



DEPARTMENT OF CORPORATIONS  
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MAR 20 2012

# FRANCHISE DISCLOSURE DOCUMENT

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## FRANCHISE DISCLOSURE DOCUMENT



**Mr. Handyman International, LLC**  
A Michigan Limited Liability Company  
3948 Ranchero Drive  
Ann Arbor, MI 48108  
800.289.4600; 734.822.6535  
info@mrhandyman.com  
www.mrhandyman.com

twitter.com/MrHandymanDeals    twitter.com/mrhandymantips    blog.mrhandyman.com  
www.youtube.com/mrhandymanlive    www.facebook.com/handyman.tips

The franchise owner will provide residential and business repair and maintenance services, utilizing the Mr. Handyman business system, which is sometimes referred to below as the “Franchise”, “Franchised Business” or “Mr. Handyman Franchise.”

The total investment necessary to begin operation of a Mr. Handyman franchise is from \$102,000 to \$129,100. This includes \$59,490 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mr. Jonathan Koudelka at 3948 Ranchero Drive, Ann Arbor, MI 48108, 734-822-6850.

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

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

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

**Issuance date: April 1, 2012**

[See state specific issuance dates, if different from the above date, on page 6.]

## STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit E 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:

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN MICHIGAN. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE.

ANY DISPUTES WITH US THAT ARE NOT SUBJECT TO ARBITRATION MUST BE RESOLVED BY LITIGATION IN MICHIGAN. IT MAY COST YOU MORE TO LITIGATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE.

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

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

**Effective Date: April 1, 2012**

[See state specific effective dates, if different from the above date, on page 6.]

## STATE ISSUANCE/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 issuance/effective dates:

California:	Pending
Florida:	August 7, 2011 as amended April 1, 2012
Hawaii:	Pending
Illinois:	Pending
Indiana:	Pending
Maryland:	Pending
Michigan:	Pending
Minnesota:	Pending
New York:	Pending
North Dakota:	Pending
Rhode Island:	Pending
South Dakota:	Pending
Utah:	April 1, 2012
Virginia:	Pending
Washington:	Pending
Wisconsin:	Pending

## ADDITIONAL DISCLOSURES FOR THE STATE OF MICHIGAN

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

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

1. A prohibition on the right to join an association of franchisees.
2. 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.
3. 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.
4. 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 old 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 the franchisor's intent to renew the franchise.
5. 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.
6. A provision requiring that arbitration or litigation is to 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.
7. 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:
  - a) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - c) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

If the franchisor's most recent financial statements are unaudited, and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Attn: Franchise  
P.O. Box 30213  
Lansing, Michigan 48909  
Telephone Number: 517-373-7117

**Michigan Effective Date: Pending**

**MR. HANDYMAN INTERNATIONAL, LLC**

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

### 1.1 Introduction

Mr. Handyman International, LLC is a Michigan limited liability company formed January 6, 2000 for the sole purpose of franchising and licensing the Mr. Handyman system (the "System") in the United States and internationally. Throughout this Disclosure Document "we," "our," and "us," means Mr. Handyman International, LLC and "you" and "your" means the Franchise Owner or Licensee. We maintain our principal business address at 3948 Ranchero Drive, Ann Arbor, MI 48108. Our agent for service of process is disclosed in Exhibit D of this Disclosure Document.

### 1.2 Our Business and the Franchises Offered in This State

In September 2000, we started offering franchises that offer business and residential customers a professional and reliable maintenance and repair service. We also do business under the name My Handyman, we do not offer any franchises in other lines of business, and we do not operate any businesses of the type being franchised. As of December 31, 2011, Mr. Handyman International, LLC has 232 franchises in the United States. As of December 31, 2011, we have a signed license agreement in the Hubei Providence of China with one business of the type being franchised; as well as one in the United Kingdom, with four businesses of the type being franchised.

As a Mr. Handyman franchise owner, you will have the sole right to use the "Mr. Handyman" and/or "My Handyman" trademark, and/or a similar trademark or other symbols used in the operation of a Mr. Handyman business (the "Marks"), within a protected trading area (the "Territory"), using the methods and operating systems that are defined in our Operating Manuals (the "Manuals").

### 1.3 The Mr. Handyman Marketing Outlook

The Mr. Handyman Franchised Business is devoted to providing consumers with a professional, safe, reliable maintenance and repair service, on-time, every time. We seek to build customer trust by our professional approach, advanced computerized systems, personalized marketing programs, customer relationship management, and by the use of uniforms and identifiable Mr. Handyman service vehicles in the communities we service.

As a franchise owner, you will not perform the actual maintenance and repair services. You will employ individuals experienced in providing repair and maintenance services that do not require permitting through your local political entity. While Mr. Handyman businesses can be initially operated from a home office, we recommend that you lease office space in a commercial or light industrial office park of your choice. Our approval is not required of any office space you select, provided that it is at a location within your awarded Territory.

Within the residential and business maintenance and repair service market, Mr. Handyman competes with other businesses, including other national and regional franchise programs as well as services provided by local repair and maintenance establishments. We differentiate the System from our competitors in ways that are specifically designed to offer our customers accessibility, convenience, quality, flexibility, and peace of mind. We do this through distinctive service techniques, packaging and signs; unique methods of delivery of services and products; comprehensive sales and marketing procedures and methods; our Franchise Management Software System (referred to as the "Software"), for managing customer lists, scheduling, and payroll; specialized advertising and potential cross promotions with participating affiliated companies.

### 1.4 Our Parents, Predecessors and Affiliates

We have no parent companies or predecessors. We do have affiliates and by "affiliate" we mean there are some common ownership, and some utilization of common resources. However, each affiliate is a separate and distinct company, with no common liability, responsibility(ies) or authority.

We are an affiliate of Mr. Handyman, Inc; a Massachusetts corporation formed June 25, 1996 that is located at 5 Dunstable Road, North Chelmsford, MA 01863. Mr. Handyman offered maintenance and repair services to business and residential customers in suburban areas west of Boston. In January 2000, we purchased from Mr. Handyman, Inc., the rights to the trademarks, trade secrets, copyrights, trade dress, and proprietary management and business system utilized in connection with the System.

The Managing Members of Mr. Handyman (the "Mr. Handyman Managing Members") also own Mr. Handyman Canada Company, a Nova Scotia company formed March 30, 2010 to franchise the Mr. Handyman system in Canada. Mr. Handyman Canada Company maintains its principal business address at 3948 Ranchero Drive, Ann Arbor, MI 48108. It is a franchising company dedicated to offering professional and reliable residential and business maintenance and repair service in Canada. As of December 31, 2011, Mr. Handyman Canada had 12 franchises in Canada.

The Managing Members who hold majority ownership of Mr. Handyman (the "Majority Mr. Handyman Managing Members") also own Molly Maid, Inc ("Molly Maid"), a Michigan corporation formed May 8, 1984 to franchise the Molly Maid system in the United States. Molly Maid maintains its principal business address at 3948 Ranchero Drive, Ann Arbor, MI 48108. It is a franchising company dedicated to offering professional and reliable residential cleaning system and service in the United States. As of December 31, 2011, Molly Maid had 436 franchises in the United States and Puerto Rico.

The Majority Mr. Handyman Managing Members own 1-800-DryClean, LLC ("1-800-DryClean"), a Michigan limited liability company formed January 14, 2000 to franchise the 1-800-DryClean System in the United States and Canada. 1-800-DryClean maintains its principal business address at 3948 Ranchero Drive, Ann Arbor, MI 48108. It is a franchising company dedicated to offering professional and reliable dry cleaning pick-up and delivery service in the United States. As of December 31, 2011, 1-800-DryClean has 106 franchises.

Majority Mr. Handyman Managing Members joined in ownership of PuroSystems, Inc., ("PuroSystems"), a Florida limited liability company formed in 1990, which began franchising PuroFirst in 1991 and PuroClean in 2001. PuroSystems is a franchising company dedicated to providing property damage mitigation, and restoration services to residential and commercial customers in the United States and Canada under the names PuroClean and PuroFirst. They maintain their principal business address at 6001 Hiatus Road, Suite 13, Tamarac, FL 33321. As of December 31, 2011, PuroSystems has 8 PuroFirst franchises and 232 PuroClean Franchises in the United States. They also have 19 PuroClean Franchises in Canada.

Majority Mr. Handyman Managing Members joined in ownership of ProTect Painters International, LLC ("ProTect Painters"), a Michigan limited liability company formed January 8, 2009 to franchise the ProTect Painters system in the United States. In January 2009, ProTect Painters acquired the assets of Next Steps Franchise Development, LLC, ("Next Steps") a Massachusetts limited liability company formerly known as ProTect Painters Development, LLC, whose predecessor ProTect Painters, Inc., a Massachusetts corporation, began franchising the ProTect Painters system in 1996. ProTect Painters maintains its principal business address at 3948 Ranchero Drive, Ann Arbor, MI 48108. It is a franchising company dedicated to providing professional and reliable residential and commercial painting services in the United States. Pursuant to a License Agreement with ProTect Painters, signed at the same time as the

asset sale, Next Steps continues to service these franchises under the ProTect Painters trademarks in certain areas. As of December 31, 2011 Next Steps had 9 franchises and ProTect Painters had 22 franchises.

The Majority Mr. Handyman Managing Members are former Managing Members of DUCTZ International, LLC ("DUCTZ"), a Michigan limited liability company formed March 30, 2004 to franchise the DUCTZ system in the United States. DUCTZ's goal is to offer prompt and reliable residential duct cleaning services, with the opportunity to perform commercial and industrial duct cleaning. On or about July 24, 2007, we sold our interest in DUCTZ to DUCTZ Holdings, LLC., s/b Belfor USA Group, Inc. At the time of the sale, DUCTZ had approximately 74 franchises in the United States. Currently DUCTZ maintains its principle business address at 731 Fairfield Court, Ann Arbor, MI 48108.

The Majority Mr. Handyman Managing Members are former Managing Members of Certified Restoration DryCleaning Network, LLC ("CRDN"), a Michigan limited liability company formed June 12, 2001 to franchise the Certified Restoration DryCleaning System in the United States, Canada and the United Kingdom. It is a franchising company dedicated to offering prompt, professional quality, and reliable restoration dry cleaning services for clothing and soft goods, from an insured casualty, through a franchised network of local drycleaners. On or about January 1, 2008, we sold our interest in CRDN to Wayne Wudyka, Jeffrey Snyder and Edwin Wudyka. At the time of the sale, CRDN had approximately 127 franchises in the United States, 8 in Canada, 11 in the United Kingdom, and operated one of the type being franchised. Currently CRDN maintains its principal business address at 2060 Coolidge Highway, Berkley, MI 48072.

### 1.5 Laws and Regulations

You must comply with all federal, state, and local laws and regulations that apply to home maintenance and repair services in general. If your state, county or local government requires that you have a contractor license, you must be licensed before becoming a franchisee. Certain states restrict advertising and/or performing plumbing and electrical work to those who have a license for those specific industries. As of the date of this Disclosure Document, the following states require you to hold special licenses, you may need to pass a test to secure the license: AZ, CA, CO, CT, FL, ID, IL, MD, MI, MN, NE, NJ, NM, NV, NY, OR, PA, SC, TN, VA, WA, WV and WI. In addition AZ, CA, FL, NV, NM and SC require experience to secure a license, in these states there is a licensing program available. Other states may require licenses as well. You should investigate these laws and regulations, and keep apprised of changes that are made in areas that you service. You are solely responsible to investigate and determine licensing requirements in the area you would like to service before signing the Franchise Agreement. It is your sole responsibility to investigate and comply with these laws and regulations.

## **ITEM 2. BUSINESS EXPERIENCE.**

Chairman of the Board of Directors - David G. McKinnon: Mr. McKinnon is our originator, Chairman of our Board of Directors ("Chairman") and a Managing Member of Mr. Handyman since our inception in January 2000. Since 1984 he has also been the Chairman, CEO and Shareholder with our associate MOLLY MAID (Ann Arbor, MI). He also serves as Chairman and Managing Member to 1-800-DryClean (since January 2000), and ProTect Painters (since February 2009) all located in Ann Arbor, MI. He is a Shareholder of Mr. Handyman Canada Company, (since March 2010) also in Ann Arbor, MI. Mr. McKinnon is also a Managing Member, Treasurer and Director for PuroSystems since January 2008, located in Tamarac, FL. He also served as a Managing Member and Chairman of CRDN (May 2001 to January 2008), which was located in Ann Arbor, MI.

President – Alex Roberts: Mr. Roberts originally joined us in September 2004 and was named President in October 2011. Mr. Roberts was President of our affiliate ProTect Painters from November 2010 to September 2011 (Ann Arbor, MI). From December 2007 to November 2010, Mr. Roberts served as Vice President of Franchise Development for Mr. Handyman, MOLLY MAID and 1-800-DryClean; and for ProTect Painters from February 2009-November 2010, all located in Ann Arbor, MI.

Chief Financial Officer - David Taccolini: Mr. Taccolini joined us as Controller in January 2002 and was named Chief Financial Officer in July 2002. He also serves our affiliates MOLLY MAID (since January 2002), 1-800-DryClean (since January 2002), ProTect Painters (since February 2009) and Mr. Handyman Canada Company (since March 2010) in the same capacity, all are located in Ann Arbor, MI.

Vice President of Marketing: Meg Roberts: Ms. Roberts joined our affiliate MOLLY MAID in July 2007 as Director of Marketing (Ann Arbor, MI). Ms Roberts was named Vice President of Marketing in January 2011 for Mr. Handyman, Mr. Handyman Canada and MOLLY MAID (Ann Arbor, MI).

Commercial Development Manager: Anthony Garbacik: Mr. Garbacik joined us in August of 2004 as Franchise Development Manager, was named Senior Franchise Development Manager in August 2006, and Commercial Development Manager in January 2012. He has also served in the same capacities for our affiliate Mr. Handyman Canada Company since March 2010 (Ann Arbor, MI).

Franchise Development Manager: Bobbi Branham Ellison: Ms. Ellison joined us as Franchise Development Coordinator from April 2005 to February 2011. Ms. Ellison was an independent consultant from February 2011-May 2011. From May 2011 to October 2011, she served as a Franchise Development Coordinator for ComForcare Senior Centers located in Bloomfield, MI. She then re-joined us as Franchise Development Manager in October 2011.

Franchise Development Coach: Nicholas Rutan: Mr. Rutan joined us in his current role in November 2011. He has been a server with MainStreet Ventures, Inc., (Ann Arbor MI) from August 2009 to the present. Before this, he was a Commercial Real Estate Broker with Bluestone Realty Advisors, Inc., from November 2005 to April 2009 (Ann Arbor, MI).

Legal Franchise Administrator: Julie Jennings: Ms. Jennings joined us in July 2005 as Legal Franchise Administrator. She served as Operations Manager from August 2007 to July 2009 before returning to her legal role in July 2009.

Director of Right Start and Training: Danessa Itaya: Ms. Itaya first joined our affiliate MOLLY MAID (Ann Arbor, MI) in 1994, where she has served in a variety of positions, including Director of Accounting, Director of License Administration, Director of Human Resources, and Senior Director of Operations. She was named Director of Right Start and Training for Mr. Handyman, MOLLY MAID and Mr. Handyman Canada Company in March 2010 (all located in Ann Arbor, MI).

