

**RAPID RECOVERY
FRANCHISE DISCLOSURE DOCUMENT**

RECEIVED
DEPT OF CORPORATIONS
SAN FRANCISCO

RapRec Franchising, Inc.
8971 Bloomfield Road
Peoria, AZ 85381
(877) 372-7732
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www.raprec.com

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The franchise offered is for the operation of a RAPID RECOVERY® business within a particular geographic area which will offer and provide refrigerant recovery services. The total investment necessary to begin operation of a RAPID RECOVERY business is from \$182,250 to \$334,020. This includes \$127,500 to \$253,500 that must be paid to us or our affiliates.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us or an affiliate in connection with the proposed franchise sale or grant. **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 Adam Dykstra at 8971 Bloomfield Road, Peoria, Arizona 85381 and (877) 372-7732.

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

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

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

Issuance Date: March 21, 2012

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors, 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 PERMITS YOU TO ARBITRATE ONLY IN GLENDALE, ARIZONA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE OR ARBITRATE WITH US IN ARIZONA THAN IN YOUR HOME STATE.

THE FRANCHISE AGREEMENT STATES THAT THE LAWS OF THE STATE OF ARIZONA GOVERN THE AGREEMENT. TO THE EXTENT NOT SUBJECT TO MEDIATION OR ARBITRATION, ANY CAUSE OF ACTION, CLAIM, SUIT OR DEMAND MUST BE BROUGHT IN THE FEDERAL DISTRICT COURT FOR THE DISTRICT OF ARIZONA OR IN MARICOPA COUNTY DISTRICT COURT, ALTHOUGH YOUR STATE LAW MAY PROVIDE THAT ANY PROVISIONS DESIGNATING JURISDICTION OUTSIDE THE STATE ARE VOID. PLEASE REFER TO ANY STATE SPECIFIC ADDENDA ATTACHED TO THIS DISCLOSURE DOCUMENT FOR DETAILS.

YOUR FAILURE TO MEET MINIMUM PERFORMANCE STANDARDS FOR YOUR BUSINESS MAY LEAD TO THE TERMINATION OR NONRENEWAL OF THE FRANCHISE AGREEMENT.

PLEASE NOTE THAT 70% OF RAPREC FRANCHISING, INC.'S TOTAL ASSETS ARE INTANGIBLE. YOU MAY WANT TO CONSIDER THIS FACT WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THIS PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE CONTAINED IN THIS PROSPECTUS.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

See the next page for state effective dates.

STATE EFFECTIVE DATES

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

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

California:
Illinois:
Indiana:
Maryland:
Michigan:
Minnesota:

New York:
North Dakota:
Rhode Island:
South Dakota:
Virginia:
Washington:
Wisconsin:

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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

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

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

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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Exhibits

- A. List of State Administrators and Agents for Service of Process
- B. Financial Statements
- C. Franchise Agreement (including Appendices)
- D. Confidentiality Non-Disclosure and Non-Competition Agreement
- E. State Addenda
- F. List of Franchisees
- G. Table of Contents of Operations Manual
- H. Sample Release
- I. Receipts

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us” or “RapRec” means RapRec Franchising, Inc., the franchisor. “You” means the person or entity that buys the franchise. If the franchisee is a corporation, partnership or other entity, “you” also may mean its owners. Certain provisions of the franchise agreement will apply to your owners and will be noted in this Disclosure Document.

The Franchisor

We are an Arizona corporation formed on April 28, 2006. We do business under our corporate name, RapRec Franchising, Inc. and the name “RAPID RECOVERY®” Our principal business address is 8971 W. Bloomfield Road, Peoria, Arizona 85381. Our agents for service of process are listed in Exhibit A to this Disclosure Document.

We grant franchises to qualified persons for the right to own and operate a RAPID RECOVERY business. We are also in the business of administering our franchise system. We have offered RAPID RECOVERY franchises since 2006. We have not operated a business similar to the business being franchised. We have not previously offered franchises or operated businesses in any other line of business. We do not have any parents.

