	\$ 4,964,966
Supplemental cash flow disclosures:		
Cash paid for income taxes	\$ 3,212,070	\$ 607,244
Cash paid for interest	\$ 10,005,214	\$ 8,756,883

See accompanying notes to consolidated financial statements.

TDG Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization and Description of Business

Organization and Description of Business

TDG Holding Company (the “Company”) is the parent company of a number of businesses operating in the United States and internationally through the following wholly owned subsidiaries:

Mr. Rooter LLC (“Mr. Rooter”), a franchisor of plumbing repair and drain cleaning services.

Rainbow International LLC (“Rainbow”), a franchisor of carpet cleaning, air duct cleaning, and smoke, fire, and water restoration services.

Mr. Electric LLC (“Mr. Electric”), a franchisor of electrical repair and service businesses.

Aire Serv LLC (“Aire Serv”), a franchisor of heating, ventilating, and air conditioning service businesses.

Mr. Appliance LLC (“Mr. Appliance”), a franchisor of businesses relating to service and repair of appliances (both residential and commercial).

Synergistic International LLC (“Synergistic”), the franchisor of Glass Doctor, a service concept whose business is the repair and replacement of automobile, residential, and commercial glass.

The Grounds Guys LLC (“Grounds Guys”), a franchisor of lawn care and maintenance businesses.

The Dwyer Group Canada, Inc. (“TDG Canada”), which services each of the Company’s franchise concepts in Canada (except Grounds Guys).

Dwyer (UK Franchising) Limited (“TDG UK”), a franchisor which markets and services the Mr. Electric and Aire Serv franchise concepts in the United Kingdom.

Glass Operating LLC (“Operating”), which offers auto, home, and business glass repair and replacement through stores located in Maine, Vermont, and New Hampshire.

ZorWare LLC (“ZorWare”), which provides business software and support to franchisees of four of the Company’s franchise concepts.

ProTradeNet LLC (“ProTradeNet”), which facilitates purchase discounts and supplier rebates for the Company’s franchisees and for Operating.

Handled.com LLC (“Handled”), which provides marketing and national account services to the franchisees of the Company’s franchise concepts.

The Company is a wholly owned subsidiary of Dwyer Acquisition Parent, Inc. (“DAP”), which is a wholly owned subsidiary of Dwyer Group Investment Holdings, LLC (“DGIH”). DGIH, DAP, and Dwyer Acquisition, Inc. (“DAI”) were formed in 2010 by TZP Capital Partners I, L.P. (“TZP”), certain institutional investors, and certain members of management and parties related to those members of management for the purpose of acquiring the Company.

TDG Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies

Financial Statement Presentation and Principles of Consolidation

The consolidated financial statements as of and for the years ended December 31, 2013 and 2012 include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition, Accounts Receivable, Notes Receivable, and Allowances

The Company's primary sources of revenues are as follows:

- Franchise service fees from existing franchisees based on a percentage of each franchisee's gross sales. These fees generally range from 2% to 8% of the franchisee's weekly sales, depending upon the particular franchise concept and upon various other factors;
- Franchise fees generated from the sale of new franchise territories and the sale of additional franchise territories to existing franchisees;
- Sales of glass repair and replacement services and related products;
- Sales of other products and services to unrelated third parties;
- Interest generated from notes receivable.

Revenues from the sale of individual franchises in the United States, Canada, and the UK, along with master license franchise agreements in foreign countries, are generally recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided by the Company related to the sale have been performed. Notes receivable are generally amounts due from franchisees for the purchase of franchises, or for service fees. The Company has also sold regional franchise rights, which grant the regional master licensee the right to sell individual franchises in their territory. The Company is obligated to pay commissions to the regional master licensee based on individual franchises sold as well as a share of service fees collected from franchisees in their territory.

Revenues from franchise service fees are recognized in the period such revenues are earned. Revenues from product sales are recognized upon transfer of title when orders are shipped. Revenues from services are recognized upon completion of the service. Interest on trade notes receivable is recorded as income when earned.

TDG Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

The Company extends credit to entities for the purchase of franchises. These entities are typically controlled by individuals who operate their businesses as an owner/manager. Generally, the loans are collateralized by the related franchise territory rights. The Company also extends unsecured credit to its franchisees for unpaid franchise service fees. Each entity's ability to perform is dependent upon the economic condition of the business. The Company maintains ongoing credit evaluations of its franchisees. Allowances for doubtful accounts and notes receivable are provided based upon past loss experience, known and inherent risks in the accounts, adverse situations that may affect a franchisee's ability to repay, and current economic conditions. The calculation of the allowance for doubtful accounts includes an increasingly larger reserve as individual account balances age. After all collection attempts have failed, receivables are written off against the allowance.

Advertising

The Company expenses advertising costs as incurred. Advertising expense was \$1,506,447 and \$1,245,739 for the years ended December 31, 2013 and 2012, respectively.

Inventories

Inventories consist of products to be sold and are stated at the lower of cost (first-in, first-out method) or market.

Property and Equipment

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the respective assets as follows: buildings and improvements (30 years), machinery and equipment, and vehicles (3-5 years) and, furniture and fixtures (5 years). Additions, renewals, and betterments are capitalized; maintenance and repairs which do not extend the useful life of the asset are expensed as incurred. Management evaluates long-lived assets used in operations for impairment when indications of impairment are present. Impairment losses are recorded in the amount that carrying value exceeds fair market value when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of the assets. No impairment losses were recorded for the years ended December 31, 2013 and 2012.

Goodwill

Goodwill represents the excess of acquisition cost over the fair value of assets acquired, including specifically identifiable intangibles. The Company tests goodwill annually for impairment, or earlier if events or changes in circumstances indicate that impairment may exist. Management's annual impairment test was performed as of October 1, 2013, and management has determined that the goodwill in the consolidated financial statements as of December 31, 2013 is not impaired.

Intangible Assets

Intangible assets consist of trademarks, systems-in-place, master license agreements, franchise relationships, national accounts, insurance company relationships, software, and deferred financing costs. Franchise relationships, insurance company relationships and software are stated at their estimated fair value at the date of acquisition, less amortization. Franchise relationships and insurance company relationships are amortized over their estimated useful lives of 20 years using the straight-line method. Software is amortized over its estimated useful life of 5 years

TDG Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

using the straight-line method. Trademarks, systems-in-place, master license agreements, and national accounts, which are each stated at their estimated fair value at the date of acquisition less any recognized impairment losses, and trademarks acquired subsequent thereto, are not amortized, as their useful lives are considered indefinite, but are subject to annual impairment testing. Deferred financing costs are amortized using the effective interest method over the term of the related loan, with amortization included in interest expense.

Whenever events or changes in circumstances indicate that the carrying amount for an asset may not be recoverable, the Company evaluates, for impairment, the carrying value of acquired definite lived intangible assets by comparing the carrying value to the anticipated future undiscounted cash flows expected to be generated from the use of the intangible assets. If the carrying amount is not recoverable, a loss is recorded by the amount the carrying value exceeds the fair market value of the assets. No impairment of definite lived intangibles occurred during 2013 and 2012. Management's annual impairment test for indefinite lived intangibles was performed as of October 1, 2013 and 2012, and management has determined that no material impairment occurred. Management's annual impairment test for indefinite lived intangibles was performed as of October 1, 2013, and management has determined that no material impairment occurred during 2013.

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax basis. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in tax expense in the period that includes the enactment date.

The Company establishes valuation allowances in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*. The Company reviews the adequacy of any valuation allowance and recognizes tax benefits only when it is more likely than not that the benefits will be realized.

The Company measures, classifies, and discloses unrecognized tax benefits in accordance with ASC Topic 740-10, *Income Taxes-Overall*. The Company has elected to classify interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Stock Options and Warrants

The Company accounts for stock options and warrants under FASB ASC Topic 718, *Compensation-Stock Compensation*. This pronouncement requires the measurement of all employee share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such expense in our consolidated statements of operations.

DAP has a stock-based employee compensation plan, which is described more fully in Note 5. Included in operations is \$550,000 related to such compensation for each of the years ended December 31, 2013 and 2012.

TDG Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

Consolidation of Variable Interest Entities

FASB ASC Topic 810-10, *Consolidation*, applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Such an entity is referred to as a variable interest entity (“VIE”). FASB ASC Topic 810-10 requires the consolidation of a VIE by its primary beneficiary. The primary beneficiary is the entity, if any, that has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

As required, the Company adopted FASB ASC Topic 810-10 relative to its franchise arrangements and evaluates such arrangements based upon financial information obtained from these franchisees and guidance provided in FASB ASC Topic 810-10. Based on this evaluation, the Company has concluded that it is not the primary beneficiary of any of its franchisees.

Foreign Currency Translation

Assets and liabilities of TDG Canada and TDG UK are translated into U.S. dollars at the rates in effect at the balance sheet date. Revenues and expenses are translated at average rates for the period. The net exchange differences resulting from these translations are recorded in stockholder’s equity. Where amounts denominated in a foreign currency are converted into U.S. dollars by remittance or repayment, the realized exchange differences are included in operations.

Cash and Cash Equivalents

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

Cash consists primarily of cash on hand and cash on deposit.

The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

Fair Value of Financial Instruments

The carrying amounts of cash, trade accounts receivable, prepaid expenses, trade accounts payable, and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of long-term debt and trade notes receivable approximate fair value as the stated interest rates are at market rates.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. In 2012, \$48,540,000 was distributed to the Company’s stockholder. Of that amount, \$3,438,338 was treated as a reduction of additional paid-in capital while the remainder of \$45,101,662 was shown as a reduction in retained earnings. The \$3,438,338 was reclassified as a reduction in retained earnings in the 2013 and 2012 financial statements. This reclassification had no effect on any other amounts in the consolidated financial statements.

TDG Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

3. Debt Agreements and Stockholder Distribution

On May 24, 2013, the Company's senior credit facility ("Senior Debt Agreement") was amended to reduce the interest rates on the borrowings. The premium on the Senior Term and Revolver were reduced from 4.25% and 5.25% to 3.75% and 4.75% for prime based and LIBOR based borrowings, respectively. In addition, the floor on LIBOR rate loans was reduced from 1.50% to 1.25%. In association with the amendment, \$227,979 in transaction fees were capitalized as deferred financing costs, to be amortized over the remaining term of the debt agreements using the effective interest method

On June 29, 2012, The Company completed a transaction that involved borrowing \$38,015,428 in additional senior debt and \$8,100,000 in additional subordinated debt to fund a distribution of \$48,540,000 to its stockholder. In association with the new borrowings, \$2,021,814 in transaction fees were capitalized as deferred financing costs, to be amortized over the term of the debt agreements using the effective interest method, and \$908,678 in transaction fees paid to third parties were expensed.

On June 29, 2012, the Company's senior credit facility ("Senior Debt Agreement") and its senior subordinated loan agreement ("Senior Subordinated Loan Agreement") were amended to reflect borrowing of \$38,015,428 in additional senior debt and \$8,100,000 in additional subordinated debt to provide funds used in the stockholder distribution described above. The amendment also reduced the interest rate on each of the loans and extended the maturity dates.

Debt at December 31, consists of the following:

	2013	2012
Senior Term Debt	\$ 77,530,864	\$ 81,000,000
Senior Subordinated Loan	35,898,523	35,499,130
Note Payable, secured by real estate, due in monthly installments at an interest rate of LIBOR plus 2.25% (2.75% at December 31, 2013 and 2012), matures November 1, 2018	4,371,667	4,595,333
Note Payable, secured by real estate, due in monthly installments at an interest rate of 6%, matures March 11, 2014	220,818	244,450
Unsecured Note Payable, due in monthly installments at an interest rate of 8%, matures February 15, 2020	300,297	336,587
Unsecured Note Payable, due in monthly installments at an interest rate of 6.5%, matures February 1, 2015	200,322	373,229
Total debt	118,522,491	122,048,729
Less current portion	4,144,325	2,975,805
Long-term debt	\$ 114,378,166	\$ 119,072,924

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The amended Senior Debt Agreement provides for, among other things, (a) a term loan with an initial balance of \$82,000,000 ("Senior Term"), (b) a revolver of \$8,000,000 ("Revolver"), due June 29, 2017.

Interest on all borrowings under the Senior Debt Agreement is at either the prime rate or the London Interbank Offering Rate ("LIBOR"), as elected by the Company (in each case subject to a minimum rate), plus a premium. The premium on the Senior Term and Revolver is 3.75% and 4.75% for prime based and LIBOR based borrowings, respectively. The effective interest rate at December 31, 2012, was 6.75% for both the Revolver and Senior Term loan borrowings. The effective interest rate at December 31, 2013, was 6.00% for both the Revolver and Senior Term loan borrowings. The agreement provides for an annual commitment fee of 0.75% on the excess of the maximum available credit on the Revolver over average borrowings.

The Senior Debt Agreement is secured by substantially all assets of the Company and its subsidiaries except for the real estate mentioned above. The agreement requires, among other things, maintenance by the Company of minimum levels of cash flow coverage, leverage to EBITDA ratios, and also limits capital expenditures. As of December 31, 2013, the Company was in compliance with these covenants.

The Revolver provides a maximum of \$8,000,000 of revolving credit through June 29, 2017. At both December 31, 2012 and 2013 there was no balance outstanding on the Revolver and an available balance of \$7,550,000, with the difference relating to outstanding letters of credit.

The Senior Subordinated Loan Agreement provides for, among other things, the issuance of \$35,200,000 in 13.5% senior subordinated notes, due June 29, 2018. Interest is payable quarterly. The Company must pay interest of 12% on the outstanding principal amount in cash and 1.5% on the outstanding principal amount ("PIK Amount") by increasing the then aggregate outstanding principal amount by the PIK Amount. On or after September 30, 2013, the Company may elect to pay the PIK amount in cash. The senior subordinated debt balance was increased by \$399,393 and \$299,130 for PIK interest in 2013 and 2012, respectively. The notes are subordinated to borrowings under the Senior Debt Agreement. After the Senior Debt is paid in full, prepayments may be made at any time in specified increments by including (through December 14, 2014) a defined premium. The Senior Subordinated Loan Agreement requires, among other things, maintenance by the Company of minimum levels of cash flow coverage, leverage to EBITDA ratios, and also limits capital expenditures. As of December 31, 2013, the Company was in compliance with these covenants.

Future maturities of long-term debt at December 31, 2013 are as follows:

Years ending December 31,

2014	\$ 4,144,325
2015	4,254,088
2016	4,240,714
2017	66,466,762
2018	39,348,256
Thereafter	68,346

\$ 118,522,491

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4. Intangible Assets

On May 24, 2013, the Company's senior credit facility was amended to reduce the interest rate as described in Note 3. In conjunction with this transaction, the Company incurred \$227,979 of additional deferred financing costs.

On June 29, 2012, the Company's senior credit facility and its senior subordinated loan agreement were amended to provide for additional funds used in the stockholder distribution described in Note 3. In conjunction with this transaction, the Company incurred \$2,028,944 of additional deferred financing costs.