Managing Member: Robert P. Ufer, Esquire: Mr. Ufer has been a Managing Member of Mr. Handyman since April 2000. He has been a Shareholder and Director of MOLLY MAID since April 2000 (Ann Arbor, MI), a Managing Member of 1-800-DryClean since 2000 (Ann Arbor, MI); a Managing Member of PuroSystems since 2007 (Tamarac, FL); Managing Member and Co-Chairman of ProTect Painters since January 2009 (Ann Arbor, MI); and a Shareholder of Mr. Handyman Canada Company since March 2010 (Ann Arbor, MI). He was also a Managing Member and the President of Service Brands International, LLC., Ann Arbor, MI, from April 2000 to June 2008. Mr. Ufer has been a shareholder of Ufer & Spaniola, P.C., located in Troy, MI since 1987. Formerly, he was a Managing Member of CRDN from May 2001 to January 2008.

Managing Member: Lynn Drayton: Mr. Drayton has been a Managing Member of Mr. Handyman since its inception. He has been a Director and Shareholder of MOLLY MAID since March 1991 (Ann Arbor, MI). He has been a Managing Member of 1-800-DryClean since 2000 (Ann Arbor, MI); of PuroSystems since 2007 (Tamarac, FL); of ProTect Painters since January 2009 (Ann Arbor, MI); and of Mr. Handyman Canada Company since March 2010 (Ann Arbor, MI). He formerly was a Managing Member of CRDN from May 2001 to January 2008 (Ann Arbor, MI).

Managing Member: Todd R. Recknagel: Mr. Recknagel has been a Managing Member of Mr. Handyman since December 2007. Mr. Recknagel joined us as President in May 2003 and served as President and Chief Executive Officer from December of 2007 to September 2011. He also served in this same capacity for our affiliate Mr. Handyman Canada Company from March 2010 to September 2011, (Ann Arbor, MI). Since October 2011, Mr. Recknagel has served as the President and CEO of AM Conservation Group, Inc., in Charleston, SC.

### **ITEM 3. LITIGATION.**

#### Franchisor Initiated Litigation

In our last fiscal year, we were involved in the following action seeking to enforce our trademark rights and to assert a breach of contract:

*Mr. Handyman International, LLC. v Jim O'Neal, Tracey O'Neal and NMCBS, LLC.* United States District Court for the Eastern District of Michigan, Civil Action No. 2:11-cv-15218-GCS-MAR.

*Mr. Handyman International, LLC. v Gregory Kruchko and Kruchko Enterprises, LLC.* United States District Court for the Eastern District of Michigan, Civil Action No. 5:11-cv-15264-AC-MKM.

In our last fiscal year, we were involved in the following action seeking to enforce our post-termination covenant against competition:

*Mr. Handyman International, LLC v. Lester Davis, Tonya Davis, Barkley Davis Enterprises, Inc., and Todd McCallum.* State of Michigan Washtenaw County Circuit Court, Case No. 2011-1303 CK.

#### Pending Actions:

Mr. Handyman is a party to the following pending civil action:

Rabia Omari v. JLWC Associates LLC, Mr. Handyman International, LLC, Johnny Ross: No. CL11007710-00, Circuit Court of Prince William County, Virginia. On or about December 27, 2011, an Virginia resident, Rabia Omari, filed a complaint against our franchisee JLWC Associates, LLC ("JLWC") alleging that an East Coast employee's negligent driving caused a collision with Omari's vehicle,. Omari's complaint and seeks damages in the amount of \$20,000,000. We filed an answer to the complaint denying liability and a motion to dismiss any claims against us on February 2, 2012. We intend to vigorously defend against this action.

Except for the four actions described above, there is no litigation that must be disclosed in this Section of the Disclosure Document.

### **ITEM 4. BANKRUPTCY.**

Neither the franchisor, its parents, predecessors, affiliates, officers, general partners nor any individuals who have management responsibility relating to the sale or operation of franchises offered, has during the 10-year period immediately preceding the Disclosure been involved as a

debtor in proceedings under the U.S. Bankruptcy Code or any Foreign Nation's Bankruptcy Code, that are required to be disclosed in this Item.

## **ITEM 5. INITIAL FEES.**

### 5.1 Initial Fees for Franchises

Upon signing of the Franchise Agreement, you must pay us the following Initial Fees (the "Initial Fees") are<sup>1</sup>:

1. An Initial Licensing Fee in the amount of \$19,900;
2. An Initial Package Fee of \$9,500 that includes our proprietary Franchise Management Software System, computer, monitor, printer, marketing materials, trademarked office supplies and stationery and a \$1,000 convention allowance (the "Convention Allowance").<sup>2</sup> The items included in the Initial Package may change to reflect the changing needs of the Franchised Business in accordance with System procedures and changes in suppliers and/or product specifications; and;
3. A Territory Fee of \$30,000. Your exclusive territory will include approximately 55,000 target households that meet our then current demographic criteria for households that are within the geographic limits, where you have the exclusive rights to provide Mr. Handyman services to customers (Exhibit A of the Franchise Agreement and Item 12). We reserve the right to charge more in situations where a larger territory is granted.

The Initial Fees offset the expenses we incur in registering, marketing, awarding, training, and opening new franchises. You must schedule your Initial Training to occur within 6 months of the date that you sign the Franchise Agreement.

In the event that you need extra time to arrange the financing for your business, you may pay the Initial Fees in two installments. The first installment is comprised of the Initial Licensing Fee, the fixed Initial Package Fee and a \$10,000 Territory Deposit Fee, which is due and payable when you sign and return to us the Franchise Agreement. If you choose to pay the Initial Fees in two installments, you will sign a Promissory Note for the remaining balance at an APR of 9.9% interest, which is due in full at least one week before you attend Initial Training. Alternatively, in the event that you need to arrange for financing through a program such as a 401k roll-over, we may allow you to pay the Initial Fees in two installments, with the first installment of \$25,000 due with your signed Franchise Agreement. The balance is due 30 days after our receipt of the signed Franchise Agreements. There is a \$250 fee for this service, although in special circumstances, we reserve the right to waive that fee. There is no interest assessed if the balance is paid within 30 days; however, if it is not paid within this timeframe, interest will be assessed at an annual percentage rate of 9.9%. The balance must be paid in full at least one week before your attendance of Initial Training. All Initial Fees must be paid seven (7) days before you attend Initial Training.

Mr. Handyman is a member of the International Franchise Association ("IFA") and participates in the IFA's VetFran Program. Under this program, veterans of U.S. Armed Forces

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<sup>1</sup> All fees, unless otherwise noted are due and payable to Mr. Handyman International, LLC.

<sup>2</sup> The Convention Allowance is to offset expenses associated with attending the first Mr. Handyman Convention that is scheduled to begin within one year of your successful completion of the Initial Training Program (Item 8). It is to be used primarily towards the registration fee, but any remaining balance may be applied towards travel, lodging and/or meals. This allowance will be rebated to you after you attend the first Mr. Handyman Convention Meeting that is scheduled after your completion of Initial Training. If you do not attend the Convention, it will not be refunded to you.

who otherwise meet the requirements of the VetFran program are provided with a \$2,500 discount on the Initial Licensing Fee. This is only applicable for the first Mr. Handyman Franchise awarded to you.

We may offer reduced or deferred Initial Fees in special circumstances, such as in connection with any entrepreneurial and/or economic development programs, minority franchise programs and in new and developing markets (the "Programs") for third parties which otherwise meet our financial and other qualifications and enter into a Franchise Agreement with us. The Programs are intended to promote economic renewal or development in economically impaired areas, and to assist minority franchisees. These special incentives may be offered to existing and/or new franchisees. From time to time, we may also offer promotional offers, such as a marketing or vehicle credit, to all who purchase an initial franchise during a specific set-time period.

#### 5.2 Initial Fees for Additional Franchises, Renewals and Transfers

You may apply for an additional franchise and, if we approve your request, you may be awarded an additional franchise (Item 12). For additional franchises awarded to you, you must agree to sign our then current Franchise Agreement and remit to us our then current Territory Fee. Currently we waive the Initial Licensing Fee and Initial Package fee for additional franchises awarded to you. We may also grant Territory expansions that are priced in \$5,000 increments, at our discretion, and sole judgment.

#### 5.3 Initial Fees for Renewals

For Renewal Terms you are not required to pay the Initial Licensing Fee, Territory Fee or Initial Package. However, you must pay the Renewal Fee (Item 5 and Section 11.D of the Franchise Agreement).

#### 5.4 Initial Fees for Transfers

If this is a Transfer, currently we waive the Initial Licensing Fee and Territory Fee; however, you must pay the then current Transfer Fee (Item 6 and Section 10.B of the Franchise Agreement) and purchase the Transfer Initial Package (Item 12, Section 2.B of the Franchise Agreement and Exhibit B-2 to the Franchise Agreement). The Transfer Initial Package is currently \$5,150; however if your agreement with the Seller includes a computer that is two years old or less, and meets our specs (Item 11) the cost is \$2,342. The Transfer Initial package is non-refundable, with the exception of the Convention Fee as described in section 5.1.

#### 5.5 Refunds

In the event that you do not achieve a minimum of \$150,000 in Gross Sales during your first 18 months of active business, Mr. Handyman will fully refund to you, without interest, the Initial Licensing Fee of \$19,900, subject to your compliance with all of the following terms and conditions:

1. You must complete Initial Training within four months of signing the Franchise Agreement, and begin operation of the Business within two months of completing Initial Training. Failure to meet one or both of these deadlines will result in termination of the Franchise Agreement without opportunity for any refund.
2. For purposes of calculating eligibility for a refund, your first day of active business will be calculated as being the first Saturday after your official Grand Opening date, which will be set and determined at the conclusion of your Initial Training.
3. The request for the refund must be made to us in writing no later than 30 days after the expiration of your 18<sup>th</sup> month of active business.

4. You must fully comply with the terms of your Franchise Agreement, including but not limited to offering and selling all products authorized for sale by system franchisees through your business, complying with our marketing and advertising requirements, claim and update all online listings as instructed by us, providing quality customer service, having at least one Managing Owner exert her/his full-time best efforts to manage, promote and enhance the Franchised Business on a year-round basis, and submitting all reports and fees due to Mr. Handyman in a timely manner.
5. You must have adhered to all training and staffing requirement for managing your employees.
6. You must fully and properly utilize the required Software.
7. You must have a minimum average job size of \$340.
8. You must attend at least one national convention and one regional or Town Hall meeting during the 18 month period, if available.
9. You must execute a mutual termination and a release agreement. You must cease operating the Franchised Business and abide by each of the Post-Termination obligations as outlined in Section 13 of the Franchise Agreement.

This offer to refund the Initial Licensing Fee is not a guarantee and we do not represent that you will generate income, which exceeds the initial payment of, or investment in, the franchise. Actual results vary from business to business, and we cannot estimate the result of a particular business. This offer is only applicable to the first Franchise Agreement, and does not apply to any additional Franchised Agreements awarded to you, Transfer or Renewal Agreements.

Except for the above described conditions, and the Convention Allowance listed in Item 5.1.2 and 5.2, there are no other refunds under any circumstances.

**ITEM 6. OTHER FEES.**

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty (Note 2)	7% of Gross Sales less material revenue generated.	Due by automatic debit each Thursday (Note 3)	For the use of the Marks, System, Territory, and Manuals.
Royalty – Materials	3.5% of Gross Sales on material revenue generated.	Due by automatic debit each Thursday (Note 3)	For the use of the Marks, System, Territory, and Manuals.
Local Marketing Requirement	\$3,000 per month per Franchise Agreement.	Payable per supplier's terms.	Promotional handouts, door hangers, media inserts, direct mail, newspaper, Internet paid placement, and Yellow Pages
Advertising Fund	1.25% of Gross Sales.	Due by automatic debit each Thursday (Note 3).	National marketing efforts to consumers (see Note 4).



Type of Fee (Note 1)	Amount	Due Date	Remarks
DSL, Cable or Satellite High Speed Internet, Email & Anti-Virus Software	The then current fee. Presently, the current fee is \$89 -\$159 per month for 1 account/user on 1 computer.	Payable per supplier's terms.	Payable to a third party. To be operable within one month of the time you sign the Franchise Agreement.
Internet Homepage	The then current fee. Presently, the current fee is \$180 per year.	Due by automatic debit on January 15 of each year or in monthly installments.	For a personalized Homepage on the Mr. Handyman site.
Mr. Handyman toll free phone number usage	The then current fee. Presently, the current fee is \$0.12 for each minute.	Payable per supplier's terms.	
Call Center	The then current fee. Presently, the current set-up fee is \$0.73 per minute.	Payable per supplier's terms.	All sales phone calls must be answered by a live person. We require you to use the Call Center for rollover, evenings, and weekends. .
Server Hosting Fee	Currently \$100 per month	Due on the 15th of each month.	Currently optional, but we reserve the right to require this in the future
Additional Training or Assistance	The then current fee. Presently, the current fee is \$500 per person, plus travel, lodging and food.	Before the start of training session.	We will provide Initial Training to you and one other person for no fee.
Conventions and Regional Meetings	The then current fee. Presently the current fee is \$225-\$275 per person per event (Note 6)	Before the start of the event.	Meeting rooms, some meals, audio visual, handouts, speakers, etc. Not including travel, lodging or all meals.
Renewal	20% of the then current Franchise Fee.	When you sign your successor Franchise Agreement.	The Royalty and Territory won't change in the renewal Franchise Agreement.
Transfer of Corporation Fee	The then current fee, presently this is \$500.00	Due upon signing transfer documents.	Due if you change the legal entity that owns the Franchise more than once.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Transfer	Our then current transfer fee. Presently, the fee is \$9,900 if being transferred to a new franchise owner or \$2,000 if being transferred to an existing franchise owner; (Optional) Broker Fee is \$17,000; and outstanding royalties and fees that were not timely paid by Predecessor are also due.	The transfer fee and Broker Fee are due with the Franchise Agreement. Outstanding royalties and fees of Predecessor are due 6 weeks after that.	No Transfer fee due if the Transfer is to an entity controlled by you or to a spouse, parent or child.  The Broker Fee is optional; only due if you request that we enlist a third party broker to locate a buyer for your business and they find one.
Insurance	Cost of insurance.	As required by insurer.	See Note 7.
Interest	Greater of 12% per annum or the maximum permitted by law.	Due by automatic debit each Thursday.	Due on all overdue amounts from the date the amounts were originally due.
Late Royalty Report and Payment Fee	The then current fee. Presently, the fee is assessed per week late: \$20 per late report; 5% Royalty or \$20 (the greater) per late payment; Non-sufficient funds is \$33.	Due by automatic debit each Thursday for the past week.	Due for each Royalty Report or Royalty Payment that is not submitted when due or if there are non-sufficient funds
Audit	Cost of inspection/audit, presently estimated at \$2,500-\$3,000; 100% of understated Royalty; interest (greater of 12% per annum or the maximum rate permitted by law); and late fees	10 days after billing.	Only due if an inspection or audit is made necessary because of your failure to furnish on a timely basis reports, supporting records, or if a Royalty is understated by 2% or more for any period reviewed.
Costs and Attorney's Fees	Will vary under circumstances.	As incurred.	Due when you hire an attorney.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Indemnification	Will vary under circumstances.	As incurred.	You must reimburse us if we are held liable for claims from the operation of your Franchised Business.

Note 1: All fees, unless otherwise specified, are uniformly imposed and collected by and payable to us. All fees are non-refundable.