Our Predecessors and Affiliates

Our predecessor and affiliate, RapRec, Inc. (“RRI”), is an Arizona corporation formed in February 2002. RRI owns the RAPID RECOVERY Trademarks and has licensed us to franchise others to operate RAPID RECOVERY Businesses. The trademark license agreement is dated January 1, 2008 and has an initial term of 20 years. See Item 13. RRI also provides national contract management and sales. Thus, RRI will occasionally oversee projects that require multiple franchisee participation because they involve providing services to facilities in more than one franchisee’s territory. The principal business address of RRI is the same as ours. RRI has operated a business similar to the RAPID RECOVERY business being franchised since 2002. RRI has never offered or sold franchises in any line of business.

Our affiliate, RapRec Refrigerants, Inc. (“Refrigerants”), is an Arizona corporation formed in January 2004. Its principal business address is 8971 W. Bloomfield Road, Peoria, Arizona 85381. Refrigerants will reclaim the used refrigerant gas collected by you and will provide cylinders and cylinder transportation for you. You are required to purchase these products and services from Refrigerants. Refrigerants has not operated a business similar to the type being franchised and has never offered or sold franchises in any line of business.

Our affiliate, RapRec Support, Inc. (“Support”), is an Arizona corporation formed in March 2004. Its principal business address is the same as ours. As further described in Item 8, you must purchase a Start-up Package from Support. Support is also the sole approved supplier of bookkeeping services and bill paying (not payroll) services to our franchisees. Support offered RAPID RECOVERY franchises from 2004 until 2006. It has not operated a business similar

to the type being franchised. It has not operated in other lines of business or offered franchises in other lines of business.

The Franchise

The franchise offered is for the right to operate a RAPID RECOVERY business (the "Business") under the terms of the RAPID RECOVERY Franchise Agreement (attached as Exhibit C). Your Business will offer refrigerant recovery abatement services to the HVAC, refrigeration and demolition industries as well as large facilities, military installations and municipalities in a protected territory. This involves offering job-site refrigerant recovery services to a wide variety of units and locations. This service also involves offering cylinder service, documenting and removing refrigerant from cylinders in compliance with EPA guidelines, to HVAC and refrigeration contractors at their business locations. During the operation of your Business, you will use our Trademarks (as defined and further described in Item 13) and must provide services and products according to our specified standards and procedures.

Due to the nature of the cooling industry, the summer season is often the busiest season for RAPID RECOVERY franchises. However, demolition projects occur year round and most preventive maintenance service work is performed during the off season. Often refrigerant recovery is required on demolition jobs as well as during maintenance of cooling equipment. Due to the seasonality of cooling needs the type of job locations and units being recovered will change with the seasons. However, the need for refrigerant abatement services is year-round.

The Market and Competition

The RAPID RECOVERY business model is based on providing services that assist customers in complying with certain environmental laws. In 1992 the US Congress passed an amendment to the Clean Air Act that prohibits the venting and requires the capture and recycling of certain refrigerants. If the government rescinds or changes these laws, the demand for the service will be greatly reduced or cease to exist.

Even if the laws continue to exist, changes in enforcement policies by the government will affect the compliance levels within your customer base and impact your ability to market the service. If the EPA goes un-funded or the politicians in control otherwise decide not to enforce current environmental laws, then your customers may choose to ignore the laws and the demand for your services will eventually decline. As of the date of this Disclosure Document, there is a financial crisis in the US and abroad and we cannot predict what impact these significant economic conditions will have on our industry or our franchisees. There may be additional unforeseen changes in the economy and in the industry.

You will compete with other businesses offering refrigerant abatement, recycling and reclamation services and products, which currently consists primary of small independent businesses similar to your Business. The market for businesses offering similar products and services is developing. The market competition may vary from one geographic area to another. Depending on the price of new refrigerant, technological developments and the costs associated

with recovery, reclamation and certification, your customers may choose to provide the services for themselves.