Intangible assets at December 31, 2013 consists of the following:

	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Franchise relationships	20 years	\$ 26,447,064	\$ 3,999,052	\$ 22,448,012
Insurance company relationships	20 years	611,000	92,389	518,611
Deferred financing costs	Life of debt	5,893,258	2,515,126	3,378,132
Software	5 years	576,100	348,448	227,652
Total definite-lived intangibles		\$ 33,527,422	\$ 6,955,015	\$ 26,572,407

	Useful Life	Gross Amount	Impairment Recorded in 2013	Net Amount
Trademarks	Indefinite	\$ 62,161,136	\$ -	\$ 62,161,136
Systems-in-place	Indefinite	12,887,000	-	12,887,000
Franchise rights	Indefinite	375,000	-	375,000
Master license agreements	Indefinite	4,071,400	-	4,071,400
National accounts	Indefinite	553,000	-	553,000
Portland Glass trademark	Indefinite	1,210,000	-	1,210,000
Total indefinite-lived intangibles		\$ 81,257,536	\$ -	\$ 81,257,536

Intangible assets at December 31, 2012 consists of the following:

	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Franchise relationships	20 years	\$ 26,544,605	\$ 2,686,571	\$ 23,858,034
Insurance company relationships	20 years	611,000	61,839	549,161
Deferred financing costs	Life of debt	5,665,279	1,565,038	4,100,241
Software	5 years	576,100	233,228	342,872
Total definite-lived intangibles		\$ 33,396,984	\$ 4,546,676	\$ 28,850,308

	Useful Life	Gross Amount	Impairment Recorded in 2012	Net Amount
Trademarks	Indefinite	\$ 62,110,860	\$ -	\$ 62,110,860
Systems-in-place	Indefinite	12,887,000	-	12,887,000
Franchise rights	Indefinite	375,000	-	375,000
Master license agreements	Indefinite	4,071,400	-	4,071,400
National accounts	Indefinite	553,000	-	553,000
Portland Glass trademark	Indefinite	1,210,000	-	1,210,000
Total indefinite-lived intangibles		\$ 81,207,260	\$ -	\$ 81,207,260

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Amortization expense was \$2,418,211 and \$2,305,079 for the years ended December 31, 2013 and 2012, respectively. Estimated amortization expense for the subsequent five years is as follows:

Years ending December 31,

2014	\$ 2,419,202
2015	2,382,308
2016	2,234,155
2017	1,886,181
2018	1,465,188
Thereafter	16,185,373

\$ 26,572,407

5. Stock Options

DAP's stock option plan, the Dwyer Acquisition Parent, Inc. Stock Option Plan (the "Plan"), was established in 2010 and provides for stock option awards to be granted to the Company's employees, directors, or consultants. A total of 12,848,824 options are available for grant.

Unless noted otherwise below, all options are granted under the following terms. Options are exercisable only to the extent they have vested, and expire ten years from the date of grant. Vesting of a portion of the options (41.67%) is subject to the passage of time; the balance (58.33%) vest based on DAP achieving defined financial goals. Based upon continuous employment, the time-based options vest at 20% per year on each of the five anniversaries from December 23, 2010. Also based upon continuous employment, performance-based options contingently vest over five years based on DAP achieving certain annual earnings targets for each of the five fiscal years ending 2011-2015. Accelerated vesting of a portion of unvested options occurs upon a change in control of DAP prior to the vesting dates specified in the plan. In the event options are exercised, authorized but unissued shares would be issued. Once options are exercised, the stock issued is subject to repurchase and transfer restrictions. As of December 31, 2013, no options had been exercised.

In December 2010, DAP granted to certain employees, options to purchase 11,762,331 shares of DAP's common stock at an exercise price of \$1.00 per share. In 2011, DAP granted an additional 98,936 options to an employee under the same terms as those previously granted. In 2012, DAP granted an additional 230,000 options to certain employees under the same terms as those previously granted except that the exercise price was \$1.20 per share (the fair market value at the time of grant), and the time-based options vest at 25% per year on each of the four anniversaries beginning on December 21, 2011.

In June 2012, the Company made a distribution to its stockholder. In accordance with anti-dilution provisions of the stock option agreements, the exercise price of previously granted options was reduced by \$0.54 per share.

Also in 2012 (subsequent to the distribution to its stockholder), DAP issued 202,500 options to certain employees with an exercise price of \$0.66 per share and time-based options vesting at 25% per year on each of the four anniversaries beginning on December 21, 2012; and 200,000 shares to an employee with an exercise price of \$0.92 per share, time-based options vesting at 20% per year on each of the five anniversaries from October 31, 2012, and performance-based options contingently vesting over five years based on DAP achieving certain annual earnings targets for

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each of the five fiscal years ending 2013-2017. Such exercise prices reflect the fair market value of the stock at the time of grant.

Management estimated the grant-date fair value of the option awards by using the Black-Scholes-Merton option-pricing model and the following assumptions. Although DAP made substantial distributions to its stockholder in 2012 and 2014, regular dividends have not been paid in the past and DAP has no intention to pay regular dividends in the future. The expected term of the options granted was derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. Since historic data for DAP is insufficient, and there is no internal market for transactions of DAP's shares, an industry sector index was used to calculate expected volatility. The Dow Jones US Consumer Services Industry Index (ticker DJUSCY) was selected as the industry sector index most representative of DAP's operations. Management calculated volatility over a 6.5 year period in order to match volatility with the expected term of the options. Expected volatility is based on trading activity from 6.5 years prior to the grant date. The risk-free interest rate for the expected term of the options was based on the U.S. Treasury yield curve at the date of grant. The valuation statistical assumptions for the majority of the options are recapped in the following table:

Expected dividend yield	0%
Expected volatility	22%
Expected term	6.5 years
Risk-free interest rate	1.02%

A summary of DAP's stock option activity for the year ended December 31, 2013, and changes during the year, is presented below:

	Number of Shares Underlying Options	Weighted- Average Exercise Prices	Aggregate Intrinsic Value
Outstanding - January 1, 2013	12,246,556	\$ 0.55	\$ 3,353,136
Granted	-	-	-
Forfeited	(2,237,593)	0.54	(617,713)
Outstanding - December 31, 2013	10,008,963	0.55	2,735,423
Vested and Exercisable - December 31, 2013	5,027,061	\$ 0.54	\$ 1,383,780

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A summary of DAP's non-vested options as of December 31, 2013, and changes during the year, is presented below:

	Number of Shares Underlying Options	Weighted- Average Exercise Prices	Aggregate Intrinsic Value
Outstanding - January 1, 2013	9,184,420	\$ 0.54	\$ 2,505,803
Granted	-		-
Vested	(1,964,925)	0.54	(536,447)
Forfeited	(2,237,593)	0.54	(617,712)
Outstanding - December 31, 2013	4,981,902	\$ 0.56	\$ 1,351,644

At December 31, 2013, the weighted average remaining contractual life of all granted options is six years, and there were 2,839,861 additional shares available for DAP to grant under the Plan.

Based on the above assumptions, stock-based compensation expense of \$550,000 was recorded in 2013. That amount was added to DAP's paid-in capital since there is no cash settlement provision related to the options. An associated reduction in income tax expense, and a deferred tax asset, of \$212,000 was also recorded.

As of December 31, 2013, there was \$800,000 of estimated total unrecognized compensation cost related to share-based compensation arrangements under the Plan. DAP expects to recognize those costs over the next two years.

6. Trade Notes Receivable

The Company receives notes from the sale of new franchises. The rights to the related franchise territory sold generally collateralize these notes. The Company also from time-to-time receives notes for delinquent franchise service fees. Such notes, at December 31, 2013, bear interest at rates typically ranging from 7% to 12% and generally require equal monthly installments over a life of one to ten years.

A summary of notes receivable as of December 31, is as follows:

	2013	2012
Amounts due within one year, net of allowance for doubtful accounts of \$678,982 in 2013 and \$561,092 in 2012	\$ 4,911,703	\$ 4,385,041
Amounts due after one year, net of allowance for doubtful accounts of \$2,421,435 in 2013 and \$2,210,554 in 2012	16,491,659	16,774,843
Total notes receivable, net	\$ 21,403,362	\$ 21,159,884

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An analysis of the changes in notes receivable for the years ended December 31, is as follows:

	2013	2012
Gross notes receivable, beginning of year	\$ 23,931,530	\$ 23,990,446
Principal payments received	(5,873,412)	(6,095,657)
Notes issued	8,367,608	8,709,514
Net write-offs	(1,812,878)	(2,710,637)
Foreign currency translation	(109,069)	37,864
Gross notes receivable, end of year	24,503,779	23,931,530
Allowance for doubtful accounts	(3,100,417)	(2,771,646)
Net notes receivable, end of year	\$ 21,403,362	\$ 21,159,884

An analysis of the changes in the notes receivable allowance for doubtful accounts for the years ended December 31, is as follows:

	2013	2012
Allowance, beginning of year	\$ 2,771,646	\$ 2,997,006
Provision for bad debts	2,011,064	2,478,845
Net write-offs	(1,675,445)	(2,710,637)
Foreign currency translation	(6,848)	6,432
Allowance, end of year	\$ 3,100,417	\$ 2,771,646

Scheduled future maturities of net notes receivable are as follows:

Years ending December 31,

2014		\$ 4,911,703
2015		4,707,554
2016		4,198,868
2017		3,423,342
2018		2,414,769
Thereafter		1,747,126
		\$ 21,403,362

Notes receivable are considered to be delinquent when a payment is not received. The aging of the Company's gross notes receivable is as follows as of December 31:

	2013		2012	
	Principal	Percentage	Principal	Percentage
Current	\$ 21,278,284	86.84%	\$ 20,695,245	86.48%
1-30 days past due	548,692	2.24%	657,574	2.75%
31-60 days past due	226,835	.92%	376,724	1.57%
61-90 days past due	562,410	2.30%	785,207	3.28%
Over 90 days past due	1,887,558	7.70%	1,416,780	5.92%
Total	\$ 24,503,779	100.00%	\$ 23,931,530	100.00%

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7. Trade Accounts Receivable

An analysis of the changes in the trade accounts receivable allowance for doubtful accounts for the years ended December 31, is as follows:

	2013	2012
Allowance, beginning of year	\$ 479,724	\$ 418,134
Provision for bad debts	1,143,406	603,367
Net write-offs	(415,053)	(542,337)
Foreign currency translation	(388)	560
Allowance, end of year	\$ 1,207,689	\$ 479,724

8. Property and Equipment

A summary of property and equipment at December 31, is as follows:

	2013	2012
Land	\$ 1,069,072	\$ 1,069,072
Building and improvements	4,640,985	4,367,955
Machinery and equipment	5,753,831	3,538,216
Furniture and fixtures	327,599	239,450
Vehicles under capital lease	1,586,187	1,290,523
Total property and equipment	13,377,674	10,505,216
Less accumulated depreciation	3,996,660	2,657,454
Property and equipment - net	\$ 9,381,014	\$ 7,847,762

Depreciation expense was \$1,652,259 and \$1,398,677 for the years ended December 31, 2013 and 2012, respectively.

9. Operating Lease Commitments

The Company leases office and retail space for its company-owned stores and office space for certain of its corporate employees. The Company also subleases certain properties. Rent expense is recognized on a straight-line basis over the terms of the leases.

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Notes to Consolidated Financial Statements

Future minimum rental payments under all operating leases, net of subleases, with initial or remaining non-cancelable terms in excess of one year as of December 31, 2013 are as follows:

<i>Years ending December 31,</i>	Lease Obligations	Sublease Rentals	Net Obligation
2014	\$ 1,351,025	\$ (37,443)	\$ 1,313,582
2015	1,115,510	(40,741)	1,074,769
2016	853,903	(41,759)	812,144
2017	776,089	(42,803)	733,286
2018	683,567	(32,700)	650,867
Thereafter	733,680	-	733,680
Total	\$ 5,513,774	\$ (195,446)	\$ 5,318,328

Rent expense was \$1,565,176 and \$1,574,383 for the years ended December 31, 2013 and 2012, which amount was net of sublease rental income of \$929 and \$42,791, respectively.

10. Capital Lease Commitments

The Company leases vehicles under capital lease agreements expiring at various dates through 2016. The Company had \$884,467 and \$704,808 in leased property under capital leases as of December 31, 2013 and 2012, respectively.

As of December 31, 2013, the future minimum rental payments under capital leases are as follows:

<i>Years ending December 31,</i>	
2014	\$ 380,587
2015	338,170
2016	222,044
2017	125,658
2018	25,275
	\$ 1,091,734

The obligations under capital leases were recorded at the fair market value of the leased property and have imputed interest rates ranging from a variable rate of 0.95% to a fixed rate between 3.00% and 5.58%. Obligations under capital leases at December 31, 2013 are as follows:

Future minimum payments due under capital leases	\$ 1,091,734
Less amounts representing interest	207,267
Present value of obligations under capital leases	884,467
Current portion of obligations under capital leases	328,673
Long-term portion of obligations under capital leases	\$ 555,794

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11. Income Taxes

The provision for income taxes for the years ended December 31, is as follows:

	2013	2012
Current:		
Federal	\$ 3,319,441	\$ 2,382,365
State	627,328	500,659
Foreign	263,815	110,035
Total current	4,210,584	2,993,059
Deferred:		
Federal	(327,388)	(408,057)
State	(33,674)	(41,972)
Foreign	(27,006)	14,413
Total deferred	(388,068)	(435,616)
Total	\$ 3,822,516	\$ 2,557,443

A reconciliation of the provision for income taxes at statutory rates to the provision for income taxes at effective rates at December 31, is as follows:

	2013	2012
Federal income taxes at statutory rate	\$ 2,863,936	\$ 2,393,106
State taxes	499,968	205,550
Permanent differences	36,815	47,891
Other	(43,968)	(273,409)
Foreign taxes	283,662	184,305
Valuation allowance	182,103	-
Total provision	\$ 3,822,516	\$ 2,557,443

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The components of deferred income tax assets and liabilities at December 31, are as follows:

	2013	2012
Deferred tax assets:		
Accounts receivable allowance	\$ 389,525	\$ 182,305
Accrued expenses	850,441	806,114
Equity compensation	1,191,332	979,032
Property and equipment	-	139,627
Interest rate swap	16,053	67,591
Notes receivable allowance	1,426,866	1,056,492
Other	255,119	235,177
Total deferred tax assets	4,129,336	3,466,338
Deferred tax liabilities:		
Prepaid expenses	(163,554)	(177,800)
Property and equipment	(242,483)	-
Intangible assets and goodwill	(39,521,677)	(39,484,020)
Total deferred tax liabilities	(39,927,714)	(39,661,820)
Net deferred liabilities	\$ (35,798,378)	\$ (36,195,482)

As classified on the balance sheet, the components of deferred income tax assets and liabilities at December 31 are as follows:

	2013	2012
Deferred tax assets (liabilities) - current:		
Accounts receivable allowance	\$ 389,525	\$ 182,305
Accrued expenses	850,441	806,114
Prepaid expenses	(163,554)	(177,800)
Equity compensation	1,191,332	979,032
Other	27,055	28,759
Net deferred tax assets - current	2,294,799	1,818,410
Deferred tax assets (liabilities) - noncurrent:		
Notes receivable allowance	1,426,866	1,056,492
Property and equipment	(242,483)	139,627
Interest rate swap	16,053	67,591
Intangible assets and goodwill	(39,521,677)	(39,484,020)
Valuation allowance	(182,103)	-
Other	410,167	206,418
Net deferred tax liabilities - noncurrent	(38,093,177)	(38,013,892)
Net deferred tax liabilities	\$ (35,798,378)	\$ (36,195,482)

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The Company adopted the provisions of ASC 740-10, *Income Taxes*, related to unrecognized tax benefits in the 2009. For the year ended December 31, 2013, an additional \$33,985 was recorded as an increase to the unrecognized tax benefits liability. The Company recognizes interest and penalties related to the unrecognized tax benefits and classifies such as a component of income taxes. As of December 31, 2013, \$196,342 of interest and penalty has been accrued by the Company related to ASC 740-10, none of which was recognized in 2013.

The Company's effective tax rate is 46.7%. This rate differs from the statutory rate of 35% primarily due to the effect of a valuation allowance on the foreign deferred tax assets, true-ups to state income tax for the year 2012, and foreign country to U.S. income tax rate differences.

The statute of limitations for federal tax purposes is open for the 2010, 2011, 2012, and 2013 fiscal years and for state income tax purposes the open statutes range from the 2007 through 2013 fiscal years. The Company completed and settled a U.S. Federal Income Tax Examination for the 2008 fiscal year. The Company is presently in process of finalizing, on favorable terms, a claim for a refund with the Canada Revenue Agency relative to a competent authority proceeding.

The Company has incurred net operating losses in the United Kingdom that it believes, on a more likely than not basis, will not be recovered. The Company has recorded a full valuation allowance against all deferred United Kingdom tax assets based upon all available positive and negative evidence.