Note 2: Gross Sales include all revenue you derive from operating the Franchised Business, whether in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise. Common revenue sources include, but are not limited to: labor, sale of material, equipment rental, mark-ups, service charges, referral fees paid to you, subcontracted jobs, vehicle fees, hauling fees, disposal charges, estimate charges, and consulting fees. All barter and/or exchange transactions for which you furnish services and/or products in exchange for goods or services will, for the purpose of determining Gross Sales, be valued at the full retail value of the goods and/or services you provide. You may deduct from Gross Sales the amount of all sales tax receipts or similar tax receipts that, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged. If you fail to achieve the Minimum Gross Sales, we may charge you a Minimum Royalty equal to what you would have been assessed had you achieved them. For months 13 - 24 the Minimum Royalty will be \$140. For months 25 - 36 the Minimum Royalty will be \$210. For months 37 - 48 the Minimum Royalty will be \$280. For months 49+ the Minimum Royalty will be \$350.

Note 3: During your Initial Training, you must sign and deliver to us the documents we require to debit your business checking account automatically for all fees due us. This includes the Royalty, Advertising and any Late Payment and/or Interest Fees (Exhibit A-7 of this Disclosure Document). For purposes of paying the Royalty, our week begins on Sunday and ends on Saturday. You must report your weekly sales to us on the second Thursday following the end of the week. We will then draft the royalty from your bank account, (ex, when the week start is January 6, the week end is January 12, and the royalty report is due January 24). We may periodically specify other dates for reporting and payment of the royalty.

Note 4: May be used to pay the costs, including personnel, associated with preparing and producing video, audio, and written materials, administering and placing national, regional, and multi-regional marketing and advertising programs, administering and placing cross-promotion programs with third parties, and employing outside advertising and public relations agencies to provide assistance and support for public relations, market research, and other advertising, promotion, and marketing activities.

Note 5: In a transfer, the transferee promises to pay us at the time of the purchase closing, the following fees if they are not timely paid by your predecessor; our current transfer fee, all royalties, fees, amounts owed for purchases from us, late payments and interests.

Note 6: However, you may apply the Convention Allowance towards the first Convention that takes place after you attend Initial Training (Item 5 and Section 2.B).

Note 7: See Item 8 for information regarding our insurance requirements. If you fail to comply with our minimum insurance requirements, we have the right to obtain and maintain the requisite insurance coverage on your behalf, at your sole expense. You must pay us the premium cost of any

insurance, plus an administrative fee equal to 18% of the premium cost for obtaining insurance on your behalf. We have the right to increase, or otherwise modify the minimum insurance requirements upon 30 days prior written notice to you, and you must comply with any modification within the time specified in the notice.

**ITEM 7. ESTIMATED INITIAL INVESTMENT.**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be made
Initial Licensing Fee (2)	\$19,900	\$19,900	Lump Sum	On signing Franchise Agreement *	Us
Territory Fee (3)	\$30,000	\$30,000	Lump Sum	On signing Franchise Agreement	Us
Initial Package Fee (4)	\$9,500	\$9,500	Lump Sum	On signing Franchise Agreement *	Us
Vehicle Expenses (5)	\$1,950	\$3,900	Lump Sum	Before Opening	Third Parties
Real Estate and Utility Deposit (6)	\$250	\$1,000	Lump Sum	Before Opening	Third Parties
Furniture, Fixtures and Office Equipment (7)	\$0	\$1,500	As Agreed	As Incurred	Third Parties
Tools and Equipment to Equip One Van (8)	\$1,000	\$2,000	As Agreed	Before Opening	Third Parties
Permits & Licenses (9)	\$100	\$1,000	Lump Sum	Before Opening	Appropriate local & state authorities
Prepaid Insurance Premiums--3 months (10)	\$1,800	\$2,800	Lump Sum	Before Opening	Third Parties
Training Expenses: Travel, Food and Lodging (11)	\$3,000	\$3,500	Lump Sum	As Incurred	Third Parties
Additional Funds--3 months (12)	\$34,500	\$54,000	As Agreed	As Incurred	Third Parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b>	<b>\$102,000</b>	<b>\$129,100</b>			

\*Not applicable for additional franchises awarded to you (Item 5).

Explanatory Notes

1. Estimates are based on a new Franchise Owner buying his/her first Franchise. Except as otherwise described in the notes below, the table provides an estimate of your Initial

Investment and the costs necessary to begin operating a Mr. Handyman franchise. Actual costs will vary for each franchise location, depending on a number of factors, including, but not limited to, market condition and the geographic location of your business.

2. There are no refunds, except that in the event that you do not achieve a minimum of \$150,000 in Gross Sales during your first 18 months of active business, Mr. Handyman will fully refund to you, without interest, the Initial Licensing Fee of \$19,900, subject to your compliance with all of the terms and conditions listed in Item 5. The Initial Licensing Fee is waived for renewal terms; however, you will need to pay the renewal fee. Currently the Initial Licensing Fee is waived for additional Franchises awarded to you. If this is a Transfer, the Initial Licensing Fee is waived; however, you will need to pay the then current Transfer Fee (Item 5, Item 12, and Section 2.A. of the Franchise Agreement).

3. The Territory Fee is waived for renewal terms or transfers, when no additional territory is being added to the Franchise Agreement, (Item 5, 12 and Section 2.A. of the Franchise Agreement).

4. You must purchase an Initial Package from us, which includes our proprietary Franchise Management Software System, computer, monitor, printer, trademarked office supplies, stationery, and the \$1,000 Convention Allowance. The Initial Package fee is waived for renewal terms. Currently it is also waived if this is an additional Territory being awarded to you. If this is a transfer and you are purchasing the entire business, currently you are only required to pay the \$1,000 Convention Allowance. If you are only purchasing a portion of the business, you are required to purchase the entire Initial Package. There are no refunds, except that if you attend the first Convention that is scheduled to begin within one year of your successful completion of the Initial Training Program (Item 11), you will receive a \$1,000 Convention Allowance (the "Allowance"). The Allowance is to be used primarily towards the registration fee, but any remaining balance may be applied towards travel, lodging and/or meals. The Allowance will be rebated to you after you attend the Convention. If you do not attend the Convention within the required time period, it will not be rebated to you.

5. Franchised Businesses begin operation with a van that meets System standards and specifications. As your Franchised Business grows, you will need to add additional vans. You should consult your personal financial advisor to determine whether you should lease or purchase your initial and subsequent vans. The cost of purchasing and outfitting a van typically ranges from \$22,000 to \$25,000, plus applicable taxes. When leasing, the amount of deposit will vary depending upon supplier pricing strategies, promotions, and willingness to provide startup businesses with more advantageous pricing than they typically offer individuals leasing a single van.

6. As required by leaser and utility companies.

7. Estimated cost for items including desks, chairs, a file cabinet, telephone system, wastebaskets, and other equipment and supplies necessary to begin the operation of the Franchised Business.

8. List of tools and equipment is included in the Manuals. These may be purchased locally through national suppliers or at a local home improvement store.

9. As required by local and state regulations.

10. Specifications are listed in Section 7.C. of the Franchise Agreement and Item 8 of this Disclosure Document. Typically, insurance companies require startup businesses to pre-pay a portion of their premiums.

11. Out-of-pocket travel expenses vary depending on your proximity to our training center in Ann Arbor, MI, as well as the field training site, the type of transportation you use, and your individual expenses during the Initial Training period of 5 days. For the purposes of this Item, we have estimated two individuals sharing one hotel room.

12. This item estimates your initial startup expenses for the first three months of operations, not including those expenses identified separately in the table. It includes payroll costs for operation and customer service employees, general vehicle maintenance and gasoline, advertising, Internet and telephone provider fees, some uniforms, and, at the high end of the range, office rental. The estimate of additional funds does not include an owner's salary or draw. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. The amount of working capital you need will depend on a number of factors. These factors include the area you are located in; how much you follow our methods and procedures; your management skills; experience and business acumen; local economic conditions; the relative effectiveness of your staff; local market for repair and maintenance services; the prevailing wage rate; competition; and the sales level reached by your Franchised Business during its initial period.

**We have relied on the management team's general experience with franchising in the United States, along with the experience of our Mr. Handyman franchisees, to compile these estimates. You should review them carefully with a business advisor before making any decision to purchase the franchise.**

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

### ***8.1 Initial Package***

To assist you in efficiently launching your Franchised Business, you must purchase an Initial Package of software, equipment, products, and supplies from us before the commencement of operation of the Franchised Business (Exhibit B of the Franchise Agreement). The items included in the Initial Package change periodically to reflect the changing needs of the Franchised Business in accordance with System procedures, changes in suppliers and/or product specifications. The Initial Package is the only product that we sell to you. In 2011, our total revenues were \$3,318,903 and we derived 3% of our revenues from the sale of required purchases or leases. (22% of the revenue we received for the sale of required purchases or leases in 2011 was for the sale of the Initial Package, of which we sell at our cost of the goods, plus a small fee for handling and printing.) Our affiliates did not derive any revenue in 2011 from the sale of required purchases or leases. In 2012, we and our affiliates expect to derive 3% of our revenues from required purchases or leases. There are no approved suppliers in which any of our officers owns an interest.

We estimate that approximately 85% of the required purchases and leases in relation to all purchase and leases to be made by the franchisee in establishing and operating the business will be for services, products or leases that are required. As of the date of this offering, we do not have any purchasing or distribution cooperatives, but we reserve the right to create them in the future. The materials that are included in our Initial Package are shipped F.O.B. from our approved suppliers.

We are not affiliated with our approved suppliers and we receive no material benefits from your purchases from these companies, except as described below, although we reserve the right to do so in the future. A complete list of all our approved vendors is available on the Mr. Handyman Intranet site and/or Manuals. We reserve the right to negotiate purchase arrangements with our approved vendors which information will also be listed on the Mr. Handyman Intranet site and/or Manuals.

While most franchise owners choose to order trademarked items from our approved suppliers, you are only required to order your Initial Package and Professional uniforms from them. The remaining items you require for the operation of your Franchised Business may be ordered from

approved third party suppliers. All products must meet System standards and specifications for representation of the Marks, and be pre-approved by us regardless of the supplier. Approval can be attained by submitting a proof of the materials you wish to order to us and a written request for approval. There is currently no charge for our review, and we will notify you in writing of our approval or disapproval within ten days of receipt of the materials and your written request, in the event that we do not, provided that you have written proof of our receipt of the materials, they are considered approved. All materials must meet the quality of our current approved suppliers, and correctly bear the Marks.

Use of products and materials that have not been previously approved by us in writing and do not meet our standards and specifications can result in the termination of your franchise (Section 12.B. of the Franchise Agreement). Standards and specifications are updated periodically at our sole determination and are made available to you in our Manuals, publications, and on our Internet Homepage. At our discretion, we may, with notice to you, revoke our approval of any previously approved products or suppliers due to changes in standards and specifications, or if such products subsequently fail to meet the Mr. Handyman quality levels.

We are not an affiliate of Enterprise Leasing Company (“Enterprise”); however, because of fleet buying incentives Mr. Handyman International, LLC may qualify for rebates, depending on actual volume. The owner receives the majority benefit of the rebate up front, reducing the purchase price. We receive a residual benefit if and when certain fleet volume requirements are met. The exact amount per vehicle varies as it comes from the vehicle’s manufacturer and is based on their current pricing as well as the number of purchases made by franchisees associated with us and our affiliates who are listed in Item 1 (one). In 2011, we did not receive any revenue or material consideration for franchisees’ purchases or leases from Enterprise. Aside from certain intangible benefits associated with group buying, you receive no material franchise benefits (for example, the award of additional franchises or a successor term) based on your purchase of particular products or services or use of particular suppliers.

#### 8.2 Vehicle Standards and Specifications

You will use vans for the Franchised Business that meet our specifications for model type, color, trademark representation, and appearance (no rust or body damage). These specifications are included in our Manuals. All vehicles purchased or leased for the business are to be, and maintained, in a “good” condition as defined by KELLY BLUE BOOK (“Good” condition means that the vehicle is free of any major defects. The paint, body, and interior have only minor (if any) blemishes, and there are no major mechanical problems. In states where rust is a problem, this should be very minimal). All vehicles used in the business are to be decaled as required by Mr. Handyman and the decals are to be free of defects (Section 7.A. of the Franchise Agreement).

#### 8.3 Insurance (Section 7.C. of the Franchise Agreement)

Before attending Initial Training and/or opening the Franchised Business, you must obtain and maintain in full force and effect throughout the term of this Agreement, and, at your own expense, the insurance coverage that we require and meet the other insurance-related obligations in the Franchise Agreement (Section 7.C. of the Franchise Agreement) as described below.

The insurance you must maintain reflects the minimum amounts of coverage we require. Our requirements are not meant to reflect the actual needs you may have, other state-mandated coverage and that it is your responsibility to carefully evaluate if such minimum will adequately meet your needs and state requirements, (i.e. flood insurance, employment practices liability, pollution or major medical etc). All policies must be written by an insurance company(ies) that is/are licensed in the state in which you are doing business, and that has an A.M. best rating of “A-“ or better. Currently you are not obligated by the terms of the Franchise Agreement to



purchase your insurance from any specific provider, although we reserve the right to specify the specific provider that you must use in the future.

Our current requirements are described below:

1. Commercial General Liability Insurance. Coverage for "bodily injury," "property damage," and "personal and advertising injury" with no exclusion or limitation applying to the products / completed operations liability coverage. Limits must be at least \$2,000,000 general aggregate, \$2,000,000 products and completed operations aggregate, \$1,000,000 personal and advertising injury limit and \$1,000,000 per occurrence limit. Contractual liability coverage including the assumed personal injury endorsement must be included to cover the indemnity provisions of this Franchise Agreement. The exclusion for employer's liability shall not apply to claims for covered contractually assumed liability claims. Such policy shall contain a waiver of subrogation endorsement as to claims against Mr. Handyman International.

Mr. Handyman International, LLC., shall be named as an additional insured on this policy on a primary and noncontributory basis, and with a Grantor of Franchise Form CG2029, or an insurer's comparable form.

2. Automobile Liability Insurance. You shall maintain insurance with a combined single limit, CSL, of \$1,000,000 for bodily injury and property damage for all owned or leased vehicles and include a hired and non-owned endorsement. Additionally, uninsured motorist and under-insured motorist coverage will be equal to the CSL.

3. Workers' Compensation and Employers' Liability. Statutorily required workers' compensation insurance and employer's liability insurance shall be maintained with limits of at least \$500,000 by accident, \$500,000 by disease and \$500,000 policy limit. In "Monopolistic States", such as Ohio, North Dakota, Washington and Wyoming "Stop Gap" coverage must be purchased separately or added to the CGL policy. "Stop Gap" in Ohio must not contain exclusion with the "substantially certain to occur" language.

4. Employee Dishonesty Insurance. You shall maintain employee dishonesty insurance with minimum limits of \$25,000 per loss and such coverage shall also cover acts of stealing against third parties.

5. Umbrella Liability Insurance. You shall maintain a commercial umbrella liability insurance policy with a limit of at least \$1,000,000 per occurrence and aggregate and shall list the commercial general liability and automobile liability as scheduled underlying policies.

6. Other Insurance. You shall maintain any state, county, local or other municipal insurance requirements.

No deductible or self-insured retention can exceed \$5,000 for any required insurance policy, except that you may have retention of up to \$10,000 on the Umbrella Liability Insurance policy.