Regulations

It is your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities. In addition to laws and regulations that apply to businesses generally, your Business will be subject to various federal, state and local government regulations, such as the Clean Air Act and certain Department of Transportation regulations in connection with the handling and the transport of refrigerants. Refrigerants are not hazardous waste but they are considered hazardous materials designated 2.2 non-flammable gas and are regulated by the Department of Transportation causing transport issues and in some locations requiring storage as dictated by local regulations, state codes, municipal rules and fire codes. It is your responsibility to determine the federal, state and local codes and rules in regard to handling, transport and storage of the refrigerant gasses you collect. Some regulations vary depending on applicable state laws. Federal, state and local governments also may have other territory specific requirements that may affect the operation of your Business. You must comply with these laws and other laws that apply to businesses generally.

ITEM 2 BUSINESS EXPERIENCE

President and Director – Adam Dykstra

Mr. Dykstra has been our President and Director since April 2006. He has also been Treasurer of RRI since 2002. Mr. Dykstra served as President of Support since December 2003. He has also served as Treasurer of Refrigerants since March 2004.

Treasurer and Director – Richard Dykstra

Mr. Dykstra has been our Treasurer and Director since April 2006. Since March, 2004 he has been President of Refrigerants. Mr. Dykstra has also been an officer of RRI since April 2002 (President until December 2003 at which time became Secretary). Since December 2003 he has been Treasurer of Support.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy proceedings are required to be disclosed in this Item.

**ITEM 5
INITIAL FEES**

You must pay to us an Initial Franchise Fee when you sign a Franchise Agreement. The amount of the Initial Franchise Fee will be determined in part by the population of your Territory. The calculation for determining the amount of the Initial Franchise Fee is \$0.01 per capita of population in your Territory plus \$45,000. For example, if the population in your Territory is 1,000,000, your Initial Franchise Fee will be \$55,000. The lowest Initial Franchise Fee will be \$55,000 if your Territory has a population of less than 1,000,000. We do not anticipate granting any Territory in excess of 9,600,000 which would have an Initial Franchise Fee of \$141,000. The population of the Territory is calculated using the 2010 census data available from the U.S. Census Bureau. The Initial Franchise Fee is a lump sum payment, fully earned upon receipt, and is non-refundable. During 2011 the range of Initial Franchise Fees paid was \$56,005 to \$89,416.

In addition to the Initial Franchise Fee, you must also pay \$18,000 to \$20,000 to Support for the purchase of tools, fittings and supplies, and \$63,000 to Support for the initial equipment package of refrigerant recovery equipment.

Except as disclosed above, you do not pay us or our affiliates any other fees or payments before opening. We do not offer financing of the Initial Franchise Fee or other initial amounts payable to us or to our affiliates.

**ITEM 6
OTHER FEES**

Column 1 Type of Fee (Note 1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	6% of Gross Sales	5 th day of each month for previous month	See Note 2.
Support Service Fee	Greater of 8% of Gross Sales or \$1,200 per month	5 th day of each month for previous month	Payable to Support. See Note 2 and 3.
Brand Building Fee	None currently	Monthly	We reserve the right to collect up to 2% of Gross Sales. See Note 4.
Local Marketing (Note 5)	Greater of 2% of Gross Sales or \$750 per month	Quarterly	If we designate a local advertising market and the majority of RAPID RECOVERY businesses vote to do cooperative advertising, you must direct your local advertising expenditure to the cooperative programs.
Additional Assistance	\$1,000 per day	As incurred	This is only payable if we provide you with additional training or