The Company reinvests earnings in Canada. On this basis, no U.S. deferred tax is recorded on unrepatriated earnings.

12. Related-Party Transactions

The Company is a party to a management agreement with TZP Management Associates, LLC, an entity affiliated with TZP. The Company is obligated to pay annual management fees under the agreement at an amount which is the greater of \$500,000 or 2.5% of fiscal year consolidated EBITDA. The Company expensed \$689,515 and \$527,673 in 2013 and 2012, respectively, for such management fees.

The Company purchases promotional materials from entities affiliated with management. Such purchases totaled \$139,469 and \$152,762 in 2013 and 2012, respectively. The Company also provides certain services to and recognizes income from entities affiliated with management for accounting, administrative services, product sales, rents, commissions, and management fees. Such income equaled \$50,417 and \$69,039 in 2013 and 2012, respectively. The Company had accounts receivable from these parties of \$3,444 and \$13,927 at December 31, 2013 and 2012, respectively.

13. Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, *Contingencies*. Accordingly, no liabilities have been accrued for these matters at December 31, 2013 and 2012. Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

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14. Employee Benefit Plan

The Company sponsors a 401(k) plan covering the majority of its employees. Plan participants may contribute up to 70% (subject to Internal Revenue Service limitations) of their annual compensation before taxes for investment in several specified alternatives. Employees are fully vested with respect to their contributions. The Company may match a percentage of employee contributions as determined at the discretion of the Board of Directors. Total Company contributions to this plan totaled \$269,396 and \$111,711 in 2013 and 2012, respectively.

15. Fair Value Measurements

The Company follows the provisions of FASB ASC 820 for financial assets and liabilities. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3: Inputs that are unobservable (for example cash flow modeling inputs based on assumptions).

On March 25, 2011, the Company entered into an interest rate swap agreement with BBVA Compass on \$13,950,000 of the Company's Senior Debt Agreement debt at a fixed interest rate of 7.95% per annum with a termination date of March 25, 2014. The interest rate swap agreement has not been designated as a cash flow hedge under ASC 815.

The following table shows the liability measured at fair value as of December 31, 2013 and 2012 on the Company's balance sheet, and the input categories associated with this liability:

Description	Total Fair Value at December 31, 2013	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Obligations (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative asset (liability)	\$ (41,588)	\$ -	\$ (41,588)	\$ -

Description	Total Fair Value at December 31, 2012	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Obligations (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative asset (liability)	\$ (175,106)	\$ -	\$ (175,106)	\$ -

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The fair value of the derivative liability is calculated using proprietary models with observable inputs as well as future assumptions related to interest rates and other applicable variables. This calculation is performed by the financial institution that is counterparty to the applicable swap agreement. The Company uses this reported fair value to adjust the liability as appropriate.

Each month, the Company receives or pays the difference between the prevailing LIBOR rate and the fixed rate swap percentage. The interest rate swap instrument is marked to market monthly with changes in value recorded as interest expense. The interest rate swap is recorded as a \$41,588 short-term liability on the Consolidated Balance Sheet at December 31, 2013 and interest income of \$133,518 was recorded in the Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2013.

16. Subsequent Events

On February 7, 2014, the Company completed a transaction that involved borrowing \$17,219,136 in additional senior debt and \$4,001,477 in additional subordinated debt to help fund a distribution of \$24,256,680 to its stockholder. In association with the new borrowings, \$976,599 in transaction fees were capitalized as deferred financing costs, to be amortized over the terms of the debt agreement using the effective interest method, and \$423,309 in transaction fees paid to third parties were expensed.

In preparation of its financial statements, the Company considered subsequent events through March 25, 2014, which was the date the Company's financial statements were available to be issued.

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OUR PARENT COMPANY
TDG HOLDING COMPANY

AUDITED
CONSOLIDATED
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

As of and for the Years Ended December 31, 2011 and 2012

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**TDG Holding Company (A Wholly
Owned Subsidiary of Dwyer
Acquisition Parent, Inc.) and
Subsidiaries**

Consolidated Financial Statements
For the years ended December 31, 2012 and 2011

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

**TDG Holding Company (A Wholly
Owned Subsidiary of Dwyer Acquisition Parent, Inc.) and
Subsidiaries**

Consolidated Financial Statements
For the years ended December 31, 2012 and 2011

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Dallas, TX 75201

Independent Auditor's Report

To the Board of Directors and Stockholder of
TDG Holding Company and Subsidiaries
Waco, Texas

We have audited the accompanying consolidated balance sheets of TDG Holding Company (a wholly owned subsidiary of Dwyer Acquisition Parent, Inc.) and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TDG Holding Company (a wholly owned subsidiary of Dwyer Acquisition Parent, Inc.) and Subsidiaries as of December 31, 2012 and 2011, and the results of its operations and its cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA LLP

Dallas, Texas
March 25, 2013

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.
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Consolidated Financial Statements

**TDG Holding Company (A wholly owned subsidiary
of Dwyer Acquisition Parent, Inc.) and Subsidiaries**

Consolidated Balance Sheets

<i>As of December 31,</i>	2012	2011
Assets		
Current assets		
Cash	\$ 4,964,966	\$ 6,617,526
Trade accounts receivable - net	3,796,764	2,982,309
Accrued interest receivable	147,075	145,460
Trade notes receivable - current portion - net	4,385,041	4,565,224
Inventories	321,293	446,365
Prepaid expenses	692,899	724,279
Income taxes receivable	-	1,631,553
Deferred tax assets	1,818,410	1,484,215
Total current assets	16,126,448	18,596,931
Property and equipment - net	7,847,762	7,336,516
Accounts receivable from affiliates	375,435	440,173
Trade notes receivable - less current portion - net	16,774,843	16,428,216
Intangible assets - net	110,057,568	110,243,054
Goodwill	52,001,067	51,983,602
Other assets	17,312	17,835
	\$ 203,200,435	\$ 205,046,327

**TDG Holding Company (A wholly owned subsidiary
of Dwyer Acquisition Parent, Inc.) and Subsidiaries**

Consolidated Balance Sheets (continued)

<i>As of December 31,</i>	2012	2011
Liabilities and Stockholder's Equity		
Current liabilities		
Trade accounts payable	\$ 1,250,569	\$ 1,156,788
Accrued liabilities	6,594,500	6,143,310
Deferred franchise sales revenue	497,141	404,923
Income taxes payable	642,323	622,249
Current portion of long-term debt	2,975,805	3,210,861
Current portion of capital lease obligations	276,895	321,034
Total current liabilities	12,237,233	11,859,165
Long-term debt - less current portion	119,072,924	77,520,379
Capital lease obligations - less current portion	427,913	397,270
Derivative liability	175,106	280,502
Deferred income taxes	38,013,892	38,109,139
Commitments and Contingencies (Note 13)		
Stockholder's equity		
Common stock-par value \$.01 per share		
Authorized - 600,000 shares		
Issued and outstanding - 1,000 shares	10	10
Additional paid-in capital	70,471,652	73,359,990
Retained earnings	(37,285,590)	3,536,068
Accumulated other comprehensive income	87,295	(16,196)
Total stockholder's equity	33,273,367	76,879,872
	\$ 203,200,435	\$ 205,046,327

See accompanying notes to consolidated financial statements.

**TDG Holding Company (A wholly owned subsidiary
of Dwyer Acquisition Parent, Inc.) and Subsidiaries**

Consolidated Statements of Operations and Comprehensive Income

<i>For the years ended December 31,</i>	2012	2011
Revenues and income		
Franchise service fees	\$ 33,574,280	\$ 31,778,918
Franchise sales fees	11,939,262	10,614,665
Sales of products and services	28,100,877	29,599,355
Interest and other	5,163,534	4,853,078
Total revenues and income	78,777,953	76,846,016
Costs and expenses		
Cost of products and services	11,065,370	11,515,552
General and administrative expense	35,403,937	34,113,130
Equity-based compensation expense	550,000	550,000
Selling expense	8,368,213	8,227,967
Bad debt expense	3,083,558	3,223,625
Total costs and expenses	58,471,078	57,630,274
Income before other expenses and income taxes	20,306,875	19,215,742
Other expenses		
Depreciation and amortization	2,871,314	3,007,045
Interest	10,040,213	9,128,407
Management fees and expenses	557,901	533,012
Other expenses	-	176,600
Total other expenses	13,469,428	12,845,064
Income before income taxes	6,837,447	6,370,678
Provision for income taxes	2,557,443	3,016,347
Net income	4,280,004	3,354,331
Other comprehensive income - Foreign currency translation Adjustment	103,491	(16,196)
Comprehensive income	\$ 4,383,495	\$ 3,338,135

See accompanying notes to consolidated financial statements.

**TDG Holding Company (A wholly owned subsidiary
of Dwyer Acquisition Parent, Inc.) and Subsidiaries**
Consolidated Statements of Changes in Stockholder's Equity

	Common Stock		Paid - In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance - December 31, 2010	1,000	\$	10 \$ 72,809,990	\$ 181,737	\$ -	72,991,737
Net income	-	-	-	3,354,331	-	3,354,331
Stock based compensation	-	-	550,000	-	-	550,000
Foreign currency translation	-	-	-	-	(16,196)	(16,196)
Balance - December 31, 2011	1,000		73,359,990	3,536,068	(16,196)	76,879,872
Net income	-	-	-	4,280,004	-	4,280,004
Distribution	-	-	(3,438,338)	-	-	(3,438,338)
Dividend	-	-	-	(45,101,662)	-	(45,101,662)
Stock based compensation	-	-	550,000	-	-	550,000
Foreign currency translation	-	-	-	-	103,491	103,491
Balance - December 31, 2012	1,000	\$	10 \$ 70,471,652	\$ (37,285,590)	\$ 87,295	33,273,367

See accompanying notes to consolidated financial statements.

**TDG Holding Company (A wholly owned subsidiary
of Dwyer Acquisition Parent, Inc.) and Subsidiaries**

Consolidated Statements of Cash Flows

<i>For the years ended December 31,</i>	2012	2011
Operating activities		
Net income	\$ 4,280,004	\$ 3,354,331
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,871,314	3,007,045
Amortization of deferred financing costs	832,442	723,217
Bad debt expense	3,083,558	3,223,625
Notes received for franchise sales	(7,994,616)	(7,334,881)
Notes received other than for franchise sales	(725,826)	(733,148)
Deferred income taxes	(431,033)	(320,652)
Stock-based compensation	550,000	550,000
Interest paid in kind	299,130	-
Changes in assets and liabilities:		
Accounts receivable	(1,410,866)	(333,595)
Interest receivable	(1,368)	1,337
Inventories	125,121	(47,203)
Prepaid expenses and other assets	32,340	85,782
Other intangible assets	(59,805)	85,575
Accounts payable	93,812	(52,843)
Accrued liabilities	(137,368)	1,397,852
Income taxes receivable/payable	1,818,558	(1,120,039)
Deferred franchise sales revenue	91,399	(116,569)
Net cash provided by operating activities	3,316,796	2,369,834
Investing activities		
Acquisition	-	(41,096)
Purchase of property, equipment, and other assets	(1,909,923)	(1,884,422)
Collections of notes receivable	6,105,052	6,074,625
Net cash provided by investing activities	4,195,129	4,149,107
Financing activities		
Dividend	(45,101,662)	-
Distribution of equity	(3,438,338)	-
Deferred financing costs paid	(2,028,944)	(140,662)
Proceeds from related party accounts receivable	44,410	917,922
Payments on revolving loan	-	(151,900)
Payments on long-term borrowings	(5,434,544)	(8,054,974)
Proceeds from long-term borrowings	46,738,536	5,473,671
Net cash used in financing activities	(9,220,542)	(1,955,943)
Effect of foreign currency translation on cash	56,057	(58,903)
Net (decrease) increase in cash	(1,652,560)	4,504,095
Cash - Beginning of year	6,617,526	2,113,431
Cash - End of year	\$ 4,964,966	\$ 6,617,526
Supplemental cash flow disclosures:		
Cash paid for income taxes	\$ 607,244	\$ 4,183,076
Cash paid for interest	\$ 8,756,883	\$ 7,274,517

See accompanying notes to consolidated financial statements.

TDG Holding Company (A wholly owned subsidiary of Dwyer Acquisition Parent, Inc.) and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization and Description of Business

Organization and Description of Business

TDG Holding Company (the “Company”) is the parent company of a number of businesses operating in the United States and internationally through the following wholly owned subsidiaries:

Mr. Rooter LLC (“Mr. Rooter”), a franchisor of plumbing repair and drain cleaning services.

Rainbow International LLC (“Rainbow”), a franchisor of carpet cleaning, air duct cleaning, and smoke, fire, and water restoration services.

Mr. Electric LLC (“Mr. Electric”), a franchisor of electrical repair and service businesses.

Aire Serv LLC (“Aire Serv”), a franchisor of heating, ventilating, and air conditioning service businesses.

Mr. Appliance LLC (“Mr. Appliance”), a franchisor of businesses relating to service and repair of appliances (both residential and commercial).

Synergistic International LLC (“Synergistic”), the franchisor of Glass Doctor, a service concept whose business is the repair and replacement of automobile, residential, and commercial glass.

The Grounds Guys LLC (“Grounds Guys”), a franchisor of lawn care and maintenance businesses.

The Dwyer Group Canada, Inc. (“TDG Canada”), which services each of the Company’s franchise concepts in Canada.

Dwyer (UK Franchising) Limited (“TDG UK”), a franchisor which markets and services the Mr. Electric and Aire Serv franchise concepts in the United Kingdom.

Glass Operating LLC (“Operating”), which offers auto, home, and business glass repair and replacement through stores located in Maine, Vermont, and New Hampshire. In certain locations, smoke, fire, and water mitigation services were offered under the Rainbow brand (these services were discontinued in 2011).

ZorWare LLC (“ZorWare”), which provides business software and support to the Company’s franchisees and to Operating.

ProTradeNet LLC (“ProTradeNet”), which facilitates purchase discounts and supplier rebates for the Company’s franchisees and for Operating.

Handled.com LLC (“Handled”), which provides marketing services to the franchisees of the Company’s franchise concepts.

The Company is a wholly owned subsidiary of Dwyer Acquisition Parent, Inc. (“DAP”), which is a wholly owned subsidiary of Dwyer Group Investment Holdings, LLC (“DGIH”). DGIH, DAP, and Dwyer Acquisition, Inc. (“DAI”) were formed in 2010 by TZP Capital Partners I, L.P. (“TZP”), certain institutional investors, and certain members of management and parties related to those members of management for the purpose of acquiring the Company.

TDG Holding Company (A wholly owned subsidiary of Dwyer Acquisition Parent, Inc.) and Subsidiaries

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies

Financial Statement Presentation and Principles of Consolidation

The consolidated financial statements as of and for the years ended December 31, 2012 and 2011, include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition, Accounts Receivable, Notes Receivable, and Allowances

The Company's primary sources of revenues are as follows:

- Franchise service fees from existing franchisees based on a percentage of each franchisee's gross sales. These fees generally range from 2% to 8% of the franchisee's weekly sales, depending upon the particular franchise concept and upon various other factors;
- Franchise fees generated from the sale of new franchise territories and the sale of additional franchise territories to existing franchisees;
- Sales of glass repair and replacement services and related products;
- Sales of other products and services to unrelated third parties;
- Interest generated from notes receivable.

Revenues from the sale of individual franchises in the United States, Canada, and the UK and master license franchise agreements in foreign countries, are generally recognized, net of an allowance for uncollectible amounts, when substantially all significant services to be provided by the Company related to the sale have been performed. Notes receivable are generally amounts due from franchisees for the purchase of franchises, or for service fees. The Company has also sold regional franchise rights, which grant the regional master licensee the right to sell individual franchises in their territory. The Company is obligated to pay commissions to the regional master licensee based on individual franchises sold as well as a share of service fees collected from franchisees in their territory.