You may not reduce the policy limits, restrict coverage, cancel or otherwise alter or amend any insurance policy without our written consent.

All policies will name Mr. Handyman International, LLC., its employees, officers and directors as additional insured, will contain no provision which in any way limits or reduces coverage for you in the event of a claim by any one or more of the Indemnified Parties, will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least notice of 10 days of any intent to cancel or materially alter any policy.

At least 10 days prior to attending training, whenever a change is made to your policy, and before expiration of any insurance coverage, you promise to submit to us a copy, certificate, or other acceptable proof of such insurance with a copy of the Additional Insured Endorsement on your policy. On occasion, Mr. Handyman may request complete copies of all insurance policies to insure compliance with the insurance provisions of this contract. We may, periodically, and reasonably determine and modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstances.

If you do not maintain the required insurance coverage or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our sole option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. We are under no obligation whatsoever to obtain such insurance, but if we do so, you must fully cooperate with us in our efforts and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your Mr. Handyman Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf, along with an 18% administrative fee. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf will reduce or absolve you of any obligations of indemnification described in this Agreement.

You promise to promptly report all material claims or potential claims, against you, any Indemnified Party or us, to the insurer and to us.

#### 8.4 Lease and Leasehold Improvements

A Mr. Handyman Franchised Business is typically operated from leased space. We will not evaluate the location of your commercial space and will not require you to obtain our approval before leasing commercial space; provided that your business office must be located within your Territory. You may not locate your office outside of your Territory without our express written consent.

#### 8.5 Computer Hardware and Software Components

Our present computer hardware and software requirements are listed in detail in Item 11 of this Franchise Disclosure Document.

### **ITEM 9. FRANCHISEE'S OBLIGATIONS.**

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

Obligation	Section in Agreement	Disclosure Document Item
A. Site Selection And Acquisition/Lease	Section 1.C.	Items 1, 12 and 17
B. Pre-Opening Purchases/Leases	Sections 2.B.	Items 6, 7 and 8
C. Site Development And Other Pre-Opening Requirements	Sections 2 and 3	Items 6, 7, 8 and 11
D. Initial And Ongoing Training	Section 3.A	Items 6, 7 and 11
E. Opening	Sections 2.A., 3.A., and 12.B.	Item 7 and 11
F. Fees	Section 2	Item 5, 6, and 7

Obligation	Section in Agreement	Disclosure Document Item
G. Compliance With Standards And Policies/Operating Manual	Section 7.A.	Item 7, 8, and 11
H. Trademarks And Proprietary Information	Section 4	Items 8, 13 and 14
I. Restrictions On Products/Services Offered	Section 7.A.	Items 8, 12 and 16
J. Warranty And Customer Service Requirements	Section 7.A.	Item 15
K. Territorial Development And Sales Quotas	Sections 1.C, 1.D. and 2.F.	Item 12
L. Ongoing Product/Service Purchases	Section 2	Item 8
M. Maintenance, Appearance And Remodeling Requirements	Section 7	Items 8 and 11
N. Insurance	Section 7.C.	Items 6, 7 and 8
O. Advertising	Section 2.G and 2.H	Items 6 and 11
P. Indemnification	Section 14.C.	Items 6 and 16
Q. Owner's Participation/ Management/ Staffing	Sections 1.B., 7 and 12	Items 11 and 15
R. Records And Reports	Section 7.D.	Item 6
S. Inspections And Audits	Section 8	Items 6 and 11
T. Transfer	Section 10	Items 6 and 17
U. Renewal	Section 11	Item 6 and 17
V. Post-Termination Obligations	Section 13	Item 17
W. Non-Competition Covenants	Section 6 and 13	Item 17
X. Dispute Resolution	Section 15	Item 17
Y. Third Party Broker Fee	Section 10	Item 6

## ITEM 10. FINANCING.

Other than as disclosed in this Item, we do not offer any other direct or indirect financing.

### 10.1. Initial Fees Financing

We may offer you financing for the Initial Fees if you meet our qualifications and credit standards. You must sign a Consumer Note (the "NOTE"), (Exhibit E-1 and E-2 to the Franchise Agreement). The following table summarizes the financing we may offer you for Initial Fees:

	Standard Financing Option	Secondary Financing Option (Note 1)
Source of Financing	Us	Us
Down Payment	\$34,400	\$ 25,000
Amount Financed	Up to \$25,000	Up to \$34,400
Term (years)	6 months maximum or at least 1 week prior to attending Initial Training, whichever occurs first	6 months maximum or at least 1 week prior to attending Initial Training, whichever occurs first
Rate of Interest plus Finance Charge	9.9% APR	No interest if paid within 30 days of signing the note. After that, there is 9.9% APR. There is a \$250 fee to use this service (Note 2)
Monthly Payment	None – paid in one lump sum at the term end	None – paid in one lump sum at the term end
Prepayment Penalty	None	None
Security Required	Personal Guarantee	Personal Guarantee
Guarantee	Personal Guarantee from owners of the Franchise	Personal Guarantee from owners of the Franchise
Liability upon Default	Termination of Franchise; you must also pay entire amount due and our attorney's fees and court costs in collecting debt	Termination of Franchise; you must also pay entire amount due and our attorney's fees and court costs in collecting debt
Loss of Legal Right Upon Default	None	None

Note 1: Only in certain circumstances, such as when you need additional time to complete a 401k rollover, etc., do we offer the Secondary Financing Program.

Note 2: We reserve the right to waive the \$250 fee at our own discretion.

#### 10.2. Vehicle Financing

Enterprise may offer you financing for vehicles if you meet their qualifications; however, you are not required to purchase or lease your vehicles from them. The following table summarizes the financing they may offer you for financing vehicles.

Description	Enterprise Financing Option (Note 1)
Source of Financing	Enterprise
Down Payment	\$0
Amount Financed	\$25,000-\$28,000 per vehicle
Term (number of years)	4 – 5 years
Rate of Interest plus finance charge	Prime

Description	Enterprise Financing Option (Note 1)
Monthly Payment	Varies depending on amount financed
Prepayment Penalty	None
Security Required	Personal Guarantee
Guarantee	Personal Guarantee from owners of the Franchise and Guarantee from Franchisor
Liability upon Default	Termination of Franchise (see Note 2), repossession of the vehicle, you must also pay entire amount due, early termination fees, and our attorney's fees, Enterprise's attorney's fees and court costs in collecting debt
Loss of Legal Right Upon Default	None

Note 1: As more fully described in Item 8.1., we receive a material benefit for purchases or leases that you make with Enterprise. Aside from certain intangible benefits associated with group buying, you receive no material franchise benefits (for example, the award of additional franchises or a successor term) for using Enterprise.

Note 2: We can also terminate your Franchise if you fail to make payments as agreed (Section 12.B. of the Franchise Agreement), however, before your Franchise can be terminated, you will receive a notice of default and have a 10-day period to cure the default.

### 10.3. SBA Loans

We have been deemed eligible for streamlined and expedited loan processing through the Small Business Association ("SBA"). We are listed on the SBA's central registry of franchisors whose current franchise or license agreements are eligible for SBA financing found at [www.franchiseregistry.com](http://www.franchiseregistry.com). We have arranged with the SBA to provide certain information and benefits to the SBA and Certified Development Company ("CDC") so that our Franchise Agreement meets SBA eligibility criteria for 7(a) and 504 loans.

### 10.4. Other Financing Information

We also suggest third party sources for lending including, but not limited to FranFund, Benetrends, Guidant, Seigel Capital, Funding Solutions, Direct Connect Ventures and Directed Equity, as of the date of this Disclosure Document, all of these sources are willing to work with prospective Mr. Handyman franchisees.

Other than described above, we will not guarantee any notes, leases or obligation. We and our affiliates have no past practice or future intent of selling, assigning, or discounting franchisee's financing arrangements to a third party, although we reserve the right to do so in the future. We and our affiliates do not receive any direct or indirect payments or any other consideration from any person for the placement of financing with the lender. We do not offer financing that requires you to waive notice, confess judgment or waive a defense.

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

**Except as listed below, Mr. Handyman is not required to provide you with any assistance.**

### 11.1 Franchisor Obligations before the opening of the Franchised Business

Before you open your Franchised Business, we will:

A. Designate your Territory for the Franchise (Section 1.C. and Exhibit A of the Franchise Agreement);

B. Sell you an Initial Package of products and supplies described and listed in Exhibit B of the Franchise Agreement (Section 2.B. of the Franchise Agreement);

C. Lend you a copy of the Confidential Operating Manual (the "Manuals"). You must strictly comply with the Manual in operating the Franchised Business. The Manuals contain our proprietary business and advertising forms (the "Business Forms"), and other proprietary materials as we may publish and distribute to you periodically (Section 3.C. of the Franchise Agreement). We, in our sole discretion, can change the Manuals, and you must comply with these changes when you receive them, but they will not materially alter your rights and obligations under the Franchise Agreement;

D. Provide written specifications to you for the model and body style for marketing/service vans to be used in the Franchised Business (Section 7.A. of the Franchise Agreement);

E. Approve or disapprove your business forms, business stationery, business cards, advertising materials, permanent materials, and forms which you intend to utilize (Section 7.A. of the Franchise Agreement);

F. Approve or disapprove any advertising, direct mail, identification and promotional materials and/or programs that you propose within 10 days of our written receipt of the proposed materials. If we do not respond within 10 days, the material is approved (Section 2.H. of the Franchise Agreement);

G. Specify minimum policy limits for certain types of insurance coverage (Section 7.C. of the Franchise Agreement).

H. Provide an Initial Training program for you and one other person (Section 3.A. of the Franchise Agreement);

I. Maintain a toll-free telephone number which you may use for communications with us (Sections 2.G. and 3.B. of the Franchise Agreement);

J. Provide written specifications to you for the purchase and use of supplies, uniforms, equipment, and products;

K. Assist you in the formulation and implementation of marketing, advertising, and promotional programs using the merchandising, advertising, and research data and advice as we may, periodically, develop for use in your local market;

L. Assist you in implementing systems for the maintaining the financial and daily operation of the Franchised Business including its accounting and record keeping functions;

M. A Mr. Handyman Franchised Business is typically operated from leased space, but may initially be operated from your home. We do not require you to have the location for your business approved by us; however your business office site must be located within your Territory (Item 12). You may not locate your office outside of your Territory without our express written consent.

### 11.2 Time to Open

The typical length of time between the signing of the Franchise Agreement and payment of any consideration for the Franchise, and the opening of the Franchised Business, is ten to twelve weeks; however, you must attend Initial Training within 6 months of signing the Franchise Agreement and open within 2 months of attending Initial Training. Factors affecting this length of time usually include delivery of vehicles, normal business startup considerations, and your successful completion of the Initial Training program.

### 11.3      *Obligations After Opening*

Once you have opened your business, you will have access to information helpful to the operation of your Franchised Business based on reports you submit to us and/or inspections that we make (Sections 7 and 8 of the FA). In addition, during the operation of the Franchised Business, we will:

A.      Furnish you with those field support services we consider advisable to provide support and resolve operating problems you encounter

B.      Approve or disapprove any advertising, direct mail, identification and promotional materials and programs; forms, business stationery, business cards, advertising materials, permanent materials, and forms which you intend to utilize; and any appropriate person whom you desire to act as a representative for you in connection with local promotion of the Franchised Business in a public media before such person begins; within 10 days of our written notification to us. If we do not respond within 10 days, it is unapproved (Section 2.G. of the Franchise Agreement);

C.      Specify minimum policy limits for certain types of insurance coverage (Section 7.C. of the Franchise Agreement);

D.      Maintain a service through which selected phone calls to our Mr. Handyman toll free phone number, 877-MrHandyman, will be forwarded to you or us. In the phone routing process, we will make a best effort to route calls from prospective customers requesting service in your Territory to you. You will be billed our then current fee for calls made to the 877-MrHandyman number that are routed to your office. Currently this fee is \$0.12 per minute. We will use our best efforts to maintain this service 24 hours per day, seven days per week subject to acts of God or circumstances beyond our reasonable control, including power outages and the unavailability of telephone services (Section 3.B, 2.G and 14.D. of the Franchise Agreement).

E.      Once you have started your business, you will have access to information helpful to the operation of your Franchised Business based on reports you submit to us and/or inspections that we make (Sections 7.D. and 8.B. of the Franchise Agreement).

F.      Advise you of new products, services, and methods which we may have discovered, or have developed for the System;

G.      If Software is proprietary to us, we will provide basic support during our regular business hours at our then current rate (Exhibit C of the Franchise Agreement). Currently this is being provided for \$0. Before attending the Initial Training program, you should have basic operating knowledge of the Windows operating system and word processing and spreadsheet applications;

H.      Furnish you with any specifications for required products and services (Section 7.A. of the Franchise Agreement); and

I.      Although not obligated, we reserve the right to hold a Convention and/or Regional Meeting on an annual or semi-annual basis. If they are held, you will be required to attend, but under no circumstances will you be required to attend more than one event every 2 calendar years (Section 3.A. and 12.B. of the Franchise Agreement).

#### 11.4 Marketing and Promotion Fund

Recognizing the value of marketing, advertising, and promotion to the goodwill and public image of the System, we have established a marketing and promotion fund (the "Fund") for marketing, advertising, promotion, cross-promotion, and public relations programs and materials (Item 6 of this Disclosure Document and Section 2.H. of the Franchise Agreement). You promise to contribute to the Fund 1.25% of your Gross Sales. All contributions are by EFT and in the frequency prescribed. All franchises are required to contribute on the same basis. Monies not expended during the year that they are collected will remain in the Fund for future expenditure.

Monies collected for the Fund may be used to pay the costs, including personnel, associated with preparing and producing various marketing and promotional items as recommended by the National Marketing Committee. These items may include: video, audio, and written materials, administering and placing national, regional, and multi-regional marketing and advertising programs, administering and placing cross-promotion programs with third parties, and employing outside advertising and public relations agencies to provide assistance and support for public relations, market research, and other advertising, promotion, marketing and online activities.

We will direct and coordinate all programs financed by the National Marketing Fund, following recommendations received from the National Marketing Committee regarding the creative concepts, materials, and endorsements used and their geographic market, media placement, and allocation. We will administer these programs for a fee not to exceed 10% of the Fund revenues. Our expenditures of the fund will be at our sole discretion and we are not obligated to spend any in your local market, or do it in a way that equally benefits any individual franchisee, or is in proportion to their payments. Any materials developed by the Fund will be made available to you through our fulfillment supplier for the published fees.

The Fund will not be our asset, but will be accounted for separately from our other funds, and will be held for the benefit of the System. Monies from the Fund will not be expended on advertising that is principally a solicitation for the sale of new franchises. We will furnish to you, upon request, an annual unaudited statement of monies collected and costs incurred by the Fund. The National Marketing Fund is not our asset. We account for it separate from our other funds, and it is for the benefit of the System. During our last fiscal year of the National Marketing Fund, (ending December 31, 2011) it collected \$606,795. It spent 12% of the amount collected on Creative; 5% on Public Relations; 5% on Phone; 38% on Internet; 2% on Research; 5% on Management Fees; and 30% on National Marketing Campaign initiatives.

We can have the Fund incorporated or operated through a separate entity anytime we deem appropriate, and the successor entity will have all of the rights and duties specified in this Item.