Column 1 Type of Fee (Note 1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			assistance at your request.
Audits	Cost of audit plus interest at the maximum rate allowable by law (not to exceed 18% per year)	Upon demand	See Note 6.
Renewal Fee	\$5,000	At renewal	See Item 17 for additional information on renewal requirements.
Transfer Fee	\$5,000	At time of transfer	In addition to the transfer fee, you must pay the cost of the training and any applicable broker fees. See Item 17 for additional information on transfer requirements.
Late Fee/Interest Expense	\$25 for each delinquent report or payment of Royalty or Brand Building Fees; all late payments will bear interest at 18% per year or the maximum legal rate in the state where your Business is located.	Automatically upon next electronic transfer of funds	
Insurance	\$9,000 to \$23,000 for annual premiums	As incurred	See Item 8 for more information on insurance. See Note 7.
Costs and Attorneys' Fees	Will vary under the circumstances	As incurred.	See Note 8.
Training Fee	\$10,000 to 15,000	At the time of training	This is only in event of transfer.

Notes:

- (1) You pay all fees to us unless otherwise noted. All fees are non-refundable. We will manage a bill paying account which you must fund. The account will be under our control and we will pay your business bills, including amounts owed to us and our affiliates. You must maintain a sufficient balance and have enough operating capital to allow for proper cash flow and to allow us to pay your bills on your behalf in a timely fashion.
- (2) "Gross Sales" means the aggregate of all sales and other income from the Business and any sales or other income resulting from your conduct of any business outside the Business involving the System or the Trademarks, whether payable in cash, credit, gift certificates, stored value cards or other generally accepted form of payment. Gross Sales includes all proceeds from any business interruption insurance, but excludes (i) properly documented refunds, charge-backs or other allowances given to customers or (ii) sales

taxes if separately stated when the customer is charged and actually paid to the appropriate taxing authority.

- (3) This fee is to compensate Support for providing you with bookkeeping and bill paying services.
- (4) Although we do not currently collect a Brand Building Fee we reserve the right to collect up to 2% of Gross Sales for deposit in a Brand Building Fund. The primary purpose of the Brand Fund will be to formulate, develop and conduct marketing programs to promote RAPID RECOVERY services and products. See Item 11 for more information on marketing.
- (5) You must provide us with an itemization and proof of your local marketing expenditures upon request. We have the right to increase the spending requirement to \$2,000 per month, upon 60 days' notice. If we designate a local advertising market, each RAPID RECOVERY Business, in such market, including any company and affiliate-owned Businesses, will be a member of the local group. Each Business will have voting rights based on the circulation of the particular publication selected or one vote depending on the type of advertising selected. If a majority of the Businesses in a local advertising market are company or affiliate-owned, we will have majority voting power. See Item 11 for more information on marketing and advertising.
- (6) Audit and inspections generally will be at our expense. However, if an audit is made necessary by your failure to furnish reports, financial statements, tax returns or schedules as required under the Franchise Agreement, or if any audit or inspection reveals that you have understated or underreported Gross Sales, Royalty Fees, or other amounts owed to us by an amount greater than 2%, in addition to the amounts owed to us, you must reimburse us the cost and out-of-pocket expenses of the inspection or audit.
- (7) You are required to purchase and maintain liability insurance and business automobile liability with limits of at least \$1,000,000 coverage for combined single limit per occurrence. All insurance policies must name us and our affiliates as additional insured. This insurance must be purchased from our designated insurance carrier through our designated broker.
- (8) The prevailing party in any action or proceeding under the Franchise Agreement or otherwise relating to the Business will be entitled to recover its reasonable attorneys' fees and costs. You (or your assignee) must also pay the attorneys' fees and costs we incur in any bankruptcy or insolvency proceeding pertaining to you. Further, in the event of a breach or threatened breach of the Franchise Agreement by either party, the aggrieved party will be entitled to an injunction or specific performance, as appropriate, plus reasonable attorneys' fees and costs. As disclosed in Item 9, you also have certain indemnification obligations under the Franchise Agreement. In connection with those obligations, we have the right to select our own legal counsel to represent our interests, and you must reimburse us for our costs and attorneys' fees immediately upon request as they are incurred.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT				
Column 1 TYPE OF EXPENDITURE	Column 2 AMOUNT (LOW/HIGH)	Column 3 METHOD OF PAYMENT	Column 4 WHEN DUE	Column 5 TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	\$55,000 to \$141,000	Lump Sum	Upon Signing of Franchise Agreement	Us
Truck Lease (Note 2)	\$1,500 to \$3,000	As Arranged	As Arranged	Third Party Supplier
Recovery Equipment (Note 3)	\$63,000	Lump Sum	1 st Day of Training	Support
Other Equipment, Tools, Fittings and Supplies (Note 4)	\$18,000 to \$20,000	As Arranged	As Arranged	Support
Trailer	\$1,500	Lump Sum	At Time of Purchase	Trailer Dealer
Inventory (Note 5)	\$5,000 to \$30,000	Credit on Account (Net 30 Day Credit Refund)	Net 30 Days on Request	Customers
Computer System	\$500 to \$3,000	Lump Sum	At Time of Purchase	Third Party
Rent for Industrial Space (Note 6)	\$1,850 to \$6,500	As Arranged	As Arranged	Landlord
Lease & Utility Security Deposits (Note 7)	\$1,000 to \$3,800	As Arranged	Before Opening	Landlord
Insurance (Note 8)	\$2,300 to \$6,000	As Arranged	As Arranged	Third Party Supplier
Training Expense (Note 9)	\$3,500 to \$7,500	As Incurred	As Incurred	Transportation Lines, Hotels, Restaurants
Professional Fees and Business Licenses and Permits	\$1,000 to \$5,000	As Incurred	As Incurred	Your Attorneys and Other Professionals, Local and State Agencies
Office Equipment and Supplies (Note 10)	\$300 to \$1,700	As Incurred	As Incurred	Third Party Supplier
Employee Leasing (Note 11)	\$7,800 to \$10,920	EFT	Weekly	Administaff
Initial Deposit (Note 12)	\$10,000	Upfront	Before Opening	Support
Grand Opening Expenses (Note 13)	\$5,000 to \$7,000	As Arranged	At Time of Training	Third Party Supplier
Initial Advertising and Marketing	\$3,000 to \$6,100	As Incurred	As Incurred	Third Party Supplier