Revenues from franchise service fees are recognized in the period such revenues are earned. Revenues from product sales are recognized upon transfer of title when orders are shipped. Revenues from services are recognized upon completion of the service. Interest on trade notes receivable is recorded as income when earned.

TDG Holding Company (A wholly owned subsidiary of Dwyer Acquisition Parent, Inc.) and Subsidiaries

Notes to Consolidated Financial Statements

The Company extends credit to entities for the purchase of franchises. These entities are typically controlled by individuals who operate their businesses as an owner/manager. Generally, the loans are collateralized by the related franchise territory rights. The Company also extends unsecured credit to its franchisees for unpaid franchise service fees. Each entity's ability to perform is dependent upon the economic condition of the business. The Company maintains ongoing credit evaluations of its franchisees. Allowances for doubtful accounts and notes receivable are provided based upon past loss experience, known and inherent risks in the accounts, adverse situations that may affect a franchisee's ability to repay, and current economic conditions. The calculation of the allowance for doubtful accounts includes an increasingly larger reserve as individual account balances age. After all collection attempts have failed, receivables are written off against the allowance.

Advertising

The Company expenses advertising costs as incurred. Advertising expense was \$1,245,739 and \$1,392,669 for the years ended December 31, 2012 and 2011, respectively.

Inventories

Inventories consist of products to be sold and are stated at the lower of cost (first-in, first-out method) or market.

Property and Equipment

Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful lives of the respective assets as follows: buildings and improvements (30 years), machinery and equipment, and vehicles (3-5 years), and, furniture and fixtures (5 years). Additions, renewals, and betterments are capitalized; maintenance and repairs which do not extend the useful life of the asset are expensed as incurred. Management evaluates long-lived assets used in operations for impairment when indications of impairment are present. Impairment losses are recorded in the amount that carrying value exceeds fair market value when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of the assets. No impairment losses were recorded for the years ended December 31, 2012 and 2011.

Goodwill

Goodwill represents the excess of acquisition cost over the fair value of assets acquired, including specifically identifiable intangibles. The Company tests goodwill annually for impairment, or earlier if events or changes in circumstances indicate that impairment may exist. Management's annual impairment test was performed as of October 1, 2012, and management has determined that the goodwill in the consolidated financial statements as of December 31, 2012 is not impaired.

Intangible Assets

Intangible assets consist of trademarks, systems-in-place, master license agreements, franchise relationships, national accounts, insurance company relationships, software, and deferred financing costs. Franchise relationships, insurance company relationships and software are stated at their estimated fair value at the date of acquisition, less amortization. Franchise relationships and insurance company relationships are amortized over their estimated useful lives of 20 years using the straight-line method. Software is amortized over its estimated useful life of 5 years

TDG Holding Company (A wholly owned subsidiary of Dwyer Acquisition Parent, Inc.) and Subsidiaries

Notes to Consolidated Financial Statements

using the straight-line method. Trademarks, systems-in-place, master license agreements, and national accounts, which are each stated at their estimated fair value at the date of acquisition less any recognized impairment losses, and trademarks acquired subsequent thereto, are not amortized, as their useful lives are considered indefinite, but are subject to annual impairment testing. Deferred financing costs are amortized using the effective interest method over the term of the related loan, with amortization included in interest expense.

Whenever events or changes in circumstances indicate that the carrying amount for an asset may not be recoverable, the Company evaluates, for impairment, the carrying value of acquired definite lived intangible assets by comparing the carrying value to the anticipated future undiscounted cash flows expected to be generated from the use of the intangible assets. If the carrying amount is not recoverable, a loss is recorded by the amount the carrying value exceeds the fair market value of the assets. No impairment of definite lived intangibles occurred during 2012 and 2011. Management's annual impairment test for indefinite lived intangibles was performed as of October 1, 2011, and management has determined that certain indefinite lived intangible assets (systems-in-place for Mr. Electric and master license agreements for Aire Serv) in the consolidated financial statements as of December 31, 2011 were impaired and were written-down to their appropriate value. Such expense is included in "Other expenses" in the Company's Consolidated Statements of Operations and Comprehensive Income. Management's annual impairment test for indefinite lived intangibles was performed as of October 1, 2012, and management has determined that no impairment occurred during 2012.

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax basis. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in tax expense in the period that includes the enactment date.

The Company establishes valuation allowances in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*. The Company reviews the adequacy of any valuation allowance and recognizes tax benefits only when it is more likely than not that the benefits will be realized.

The Company measures, classifies, and discloses unrecognized tax benefits in accordance with ASC Topic 740-10, *Income Taxes-Overall*. The Company has elected to classify interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Stock Options and Warrants

The Company accounts for stock options and warrants under FASB ASC Topic 718, *Compensation-Stock Compensation*. This pronouncement requires the measurement of all employee share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such expense in our consolidated statements of operations.

DAP has a stock-based employee compensation plan, which is described more fully in Note 5. Included in operations is \$550,000 related to such compensation for each of the years ended December 31, 2012 and 2011.

TDG Holding Company (A wholly owned subsidiary of Dwyer Acquisition Parent, Inc.) and Subsidiaries

Notes to Consolidated Financial Statements

Consolidation of Variable Interest Entities

FASB ASC Topic 810 Subtopic 10, *Consolidation*, applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. Such an entity is referred to as a variable interest entity ("VIE"). FASB ASC Topic 810 Subtopic 10 requires the consolidation of a VIE by its primary beneficiary. The primary beneficiary is the entity, if any, that has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

As required, the Company adopted FASB ASC Topic 810 Subtopic 10 relative to its franchise arrangements and evaluates such arrangements based upon financial information obtained from these franchisees and guidance provided in FASB ASC Topic 810 Subtopic 10. Based on this evaluation, the Company has concluded that it is not the primary beneficiary of any of its franchisees.

Foreign Currency Translation

Assets and liabilities of TDG Canada are translated into U.S. dollars at the rates in effect at the balance sheet date. Revenues and expenses are translated at average rates for the period. The net exchange differences resulting from these translations are recorded in stockholder's equity. Where amounts denominated in a foreign currency are converted into U.S. dollars by remittance or repayment, the realized exchange differences are included in operations.

Cash and Cash Equivalents

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

Cash consists primarily of cash on hand and cash on deposit.

The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

Fair Value of Financial Instruments

The carrying amounts of cash, trade accounts receivable, prepaid expenses, trade accounts payable, and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of long-term debt and trade notes receivable approximate fair value as the stated interest rates are at market rates.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

**TDG Holding Company (A wholly owned subsidiary
of Dwyer Acquisition Parent, Inc.) and Subsidiaries**

Notes to Consolidated Financial Statements

3. Debt Agreements and Stockholder Distribution

On June 29, 2012, The Company completed a transaction that involved borrowing \$38,015,428 in additional senior debt and \$8,100,000 in additional subordinated debt to fund a distribution of \$48,540,000 to its stockholder. In association with the new borrowings, \$2,021,814 in transaction fees were capitalized as deferred financing costs, to be amortized over the term of the debt agreements using the effective interest method, and \$908,678 in transaction fees paid to third parties were expensed.

On June 29, 2012, the Company's senior credit facility ("Senior Debt Agreement") and its senior subordinated loan agreement ("Senior Subordinated Loan Agreement") were amended to reflect borrowing of \$38,015,428 in additional senior debt and \$8,100,000 in additional subordinated debt to provide funds used in the stockholder distribution described above. The amendment also reduced the interest rate on each of the loans and extended the maturity dates.

In 2011, the Company financed the purchase of a building by issuing a note for \$282,500. The note calls for monthly principal and interest payments at a fixed interest rate of 6% and matures on March 11, 2014. The note is secured by the building.

In 2011, the existing corporate building facilities of the Company were mortgaged by a new note for \$4,880,000. The note requires monthly payments of principal plus accrued interest and matures on November 1, 2018. Interest is calculated at the London Interbank Offering Rate ("LIBOR") plus 2.25%. The interest rate at December 31, 2011 and December 31, 2012, was 2.75%. The proceeds of the loan were utilized to reduce the outstanding senior debt of the Company.

Debt at December 31, 2012 and 2011, consists of outstanding balances under the Company's Senior Debt Agreement, the Company's Senior Subordinated Loan Agreement, two unsecured notes payable, and two secured notes payable described above.

Debt at December 31 consists of the following:

	2012	2011
Senior Term Debt	\$ 81,000,000	\$ 47,620,000
Senior Subordinated Loan	35,499,130	27,100,000
Note Payable, secured by real estate	4,595,333	4,839,333
Note Payable, secured by real estate	244,450	266,672
Unsecured Note Payable, due in monthly installments at an interest rate of 8%, matures February 15, 2020.	336,587	370,095
Unsecured Note Payable, due in monthly installments at an interest rate of 6.5%, matures February 1, 2015.	373,229	535,140
Total debt	122,048,729	80,731,240
Less current portion	2,975,805	3,210,861
Long-term debt	\$ 119,072,924	\$ 77,520,379

TDG Holding Company (A wholly owned subsidiary of Dwyer Acquisition Parent, Inc.) and Subsidiaries

Notes to Consolidated Financial Statements

The amended Senior Debt Agreement provides for, among other things, (a) a term loan with an initial balance of \$82,000,000 ("Senior Term"), (b) a revolver of \$8,000,000 ("Revolver"), due June 29, 2017.

Interest on all borrowings under the Senior Debt Agreement is at either the prime rate or the London Interbank Offering Rate ("LIBOR"), as elected by the Company (in each case subject to a minimum rate), plus a premium. The premium on the Senior Term and Revolver is 4.25% and 5.25% for prime based and LIBOR based borrowings, respectively. The effective interest rate at December 31, 2011, was 7.5% for both the Revolver and Senior Term loan borrowings. The effective interest rate at December 31, 2012, was 6.75% for both the Revolver and Senior Term loan borrowings. The agreement provides for an annual commitment fee of 0.75% on the excess of the maximum available credit on the Revolver over average borrowings.

The Senior Debt Agreement is secured by substantially all assets of the Company and its subsidiaries except for the real estate mentioned above. The agreement requires, among other things, maintenance by the Company of minimum levels of cash flow coverage, leverage to EBITDA ratios, and also limits capital expenditures. As of December 31, 2012, the Company was in compliance with these covenants.

The Revolver provides a maximum of \$8,000,000 of revolving credit through June 29, 2017. At both December 31, 2011, and December 31, 2012, there was no balance outstanding on the Revolver and an available balance of \$7,550,000, with the difference relating to outstanding letters of credit.

The Senior Subordinated Loan Agreement provides for, among other things, the issuance of \$35,200,000 in 13.5% senior subordinated notes, due June 29, 2018. Interest is payable quarterly. The Company must pay interest of 12% on the outstanding principal amount in cash and 1.5% on the outstanding principal amount ("PIK Amount") by increasing the then aggregate outstanding principal amount by the PIK Amount. On or after September 30, 2013, the Company may elect to pay the PIK amount in cash. In 2012, the senior subordinated debt balance was increased by \$299,130 for PIK interest. The notes are subordinated to borrowings under the Senior Debt Agreement. After the Senior Debt is paid in full, prepayments may be made at any time in specified increments by including (through December 14, 2014) a defined premium. The Senior Subordinated Loan Agreement requires, among other things, maintenance by the Company of minimum levels of cash flow coverage, leverage to EBITDA ratios, and also limits capital expenditures. As of December 31, 2012, the Company was in compliance with these covenants.

Future maturities of long-term debt at December 31, 2012 are as follows:

Years ending December 31,

2013	\$ 2,975,805
2014	4,187,554
2015	4,304,475
2016	4,290,097
2017	67,293,923
Thereafter	38,996,875

\$ 122,048,729

**TDG Holding Company (A wholly owned subsidiary
of Dwyer Acquisition Parent, Inc.) and Subsidiaries**

Notes to Consolidated Financial Statements

4. Intangible Assets

On June 29, 2012, the Company's senior credit facility and its senior subordinated loan agreement were amended to provide for additional funds used in the stockholder distribution described in Note 3. In conjunction with this transaction, the Company incurred \$2,028,944 of additional deferred financing costs.

Intangible assets at December 31, 2012 consists of the following:

	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Franchise relationships	20 years	\$ 26,544,605	\$ 2,686,571	\$ 23,858,034
Insurance company relationships	20 years	611,000	61,839	549,161
Deferred financing costs	Life of debt	5,665,279	1,565,038	4,100,241
Software	5 years	576,100	233,228	342,872
Total definite-lived intangibles		\$ 33,396,984	\$ 4,546,676	\$ 28,850,308

	Useful Life	Gross Amount	Impairment Recorded in 2012	Net Amount
Trademarks	Indefinite	\$ 62,110,860	\$ -	\$ 62,110,860
Systems-in-place	Indefinite	12,887,000	-	12,887,000
Franchise rights	Indefinite	375,000	-	375,000
Master license agreements	Indefinite	4,071,400	-	4,071,400
National accounts	Indefinite	553,000	-	553,000
Portland Glass trademark	Indefinite	1,210,000	-	1,210,000
Total indefinite-lived intangibles		\$ 81,207,260	\$ -	\$ 81,207,260

Intangible assets at December 31, 2011 consists of the following:

	Useful Life	Gross Amount	Accumulated Amortization	Net Amount
Franchise relationships	20 years	\$ 26,511,841	\$ 1,357,703	\$ 25,154,138
Insurance company relationships	20 years	611,000	31,289	579,711
Deferred financing costs	Life of debt	3,636,335	732,596	2,903,739
Software	5 years	576,100	118,008	458,092
Total definite-lived intangibles		\$ 31,335,276	\$ 2,239,596	\$ 29,095,680

	Useful Life	Gross Amount	Impairment Recorded in 2011	Net Amount
Trademarks	Indefinite	\$ 62,050,974	\$ -	\$ 62,050,974
Systems-in-place	Indefinite	13,007,000	(120,000)	12,887,000
Franchise rights	Indefinite	375,000	-	375,000
Master license agreements	Indefinite	4,128,000	(56,600)	4,071,400
National accounts	Indefinite	553,000	-	553,000
Portland Glass trademark	Indefinite	1,210,000	-	1,210,000
Total indefinite-lived intangibles		\$ 81,323,974	\$ (176,600)	\$ 81,147,374

TDG Holding Company (A wholly owned subsidiary of Dwyer Acquisition Parent, Inc.) and Subsidiaries

Notes to Consolidated Financial Statements

Amortization expense was \$2,305,079 for the year ended December 31, 2012 and \$2,196,109 for the year ended December 31, 2011. Estimated amortization expense for the subsequent five years is as follows:

Years ending December 31,

2013	\$ 2,387,822
2014	2,361,683
2015	2,326,287
2016	2,180,749
2017	1,858,884
Thereafter	17,734,883
	<hr/> \$ 28,850,308 <hr/>

5. Stock Options

DAP's stock option plan, the Dwyer Acquisition Parent, Inc. Stock Option Plan (the "Plan"), was established in 2010 and provides for stock option awards to be granted to the Company's employees, directors, or consultants. A total of 12,848,824 options are available for grant.

Unless noted otherwise below, all options are granted under the following terms. Options are exercisable only to the extent they have vested, and expire ten years from the date of grant. Vesting of a portion of the options (41.67%) is subject to the passage of time; the balance (58.33%) vest based on DAP achieving defined financial goals. Based upon continuous employment, the time-based options vest at 20% per year on each of the five anniversaries from December 23, 2010. Also based upon continuous employment, performance-based options contingently vest over five years based on DAP achieving certain annual earnings targets for each of the five fiscal years ending 2011-2015. Accelerated vesting of all unvested options occurs upon a change in control of DAP prior to the vesting dates specified in the plan. In the event options are exercised, authorized but unissued shares would be issued. Once options are exercised, the stock issued is subject to repurchase and transfer restrictions. As of December 31, 2012, no options had been exercised.