#### 11.5 Local Marketing

You will conduct your own marketing, advertising, and promotion programs, using approved materials and venues, at the local level at your own expense (See Item 6). You may also be required to participate in an advertising cooperative, which will be comprised of all Franchise Owners located within the designated advertising cooperative area.

Each year, you must spend at least \$3,000 average per month per Franchise Agreement for local advertising and promotional programs (Item 6 of the Disclosure Document and Section 2.G. of the Franchise Agreement). We may request each month that you submit to us, in the format that we require, an accurate accounting of your local marketing expenditures during the preceding month for approved marketing, advertising and promotion. We may, at our sole discretion, allow certain other expenditures to count towards a maximum credit of \$300 per month towards your Local Marketing Requirement ("LMR credit"). Each year, any LMR credits available will be



posted on our intranet website or Manuals, and may include items such as properly decaled vehicles, the use of certain vendors, etc. We may modify the LMR credits at our sole discretion.

#### 11.6 Advertising Cooperatives

The Franchise Agreement gives us the power to require advertising cooperatives to be formed, changed, dissolved or merged (Section 2.G.2 of the Franchise Agreement). We will notify you in writing of the Regional Advertising Cooperative ("RAC") for your area that you must join and the amount of your advertising cooperative contributions. We determine the area of each Advertising Cooperative. Your weekly contribution will be at least 1.25% but no more than 2.00% of Gross Sales unless the Cooperative changes the maximum contributions under its By-Laws (See Section 4 to the Sample By-Laws, Exhibit A-7 to the Franchise Agreement). Any monies paid to the Advertising Cooperative by you will be considered part of the fulfillment of your Local Marketing Requirement, and is not an additional requirement.

Each cooperative will be organized for the sole purpose of placing advertising and administering local advertising programs in accordance with plans approved by us. Each cooperative will be governed by majority vote of the owners whose territories are located within the advertising cooperative area. Each participating owner will receive one vote.

If the members of the RAC choose, they may at the sole expense of the members of the RAC order an audit following the end of each fiscal year. If an audit is conducted, the auditors will present their audit report to the Board of the Cooperative as soon as practical and the Board will then present the report to the other members of the RAC at the next regular meeting or at a special meeting.

#### 11.7 Other Advertising Information

There is no obligation for us to maintain any advertising program or to spend any amount on advertising in your area or territory. We currently advertise using online initiatives, print, radio and television, with local and regional coverage. We currently employ both an in-house marketing department and national or regional advertising agencies.

You may develop advertising materials for your own use, at your own cost. As stated above, we must approve these advertising materials in advance and in writing, if we do not respond to your written request, within 10 days after receiving your written request, the material is unapproved.

#### 11.8 Telephone Listings and Call Center (Section 2.I. of the Franchise Agreement)

As part of your local marketing, you promise to acquire and maintain a dedicated Mr. Handyman business telephone line which, in consideration for our granting you a Franchise, you agree is only available to you while you are a Franchise Owner. As part of the Franchise Agreement, you promise to authorize the transfer of any business telephone numbers and directory listings to us upon termination of the Agreement (Exhibit D of the Franchise Agreement).

You promise to maintain a 24-hour answering system approved by us on your business line.

You are required to pay for, and use, the Call Center that we authorize to answer incoming sales calls. We may at any time, with 30 days prior notice to you, designate another method, vendor or manner for answering sales calls for rollover, evenings, and weekends.

You must maintain, at a minimum, a trademark listing in the dominant Yellow Pages (Section 2.G. of the Franchise Agreement). To assure that we maintain consistency in Yellow Pages advertising, you must place your listing through an agency of our choice. If two or more Mr. Handyman businesses are served by the same telephone directory, we may require you to list all

businesses under one Mr. Handyman heading. In this instance, you promise to pay your pro-rata share of the total expense of the joint listing which is determined by dividing the total expense by the number of Franchised Businesses which are listed. You promise to continually list the Franchised Business in the "White Pages" of the primary telephone directory servicing your Territory

11.9. Franchise Assessment (Not applicable to additional franchises).

To assist us in working with you, before signing the Franchise Agreement and/or attending Initial Training, we may request that you complete and return to us a franchise assessment profile.

11.10 Computer Software, Hardware, and Systems

You must use our proprietary Franchise Management Software System, (the "Software") which we provide to you or a similar software system selected by us to maintain your customer record keeping and reporting functions, and business accounting software to maintain your accounting records (Item 5 and Section 7.D. of the Franchise Agreement). The Software has been used since Mr. Handyman began franchising. Currently it is maintained and supported by us, although we reserve the right to outsource this to a third party at any time.

To assist in communications and file transfer, you must also maintain a DSL, Cable or Satellite high speed internet connection and subscribe to an electronic mail network of your choice. In addition, you may choose to establish a homepage on our Internet web site, or other portal that we prescribe, that can contain certain information for your customers about Mr. Handyman and information specific to your Franchised Business. You may not implement a web site yourself or through a third party provider.

While the Franchise Agreement does not require you to upgrade your computer hardware, future versions of the Software may necessitate that you do so. We do not expect that you will need to upgrade your equipment for at least two years from the date of this Disclosure Document. The cost to upgrade is set by third party suppliers; a computer that meets our current requirement currently ranges between \$2,700 and \$2,900. You must upgrade the Software within a timely manner when new releases are released. Currently there is no additional charge for support and/or upgrades of the Software, although we may change this at any time.

The Software may allow us to independently access the Franchised Business's information without limitation. You must be able to operate the Windows® operating system, Microsoft Word®, Microsoft® Excel® and the required computer hardware. You must also utilize up-to-date anti-virus software on any computer used by the Franchise Business, at your expense. We may require that you keep your database on an independent server, or we may require that you keep it on a server that we maintain, for which you would pay. If your database resides on a server that we maintain, we will have access to all the information on your computer, which we may access at our discretion.

The computer must be dedicated solely for use in the Franchised Business. The computer, which is included in your Initial Package and typically costs between \$2,700 and \$2,900. It currently consists of a Dell Optiplex Desktop (Dual processor, 4 GB memory, RW-DVD), two flat panel monitors, Microsoft Office Software, Multi-function Printer/Fax/Copier/Scanner. However, as products and prices change over time, types, suppliers and brands may be changed in order to provide the best value to franchisees.

11.11 Email, Internet and Web Site

You must also maintain, on your business computer, an electronic mail account that must enable you to receive and send electronic mail and transfer computer files with us (Section 2.I. of the Franchise Agreement). We have the option of setting up an email server ourselves, and if we

do, you agree to use, and pay for that as your email account for all email related to the Franchised Business. You must also maintain a DSL, Cable or Satellite high speed internet connection; we have the right to specify the specific type and/or carrier that you use. To enhance the brand and the Mark, the Franchised Business must use an email name that we have approved and that will have, as its suffix, “@mrhandyman.com.” Emails sent to you at mrhandyman.com will be automatically forwarded to you at your electronic mail account. You promise to subscribe to, utilize, and pay for, a customized web site connected to our web site and managed by our web site provider (Item 6). You may not implement a web site yourself or through a third party provider without our prior written approval.

You promise not use the Marks in any internet advertising, except as provided for under the then current Internet policy, as published in the most current Manuals and/or Intranet Site. This includes, but is not limited to: web sites, domain names, URL’s, linking, meta-tags, social media platforms as well as any other method of performing e-commerce activities. If approved to engage in Internet Marketing, you agree to adhere to the Internet Marketing policy, including our specifications on placement, key words, meta tags, titles, etc., and other requirements as we determine. You agree to claim the online listings that we designate, and to claim and update them only as instructed by us.

11.12 Service Technician

You must employ a full-time experienced Service Technician to perform the services for the Franchised Business (Section 2.L. of the Franchise Agreement). The Managing Owner may not serve as the Service Technician unless you have received our written permission.

11.13 Manuals

Upon request, we will permit you to view the Manuals at our home office in Ann Arbor, MI or elsewhere as arranged, before you purchase the Franchise. Before your review, you must sign our then current Non-Disclosure Agreement (Exhibit A-4 of the Franchise Agreement). We consider all the material on our Mr. Handyman Owner’s Intranet Web site as part of our Manuals. The following is the Table of Contents of our Operating Manuals as of the date of this Disclosure Document, which we reserve the right to modify at any time:

Topic	Number of Pages
Right Start	59
Operations, Reference and Standards	139
Marketing	124
Software	99
Material Safety Data Sheets*	631
<b>TOTAL</b>	<b>1,052</b>

\* These are a partial list of Material Safety Data Sheets that OSHA requires that you provide to your technicians.

11.14 Initial Training and Right Start (Not applicable for additional Franchises awarded to you Item 5)

You must attend an Initial Training program and will need to successfully complete that program (Section 3.A. of the Franchise Agreement) within six months of the time you sign the Franchise Agreement and before opening the Franchised Business. Initial Training begins with “Right Start,” a six to eight week program that includes numerous pre-opening activities. During

Right Start, you must prepare a comprehensive financial plan, review the Manuals, complete a territory review, coordinate your initial advertising program, acquire proper insurance, and acquire all permits, licenses, and approved vehicles. Right Start activities are completed before attending training in Ann Arbor and are conducted in your hometown with assistance from our home office staff. You may enter Right Start immediately upon your signing and return to us of the Franchise Agreement and the Initial Fees. During Right Start, we will tentatively schedule a classroom training session for you to attend. Final confirmation of your scheduled classroom training will be contingent upon your successful completion of Right Start. In addition, your on-site training and opening business launch dates will be mutually agreed upon during Right Start. Danessa Itaya, who is disclosed in Item 2, directs our training program. Ms. Itaya has over 13 years of training experience and 18 years of franchise business experience.

Upon your successful completion of Right Start, you will attend five days of classroom training at our home office in Ann Arbor, MI or at another location designated by us. Following the successful completion of your classroom training, final confirmation will be made of your business launch date which will include two days of training at your site. We may also require that you attend one of our field training centers for two (2) to three (3) days.

Although we will furnish Initial Training to you, and one other person, at no additional fee, you must pay for all travel and living expenses you incur while training. You may designate, with our approval and on a "space available" basis, additional persons to attend other sessions of the classroom portion of the Initial Training program, for which you will be charged our then current training fee. In addition, each attendee must sign our then current Non-Disclosure Agreement before the start of the session. The training fee will be due and payable before the start of the classroom session and you must pay all travel and living expenses incurred by your designees while training.

If this is an additional Franchise being awarded to you, and you have already attended Initial Training, the requirement that you attend Initial Training and Business Launch is waived, as is our obligation to provide this to you at no additional fee. If this is a Transfer, you will need to attend the Initial Training course in Ann Arbor, MI. However, you are not required to attend, and we are not required to provide, the Business Launch.

We reserve the right to revise the training itineraries at any time. We conduct the Initial Training as often as needed, typically this is at least once monthly. All classes are scheduled by written notice to franchise owners.

#### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Marketing and Advertising	4-5 hrs	n/a	Home Office
Vendors/Supplies	1-2 hrs	n/a	Home Office
The Mr. Handyman System	11-12 hrs	n/a	Home Office
Customer Service	6-7 hrs	n/a	Home Office
Using the Software & web site	4-5 hrs	n/a	Home Office
Employee Relations	2-3 hrs	n/a	Home Office
Franchise/Franchisee Relationship	3-4 hrs	n/a	Home Office

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
& Support			
Hands-On Training at a Mr. Handyman Franchise Owner's Office	n/a	2-3 days	Various (depends on availability of trainer)
<b>TOTAL</b>	27-33	2-3 days	

On-going training helps to enhance the System, your management of the Franchised Business, and the services provided to Mr. Handyman customers. Currently, we have chosen to provide on-going training through Conventions and Regional Meetings, as well as through webinars. While we may, at our sole option, choose to change formats, times, and locations, you must attend some form of periodic training session for which we may charge fees. We establish the duration, curriculum, and location of these sessions. The curriculum for past events has included, (but is not limited to): technical training, business plan analysis, marketing, profitability, and maximizing your business opportunities. Continuing training sessions are currently held online, in Ann Arbor, MI or at other locations as determined by us. Past locations have included Florida, Arizona, California, and others.

Although our experience indicates that you will attend continuing training sessions as they are offered, you must attend at least one additional Training Session every 2 years. You will not be required to attend any session that is more than two days in duration. You must pay all registration, travel and living expenses that you incur while attending any session.

## **ITEM 12. TERRITORY.**

### 12.1 The Territory

We award you a Territory within which you may offer Mr. Handyman services to customers (Exhibit A of the Franchise Agreement). We identify Territories by US Census Bureau Census Tracts or physical or political boundaries. Within your Territory, you and we will agree upon an approximate number of Target Households that meet our current demographic formulation. Currently, we determine this based on ESRI Business Information Solutions' (ESRI BIS) **Community™ Tapestry™** segmentation system, located at 8620 Westwood Center Drive, Vienna, VA 22182; however, we have the right to change the demographic company that we utilize at any time.

We will not alter your Territory during the term of the Franchise Agreement and any Successor agreements without your written consent. The typical Territory includes approximately 55,000 Target Households. The minimum Territory size is 40,000 Target Households and the maximum Territory size is 70,000.

### 12.2 Servicing Customers

You may not relocate your territory nor can you solicit or perform services for customers geographically located outside your Territory. You may, at our sole discretion, be approved to service customers outside of your Territory provided that the Territory has not been awarded to another franchise owner. Your request and our approval must be in writing and you must agree to the following conditions:

1. We may withdraw approval at any time and at our sole discretion.

2. We may award a franchise to a third party for an area that we have approved you to service at any time and without informing you ahead of time or getting your approval. In the event that we do so, you will discontinue service to any customers in the area and will transfer their complete service information, without compensation, to the owner of the Territory or to us.

3. You do not actively solicit customers through any marketing medium primarily directed to areas outside of your Territory.

Failure to comply with our written notice requiring customer transfer can result in termination of the Franchised Business.

At times you may receive requests to perform commercial work. You agree that if for some reason you decide not to perform the job that we may refer the job to the closest neighboring franchisee that is in compliance with the Franchise Agreement at no compensation to you (Section 1.C. of the Franchise Agreement).

### 12.3 Our Obligations and Rights we Reserve

During the term of this Agreement we promise neither to operate ourselves, nor to award to any other party, a Mr. Handyman franchise to operate within your Territory, except as provided for in section 1.D. of the Franchise Agreement. We retain, as we deem appropriate, the rights to:

1. Establish, and allow other Franchisees to establish, Mr. Handyman business facilities at any location inside or outside of your Territory, on any terms and conditions, but subject to the same restrictions upon their marketing and servicing Mr. Handyman customers in your Territory that you are subject to in their Territory;

2. Solicit, market to, advertise to, and build national and regional account relationships, whose offices may be located inside or outside of your Territory;

3. Offer and sell services and products within your Territory that do not comprise a part of the Mr. Handyman system and, in connection with this right, to exploit our Marks, name, reputation and know-how;

4. Sell Mr. Handyman identified products through other channels of distribution;

5. Acquire businesses inside and outside of your Territory, providing services similar to those provided for under the System and to be acquired by such a business;

6. Offer additional services for our Mr. Handyman Franchisees to perform under the Marks; however, you may be required to meet certain qualifications, sign another contract and/or pay a fee prior to offering these services.

7. We reserve the right at any time, at our sole discretion, to allow another Mr. Handyman Franchisee(s) to locate their office(s) within your Territory; provided that our agreement with the other Mr. Handyman Franchisee(s) states that they may not market to, or service customers that are located within your awarded Territory without yours and our written permission.