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 TYPE OF EXPENDITURE	Column 2 AMOUNT (LOW/HIGH)	Column 3 METHOD OF PAYMENT	Column 4 WHEN DUE	Column 5 TO WHOM PAYMENT IS TO BE MADE
Additional Funds (Initial Deposit) (Note 14)	\$2,000 to \$8,000	As Incurred	As Incurred	Third Party Suppliers or Support
TOTAL (Note 15)	\$182,250 to \$334,020			

Notes:

- * We do not offer direct or indirect financing to franchisees for any items. Except where otherwise noted, all amounts that you pay to us or our affiliates are nonrefundable. Third party suppliers will decide if payments to them are refundable.
- (1) Initial Franchise Fee. The Initial Franchise Fee is based upon the size of your Territory.
 - (2) Truck Lease Payments. Initially, you will need to lease one to two trucks depending on the size of your Territory. You will decide whether you will lease one or two. The estimated lease payments represent three months lease payments for one truck. The lease payment for each truck is \$500 to \$1,000. As your business develops, you will make the determination as to how many trucks you need to service your market.
 - (3) Recovery Equipment. You must use certain proprietary equipment which is obtained from Support to operate your Business. The recovery equipment will include at least two El Machino ("EM") gasoline powered recovery machines and at least two La Poderosa low pressure recovery machines ("LP"); both of which are custom designed and manufactured and have been certified by an EPA approved certification laboratory. After five years the equipment must be returned for proper disposal and replaced as needed.
 - (4) Other Equipment, Tools, Fittings, Supplies. You will need to purchase an initial supply of tools, fittings, supplies, and vehicle modifications such as refrigerant identifier, vehicle mounted crane, recovery hand tools, vehicle vinyl, recovery stickers, safety equipment, ladder and ladder carrier and consumable and non-consumable supplies. The amount of these payments will vary depending on the number of trucks initially outfitted and the condition of the recovery vehicles leased or purchased. The amount listed is for one truck.
 - (5) Inventory. The inventory is related to the refrigerant buyback program. You purchase the inventory from your customers and you are later reimbursed by us when we receive the refrigerant.
 - (6) Rent. You typically will operate your Business from your home. However, you will need to lease industrial space for the Business. The estimate of rent for storage space is

for the first three months. The rental expense may vary based on geographic location, size of the facility, negotiating factors, local rental rates, and other factors. Your storage space location will typically be 800 to 1,500 square feet of light industrial space.