In December 2010, DAP granted to certain employees, options to purchase 11,762,331 shares of DAP's common stock at an exercise price of \$1.00 per share. In 2011, DAP granted an additional 98,936 options to an employee under the same terms as those previously granted. In 2012, DAP granted an additional 230,000 options to certain employees under the same terms as those previously granted except that the exercise price was \$1.20 per share (the fair market value at the time of grant), and the time-based options vest at 25% per year on each of the four anniversaries beginning on December 21, 2011.

In June 2012, the Company made a distribution to its stockholder as described more fully in Note 3. In accordance with anti-dilution provisions of the stock option agreements, the exercise price of previously granted options was reduced by \$.54 per share.

Also in 2012 (subsequent to the distribution to its stockholder), DAP issued 202,500 options to certain employees with an exercise price of \$.66 per share and time-based options vesting at 25% per year on each of the four anniversaries beginning on December 21, 2012; and 200,000 shares to an employee with an exercise price of \$.92 per share, time-based options vesting at 20% per year on each of the five anniversaries from October 31, 2012, and performance-based options contingently vesting over five years based on DAP achieving certain annual earnings targets for

**TDG Holding Company (A wholly owned subsidiary
of Dwyer Acquisition Parent, Inc.) and Subsidiaries**

Notes to Consolidated Financial Statements

each of the five fiscal years ending 2013-2017. Such exercise prices reflect the fair market value of the stock at the time of grant.

Management estimated the grant-date fair value of the option awards by using the Black-Scholes-Merton option-pricing model and the following assumptions. Although DAP paid a substantial one-time dividend to its stockholder in 2012, regular dividends have not been paid in the past and DAP has no intention to pay regular dividends in the future. The expected term of the options granted was derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. Since historic data for DAP is insufficient, and there is no internal market for transactions of DAP's shares, an industry sector index was used to calculate expected volatility. The Dow Jones US Consumer Services Industry Index (ticker DJUSCY) was selected as the industry sector index most representative of DAP's operations. We calculated volatility over a 6.5 year period in order to match volatility with the expected term of the options. Expected volatility is based on trading activity from 6.5 years prior to the grant date. The risk-free interest rate for the expected term of the options was based on the U.S. Treasury yield curve at the date of grant. The valuation statistical assumptions for the majority of the options are recapped in the following table:

Expected dividend yield	0%
Expected volatility	22%
Expected term	6.5 years
Risk-free interest rate	1.02%

A summary of DAP's stock option activity for the year ended December 31, 2012, and changes during the year, is presented below:

	Number of Shares Underlying Options	Weighted- Average Exercise Prices	Aggregate Intrinsic Value
Outstanding - January 1, 2012	11,614,056	\$.54	\$ 3,251,936
Granted	632,500	.74	101,200
Forfeited	-		-
Outstanding - December 31, 2012	12,246,556	.55	3,353,136
Vested and Exercisable - December 31, 2012	3,062,136	\$.54	\$ 847,333

**TDG Holding Company (A wholly owned subsidiary
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Notes to Consolidated Financial Statements

A summary of DAP's nonvested options as of December 31, 2012, and changes during the year, is presented below:

	Number of Shares Underlying Options	Weighted- Average Exercise Prices	Aggregate Intrinsic Value
Outstanding - January 1, 2012	9,784,696	\$.54	\$ 2,739,715
Granted	632,500	.74	101,200
Vested	(1,232,776)	.54	(335,112)
Forfeited	-		-
Outstanding - December 31, 2012	9,184,420	\$.55	\$ 2,505,803

At December 31, 2012, the weighted average remaining contractual life of all granted options is eight years, and there were 602,263 additional shares available for DAP to grant under the Plan.

Based on the above assumptions, stock-based compensation expense of \$550,000 was recorded in 2012. That amount was added to DAP's paid-in capital since there is no cash settlement provision related to the options. An associated reduction in income tax expense, and a deferred tax asset, of \$212,000 was also recorded.

As of December 31, 2012, there was \$1,400,000 of estimated total unrecognized compensation cost related to share-based compensation arrangements under the Plan. DAP expects to recognize those costs over the next four years.

6. Trade Notes Receivable

The Company receives notes from the sale of new franchises. The rights to the related franchise territory sold generally collateralize these notes. The Company also from time-to-time receives notes for delinquent franchise service fees. Such notes, at December 31, 2012, bear interest at rates typically ranging from 7% to 12% and generally require equal monthly installments over a life of one to ten years.

A summary of notes receivable as of December 31 is as follows:

	2012	2011
Amounts due within one year, net of allowance for doubtful accounts of \$561,092 in 2012 and \$652,594 in 2011	\$ 4,385,041	\$ 4,565,224
Amounts due after one year, net of allowance for doubtful accounts of \$2,210,554 in 2012 and \$2,344,412 in 2011	16,774,843	16,428,216
Total notes receivable, net	\$ 21,159,884	\$ 20,993,440

**TDG Holding Company (A wholly owned subsidiary
of Dwyer Acquisition Parent, Inc.) and Subsidiaries**

Notes to Consolidated Financial Statements

An analysis of the changes in notes receivable for the years ended December 31 is as follows:

	2012	2011
Gross notes receivable, beginning of year	\$ 23,990,446	\$ 25,036,659
Principal payments received	(6,095,657)	(6,062,325)
Notes issued	8,709,514	8,052,353
Net write-offs	(2,710,637)	(3,000,475)
Foreign currency translation	37,864	(35,766)
Gross notes receivable, end of year	23,931,530	23,990,446
Allowance for doubtful accounts	(2,771,646)	(2,997,006)
Net notes receivable, end of year	\$ 21,159,884	\$ 20,993,440

An analysis of the changes in the notes receivable allowance for doubtful accounts for the years ended December 31 is as follows:

	2012	2011
Allowance, beginning of year	\$ 2,997,006	\$ 3,323,245
Provision for bad debts	2,478,845	2,676,216
Net write-offs	(2,710,637)	(3,000,475)
Foreign currency translation	6,432	(1,980)
Allowance, end of year	\$ 2,771,646	\$ 2,997,006

Scheduled future maturities of gross notes receivable are as follows:

<i>Years ending December 31,</i>	
2013	\$ 4,946,134
2014	5,223,674
2015	4,645,618
2016	4,041,771
2017	2,653,955
Thereafter	2,420,378
	\$ 23,931,530

Notes receivable are considered to be delinquent when a payment is not received. The aging of our gross notes receivable is as follows as of December 31:

	2012		2011	
	Principal	Percentage	Principal	Percentage
Current	\$ 20,695,245	86.48%	\$ 20,845,646	86.89%
1-30 days past due	657,574	2.75%	610,819	2.55%
31-60 days past due	376,724	1.57%	328,400	1.37%
61-90 days past due	785,207	3.28%	782,493	3.26%
Over 90 days past due	1,416,780	5.92%	1,423,088	5.93%
Total	\$ 23,931,530	100.00%	\$ 23,990,446	100.00%

**TDG Holding Company (A wholly owned subsidiary
of Dwyer Acquisition Parent, Inc.) and Subsidiaries**

Notes to Consolidated Financial Statements

7. Trade Accounts Receivable

An analysis of the changes in the trade accounts receivable allowance for doubtful accounts for the years ended December 31 is as follows:

	<u>2012</u>	<u>2011</u>
Allowance, beginning of year	\$ 418,134	\$ 602,353
Provision for bad debts	603,367	540,191
Net write-offs	(542,337)	(724,008)
Foreign currency translation	560	(402)
Allowance, end of year	\$ 479,724	\$ 418,134

8. Property and Equipment

A summary of property and equipment at December 31 is as follows:

	<u>2012</u>	<u>2011</u>
Land	\$ 1,069,072	\$ 1,069,072
Building and improvements	4,367,955	4,009,772
Machinery and equipment	3,538,216	2,447,511
Furniture and fixtures	239,450	165,870
Vehicles under capital lease	1,290,523	1,006,612
Total property and equipment	10,505,216	8,698,837
Less accumulated depreciation	2,657,454	1,362,321
Property and equipment - net	\$ 7,847,762	\$ 7,336,516

Depreciation expense was \$1,398,677 and \$1,534,153 for the years ended December 31, 2012 and 2011, respectively.

9. Operating Lease Commitments

The Company leases office and retail space for its company-owned stores and office space for certain of its corporate employees. The Company also subleases certain properties. Rent expense is recognized on a straight-line basis over the terms of the leases.

**TDG Holding Company (A wholly owned subsidiary
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Notes to Consolidated Financial Statements

Future minimum rental payments under all operating leases, net of subleases, with initial or remaining non-cancelable terms in excess of one year as of December 31, 2012 are as follows:

<i>Years ending December 31,</i>	Lease Obligations	Sublease Rentals	Net Obligation
2013	\$ 1,475,104	\$ (1,645)	\$ 1,473,459
2014	1,226,202	-	1,226,202
2015	1,000,349	-	1,000,349
2016	740,882	-	740,882
2017	700,868	-	700,868
Thereafter	1,361,025	-	1,361,025
Total	\$ 6,504,430	\$ (1,645)	\$ 6,502,785

Rent expense was \$1,574,383 and \$1,476,720 for the years ended December 31, 2012 and 2011, which amount was net of sublease rental income of \$42,791 and \$95,139, respectively.

10. Capital Lease Commitments

The Company leases vehicles under capital lease agreements expiring at various dates through 2016. The Company had \$704,808 and \$718,304 in leased property under capital leases as of December 31, 2012 and 2011, respectively.

As of December 31, 2012, the future minimum rental payments under capital leases are as follows:

<i>Years ending December 31,</i>	
2013	\$ 321,676
2014	258,503
2015	170,856
2016	111,291
2017	27,465
	\$ 889,791

The obligations under capital leases were recorded at the fair market value of the leased property and have imputed interest rates ranging from a variable rate of .95% to a fixed rate between 3.00% and 5.58%. Obligations under capital leases at December 31, 2012 are as follows:

Future minimum payments due under capital leases	\$ 889,791
Less amounts representing interest	184,983
Present value of obligations under capital leases	704,808
Current portion of obligations under capital leases	276,895
Long-term portion of obligations under capital leases	\$ 427,913

**TDG Holding Company (A wholly owned subsidiary
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Notes to Consolidated Financial Statements

11. Income Taxes

The provision for income taxes for the years ended December 31 is as follows:

	2012	2011
Current:		
Federal	\$ 2,382,365	\$ 2,154,205
State	500,659	760,019
Foreign	110,035	177,422
Total current	2,993,059	3,091,646
Deferred:		
Federal	(408,057)	(5,410)
State	(41,972)	(557)
Foreign	14,413	(69,332)
Total deferred	(435,616)	(75,299)
Total	\$ 2,557,443	\$ 3,016,347

A reconciliation of the provision for income taxes at statutory rates to the provision for income taxes at effective rates at December 31 is as follows:

	2012	2011
Federal income taxes at statutory rate	\$ 2,393,106	\$ 2,255,263
State taxes	205,550	498,808
Permanent differences	47,891	468,978
Other	(273,409)	(309,491)
Foreign taxes	184,305	102,789
Total provision	\$ 2,557,443	\$ 3,016,347

**TDG Holding Company (A wholly owned subsidiary
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Notes to Consolidated Financial Statements

The components of deferred income tax assets and liabilities at December 31 are as follows:

	2012	2011
Deferred tax assets:		
Accounts receivable allowance	\$ 182,305	\$ 151,653
Accrued expenses	806,114	708,197
Equity compensation	979,032	766,732
Property and equipment	139,627	207,406
Interest rate swap	67,591	108,274
Notes receivable allowance	1,056,492	1,121,983
Other	235,177	180,814
Total deferred tax assets	3,466,338	3,245,059
Deferred tax liabilities:		
Prepaid expenses	(177,800)	(175,830)
Intangible assets and goodwill	(39,484,020)	(39,694,153)
Total deferred tax liabilities	(39,661,820)	(39,869,983)
Net deferred liabilities	\$ (36,195,482)	\$ (36,624,924)

As classified on the balance sheet, the components of deferred income tax assets and liabilities at December 31 are as follows:

	2012	2011
Deferred tax assets (liabilities) - current:		
Accounts receivable allowance	\$ 182,305	\$ 151,653
Accrued expenses	806,114	708,197
Prepaid expenses	(177,800)	(175,830)
Equity compensation	979,032	766,732
Other	28,759	33,463
Net deferred tax assets - current	1,818,410	1,484,215
Deferred tax assets (liabilities) - noncurrent:		
Notes receivable allowance	1,056,492	1,121,983
Property and equipment	139,627	207,406
Interest rate swap	67,591	108,274
Intangible assets and goodwill	(39,484,020)	(39,694,153)
Other	206,418	147,351
Net deferred tax liabilities - noncurrent	(38,013,892)	(38,109,139)
Net deferred tax liabilities	\$ (36,195,482)	\$ (36,624,924)

TDG Holding Company (A wholly owned subsidiary of Dwyer Acquisition Parent, Inc.) and Subsidiaries

Notes to Consolidated Financial Statements

The Company adopted the provisions of ASC 740-10, *Income Taxes*, related to unrecognized tax benefits, in the 2009. For the year ended December 31, 2012, an additional \$58,491 was recorded as an increase to the unrecognized tax benefits liability. The Company recognizes interest and penalties related to the unrecognized tax benefits and classifies such as a component of income taxes. As of December 31, 2012, \$160,390 of interest and penalty has been accrued by the Company related to ASC 740-10, none of which was recognized in 2012.

The statute of limitations for federal tax purposes is open for the 2010 and 2011 fiscal years and for state income tax purposes the open statutes range from the 2007 through 2011 fiscal years. In 2011, the Company completed and settled a federal income tax audit for the 2007, 2008, and 2009 fiscal years. The Company paid an assessment of approximately \$473,000.

The Company permanently reinvests cash earned in Canada. On this basis, no U.S. deferred tax is recorded on unrepatriated earnings.

12. Related-Party Transactions

The Company is a party to a management agreement with TZP Management Associates, LLC, an entity affiliated with TZP. The Company is obligated to pay annual management fees under the agreement at an amount which is the greater of \$500,000 or 2.5% of fiscal year consolidated EBITDA. The Company expensed \$527,673 and \$500,000 in 2012 and 2011, respectively, for such management fees.

The Company purchases promotional materials from entities affiliated with management. Such purchases totaled \$152,762 and \$175,766 in 2012 and 2011, respectively. The Company also provides certain services to and recognizes income from entities affiliated with management for accounting, administrative services, product sales, rents, commissions, and management fees. Such income equaled \$69,039 and \$50,190 in 2012 and 2011, respectively. The Company had accounts receivable from these parties of \$13,927 and \$33,088 at December 31, 2012 and 2011, respectively.

13. Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, *Contingencies*. Accordingly, no liabilities have been accrued for these matters at December 31, 2012 and 2011. Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

14. Employee Benefit Plan

The Company sponsors a 401(k) plan covering the majority of its employees. Plan participants may contribute up to 70% (subject to Internal Revenue Service limitations) of their annual compensation before taxes for investment in several specified alternatives. Employees are fully vested with respect to their contributions. The Company may match a percentage of employee contributions as determined at the discretion of the Board of Directors. Total Company contributions to this plan totaled \$111,711 and \$113,978 in 2012 and 2011, respectively.

TDG Holding Company (A wholly owned subsidiary of Dwyer Acquisition Parent, Inc.) and Subsidiaries

Notes to Consolidated Financial Statements

15. Fair Value Measurements

The Company follows the provisions of FASB ASC 820 for financial assets and liabilities. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3: Inputs that are unobservable (for example cash flow modeling inputs based on assumptions).

On March 25, 2011, the Company entered into an interest rate swap agreement with BBVA Compass on \$13,950,000 of the Company's Senior Debt Agreement debt at a fixed interest rate of 7.95% per annum with a termination date of March 25, 2014. The interest rate swap agreement has not been designated as a cash flow hedge under ASC 815.