If you fail to achieve the Minimum Gross Sales (Item 6 of the Disclosure Document and Section 2.F. of the Franchise Agreement), we may charge you a Royalty equal to what you would have been assessed had you achieved them. Alternatively, the Franchise Agreement and corresponding rights to the Territory may be terminated.

Although we have not done so, we and our affiliates may sell products under the Trademarks within and outside your Territory through any method of distribution, although it may not be through a Mr. Handyman location in your Territory. This includes sales through such channels of distribution as the Internet, Catalog Sales, Telemarketing or other Direct Marketing Sales (together referred to as "Alternative Distribution Channels"). You may not use Alternative

Distribution Channels to make sales outside or inside your Territory and you may not receive compensation for our sales through Alternative Distribution Channels except as described in the following paragraph.

If we engage in electronic commerce through any Internet, World Wide Web, or other computer network site, or sell through any other Alternative Distribution Channel, and we receive orders for any residential or commercial maintenance and repair, calling for performance in your Territory, we will offer the order to you at the price we establish. If you choose not to fulfill the order, if you do not meet the requirements or otherwise, are unable to fulfill the order, then another Mr. Handyman Franchised Business may fulfill the order, and you will be entitled to no compensation in connection with this.

We and our affiliates can use Alternative Distribution Channels to make sales within your Territory of products or services under Trademarks different from the Trademarks you will use under the Franchise Agreement, but we and our affiliates have not yet made any sales of this time.

#### 12.4 Additional Franchises

Upon receiving your request, we may award you additional franchises. Listed below are some examples of the criteria we use to award an additional franchise:

1. You must have been operating the Franchised Business at least one year and be in full compliance with your Franchise Agreement(s), including not being in default during the preceding 12 months.
2. You have no outstanding payments due to Mr. Handyman International, LLC.
3. You must be achieving positive cash flow for at least six of the last eight months.
4. You are in good standing with a consistent record of compliance with Mr. Handyman standards. This includes but is not limited to having proof of all required insurances on file with us, having approved uniforms, vans, customer service, attendance at Conventions or Regional meetings, and timely submission of profit and loss statements, required reports, databases, royalty reports and all payments due to Mr. Handyman.
5. You must average at least \$10,000 per week in Gross Sales for a calendar quarter or more per territory already owned by you. (I.e., if you had been awarded two Franchise Agreements already, you would need to average \$20,000 per week, if you had three, \$30,000 per week, etc.)
6. You have the ability to market and service the new expansion area, i.e. have a strong, developed organization, demonstrated ability to develop a market, and the financial capability to market and support the expanded area. Owner must show documentation that confirms they are meeting the marketing requirements of your current Franchise Agreement(s) and must demonstrate the ability and plan that shows you will increase marketing to commensurate with the additional territory you are purchasing.
7. The territory you wish to expand into must not be in the active sales process with an identified candidate at the time of the request or approval. The expansion must not hamper the ability to sell territories adjacent to the current or expansion territory. The expansion territory will have no more than a total of 60,000 additional expansion Target Households.
8. Additional territory may be purchased in twelve months intervals if owner re-qualifies based on the aforementioned criteria.
9. You follow all of the Expansion Procedures, including but not limited to the execution of all required documents and the payment of any fees.

If you are approved for an expansion territory, you must sign a new Franchise Agreement and pay the appropriate fee in full within 14 days of receiving the documents. You may not, without our prior written permission, solicit or perform services for customers geographically located within the proposed territory until you have purchased the Territory and signed a then current Franchise Agreement.

Currently the fixed Initial License and Initial Package Fees are waived for franchisees who qualify to expand (Item 5); however, you need to pay the Territory Fee and sign a new Franchise Agreement.

**ITEM 13. TRADEMARKS.**

We own the trademarks, service marks, trade names, logotypes, and numerical symbols listed below for promotion, use, license, and sale by us throughout the United States, its territorial possessions, and the District of Columbia. The Franchise Agreement grants to you the license to operate the System under the Mr. Handyman name and under any other trade names, trade dress, indicia, trademarks, service marks, and logos currently used, or that may be used in the operation of the System (the "Marks").

The following trademarks, service marks, trade names, logotypes or other commercial symbols are registered or are in the process of being registered with the United States Patent and Trademark Office ("PTO") and the registrations are on the principal register (the "Registered Marks"):

Trademark	Serial #	Filing Date	Registration Date	Registration Number
MR. HANDYMAN®	76/314362	09/19/01	07/30/02	2,600,952
	78/271303	07/08/03	04/20/04	2,834,696
MR. HANDYMAN and Design®	76/278105	06/29/01	09/17/02	2,620,745
MY HANDYMAN®	76/277643	06/28/01	05/06/03	2,714,368
MY HANDYMAN and Design®	78/340633	12/15/03	08/16/05	2,985,119
ON TIME. DONE RIGHT®	76/520297	06/06/03	03/16/04	2,822,956
MS HANDYMAN	78/639916	05/31/05	04/15/08	3412818
MS HANDYMAN and Design	77/408868	02/28/08	12/16/08	3,546,223
MRS. HANDYMAN	77/408953	02/28/08	06/02/09	3,632,573
	77/408958	02/28/08	09/30/08	3,508,340
MRS. HANDYMAN and Design	77/409441	02/29/08	05/26/09	3,638,240
	77/409515	02/29/08	09/30/09	3,508,373
MRHANDYMAN.COM	77/560488	09/02/08	01/05/10	3,734,955
	77/560486	09/02/08	01/05/10	3,734,956

No state trademark registrations are filed. We do, however, intend to commence an on-going practice of registering new trademarks for promotional or related advertising activities. There are no effective determinations of the PTO or of the trademark administrator of any state or court nor are there any pending proceedings or material litigation involving the registered Marks



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

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

You must notify us immediately of any apparent infringement or challenge to your use of any Mark or any claim by any person of any rights in any Mark. Other than our attorneys, your attorneys, and us, you may not communicate with any person about any infringement, challenge or claim. We may take the action we deem appropriate and control exclusively any litigation, PTO proceeding, or any other administrative proceeding from the infringement, challenge or any other type of claim concerning any Mark. You must sign any documents and take any action that, in the opinion of our attorneys, protects and maintains our interests in any litigation or PTO or other proceeding.

If you have timely notified us of the claim or proceeding and complied with the Franchise Agreement, we will reimburse you for all damages you suffer in any trademark infringement proceeding from your authorized use of any Mark, and for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named a party. We may, at our option, defend and control the defense of any proceeding from your use of any Mark.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. You must pay for any expenses related to the changing of trademarked items. We will not reimburse you for any loss of revenue due to any modified or discontinued Mark or for any expenditure you make to promote a modified or substitute trademark or service mark.

We do know of instances where another entity may have superior prior rights to use the "Mr. Handyman" mark that could materially affect your use of our principal Mark. In these instances, you will use the Marks "My Handyman". The areas include: Washtenaw County, MI (1998); Bucks County, PA (1990); Montgomery County, NH (1991); and Morristown, TN (1994). We also know of instances where another entity is infringing upon the "Mr. Handyman" mark. We are taking action to defend our Marks in these areas, which include: Tucson, AZ (unknown); Southern Florida (unknown); St. Louis, MO (2002); Hillsborough County, NJ (unknown); Long Island, NY (unknown); Henderson, NV (unknown); and Philadelphia, PA (unknown).

We are the lawful and sole owner of the domain name [www.mrhandyman.com](http://www.mrhandyman.com). You cannot register any of the Marks that are now, or in the future, owned by us or any abbreviation, acronym or variation of the Marks or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the system on the Internet and to create, operate, maintain and modify or discontinue use of a web site using the Marks. You may access our web site. Except as we authorize in writing in advance; however, you cannot: (i) link or frame our web site; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain names in connection with your Franchise. The only exception is that you may list the Mr. Handyman business in the local online directory.

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

### **14.1 Patents**

There are no patents that are material to the franchise.

#### 14.2 Copyright

We do not own any registered copyrights which are material to the franchise; however, we claim common law copyright and trade secret protection for several aspects of the franchise System, including but not limited to, the Manuals, advertising materials, business forms, videos, CD-Rom's, Franchise Software Management System, and other printed and advertising material used in operating the System. You must use these items only in the way we specify and only while operating your Franchised Business.

The Manual is described in Item 11. You can use the proprietary information contained in the Manual in connection with the operation of your Mr. Handyman Business. Item 11 describes limitations on the use of the Manual by you and your employees. You must promptly tell us if you learn about unauthorized use of our proprietary information. We are not obligated to take any action, but will respond to this information as we think appropriate.

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

The Manual, which is described in Item 11, and other materials we possess, contain our confidential information. This information includes methods, formats, specifications, standards, systems, procedures, information, sales and marketing techniques, and knowledge of and experience, in development, operation, and franchising Mr. Handyman Businesses; marketing and advertising programs for Mr. Handyman Businesses; knowledge of specifications for and suppliers of certain equipment, forms, materials, services and supplies; personnel; and knowledge of the operating results and financial performance of Mr. Handyman Businesses other than your Mr. Handyman Business.

#### 14.3. Proprietary Information

All ideas, concepts, techniques or materials relating to a Mr. Handyman Business, whether or not constituting protectable intellectual property, and whether created by or on behalf of you, must be promptly disclosed to us, will be considered our property and part of our franchise system and will be considered to be works made-for-hire for us. You must sign whatever documents we request to evidence our ownership, or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

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

You must at all times faithfully, honestly, and diligently perform your obligations under the Franchise Agreement. In the Franchise Agreement, you must designate one Managing Owner (the "Managing Owner") who will be our primary contact with the Franchised Business and who will operate the Franchised Business on a full-time basis. The Managing Owner must successfully complete our Initial Training program (Section 3.A. of the Franchise Agreement) within six months of signing the Franchise Agreement and before the opening of the Franchised Business. The Managing Owner must continuously exert his/her best efforts to manage, promote, and enhance the

Franchised Business and not engage in any other business or activity that, in our opinion, conflicts with your obligations to operate the Franchised Business.

To insure positive customer relations and maintain the goodwill of the System, you must provide response within one business day to any and all customer inquiries or complaints, and make best efforts to resolve the issue within 7 days of the initial customer contact, even when such response may necessitate re-performing a task, or issuing a refund of monies received.

Before attending Initial Training, opening the Franchised Business, and/or upon any change to the Legal Entity ownership, you must submit to us a Corporate Resolution which states the name of the Corporation or LLC, the legal names of all of the partners or shareholders, the percentage of ownership that each member controls, their place of residence and their agreement to be bound by the terms of the Franchise Agreement. In the case of multiple owners, you must submit a dispute resolution that states what you will do in the event that there is a conflict between any owners of the legal entity. In addition, at all times, at least 67% of the company must be controlled by owners who have executed the Franchise Agreement. The remaining owners must sign a written agreement to maintain confidentiality of the trade secrets and their agreement to abide by the covenant not to compete, as described in Sections 6 and 13 of the Franchise Agreement.

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

You must offer and provide all of the services that we require for Mr. Handyman franchises. You may not market or perform any services that we have not authorized. Our System Standards may regulate required or authorized services and service categories and supplies. There are no limits on our right to periodically change required and/or authorized services and service categories, and we may do so at our discretion. We reserve the right to add additional products and services at any time.

Your grant of franchise to operate a Franchise Business does not include (i) any right to offer any services via e-commerce; (ii) any right to establish an independent web site or to establish a URL incorporating the Marks or any variation thereof; or (iii) any right to distribute, market or implement our products or services, including Proprietary Products, in any channel of distribution not specifically identified in the relevant agreements.

You shall at all times maintain sufficient levels of inventory and personnel to adequately satisfy consumer demand. You must stop using, offering or approving services or products immediately upon notice that certain services or products have been discontinued. If the law prohibits the use or sale of any product or service, use must cease immediately.

You may not solicit or perform Mr. Handyman services for customers geographically located outside your Territory without our written approval (Item 12). Failure to comply with our written notice requiring customer transfer can result in termination of the Franchised Business (Section 12.B. of the Franchise Agreement).

#### **ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.**

**THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.**

#### **THE FRANCHISE RELATIONSHIP**

	Provision	Section in Franchise or other Agreement	Summary
a.	Length of the franchise term	Section 1	10 years from date of Signing of Franchise Agreement.
b.	Renewal or extension of the term	Section 11	If you are in good standing and full compliance with the Franchise Agreement you can add two additional consecutive renewal terms of 10 years.
c.	Requirements for franchisee to renew or extend	Section 11	You must (a) be in full compliance; (b) have satisfied all monetary obligations; (c) complete any required training; (d) pay us the then current Renewal Fee; (e) sign a General Release in form of Exhibit 4 to the Franchise Agreement; (f) timely notify us of your election to renew. You may be asked to sign a contract with materially different terms and conditions than in your original contract, but the boundaries of your Territory will remain the same, and the Royalty Rate on renewal will not be greater than your current Royalty Rate.
d.	Termination by franchisee	Section 12.A.	You may terminate any time with at least 60 days prior written notice .
e.	Termination by franchisor without cause	None	Not applicable. We may not terminate you without cause.
f.	Termination by franchisor with cause.	Section 12.B.	We can terminate you only if you default. The Franchise Agreement describes defaults throughout – please read it carefully.
g.	“Cause” defined – curable defaults	Section 12.B.	You have 10 days to make payment of any amounts due to us following receipt of written notice, 15 days after notification of non-compliance with any law or regulation, 30 days to cure failures to operate the Franchised Business as specified by us in our Manuals and other confidential materials and any other defaults.
h.	“Cause” defined – non-curable defaults	Section 12.B.	Non-curable defaults include failure to successfully complete our Initial Training program within six months from the date you sign the Franchise Agreement, abandonment, un-approved transfers, material misrepresentations or omissions, conviction of a felony, failure to maintain insurance, interference with our inspection rights, failure to transfer upon death or disability, violation of any of the transfer provisions, dishonest or unethical conduct, unauthorized use or disclosure of the

	Provision	Section in Franchise or other Agreement	Summary
			Manuals or confidential information, failure to pay taxes, failure to comply with System Standards, repeated defaults (even if cured), failure to achieve Minimum Gross Sales, understating Gross Sales by 5% or more, failure to cease servicing customers outside of your Territory, failure to provide us, on a timely basis, with any report, statement or return we require, failure to comply with modification to System Standards, failure to comply with any condition, warranty or certification.
i.	Franchisee's obligations on termination/non-renewal	Section 13	Obligations include complete de-identification, transfer of phone numbers to us, payment of amounts due, return of all materials, and delivery of all customer information, waiver of any claim for punitive or exemplary damages, agreement that, if there is a dispute between us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.
j.	Assignment of contract by franchisor	Section 10.A.	No restriction on us of the right to assign.
k.	"Transfer" by franchisee – defined	Section 10.B.	Includes the transfer, assignment or sale of the Franchise Agreement, the Franchise, the Franchised Business, any interest in them, in part or in whole.
l.	Franchisor's approval of transfer by franchisee	Section 10.B.	We have the right to approve all proposed transfers (if qualified and specified conditions are met).
m	Conditions for franchisor approval of transfer	Section 10.B.	You are in full compliance with the Franchise Agreement, the transferee has demonstrated sufficient business experience, aptitude, and financial resources to meet our then current standards, the transferee and its owners are not or do not remain engaged in a competitive business outside our Franchised Business, you provide us with written authorization to release to the transferee any and all information about the operation of the Franchised Business, the transferee has signed our then current form of Franchise Agreement, all outstanding fees owed by the Seller have been paid to us, the transfer fee is paid, material terms of the

Provision	Section in Franchise or other Agreement	Summary	
		purchase agreement approved, transferee successfully completes our Initial Training, release signed by you (also see r, below).	
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 10.D.	Before transferring your interest in the Franchise Agreement, you must first offer us the right to purchase the interest on the same terms and conditions contained in any bona fide offer less the transfer fee.
o.	Franchisor's option to purchase franchisee's business	None	We do not have an option to purchase your business
p.	Death or disability of franchisee	Section 10.C.	Transfer within six months of your death or disability as long as the business is operated in compliance during this period. Your heirs may continue to operate your Franchised Business if they would qualify as an assignee.
q.	Non-competition covenants during the term of the franchise	Section 6	No involvement in competing business.
r.	Non-competition covenants after the franchise is terminated or expires	Section 13.D.	You may not engage or be involved in any manner in a competing business for 2 years in your former Territory, within a radius of 25 miles from the perimeter of your former Territory, or in any Territories of any Mr. Handyman franchises in operation at the time of Termination.
s.	Modification of Agreement	Section 15.J.	No modifications generally but Manuals and System standards are subject to change.
t.	Integration/merger clause	Section 15.L.	Only the terms of the Franchise Agreement are binding (subject to state law). No other promises are enforceable. Any integration clause does not have the effect of disclaiming any information provided in the Franchise Disclosure Document.
u.	Dispute resolution by arbitration	Section 15.F.	Except for certain claims, all disputes must be mediated before the American Arbitration Association office closest to our then principal business address.
v.	Choice of forum	Section 15.G.	All actions must be commenced in the state, and in the state or federal court of general jurisdiction, closest to our principal business address at the time

Provision	Section in Franchise or other Agreement	Summary
		of the action. You and we waive rights to jury trial and punitive and exemplary damages.
w.	Choice of law	Section 15. H. Except for Federal Arbitration Act and other federal law, Michigan law applies.

The provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law, (11 U.S.C. Section 101 et seq). See the state addenda to the Franchise Agreement and disclosure document for special state disclosures.

**ITEM 18. PUBLIC FIGURES.**

We do not use any public figures to promote our franchise to prospective franchisees. You have no right to use the name of any public figure for promotional efforts, advertising or endorsements, except with our prior written consent. No public figure has any investment in the franchise.

**ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS**

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

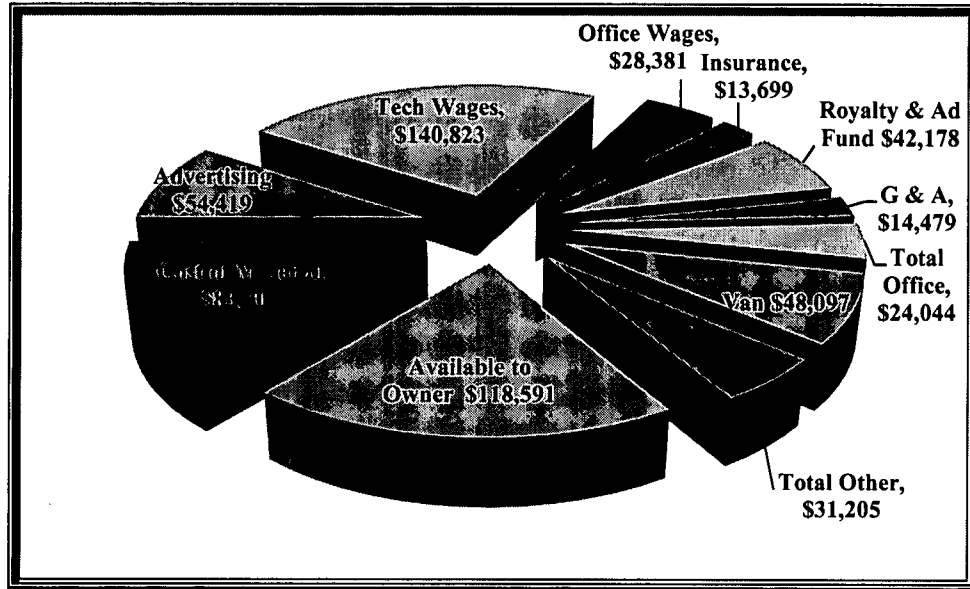
The following charts and tables are a historic financial performance representation and are not a forecast of your future financial performance.

As of December 31, 2011 there were 232 Mr. Handyman Franchised Businesses operating in the United State, these franchises were owned and operated by 145 owners ("Operators"), who consolidated their sales for the purpose of reporting. We do not operate any company stores. Unless otherwise noted, all results exclude Operators that ceased operation on or before December 31, 2011. Two operators were excluded because they did not report their 2011 Gross Sales by March 1, 2012.

**TABLE 1 – PROFIT AND LOSS STATEMENT FOR OWNERS WHO IN 2011 ACHIEVED BETWEEN \$450,000 AND \$850,000 IN GROSS SALES**

The following charts and table show the profit and loss achieved by the Mr. Handyman Owners who achieved between \$450,000 and \$850,000 in Gross Sales in 2011, who submitted their year-end profit and loss statement by February 15, 2011; and who have been open 2 or more years, as reported to us by the Operators. 1A shows the average profit and loss for these owners in dollars. 1B shows the average profit and loss for these owners as a percentage of their total Gross Sales.

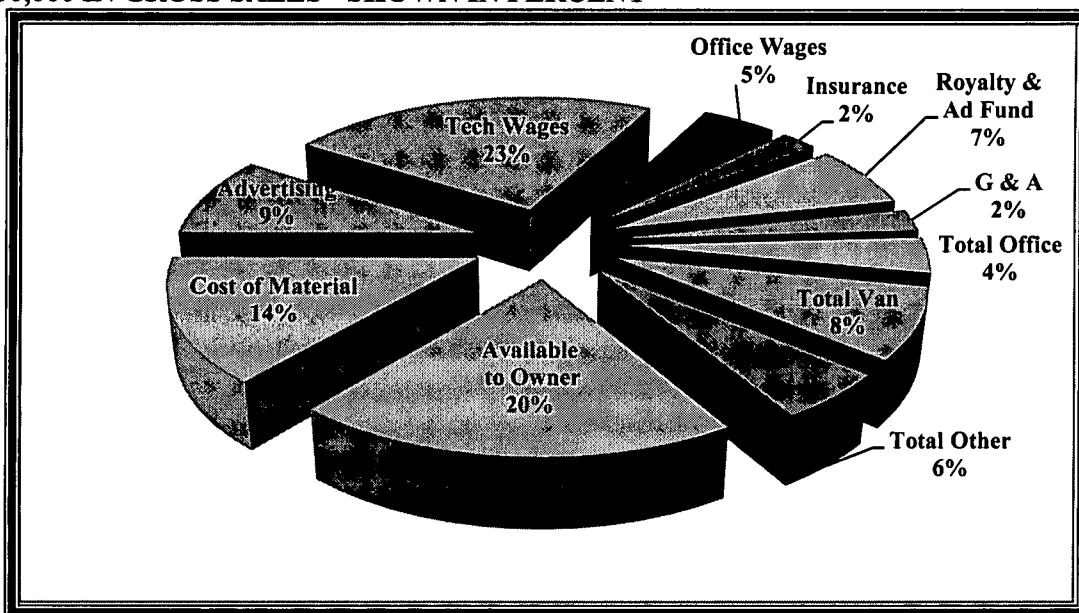
**1A - AVERAGES FOR OWNERS WHO IN 2011 ACHIEVED BETWEEN \$450,000 AND \$850,000 IN GROSS SALES - SHOWN IN DOLLARS**



Description	2011 Average Sales	High	Low	Number Above Average	Number Below Average	% Above Average	% Below Average
Labor Revenue	\$465,952	\$706,729	\$248,751	10	11	48%	52%
Material Revenue	\$104,576	\$191,925	\$49,906	10	11	48%	52%
Miscellaneous	\$30,546	\$82,582	\$(48)	9	11	45%	55%
Total Revenue	\$599,619	\$828,119	\$452,344	n/a	n/a	n/a	n/a
Cost of Material	\$83,702	\$135,115	\$34,152	9	12	43%	57%
Advertising	\$54,419	\$111,441	\$13,866	10	11	48%	52%
Tech Wages	\$138,181	\$192,592	\$92,846	12	9	57%	43%
Office Wages	\$27,809	\$82,444	n/a	8	13	38%	62%
Insurance	\$13,699	\$33,700	\$195	9	12	43%	57%
Royalty & Ad Fund	\$42,178	\$57,493	\$29,349	10	11	48%	52%
G & A	\$13,913	\$36,051	n/a	9	12	43%	57%
Total Office	\$24,044	\$54,769	n/a	10	11	48%	52%
Total Van	\$46,815	\$72,390	\$24,199	9	12	43%	57%
Total Other	\$36,267	\$110,053	\$4,266	6	15	29%	71%
Total Expense	\$481,028	\$624,386	\$354,332	11	10	52%	48%
Available to Owner	\$118,591	\$254,346	\$37,401	10	11	48%	52%



**1B - AVERAGES FOR OWNERS WHO IN 2011 ACHIEVED BETWEEN \$450,000 AND \$850,000 IN GROSS SALES - SHOWN IN PERCENT**

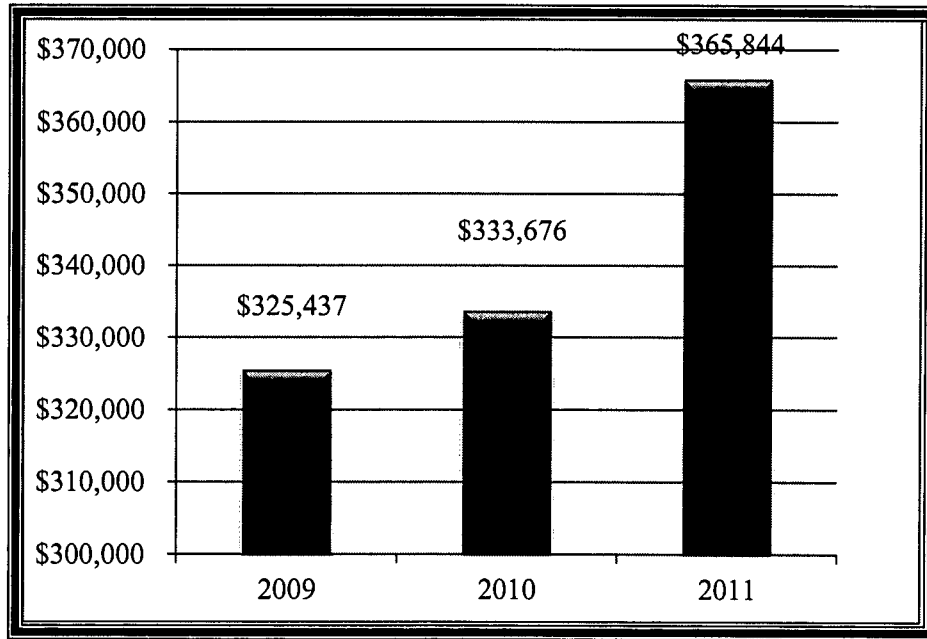


Description	2011 Average Sales %	High %	Low %	Number Above Average	Number Below Average	% Above Average	% Below Average
Labor Revenue	78%	90%	52%	12	9	57%	43%
Material Revenue	17%	40%	10%	8	13	38%	62%
Miscellaneous	5%	11%	0%	9	12	43%	57%
Total Revenue	100%	100%	100%	n/a	n/a	n/a	n/a
Cost of Material	14%	24%	7%	10	11	48%	52%
Advertising	9%	16%	2%	10	11	48%	52%
Tech Wages	23%	33%	17%	10	11	48%	52%
Office Wages	5%	12%	0%	10	11	48%	52%
Insurance	2%	5%	0%	10	11	48%	52%
Royalty & Ad Fund	7%	8%	6%	12	9	57%	43%
G & A	2%	5%	0%	12	9	57%	43%
Total Office	4%	7%	0%	10	11	48%	52%
Total Van	8%	12%	4%	10	11	48%	52%
Total Other	6%	19%	1%	7	14	33%	67%
Total Expense	80%	93%	60%	11	10	52%	48%
Available to Owner	20%	40%	7%	10	11	48%	52%

As of December 31, 2011 13 of the 21 owners Operators represented in tables 1A and 1B operated multiple Mr. Handyman franchises and each such Operator's results are consolidated for the purposes of this table. The remaining 18 Operators who achieved between \$450,000 and \$850,000 in Gross Sales in 2010 were excluded because they did not turn in their yearend Profit and Loss Statement by February 15, 2012.

**TABLE 2 – STATEMENT OF AVERAGE GROSS SALES INFORMATION BY YEAR FOR ESTABLISHED OPERATORS**

The following table provides the average annual Gross Sales information by year for all established Operators. For this chart, we consider an operator to be established if the business started operation on or before December 31, 2008. The average Gross Sales numbers are based on the Gross Sales figures for the calendar years 2009 to 2011, as reported by the established Operators directly through the Software, and does not include sales tax.

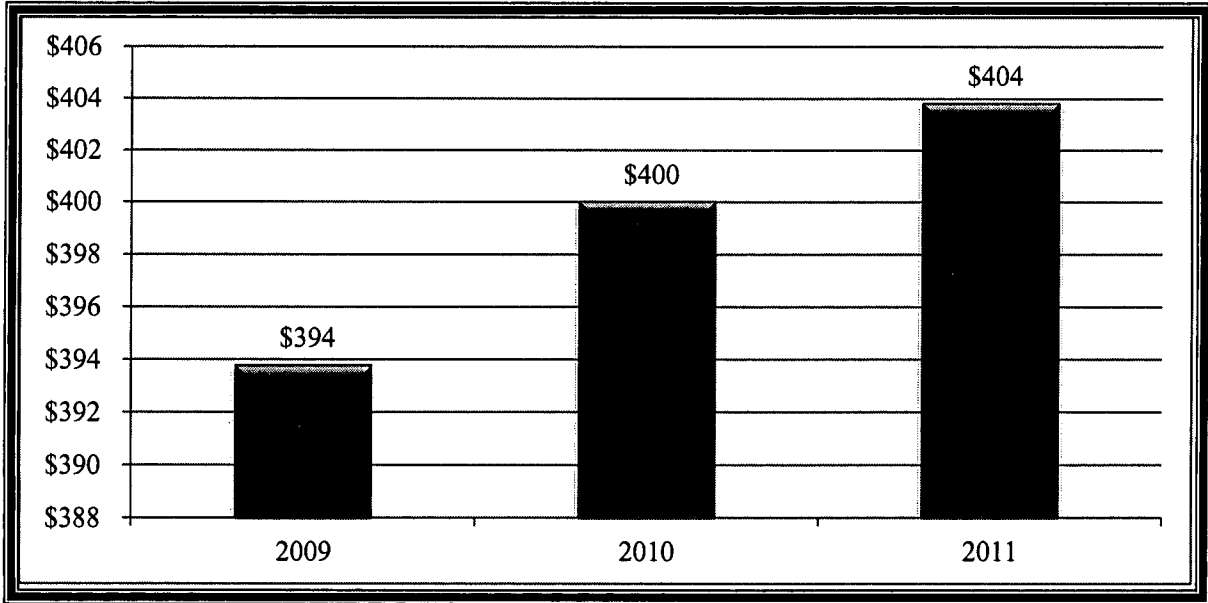


Year	Average Annual Sales	High	Low	Number of Owners	Number Above Average	Number Below Average	Percent Above	Percent Below
2009	\$325,437	\$1,113,462	\$24,397	106	42	64	40%	60%
2010	\$333,676	\$1,247,234	\$17,643	106	42	64	40%	60%
2011	\$365,844	\$1,691,460	\$12,936	106	39	67	37%	63%

As of December 31, 2011, 48 Operators represented in this table operated multiple Mr. Handyman franchises and each such Operator's results are consolidated for the purposes of this table.