- (7) Lease & Utility Security Deposits. Landlords may require a security deposit, and utility companies may require that you place a deposit prior to installing telephone, gas, electricity and related utility services. A typical utility security deposit is one month's expense. A typical lease deposit will be an amount equal to one month's rent. These deposits may be refundable in accordance with the agreements made with the utility companies and landlord.
- (8) Insurance. You must procure and maintain throughout the term of the Franchise Agreement insurance in such amounts that, at a minimum, meet our requirements. The estimate is for three months of insurance premiums. The cost of insurance will vary based on policy limits, type of policies procured, any lease requirements, nature and value of physical assets, number of employees, square footage, contents of the business, geographical location and other factors bearing on risk exposure.
- (9) Training. You must make arrangements and pay the expenses to attend our initial training program, including transportation, lodging, meals and wages in the Phoenix area before opening for business. The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose. The estimate provided contemplates initial training of one person for 14 days.
- (10) Office Equipment and Supplies. Before beginning operations, you must purchase an assortment of office equipment and supplies as prescribed in the manuals. Items include telephones and facsimile machine.
- (11) Employee Leasing. You will lease your employees from Administaff who will provide health insurance, worker's compensation insurance and will ensure that employer taxes are paid.
- (12) Initial Deposit. You must deposit an initial \$10,000 into the bank account of the business, which we will manage. If you have bills, they are paid through this account. When you receive payments, they are deposited into this account. If your franchise is terminated for any reason all funds remaining in your business bank account, after all payables are paid and financial obligations are met, will be returned to you. If you fail to start operating the business, you will receive your \$10,000 deposit back.
- (13) Grand Opening Expenses. These funds are used for an initial marketing blitz in your market right before your opening and for three months after opening.
- (14) Additional Funds. In addition to the other categories of expenses, it is estimated that you will need \$2,000 to \$8,000 in additional funds for the initial three months of operations. This estimate is based on our experience in operating RAPID RECOVERY businesses.
- (15) Total. This total is an estimate of your initial investment and is based on our estimate of average costs and market conditions prevailing as of the date of this Disclosure

Document and our more than five years of experience in operating a RAPID RECOVERY business. All of the figures shown in the chart include your expenses both before you begin operation and for the first three months of operation. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help insure a uniform image and uniform quality of products and services throughout the RAPID RECOVERY System, you must maintain and comply with our quality standards. Any required standards exist to protect our interest in the System and the Trademarks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you.

In addition, it is your responsibility to ensure that you comply with all other federal, state and local laws. You also must use equipment (including computer hardware and software), supplies and advertising and sales promotion materials that meet our specifications and standards.

The Franchise Agreement requires you to sell or use only those products, supplies and services that we have approved in writing (the "Approved Products and Services"). The purpose of this requirement is to ensure that all franchisees adhere to the uniformity and quality standards associated with RAPID RECOVERY businesses. As stated in Items 5, 6 and 7, you must purchase or lease, equipment, bookkeeping services, bill paying services and refrigerant reclaiming products and services from us or our affiliates. From time to time, we may designate a vendor or supplier that may be the only approved supplier for certain products or services and we or an affiliate may be the single approved source (the "Required Suppliers").