The following table shows the liability measured at fair value as of December 31, 2012 on the Company's balance sheet, and the input categories associated with this liability:

Description	Total Fair Value Obligations at December 31, 2012	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Obligations (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative asset (liability)	\$ (175,106)	\$ -	\$ (175,106)	\$ -

The fair value of the derivative liability is calculated using proprietary models with observable inputs as well as future assumptions related to interest rates and other applicable variables. This calculation is performed by the financial institution that is counterparty to the applicable swap agreement. The Company uses this reported fair value to adjust the liability as appropriate.

Each month, the Company receives or pays the difference between the prevailing LIBOR rate and the fixed rate swap percentage. The interest rate swap instrument is marked to market monthly with changes in value recorded as interest expense. The interest rate swap is recorded as a \$175,106 long-term liability on the consolidated balance sheet at December 31, 2012 and interest income of \$105,396 was recorded in the Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2012.

16. Subsequent Events

In preparation of its financial statements, the Company considered subsequent events through March 25, 2013, which was the date the Company's financial statements were available to be issued.

EXHIBIT D
PARENT GUARANTEE

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EXHIBIT D

PARENT GUARANTEE OF PERFORMANCE

For value received TDG HOLDING COMPANY (“Guarantor”) located at 1010 N. University Parks Drive, Waco, Texas 76707, absolutely and unconditionally guarantees the performance by THE GROUNDS GUYS LLC (“Franchisor”) located at 1010 N. University Parks Drive, Waco, Texas 76707 of all of the obligations of Franchisor under its franchise registration in the States of California, Hawaii, Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia and Washington dated as of the date its exemption is declared effective by such States and of its Franchise Agreement. This guarantee continues until all obligations of Franchisor under the franchise registrations and franchise agreement are satisfied. Guarantor is not discharged from liability if a claim by the franchisee against Franchisor remains outstanding. Notice of acceptance is waived. Notice of default on the part of Franchisor is not waived. This guarantee is binding on Guarantor and its successors and assigns. Guarantor (Parent) executes this guarantee at Waco, Texas, on the 1st day of April, 2014.

GUARANTOR:

TDG HOLDING COMPANY

BY: 
Deborah Wright-Hood, Secretary

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EXHIBIT E
CURRENT FRANCHISEES
IN THE UNITED STATES AS OF DECEMBER 31, 2013

Note: This list is arranged alphabetically by state and then alphabetically by cities in each state.

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ALABAMA

Osburn, Raymond J.
107-B Owens Pkwy.
Birmingham, AL 35244
205/229-3043

Tanner II, Robert T.
210 N. Walnut St.
Florence, AL 35630
256/415-2716

Byers, Curtis R. and
Hastings, Lucy
12471 Larry Lane E
Grand Bay, AL 36541
251/865-1743

ARKANSAS

Williams, Jeremy D.
1104 Clifton St.
Conway, AR 72034
501/274-3792

Herndon, Billy
3630 N. Tower Circle
Fayetteville, AR 72704
479/225-1995

Hall, Russell S.
3204 S. Shackelford Rd.
Little Rock, AR 72205
501/821-4358

McKisck, John
7625 Perry Lane
Mabelvale, AR 72103-2948
501/562-1899

CALIFORNIA

Koehler, Gene A.
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Rohnert Park, CA 94928
707/477-6728

Occhionero, Richard
1443 Clearview Way
San Marcos, CA 92078
858/349-3851

COLORADO

Brienza II, Eugene & Gail
28560 E. 162nd Ct.
Brighton, CO 80603
303/498-0639

Maneti, Shane T.
117 E. Charlotte St.
Johnstown, CO 80534
970/590-9183

Hambleton, Wade
714 Skywalker Point
Lafayette, CO 80026
303/447-8568

Campbell, Joseph
80 S. Field St.
Lakewood, CO
720/939-2109

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Southington, CT 06489
860/919-4777

Rodriguez, Hector
1028 Boulevard 304
West Hartford, CT 06105
860/904-4919

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510 Willowood Dr.
Smyrna, DE 19977
302/276-3714

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Scott, Richard
201 McLean Pt.
Cypress Gardens, FL 33884
863/268-4488

Minor, Randall I.
303 Rosewood Dr.
Fort Pierce, FL 34947-3453
772/201-6547

Anderson Jr., James A.
9238 Commonwealth Ave.
Jacksonville, FL 32220
904/545-3640

Santo, John & Kelly
505 S. Parke View Dr.
Jacksonville, FL 32259
904/230-0182

Kirtley, Jeffrey L.
275 SW Center Ave.
Keystone Heights, FL 32656
352/235-4701

Parton, Venus & Janice
312 Defuniak St.
Niceville, FL 32578-8311
850/830-2090

Darr, Andrew L.
4220 Waterfront Pkwy.
Orlando, FL 32806-7467
321/947-3681

Strano, Sean
3312 Cummings Place
Plant City, FL 33566
813/478-1280

Hartwig, Robert Craig
130 Indian Branch Rd.
Saint Augustine, FL 32092
904/388-9354

Fischer, Raymond and Lynda
2142 Old Arbor Crt.
Sarasota, FL 34232
941/377-4818

Kendall, Brian T.
3528 Oak Hill Trail
Tallahassee, FL 32312
850/855-0983

Norton, Brian
350 Tall Pines Rd. STE C
West Palm Beach, FL 33413
561/249-0560

GEORGIA

Baldwin, Charles J.
4657 Cox Rd.
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706/825-9885

Spearman, Lindsey M.
510 Rivera Dr.
St. Simons Island, GA 31522
678/230-6601

King, Charles E.
1029 Peachtree Pkwy N., Ste. 326
Tyrone, GA 30290
678/472-0479

IDAHO

Flansburg, Larry E.
2986 W. Deerfield Ct.
Eagle, ID 83616
208/938-3104

ILLINOIS

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202 Ford Dr., Unit C
New Lenox, IL 60451
815/462-1420

INDIANA

Hatton, Clifford
1206 W. 1st St.
Alexandria, IN 46001
765/724-7955

Middlebrook Sr., Dane
124 E. Northfield Dr.,
Ste. 225
Brownsburg, IN 46112

Murray, Louis and Carol
11290 New Market Rd.
Marysville, IN 47141-9730
812/293-3198

Wolff, Michael and Nancy
422 Pinewood Dr.
Michigan Shores, IN 46360
219/878-3032

Reid, David W.
4279 Redwood Court
Zionsville, IN 46077
317/7696833

IOWA

Sedrel, Correy
1930 SE 41st St.
Grimes, IA 50111
515/979-1454

KANSAS

Baker, Jeffrey D.
1805 Lakeland Dr.
El Dorado, KS 67042
316/377-9024

Troxel, Christopher
20165 Gireau Rd.
Parker, KS 66072
913/259-2858

KENTUCKY

Ward, Bradley
101 Fowler Dr.
Beaver Dam, KY 42320
270/256-8911

Barnes, Clay
128 Sills Lane
Benton, KY 42025
270/703-7393

Cheek, William D.
1426 Hopewell Rd.
Harrodsburg, KY 40330
859/734-0202

O'Connell, Michael & Kelly
1452 Hugh Ave.
Louisville, KY 40213
502/437-9274

Bell, Bradley and Rachel
4620 Rome Parkway
Owensboro, KY 42301
270/925-9959

Smith, Steven and
Garland Jr., Dennis
233 Berryton Rd.
Rineyville, KY 40162
270/828-8285

LOUISIANA

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8924 Brookwood Dr.
Baton Rouge, LA 70809
225/445-6434

Ryder, Stacey & Rhonda
464 Elmus Paul Rd.
DeVille, LA 71328
318/466-9313

Champagne II, Rodney J.
605 South A St.
Duson, LA 70529
337/277-7526

Branton, Jeremie P.
30 Hal Sutton Dr.
Haughton, LA 71037
381/549-0002

Kelly, Joseph D.
1051 Chuancey Pitre Rd.
Ville Platte, LA 70586
337/336-1088

Hogan, Caleb
176 Aaron Rd.
West Monroe, LA 71292
318/267-4160

MARYLAND

Londot, James N.
906 Governor Bridge Rd.
Davidsonville, MD 21035
301/805-0119

Schmidt, Robert L.
302 Martindale Lane
Forest Hill, MD 21050-1632
410/803-1956

O'Connor, Kaleen J.
110 University Blvd. W,
Ste. 3357
Silver Springs, MD 20918
301/770-4333

Fuller, Anthony
8500 Hardwick Ct.
Upper Marlboro, MD 20772
240/604-1874

MASSACHUSETTES

Gallant, Stephen
28 Coolidge St.
Auburn, MA 01501-2914
508/832-3664

MICHIGAN

Norcutt, Kyle
1695 Service Rd., Ste. 205
Grand Rapids, MI 49503
269/760-5912

MINNESOTA

Leyk, Sean
8910 61st Ave. N.
Brooklyn Center, MN 55428
612/710-1831

MISSISSIPPI

McGraw, Jr., Donald W.
321 Swallow Dr.
Brandon, MS 39047
601/321-9676

MISSOURI

Williams Jr., Richard & Cecelie
7015 Meadow View Dr.
Dittmer, MO 63023
636/274-2524

Dubbs, Joshua
881 Cherokee Ridge Lane
Labadie, MO 63055
636/236-1070

Rodriguez, Dimitrius
427 Ravenwood Circle
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417/317-4984

Klemme, Phillip
1232 W. Springfield Ave., Ste. C
Union, MO 63084
636/584-8000

Tucker, George D.
2 West Main St.
Wentzville, MO 63385
636/332-4500

MONTANA

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674 Latigo Lane
Bigfork, MT 59911
406/837-0035

Baumann, Brent S.
23 Rice Lane
Billings, MT 59105
406/662-1859

Talley, Joshua
19 Lupine Lane
Clancy, MT 59634
406/781-9015

NEBRASKA

Bauer, Michael
3120 S. 27th St.
Lincoln, NE 68502
402/416-7320

Prettyman, Daniel & Brandy Lee
11912 S. 48th St.
Papillion, NE 68133
402/210-6557

NEW JERSEY

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6069 English Creek Ave.
Egg Harbor Township, NJ 08234
609/788-4027

Borawski, Jason
30 Gladiola Dr.
Howell, NJ 07731
732/312-6635

Caravassilis, John
701 W. Farms Rd.
Howell, NJ 07731
908/892-7545

NEW YORK

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284 Talon Run
Greece, NY 14612
585/503-4195

Cambron, Charles
15 Cullen Lane
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631/662-1955

Hoag, Robert
48 Bridge St.
West Falls, NY 14170
716/652-0119

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505/486-9253

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Rio Rancho, NM 87124
505/891-3388

NORTH CAROLINA

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Bessemer City, NC 28016
704/629-5274

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8812 Fultram Lane
Charlotte, NC 28227
407/488-6908

Colbenson, Robert
661 Bright Orchid Ave.
Concord, NC 28025
910/367-1800

Ramos, Kelly
126 Underwood Rd.
Fletcher, NC 28732
838/348-7900

Creech, Brent and Suzanne
2140 Ivy Road
Greenville, NC 27858
252/531-4741

Lane, Laura L.
1115 Mystic Lane
King, NC 27021
336/983-5237

Kennedy, Matthew
121 Dartmoor Lane
Raleigh, NC 27601
919/341-6070

OHIO

Woods, Brian L.
470 County Rd. 97
Fremont, OH 43420
419/334-2085

Polcyn, Matthew and Jennifer
7838 Township Rd. 102
Millersburg, OH 44654
254/330-5746

Denker, Scott and Lee Ann
1890 S. Crissey Rd.
Mondova, OH 44654
254/330-5746

Temple, Herbert
6304 Maple Grove
Morrow, OH 45152
513/616-5261

Rush, Justin
8381 Schleppi Rd.
Westerville, OH 43081
330/980-8183

OKLAHOMA

Guenther, Allan & Pamela
8307 E. 111th St., Ste. O
Bixby, OK 74008
918/970-6058

Deathrage, Ryan A.
1108 West Fay Ave.
Kingfisher, O 73750
405/757-3181

OREGON

Reid, Daniel W.
2803 Upper River Rd.
Grand Pass, OR 97526
541/659-8130

Stapleton, Keith and Virginia
4187 Orchard Hts. Rd. NW
Salem, OR 97304
503/689-5227

PENNSYLVANIA

Tilley, Thomas and Ricky
111 E. Fairmont St.
Coopersburg, PA 18036
610/282-4784

Sensenig, Jeffrey
135 Nicholas Rd.
Lancaster, PA 17603-9424
717/399-3313

Perry Jr., Roy & Holly C.
460 Old Stone Way
York, PA 17406
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SOUTH CAROLINA

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Columbia, SC 29206
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123 Keowee Ave., Apt. A
Greenville, SC 29605
864/908-8212

Bell, Trenton L.
1695 Duke Rd.
Longs, SC 29568-7448
843/390 2721

Colonnello Jr., David
1251 Colfax Court
Mount Pleasant, SC 29466
718/887-6051

Gregory, Mark Anthony
1261 Mt. Zion Rd.
Spartanburg, SC 29303
864/809-5902

TENNESSEE

Sexton, Thomas C.
164 W. 31st St., Ste. 100
Chattanooga, TN 37410
423/821-2666

Dalton, Thomas and Sandra
89 McCall
Colliersville, TN 38017
901/522-5040

Parente, Dominic
111 Ten Oaks Dr. W
Hendersonville, TN 37075
615/431-5642

Carter, Jeremy
4613 Washington Pike
Knoxville, TN 37917
865/809-9500

Beck, John
203 Glade Dr.
Mount Juliet, TN 37122
615/394-4060

TEXAS

Gilbert, Johna Jo and
Womble, Beth
1310 Qualified Circle
Austin, TX 78758
512/845-2222

Howard, Cade Wesley
175 Gary
Bridge City, TX 77611
409/767-1255

Andrew, Clete
28300 S. Soney Rd.
Canyon, TX 79015
806/433-8510

Robilio, Craig and Nancy
11222 S. Kolbe
Cypress, TX 77429
281/894-0818

Wallace, Alexander &
Mackenzie
2339 Clark St.
Dallas, TX 75204
214/683-4015

Hicks, Travis
133 N. Friendswood Dr.,
Ste. 142
Friendswood, TX 77546
832/477-5488

Rizzo, Jack
2920 Nadar
Grand Prairie, TX 75054
817/205-7770

Clendennen, Matthew
729 Cheyenne Trail
Hewitt, TX 76643
254/749-2074

Williams, April
107 Deer Landing Trail
P.O. Box 370
Mabank, TX 75147
903/288-0592

Salinas III, Santos
220 Blanco Dr.
Portland, TX 78374
361/548-4576

Hood, Michael & Tracy
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Richmond, TX 77406
713/962-8698

Johnson, William N.
7732 S. University Parks Dr.
Robinson, TX 76706
254/716-6945

Scott, Jorge
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Round Rock, TX 78681
512/695-3328

Salgado, Carlos
4007 Bulverde Pkwy.
San Antonio, TX 78259
210/875-0597

Curry, Lester W.
1604 Hwy. 281 N
Three Rivers, TX 78071
361/786-9921

UTAH

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8 S Sunwood Lane
Sandy, UT 84092
801/523-2429

VERMONT

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50 Furnace St.
Poultney, VT 05764
802/287-2544

Kaigle, Korey L.
17 Ally Dr.
Swaton, VT 05488
802/86-6550

VIRGINIA

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6599 29th St. N
Arlington, VA 22213
703/241-1766

Blevins, Michael B.
14341 Brynwood Dr.
Bristol, VA 24202
423/383-8069

Milihram, Frank G.
4570 Lanwvale Dr.
Gainesville, VA 20155
703/753-2394

Dollins, Doris Jean B.
406 Noble Ave.
Gordonsville, VA 22942
540/832-9014

Decker, Daniel
15212 Londons Bridge Rd.
Haymarket, VA 20169
571/359-0760

Huynh, Mai Xuan and
Bartoszek, Lloyd E.
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Herndon, VA 20191
703/303-6499

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Mechanicsville, VA 23116
804/779-2828

Beazley, David
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Virginia Beach, VA 23452
757-463-1161

Taylor, Mark Ryan
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Virginia Beach, VA 23462
757/301-2304

WASHINGTON

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Puyallup, WA 98373
253/537-5296

Deacon, Michelle Marie
23515 NE Novelty Hill Rd., Ste. B221-135
Redmond, WA 98053
425/844-2183

Ellis, Lee Ann and James A.
4123 B 42nd Ave., SW
Seattle, WA 98116
206/935-2326

Smith, Pauline and Kenneth
516 S. Sonora Lane
Veradale, WA 99037
509/251-2930

WISCONSIN

Happ, Matthew A.
9043 312 Ave.
Burlington, WI 53105
262/515-6461

EXHIBIT F

**FRANCHISEES IN THE UNITED STATES WHO LEFT THE SYSTEM
IN THE PAST 12 MONTHS AS OF DECEMBER 31, 2013**

Note: This list is arranged alphabetically by state and then alphabetically by cities in each state.