**TABLE 3 – STATEMENT OF AVERAGE PROJECT SIZE 2009-2011**

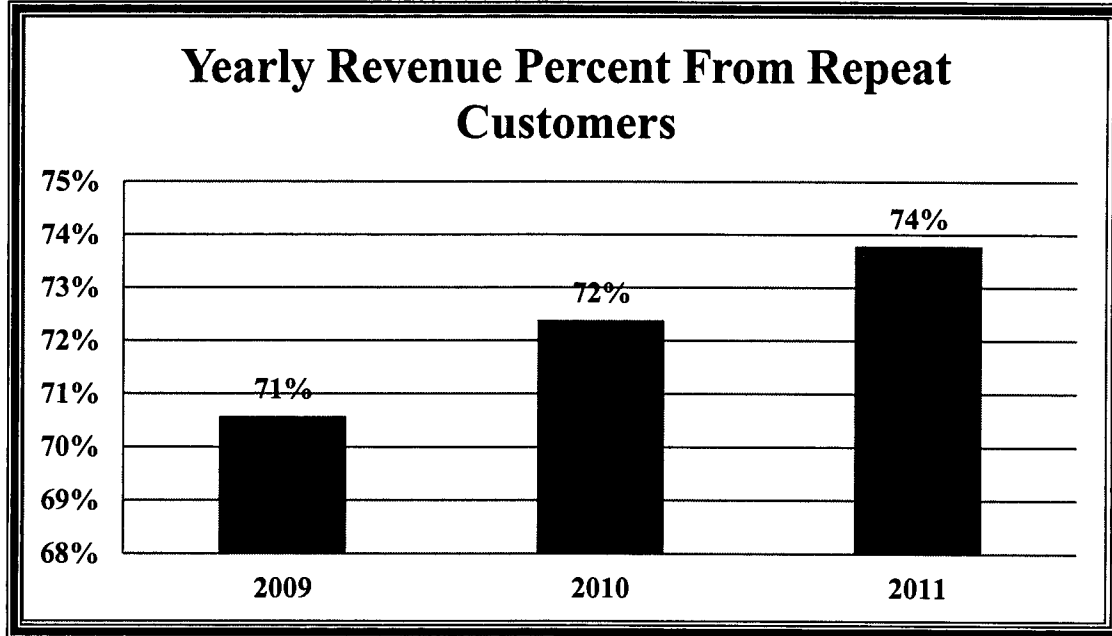
The following table provides the average project size in the years 2009-2011 as reported to us by the Mr. Handyman Operators in the Software. Includes all owners open at any time during the years 2009-2011 and who used the newer versions of the Software to report Gross Sales.



Year	Average Project Size	High	Low	Number of Owners	Number Above Average	Number Below Average	Percent Above	Percent Below
2009	\$394	\$833	\$208	121	57	64	47%	53%
2010	\$400	\$1,140	\$210	131	60	71	46%	54%
2011	\$404	\$1,089	\$170	135	62	73	46%	54%

**TABLE 4: CUSTOMER FREQUENCY IN 2009-2011**

The following shows the percent of sales derived from repeat customers. A repeat customer is one that has used our service at least once. This includes all owners, active and inactive, that have reported in each respective year. Results are as reported to us by the Operators in the Software, who used the newer versions of the Software to report Gross Sales.



Year	Average Percent Repeat	High	Low	Number of Owners	Number Above Average	Number Below Average	Percent Above	Percent Below
2009	71%	95%	0%	189	68	120	36%	63%
2010	72%	100%	0%	181	69	111	38%	61%
2011	74%	100%	0%	150	51	98	34%	65%

\* \* \*

We do not make any representations or statements of actual or average or projected or forecasted sales, profits or earnings to franchisees except for the information that appears in this Item.

Actual results vary from franchise to franchise, and we cannot estimate the results of a particular franchise. Your results may vary upon the location of your business. A new franchisee's individual financial results are likely to differ from the results shown in the Financial Performance Representation. Achieving any sales level is a function of having enough staff and vans to adequately meet demand. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors prior to executing the Franchise Agreement.

Table 1 above was prepared from unaudited Annual Profit and Loss Statements, as prepared by the Operators and submitted to us. Tables 2-4 were prepared from data obtained from the unaudited royalty report statements prepared by Mr. Handyman International for the statement

periods of January 1 to December 31 for the years 2009, 2010 and 2011. We have in our possession written substantiation of the information used to compile the Franchise Performance Representation. At your written request, we will make this written substantiation available to you.

The earnings claim figures in Tables 2-4 do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenues or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating the Franchised Business. Franchisees or former franchisees listed in the Disclosure Document may be one source of information.

Gross sales reflect the total sales for the Operators included in the sample, as reported to us through the Software, and does not include sales tax.

**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NUMBER 20.1**

**SYSTEM WIDE OUTLET SUMMARY FOR YEARS 2009 TO 2011**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2009	299	306	+7
	2010	306	269	-37
	2011	269	232	-37
Company-Owned	2009	0	0	0
	2010	0	0	0
	2011	0	0	0
Total Outlets	<b>2009</b>	<b>299</b>	<b>306</b>	<b>+7</b>
	<b>2010</b>	<b>306</b>	<b>269</b>	<b>-37</b>
	<b>2011</b>	<b>269</b>	<b>232</b>	<b>-37</b>

**TABLE NUMBER 20.2**

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN FRANCHISOR) FOR YEARS 2009 TO 2011**

State	Year	Number of Transfers	State	Year	Number of Transfers
AZ	2009	0	NJ	2009	3
	2010	2		2010	0
	2011	0		2011	0
CA	2009	6	NH	2009	0
	2010	0		2010	0
	2011	0		2011	1
CT	2009	0	NY	2009	3
	2010	0		2010	0
	2011	1		2011	0
FL	2009	1	NC	2009	0
	2010	0		2010	1
	2011	0		2011	1
IL	2009	3	PA	2009	2
	2010	1		2010	0
	2011	3		2011	0
MD	2009	0	SC	2009	0
	2010	3		2010	0
	2011	0		2011	0
MA	2009	1	TX	2009	3
	2010	0		2010	1
	2011	0		2011	0
MI	2009	1	VA	2009	1
	2010	0		2010	0
	2011	0		2011	0
MN	2009	0	WA	2009	0
	2010	2		2010	0
	2011	0		2011	0
NE	2009	1	WI	2009	1
	2010	0		2010	1
	2011	0		2011	0

State	Year	Number of Transfers	State	Year	Number of Transfers	
<b>TOTAL</b>					<b>2009</b>	<b>26</b>
					<b>2010</b>	<b>11</b>
					<b>2011</b>	<b>6</b>

**TABLE NUMBER 20.3**  
**STATUS OF FRANCHISED OUTLETS FOR YEARS 2009 TO 2011**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
<b>AL</b>	2009	2	0	0	0	0	1	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
<b>AK</b>	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
<b>AZ</b>	2009	4	1	0	0	0	0	5
	2010	5	2	0	0	0	0	7
	2011	7	0	0	0	0	0	7
<b>CA</b>	2009	58	1	1	0	0	8	50
	2010	50	1	2	0	0	7	42
	2011	42	0	0	0	0	16	26
<b>CO</b>	2009	11	0	0	0	0	1	10
	2010	10	0	0	0	0	6	4
	2011	4	1	1	0	0	2	2
<b>CT</b>	2009	5	1	0	0	0	0	6
	2010	6	0	0	0	0	2	4
	2011	4	0	0	0	0	0	4
<b>DE</b>	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
<b>DC</b>	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
FL	2009	16	5	0	0	0	1	20
	2010	20	0	1	0	0	6	13
	2011	13	0	0	0	0	1	12
GA	2009	6	1	0	0	0	0	7
	2010	7	0	0	0	0	3	4
	2011	4	0	0	0	0	2	2
ID	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
IL	2009	13	2	0	0	0	1	14
	2010	14	2	0	0	0	2	14
	2011	14	1	1	0	0	1	13
IN	2009	3	1	0	0	0	1	3
	2010	3	1	0	0	0	1	3
	2011	3	2	0	1	0	0	4
KS	2009	1	0	0	0	0	1	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
KY	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
ME	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	1	0
	2011	0	0	0	0	0	0	0
MD	2009	14	0	0	0	0	1	13
	2010	13	1	0	0	0	0	14
	2011	14	0	0	0	0	2	12
MA	2009	13	1	0	0	0	1	13
	2010	13	1	0	0	0	1	13
	2011	13	0	0	0	0	1	12
MI	2009	11	0	1	0	0	1	9
	2010	9	1	0	0	0	1	9
	2011	9	0	0	0	0	0	9
MN	2009	3	2	0	0	0	0	5
	2010	5	0	0	0	0	0	5



State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2011	5	0	0	0	0	2	3
MO	2009	2	1	0	0	0	0	3
	2010	3	0	0	0	0	1	2
	2011	2	0	0	0	0	0	2
NE	2009	2	1	0	0	0	0	3
	2010	3	0	0	0	0	0	3
	2011	3	0	0	0	0	0	3
NV	2009	1	1	0	0	0	0	2
	2010	2	0	0	0	0	2	0
	2011	0	0	0	0	0	0	0
NH	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
NJ	2009	15	3	0	0	0	0	18
	2010	18	0	2	0	0	1	15
	2011	15	0	0	0	0	1	14
NM	2009	1	1	0	0	0	0	2
	2010	2	0	1	0	0	0	1
	2011	1	0	0	0	0	0	1
NY	2009	17	1	1	0	0	0	17
	2010	17	0	1	0	0	1	15
	2011	15	0	0	0	0	4	11
NC	2009	7	1	0	0	0	0	8
	2010	8	1	0	0	0	0	9
	2011	9	0	0	0	0	0	9
OH	2009	6	1	0	0	0	0	7
	2010	7	0	0	0	0	2	5
	2011	5	0	0	0	0	0	5
OR	2009	1	1	0	0	0	0	2
	2010	2	0	0	0	0	0	2
	2011	2	0	0	0	0	2	0
PA	2009	19	1	0	0	0	1	19
	2010	19	1	0	0	0	4	16
	2011	16	0	0	0	0	1	15
SC	2009	3	0	0	0	0	1	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2010	2	0	0	0	0	1	1
	2011	1	0	0	0	0	0	1
TN	2009	3	1	0	0	0	0	4
	2010	4	0	0	0	0	1	3
	2011	3	0	0	0	0	0	3
TX	2009	25	2	0	0	0	0	27
	2010	27	1	0	0	0	3	25
	2011	25	0	1	0	0	0	24
UT	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
VA	2009	15	0	1	0	0	0	14
	2010	14	1	0	0	0	0	15
	2011	15	0	0	0	0	1	14
WA	2009	12	0	0	0	0	1	11
	2010	11	0	1	0	0	0	10
	2011	10	0	0	0	0	0	10
WV	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
WI	2009	4	0	0	0	0	1	3
	2010	3	1	0	0	0	0	4
	2011	4	0	0	0	0	1	3
Total	2009	299	32	4	0	0	21	306
	2010	306	17	8	0	0	46	269
	2011	269	4	3	1	0	37	232

**TABLE NUMBER 20.4**

**STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2009 TO 2011**

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

**TABLE NUMBER 20.5**

**PROJECTED OPENINGS AS OF DECEMBER 31, 2011**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
California	0	1	0
Colorado	0	1	0
Florida	0	1	0
Illinois	0	1	0
Minnesota	0	1	0
New Jersey	0	1	0
New York	0	1	0
North Carolina	0	1	0
Ohio	0	1	0
South Carolina	0	1	0
Texas	0	1	0
Utah	0	1	0
<b>Total</b>	<b>0</b>	<b>12</b>	<b>0</b>

Note 1: In Tables No. 20.1- 20.5 there have been no franchise activity in the states omitted from the tables during the years indicated.

Note 2: Exhibit F includes the names, addresses and telephone numbers of all franchise owners as of December 31, 2011.

Note 3: Exhibit G includes the name, city and state, and the current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our last fiscal year, or who has not communicated

with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Note 4: During the last three fiscal years, in some instances, current and former franchisees signed provisions restricting their ability to speak openly about their experience with Mr. Handyman. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Note 5: One of the trademark-specific franchisee organizations associated with the franchise system being offered which we have created, sponsored or endorsed. The Franchise Advisory Council, established in 2003 at 3948 Ranchero Dr., Ann Arbor, MI 48108. As of the date of this Disclosure Document, the co-Chairmen are Mr. Alex Roberts, President of Mr. Handyman International and Ken Dunn, Franchisee. Other members include: David Ambinder, Brian Dunn, Richard Lee, JoAnn McCabe, Steve Morad, and David Sipp.

Note 6: The second trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed. The National Marketing Committee, established in 2011 at 3948 Ranchero Dr., Ann Arbor, MI 48108. As of the date of this Disclosure Document, the co-Chairmen are Ms. Meg Roberts, Teddy Tenenbaum, Franchisee. Other members include: David Scott, Michael Symonds, Sylvia Matijasevich, Gina Chapman, and FAC representative David Ambinder.

Note 7: As of the date of this issuance, no independent franchisee organizations have asked to be included in this disclosure document.

## **ITEM 21. FINANCIAL STATEMENTS.**

Exhibit B is our audited balance sheets, statements of operations, stockholders' equity and cash flows as of December 31, 2011, December 31, 2010 and December 31, 2009. We have a calendar fiscal year end.

## **ITEM 22. CONTRACTS.**

Copies of all proposed agreements regarding the franchise offering are included in Exhibit A. These include our Franchise Agreement and all exhibits to it:

1. Franchise Agreement (Exhibit A-1 of the Disclosure Document)
2. Territory Agreement (Exhibit A of the Franchise Agreement)
3. Initial Package (Exhibit B of the Franchise Agreement)
4. Software License Agreement (Exhibit C to the Franchise Agreement)
5. Telephone Listing Agreement (Exhibit D to the Franchise Agreement)
6. Additional Disclosures/Riders (Exhibit A-2 of the Franchise Agreement)
7. Confidentiality Agreement (Exhibit A-3 of the Franchise Agreement)
8. Disclosure Acknowledgment Statement (Exhibit A-4 of the Franchise Agreement)
9. Mutual Release (Exhibits A-5 and A-6 of the Franchise Agreement)
10. Bank Account Debit Authorization (Exhibit A-8 of the Franchise Agreement)

## **ITEM 23. RECEIPTS.**

The final page of this Disclosure Document (Exhibit K of the Disclosure Document) is a detachable document acknowledging your receipt of the Disclosure Document. If that page or any other pages or exhibits are missing from your copy, please notify us immediately.