Currently, we or affiliates are the only approved supplier for several items you must purchase, lease or otherwise obtain. At the time of this Disclosure Document, those items include truck outfittings, recovery equipment, refrigerant disposal services, bookkeeping services and bill paying services, although this list may change during the term of the license granted in your Franchise Agreement. Upon request, we will periodically provide you with the names of Required Suppliers for services, products, supplies and equipment. We or an affiliate also may offer for sale additional products and supplies that you will need to operate your Business. From time to time, we, an affiliate, or a third-party vendor or supplier may be the only approved supplier for certain products and supplies. For all products and services purchased from us or our affiliates, you will pay the then-current price in effect. Currently, you must obtain all recovery equipment from Support. Support retains ownership of the recovery equipment during the time you use it. Currently our sole approved supplier for payroll services is Administaff.

You must obtain your insurance coverage from an insurance company designated by us. Currently, you must purchase your insurance from Employer's Mutual Casualty through Hub International. Although we reserve the right to receive rebates and similar payments from approved suppliers, neither we nor our affiliates currently receive any such payments.

Except for single-sourced products and services, you must initiate the formal approval process to have specific products or supplies of an additional vendor/supplier approved. As part of this approval process, we may request that the vendor/supplier submit samples of its specific product to us. We then conduct an evaluation of the samples to determine whether the product conforms with the specifications and standards. We will notify the vendor/supplier of our evaluation results by mail usually within 30 days after our receipt of the sample. We do not issue specifications and standards to franchisees but we do issue them to approved suppliers. We do not generally make our criteria for supplier approval available to franchisees.

As part of the approval process for a specific product, the vendor/supplier may be required to sign an applicable supplier agreement. We may revoke our appointment if the vendor/supplier is in violation of any of the terms of the applicable supplier agreement or if we determine in our good faith but exclusive judgment that the vendor/supplier is not meeting the standards and specifications that we have established for that product or service.

We may modify the standards and specifications for products, supplies and services from time to time and add or delete from the list of approved vendors and suppliers. Standards may include minimum standards for delivery, performance, warranties, appearance and other restrictions. We reserve the right to (i) limit the number of vendors and suppliers, and (ii) receive consideration from the vendors and suppliers, which consideration may or may not be related to services we perform. We also reserve the right to designate a primary source of supply for certain products. We or an affiliate may be that source.

In the year ending December 31, 2011, we did not receive any revenues resulting from the purchase of goods or services by franchisees. In the year ending December 31, 2011, Support's revenues from the required purchases and leases to franchisees was \$1,625,000 or 87% of Support's total revenues of \$1,864,000.

Refrigerants will provide cylinder service and disposal for all used refrigerant collected by you. In some cases there may be credit paid to you for the used refrigerant. In other cases there may be disposal charges for the used refrigerant. (Your customers should also pay you for disposal of used refrigerant.) In the year ending December 31, 2011, Refrigerants' revenues from the disposal of used refrigerants were \$32,400 or 1% of its revenues. Your cost for disposal of crossed refrigerants will be directly related to how much crossed refrigerant you collect from your customers. This cost will be 80-85% of the associated revenue you collect from you customers for this service. You are not permitted to sell refrigerant, new or used.

You must use the support services (bookkeeping and bill paying) provided by Support to manage your business. You must release all refrigerant collected to Refrigerants. You must use the insurance carrier designated by us and the payroll service company designated by us.

Adam Dykstra (our President) and Richard Dykstra (our Treasurer) have an ownership interest in RRI, Refrigerants and Support which are all approved suppliers.

You may choose to purchase other items from any vendor with the exception of the specific items mentioned in the Franchise Disclosure Document and Franchise Agreement. We have no purchase arrangements from other suppliers. As of the date of this Disclosure Document, we do not charge any fees for the supplier approved or testing.

We build equipment, add profit, and sell to you for use for five years after which time it must be replaced. This allows us to make a substantial initial investment into research and development, equipment certification by ARI/EPA, and necessary plants and equipment to construct the machines. We have the right to make a profit based on the volume of equipment purchased, and the ongoing need by our franchise network for the best equipment available.