[THIS PAGE IS INTENTIONALLY LEFT BLANK.]

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

MARYLAND

Francis, William K.
14625 Baltimore Ave., Ste. 165
Laurel, MD 20707
301/761-4412

MICHIGAN

Herrick, James M.
8260 Golfside Dr.
Jenison, MI 49428
616/949-9028

NORTH CAROLINA

Eppley, Richard L.
5843 Crossing King Dr.
Charlotte, NC 28212
704/535-8301

TENNESSEE

Goff, Teresa & Benjamin
705 Helmsdale Place N.
Brentwood, TN 37027
615/661-6576

TEXAS

Paulk, Derek & Maureen
230 Settlement Way
Luling, TX 78648
512/212-4256

*McMahon, Michael &
Rebecca
2309 Suntree Lane
Flower Mound, TX 75022
214/223-9443

**The franchise agreements for these franchisees were terminated contemporaneously with a transfer of the relevant franchised business to a different/new franchisee.*

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EXHIBIT G

STATE ADDENDA AND FRANCHISE AGREEMENT RIDERS

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CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

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

2. OUR WEBSITES, www.thegroundsguys.com, www.dwyergroup.com, www.myhomelifemag.com, www.leadingtheserviceindustry.com and www.mybusinesslifemag.com, HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www.corp.ca.gov.

3. Item 3 is amended to add the following:

Neither we, nor any person identified in Item 2 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. 578(a) et seq., suspending or expelling such persons from membership in such association or exchange.

4. Items 5, 7 and 10 are amended to add the following:

Effective as of September 10, 2004, our financing program qualifies for the franchise loan exemption under the California Finance Lenders Law (“CFLL”) to the extent that our financing program is a commercial loan under Section 22502 of the CFLL. If you decide to use our financing program, you must sign the statement of intended purpose that is attached to our form of promissory note (see franchise agreement, Exhibit 6). See Item 10 for disclosure of rates of interest, charges and costs of the financing program.

5. Item 6, Liquidated Damages, and Item 9(y) are amended to add the following:

The franchise agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable. Franchisor reserves the right to challenge, and intends to challenge, the applicability of any law that declares provisions of the franchise agreement void or unenforceable.

6. Items 17(c), (d), (e), (f), (g), (h) and (i) are amended to add the following:

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

7. Item 17 (h) is amended to add the following:

The franchise agreement provides for termination under bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Sec. 101 et. seq.). Franchisor reserves the right to challenge, and intends to challenge, the applicability of any law that declares provisions of the franchise agreement void or unenforceable. Franchisor reserves the right to challenge, and intends to challenge, the applicability of any law that declares provisions of the franchise agreement void or unenforceable.

8. Item 17(m) is amended to add the following:

You must sign a general release of all claims if you transfer the franchise to a third party. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000–31516) and Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000–20043).

9. Item 17(r) is amended to add the following:

The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law. Franchisor reserves the right to challenge, and intends to challenge, the applicability of any law that declares provisions of the franchise agreement void or unenforceable.

10. Item 17(s) is amended to add the following:

California Corporations Code §31125 requires us to give you a disclosure document, in a form containing information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

11. Item 17(u) is amended to add the following:

You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.

12. Item 17(v) is amended to add the following:

The franchise agreement requires any litigation to be filed in Waco, McLennan County, Texas. This provision may not be enforceable under California law. Franchisor reserves the right to challenge, and intends to challenge, the applicability of any law that declares provisions of the franchise agreement void or unenforceable.

13. Item 17(w) is amended to add the following:

The franchise agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law. Franchisor reserves the right to challenge, and intends to challenge, the applicability of any law that declares provisions of the franchise agreement void or unenforceable.

14. California Corporations Code Section 31125 may require us to give you a disclosure document approved by the California Department of Corporations before a solicitation of a proposed modification of an existing franchise.

GEORGIA ADDENDUM TO THE DISCLOSURE DOCUMENT

1. The “Summary” section of Item 17(q) (“Non-competition covenants during the term of the franchise”), is amended by adding the following language:

“However, if Georgia law applies to this franchise, the definition of “Competitive Business” is limited to companies or other businesses that primarily offer any of the Core Services (or products related to the Core Services) within your territory or the territory of any The Grounds Guys franchisee in existence as of the effective date of the franchise agreement.”

2. The “Summary” section of Item 17(r) (“Non-competition covenants after the franchise is terminated or expires”), is amended by adding the following language:

r. Non-competition covenants after the franchise is terminated or expires	9.3.2	For 2 years, no Competitive Business in your territory or in the territory of any other of our franchisees in existence as of the effective date of the franchise agreement, other than an Existing Business approved by us that you own when you sign the franchise agreement.
---	-------	---

3. Each provision of this Addendum to the FDD is effective only to the extent (with respect to each provision) that Georgia law would apply to your franchise, without reference to this Addendum.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

Item 17 of this disclosure document is supplemented by the addition of the following paragraphs at the end of the chart:

State Law

The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

The Illinois Franchise Disclosure Act will govern any franchise agreement if it applies to a franchise located in Illinois.

The franchise agreement shall become effective on its acceptance and execution by us in Texas. The franchise agreement shall be interpreted and constructed under the substantive laws of Texas, except to the extent governed by the United States Arbitration Act (9 U.S.C. § 1 et seq.) and the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C., § 1051 et seq.). However, under 815 ILCS 705/41, any condition, stipulation or provision purporting to find any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void.

Any action brought by either party in any court, except for claims required to be submitted to arbitration, whether federal or state, shall be brought within the state or federal Court having jurisdiction in Texas. The parties waive all questions of personal jurisdiction or venue. However, under 815 ILCS 705/4, any provision that designates jurisdiction or venue outside of Illinois is void with respect to any cause of action that otherwise is enforceable in Illinois; provided, however, that the franchise agreement may provide for arbitration in a forum outside of Illinois.

INDIANA ADDENDUM TO DISCLOSURE DOCUMENT

Nothing in this disclosure document or the franchise agreement is intended to be contrary to the provisions of the “Deceptive Franchise Practices” law of Indiana, which is contained in Indiana Code, Title 23, Article 2, Chapter 2.7, Sections 1 through 7 as amended (“Indiana Franchise Practices Law”). In the event of any conflict between any provision of the franchise agreement and the Indiana Franchise Practices Law the Indiana law will control, but in that case, the provision of the franchise agreement affected will be limited only to the extent necessary to bring it within the requirement of the law and, to that extent, that provision shall be deemed to have been omitted from this Agreement as of the date of execution of this Agreement. This will not affect the validity of any remaining portion of the franchise agreement.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

1. Items 17 (c) and (m) are modified to state that any general releases you sign as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law
2. Item 17(h) is modified to state that the agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce it to the extent the law allows
3. Item 17(v) is modified to state that you may, subject to your obligations in the franchise agreement, bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Item 17(w) is modified to state that Texas law applies, except as otherwise required by applicable law for claims arising under the Maryland Franchise Registration and Disclosure Law.
5. Item 17 is modified to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
6. Franchise Agreement, Exhibit 4, Franchisee Disclosure Questionnaire, is amended to add the following:

The foregoing representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

1. Item 6, Liquidated Damages, and Item 9(y) are amended to add the following:

Liquidated damages provisions are generally unenforceable in Minnesota.

2. Item 13 is amended to add the following:

Under Minn. Stat. §80c.1(g), we must indemnify franchisees located in Minnesota against liability to 3rd parties resulting from claims by third parties that the franchisee's use of our trademark infringes the trademark rights of the 3rd party. We do not indemnify against the consequences of your use of our trademark except in accordance with the requirements of the franchise agreement and, as a condition to indemnification, you must provide notice to us of any such claim within 10 days and immediately tender the defense of the claim to us. If we accept the tender of defense, we have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

3. Item 17(b) is amended to add the following:

We will comply with Minn. Stat. §80C.14, which requires that we give you 180 days notice for non-renewal of the franchise except in specified circumstances.

4. Item 17(f) is amended to add the following:

We will comply with Minn. Stat. §80C.14, which requires that we give you 90 days notice of termination and you will have 60 days to cure your default.

5. Item 17(c) and (m) are modified to include the following language after "general release":

"(except to the extent required by law for claims arising under the Minnesota Franchise Act)."

6. Item 17(v) is amended to add the following:

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of the State of Minnesota. Nothing in this disclosure document or the franchise agreement can abrogate or reduce any of your rights to any procedure, forum or remedies provided for by the laws of Minnesota.

7. Item 17(w) is amended to add the following:

Texas law applies unless Minnesota state law supersedes this provision. Nothing in this disclosure document or the franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

1. Item 3 is amended to add the following:

Neither we, our Predecessor, a person identified in Item 2 of the disclosure document or an affiliate offering franchises under our principal trademark has pending an administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property or unfair or deceptive practices or comparable civil allegations.

Neither we, our Predecessor, a person identified in Item 2 of the disclosure document or an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of any franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property, restraint of trade, unfair or deceptive practices or comparable allegations.

Neither we, nor any person identified in Item 2 is subject to any injunctive or restrictive order or decree relating to franchises or under any Federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.

Neither we, nor any person identified in Item 2 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, U.S.C. 578(a) et seq., suspending or expelling such persons from membership in such association or exchange.

2. Item 17(d) is amended to add the following:

You may terminate the franchise agreement on any grounds available by law.

3. Item 17(w) is amended to add the following:

The choice of law provision shall not be a waiver of any right conferred upon us or you by the provisions of Article 33 of the General Business Law of New York.

4. Item 17 is amended to add the following:

All rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of New York and the regulations issued thereunder shall remain in force; it being our intent that the non-waiver provisions of General Business Law, §§ 687.4 and 687.5 be satisfied.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

1. Item 6, Liquidated Damages, is amended as follows:

Liquidated damages will not apply to franchisees in North Dakota.

2. Item 17(c) is amended to add the following:

Under §51-19-09 of the North Dakota Franchise Investment Law, you are not required to sign a general release on renewal or transfer/assignment of the franchise agreement.

3. Item 17(r) is amended to add the following:

In accordance with North Dakota law, the restrictions of the covenant not to compete might not apply to your activities after the termination or expiration of your franchise agreement.

4. Item 17(u) is amended to add the following:

To the extent required by law unless preempted by the Federal Arbitration Act all disputes must be arbitrated either in North Dakota or in a mutually agreed location.

5. Item 17(v) is amended to add the following:

To the extent required by law unless preempted by the Federal Arbitration Act all litigation and arbitration must be in North Dakota or in a mutually agreed location.

6. Item 17(w) is amended to add the following:

The Federal Arbitration Act and North Dakota laws apply except to the extent that the franchise agreement is governed by the United States Trademark Act of 1946 (Lanham Act, 15 USC § 1051, et seq.).

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

1. Item 17(v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

1. The following paragraph is added at the end of Item 17 of the Disclosure Document:

If any of the provisions in this Disclosure Document or the franchise agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the “Act”), then (if the Act applies by its terms) the provisions of the Act will prevail over the inconsistent terms of the Disclosure Document and agreement for any franchises sold in Washington. However, we and you agree to enforce the agreements’ provisions to the extent the law allows.

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**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

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**ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF GEORGIA**

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between THE GROUNDS GUYS LLC, a Texas limited liability company with an address of 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, with an address of _____ (Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) and the parties wish to amend the Agreement.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Section 9.3.1 of the Agreement (under the heading “In-Term & Post-Term Covenants”), is deleted and replaced with the following:

9.3.1. Franchisee shall not, directly or indirectly (e.g., as a proprietor, partner, investor, shareholder, member, director, officer, employer, employee, principal, agent, adviser, franchisor or franchisee), during the term of this Agreement and any extensions thereof:

2. Section 9.3.1.1 of the Agreement (under the heading “In-Term & Post-Term Covenants”), is deleted and replaced with the following:

“9.3.1.1 engage in or participate in or derive any benefit from a Competitive Business which is located within the Territory or the territory of any other of Franchisor’s franchisees in existence as of the Effective Date; or”

3. Section 9.3.2 of the Agreement (under the heading “In-Term & Post-Term Covenants”), is deleted and replaced with the following:

9.3.2 Franchisee shall not, directly or indirectly (e.g., as a proprietor, partner, investor, shareholder, member, director, officer, employer, employee, principal, agent, adviser, franchisor, franchisee), for a period of two (2) years immediately following the later of the expiration, termination or non-renewal of this Agreement for any reason whatsoever or the date on which Franchisee actually ceases operation of the business:”

4. Section 9.3.2.1 of the Agreement (under the heading “In-Term & Post-Term Covenants”), is deleted and replaced with the following:

9.3.2.1 engage in or participate in or derive any benefit from a Competitive Business located (i) in the Territory, or (ii) in the territory of any other of Franchisor’s franchisees in existence as of the Effective Date; or

5. The "Competitive Business" definition in Exhibit 1A ("Defined Terms"), is deleted and replaced with the following:

9.3	Competitive Business	Any business other than the Franchise which primarily offers or sells any of the Core Services described above (or products associated with or related to the Core Services); provided, however, that no Existing Business offering Excluded Services identified on Exhibit "8B" to this Agreement shall be deemed to be a Competitive Business so long as it fully complies with all of the conditions set forth in Exhibit "8B" and Franchisee is in full compliance with the terms of this Agreement.
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6. Each provision of this Amendment to the Agreement is effective only to the extent (with respect to each provision) that Georgia law would apply to Franchisee's franchise, without reference to this Amendment.

IN WITNESS WHEREOF, the parties have duly signed and delivered this Amendment as of the date first written above.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

BY: _____
_____, President

ATTEST:

Deborah Wright-Hood, Secretary

**ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF ILLINOIS**

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between THE GROUNDS GUYS LLC, a Texas limited liability company with an address of 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, with an address of _____ (Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) and the parties wish to amend the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that you will operate under the Agreement was made in the State of Illinois (b) the Franchised Business, territory or a portion of the territory will be located in Illinois, and/or (c) Franchisee is a resident of Illinois.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 13.2 & 13.3, **Governing Law and Consent To Jurisdiction**, is amended to add the following:

“If any provisions of the Agreement are inconsistent with applicable Illinois state law, then Illinois state law shall apply. Any provision which designates jurisdiction or venue in a forum outside Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois. Any condition, stipulation or provision purporting to bind any person acquiring any Franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act is void.”

3. Section 13.6, **Limitation of Claims**, is amended to add the following:

“However, nothing in this Section shall shorten any period within which Franchisee may bring a claim under Section 705/27 of the Illinois Franchise Disclosure Act or constitute 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 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).”

[SIGNATURE PAGE TO FOLLOW]

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

BY: _____
_____, President

ATTEST:

Deborah Wright-Hood, Secretary

**ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF INDIANA**

This ADDENDUM TO FRANCHISE AGREEMENT (“Addendum”) is entered into by and between _____, a _____ having a principal place of business at 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, having an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (“Agreement”);

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

1. **Severability and Indiana Law.** Section 14.7 of the Franchise Agreement shall be amended to add an additional provision to Section 14.7 regarding certain provisions of Indiana Law so that Section 14.7 shall read in its entirety as follows:

14.7 **Severability.** Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Except as otherwise set forth in this Agreement (including, without limitation, Section 13.5), whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provision of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirement of the law. Except as otherwise set forth in this Agreement (including, without limitation, Section 13.5), in the event that any part of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable for any reason, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in force and effect as if this Agreement had been executed with the invalid portion thereof eliminated; and it is hereby declared the intention of Franchisor and Franchisee that they would have executed the remaining portion of this Agreement without including therein any such part which may be hereafter declared invalid or otherwise unenforceable for any reason.

In addition to and without limiting the above general provisions of this Section, the parties agree that nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to the provisions of the “Deceptive Franchise Practices” law of Indiana, which is contained in Indiana Code, Title 23, Article 2, Chapter 2.7, Sections 1 through 7 as amended (“Indiana Franchise Practices Law”). Except as otherwise set forth in this Agreement (including, without limitation, Section 13.5), whenever there is any conflict between any provision of this Agreement and the Indiana Franchise Practices Law the latter shall prevail, but in such event the provision of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirement of the law and, to that extent, the parties agree that such provision shall be deemed to have been omitted from this Agreement as of the date of execution of this Agreement. Except as otherwise set forth in this Agreement (including, without limitation, Section 13.5), in the event that any part of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable for any reason under the Indiana Franchise Practices Law such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in force and effect as if this Agreement had been executed with the invalid portion thereof eliminated; and it is hereby declared the intention of Franchisor and Franchisee that they would have executed the remaining portion of this Agreement without

including therein any such part which may be hereafter declared invalid or otherwise unenforceable for any reason. Further, to the extent any provision of this Agreement.

2. **Franchisee's Representations and Warranties.** Franchisee hereby represents and warrants to Franchisor that Franchisee is fully empowered to execute this Addendum and that all necessary action for the execution of this Addendum has been taken.

3. **Construction.** Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that all terms using initial capital letters and not otherwise defined herein shall have the meaning set forth for such terms in Exhibit "1A" to the Agreement, which shall be a part of this Addendum for all intents and purposes and the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified specifically herein.

4. Each provision of this Addendum is effective only to the extent (with respect to each provision) that Indiana law would apply to Franchisee's franchise, without reference to this Addendum.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

BY: _____
_____, President

ATTEST:

Deborah Wright-Hood, Secretary

**ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF MARYLAND**

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between THE GROUNDS GUYS LLC, a Texas limited liability company with an address of 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, with an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) Franchisee is a resident of the State of Maryland, and/or (b) the Franchised Business will be located or operated in Maryland.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 3.5, **MAP Fee**, is amended by adding the following language:

“Franchisee will be notified, in writing, of the manner in which Franchisee may obtain an accounting of the advertising fund as required by COMAR 02.02.08.04B(5) of the Code of Maryland Regulations.”

3. Section 1.2, **Renewal**, Section 10.2, **Assignment of Franchisee**, subsection 10.2.5, and Section 14.19, **Cooperation; Release and Other Agreements** are amended by adding the following language:

“However, such general release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.”

4. Section 11.1, **By Franchisor, Without Notice**, subsection 11.1.1, is amended by adding the following language:

“Termination upon insolvency might not be enforceable under federal insolvency law (11 U.S.C. Sections 101 et seq.), but Franchisor and Franchisee agree to enforce this provision to the maximum extent the law allows.”

5. Section 13.2 & 13.3, **Governing Law and Consent To Jurisdiction**, is amended by adding the following language:

“Subject to Franchisee’s arbitration obligations, a franchisee in Maryland may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

6. Section 13.6, **Limitation of Claims**, is amended to add the following:

“However, the limitation of such claims shall not act to reduce the three (3) year statute of limitations afforded to Franchisee for bringing a claim under the Maryland Franchise Registration and Disclosure Law.”

7. Section 14.11, **Acknowledgments**, is amended by adding the following language:

“These representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

BY: _____

_____, President

ATTEST:

Deborah Wright-Hood, Secretary

**ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF MINNESOTA**

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between THE GROUNDS GUYS LLC, a Texas limited liability company with an address of 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, with an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the Franchised Business that Franchisee will operate under the Agreement will be located in Minnesota; and/or (b) any of the franchise offering or sales activity with respect to the Agreement occurred in Minnesota.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 1.2, **Renewal**, is amended by adding the following language:

“Unless the failure to renew a Franchise is for good cause as defined in Minnesota Statutes Section 80C.14, Subdivision 3, Paragraph (b), and Franchisee has failed to correct the reasons for termination as required by Subdivision 3, Franchisor may not fail to renew the Franchise unless:

(1) Franchisee has been given written notice of the intention not to renew at least 180 days in advance of the expiration of the Franchise; and

(2) Franchisee has been given an opportunity to operate the Franchise over a sufficient period of time to enable Franchisee to recover the fair market value of the Franchise as a going concern, as determined and measured from the date of the failure to renew. Franchisor may not refuse to renew Franchisee’s Franchise if Franchisor’s refusal is for the purpose of converting the Franchisee’s business premises, or the Franchise, to an operation that will be owned by Franchisor for its own account.”

Any release required by Franchisor as a condition of renewal of the Franchise will not apply to the extent that such release is specifically prohibited by the Minnesota Franchise Law.

3. Section 6.4, **Defense of the Marks**, is amended by adding the following language

“The Minnesota Department of Commerce requires that Franchisor indemnify Franchisee against liability to third parties resulting from claims by third parties that the Franchisee’s use of Franchisor’s trademark infringes the trademark rights of the third party. Franchisor does not indemnify against the consequences of Franchisee’s use of Franchisor’s trademark except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim and tender

defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, or whether to appeal a final determination of the claim.”

4. Section 9.4, **Liquidated Damages**, is amended by adding the following:

“Liquidated damages are prohibited by Minnesota Rule 2860.4400J. This section shall not abrogate or reduce any rights of Franchisee provided for in Minnesota Statutes Section 80C.”

5. Section 10.2, **Assignment by Franchisee**, subsection 10.2.5, is hereby deleted from the Agreement in accordance with Minnesota Rule 2860.4400D.

6. Sections 11.1, **By Franchisor, Without Notice**, and Section 11.2, **By Franchisor, With Notice**, are hereby amended by adding the following language:

“Pursuant to Minn. Stat. Sec. 80C.14, Subdivisions 4 & 5, no person may terminate or cancel a Franchise unless (i) that person has given notice setting forth all the reasons for the termination or cancellation at least 90 days in advance of termination or cancellation, and (ii) the recipient of the notice fails to correct the reasons stated for termination or cancellation in the notice within 60 days of receipt of the notice; except that the notice is effective immediately upon receipt where the alleged grounds for termination or cancellation are:

- (1) voluntary abandonment of the Franchise relationship by Franchisee;
- (2) the conviction of the Franchisee of an offense that is directly related to the business conducted pursuant to the Franchise; or
- (3) failure to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the Franchisor’s trade name, trademark, service mark, logotype or other commercial symbol after the Franchisee has received written notice to cure at least twenty-four (24) hours in advance thereof.

No person may terminate or cancel a Franchise except for good cause. “Good cause” means failure by the Franchisee to substantially comply with the material and reasonable Franchise requirements imposed by the Franchisor including, but not limited to:

- (1) the bankruptcy or insolvency of the Franchisee;
- (2) a voluntary or involuntary assignment for the benefit of creditors or any type of similar disposition of the assets of the Franchise business;
- (3) voluntary abandonment of the Franchise business;
- (4) Franchisee’s conviction or Franchisee’s plea of guilty or no contest to a charge of violating any law relating to the Franchise business; or
- (5) any act or conduct which materially impairs the goodwill associated with Franchisor’s trademark, trade name, service mark, logo or other commercial symbol.”

7. Section 13.7, **Emergency Relief**, is amended by adding the following language:

“Under Minnesota law, Franchisor may seek a restraining order, injunction and such other equitable relief as may be appropriate, but Franchisor is not automatically entitled to such relief and Franchisee has not automatically consented to such relief.”

8. Section 13.2 & 13.3, **Governing Law** and **Consent To Jurisdiction**, is amended by adding:

“Pursuant to Minnesota Statutes Section 80C.21 and Minnesota Rule Part 2860.4400J, and subject to Franchisee’s arbitration obligations, this section shall not in any way abrogate or reduce any rights of Franchisee as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota and the right to bring a cause of action within three years after the cause of action accrues. Franchisee cannot be required to consent to the waiver of a jury trial.”

9. Section 14.11, **Acknowledgments**, is amended by adding the following language:

“Pursuant to Minnesota Rule 2860.4400J, the foregoing acknowledgments contained in this section shall not be construed as a waiver of Franchisee’s rights.”

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

BY: _____
_____, President

ATTEST:

Deborah Wright-Hood, Secretary

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**ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF NEW YORK**

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between THE GROUNDS GUYS LLC, a Texas limited liability company with an address of 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, with an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously entered into a Franchise Agreement (the “Agreement”) and wish to amend certain items of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that you will operate under the Agreement was made in the State of New York, and/or (b) Franchisee is a resident of New York and will operate the Franchised Business in New York.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties hereby agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 1.2, **Renewal**, and Section 10.2, **Assignment by Franchisee**, subsection 10.2.5, is amended by adding the following:

“All rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied.”

3. Section 8.1, Indemnification, is amended by adding the following:

“Notwithstanding anything contained herein to the contrary, Franchisee shall not be required to indemnify for any claims arising out of Franchisor’s breach of this Agreement or other civil wrongs of Franchisor.”

4. Section 11.3, By Franchisee, is amended to provide that Franchisee may terminate this Agreement on any grounds available to Franchisee pursuant to applicable law.

5. Section 13.2 & 13.3, Governing Law and Consent To Jurisdiction, is amended by adding:

“The foregoing choice of law shall not be considered a waiver of any right conferred upon Franchisor or Franchisee by the provisions of Article 33 of the General Business Law of the State of New York.”

6. Section 13.6, Limitation of Claims, is amended to add the following:

“However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued

thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.”

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

BY: _____
_____, President

ATTEST:

Deborah Wright-Hood, Secretary

**ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF NORTH DAKOTA**

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between THE GROUNDS GUYS LLC, a Texas limited liability company with an address of 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, with an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that Franchisee will operate under the Agreement was made in the State of North Dakota, and/or (b) Franchisee is a resident of North Dakota and the Franchised Business will be located in North Dakota.

NOW, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 9.3, **In-Term & Post-Term Covenants**, is amended by adding the following: “Covenants not to compete are generally considered unenforceable in the State of North Dakota pursuant to Section 9-08-06 of the North Dakota Century Code.”

3. Section 9.4, **Liquidated Damages**, is amended by adding the following: “Liquidated damages are considered unfair, unjust and inequitable and are hereby deleted in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law.”

4. Section 1.2, **Renewal**, Section 10.2, **Assignment of Franchisee**, subsection 10.2.5, and Section 14.19, **Cooperation; Release and Other Agreements**, are amended by adding the following: “Franchise Agreements that require the franchisee to sign a general release upon renewal or transfer are considered unfair, unjust and inequitable and are hereby deleted in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law.”

5. Section 13, **Dispute Resolution**, is amended by deleting all references to Texas law and all references to the Texas rules of evidence and the federal rules of evidence pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

6. Section 13.2, **Governing Law**, is amended by adding the following: “Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, this Agreement will be governed by the laws of the state of North Dakota.”

7. Section 13.3, **Consent to Jurisdiction**, is amended by adding the following: “Notwithstanding the foregoing, subject to franchisee’s arbitration obligations, if and to the extent required by the North Dakota Franchise Investment Law. Franchisee may bring an action in North Dakota.”

8. Section 13.5, **Arbitration**, is amended by adding the following: “Notwithstanding the foregoing, if and to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration proceedings will be conducted at a mutually agreeable site in North Dakota.”

9. Section 13.6, **Limitation of Claims**, is amended by adding the following: “If and to the extent any provisions of this Section of the Agreement are inconsistent with the North Dakota Franchise Investment Law, then the applicable provisions of the North Dakota Franchise Investment Law shall apply.”

10. Section 14.16, **Waiver of Punitive Damages**, is amended by adding the following: “If and to the extent any provisions of this Section of the Agreement are inconsistent with the North Dakota Franchise Investment Law, then the applicable provisions of the North Dakota Franchise Investment Law shall apply.”

11. Section 14.17, **Waiver of Jury Trial**, is amended by adding the following: “If and to the extent any provisions of this Section of the Agreement are inconsistent with the North Dakota Franchise Investment Law, then the applicable provisions of the North Dakota Franchise Investment Law shall apply.”

Signed on this _____ day of _____, 20__.

FRANCHISEE:

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

BY: _____
_____, President

ATTEST:

Deborah Wright-Hood, Secretary

**ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF RHODE ISLAND**

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between THE GROUNDS GUYS LLC, a Texas limited liability company with an address of 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, with an address of _____ (“Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that Franchisee will operate under the Agreement was made in the State of Rhode Island, and/or (b) Franchisee is a resident of Rhode Island and the Franchised Business will be located in Rhode Island.

NOW, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Section 13.2 & 13.3, **Governing Law and Consent To Jurisdiction**, is amended by adding:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

BY: _____

_____, President

ATTEST:

Deborah Wright-Hood, Secretary

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**ADDENDUM TO FRANCHISE AGREEMENT
FOR RESIDENTS OF WASHINGTON**

This ADDENDUM TO FRANCHISE AGREEMENT is entered into by and between THE GROUNDS GUYS LLC, a Texas limited liability company with an address of 1010-1020 North University Parks Drive, Waco, TX 76707 (“Franchisor”) and _____, individually, with an address of _____ “Franchisee”).

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) and wish to amend certain terms of the Agreement. This Addendum is being signed because (a) the offer or sale of the franchise for the Franchised Business that Franchisee will operate under the Agreement was made in the State of Washington, (b) Franchisee is a resident of Washington, and/or (c) the Franchised Business will be located or operated in the State of Washington.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. The following paragraphs are added to the end of the Agreement:

In recognition of the requirements of the Washington Franchise Investment Protection Act (the “Act”) and the rules and regulations promulgated thereunder, the Franchise Agreement of The Grounds Guys LLC shall be modified as follows:

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

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

In the event of a conflict of laws, to the extent required by the Act, the provisions of the Act, Chapter 19.100 RCW, shall prevail.

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

To the extent required by the Act, transfer fees are collectable only to the extent that they reflect our reasonable estimate or actual costs in effecting a transfer.

The undersigned does hereby acknowledge receipt of this Rider.

Signed on this _____ day of _____, 20__.

FRANCHISEE:

_____, individually

Accepted as of the _____ day of _____, 20__, in Waco, Texas.

FRANCHISOR:

BY: _____

_____, President

ATTEST:

Deborah Wright-Hood, Secretary

NEW YORK REPRESENTATIONS PAGE

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

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RECEIPTS

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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 THE GROUNDS GUYS LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island, if applicable, require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan and Washington, if applicable, require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If THE GROUNDS GUYS LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agencies listed in Exhibit B.

The name, principal business address, and telephone number of the Franchise Sellers offering the franchise are Chris Elmore, Robert Tunmire, Mike Hawkins and Pat Hyland: 1010-1020 North University Parks Drive, Waco, Texas 76707, 254/745-2400. **Additional Sellers/telephone numbers:**

Name/Contact Information for Broker or Additional Franchise Seller, if any (Address for additional Franchise Seller is same as above):	_____

ISSUANCE DATE: APRIL 1, 2014

I RECEIVED A DISCLOSURE DOCUMENT DATED APRIL 1, 2014 THAT INCLUDED THE FOLLOWING EXHIBITS:

- A Franchise Agreement
- B Agencies/Agents for Service of Process
- C Financial Statements of Our Parent
- D Parent Guarantee
- E Current Franchisees in the United States as of December 31, 2013
- F Franchisees in the United States Who Left the System in the Past 12 Months as of December 31, 2013
- G State Addenda and Franchise Agreement Riders

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

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_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

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