In addition to approved products, the Franchise Agreement requires you to purchase and maintain liability insurance in an aggregate amount that we designate periodically, as described in Item 6. You also must purchase and maintain any other insurance required by any agreement related to the franchise business or by law. You must furnish to us copies of all insurance policies at least annually, but not less than any time a change occurs with respect to the insurance policy or insurance coverage. You may use only marketing and promotional materials that meet our standards (see Items 6 and 11 for more information on advertising and marketing).

We estimate that your purchase of products, supplies, and marketing materials from us or our affiliates or that meet our specifications and standards will represent approximately 60% to 80% or more of the cost to establish the franchise business and 40% and 49% or more of the cost to operate the franchise business on an ongoing basis.

When your franchise is up for renewal or you apply for an additional franchise, among the factors we consider are your compliance with your Franchise Agreement and support of our programs and policies, which could include compliance with the requirements described in this Item 8. We are not aware of any purchasing or distribution cooperatives in the RAPID RECOVERY system that offer to you certain products used in the franchise business.

We do not typically negotiate purchases with suppliers on your behalf. In certain circumstances we may be asked by the franchisees to negotiate on their behalf. In these cases we may be inclined to help. For example, if a group of franchisees came together to form an advertising coop, they might ask us to negotiate pricing for their chosen ad campaign. In this example, we would be paid a brokerage fee from the publication. This fee would NOT be paid by the franchisees in the coop, and the franchisees may be able to get a better pricing structure due to those negotiations.

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

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

	Obligation	Section in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Section 5	Items 7 and 11
b.	Pre-opening purchases/leases	Sections 6	Items 5, 6, 7 and 8
c.	Site development and other pre-opening requirements	Sections 5, 6, 7	Items 7, 8 and 11
d.	Initial and ongoing training	Section 7	Items 5, 6 and 11
e.	Opening	Section 7	Items 5 and 11
f.	Fees	Sections 4, 8, 9 and 14	Items 5, 6 and 7
g.	Compliance with standards and policies/Operations Manual	Sections 2 and 6	Items 6, 7, 8, 11, 14 and 16
h.	Trademarks and proprietary information	Sections 3 and 6	Items 13 and 14
i.	Restrictions on products/services offered	Sections 2 and 6	Items 6, 7, 8, 11, and 16
j.	Warranty and customer services requirements	Section 6	Items 6 and 11
k.	Territorial development and sales quotas	Section 2	Item 12
l.	Ongoing product/service purchases	Section 6	Items 6, 7 and 8
m.	Maintenance, appearance and remodeling requirements	N/A	Items 8 and 11
n.	Insurance	Section 10	Items 6, 7 and 8
o.	Advertising	Section 9	Items 6, 7 and 11
p.	Indemnification	Section 10	Not applicable
q.	Owner's participation/management/staffing	Section 7	Items 11 and 15
r.	Records/reports	Sections 8	Not applicable
s.	Inspections/audits	Sections 6 and 8	Items 6 and 11
t.	Transfer	Section 14	Items 6 and 17

	Obligation	Section in Franchise Agreement	Disclosure Document Item
u.	Renewal	Section 4	Items 6 and 17
v.	Post-termination obligations	Section 12	Item 17
w.	Non-competition covenants	Section 12	Item 17
x.	Dispute resolution	Section 13	Item 17
y.	Other	None	Not applicable

ITEM 10 FINANCING

Neither we nor our affiliates offer, either directly or indirectly, any financing to you. We are unable to estimate whether you will be able to obtain financing for any or all of your investment and, if so, the terms of such financing. We do not guarantee your notes, leases or other obligations.

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

Except as listed below, we need not provide any assistance to you:

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

1. Designate your Territory for your Business (Franchise Agreement, Section 2A).
2. Provide you with the Approved Products, Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Sections 6A and 6B).
3. Provide you with access to a copy of the Operations Manual, JumpStart Manual and Equipment Manuals containing mandatory and suggested specifications, standards and operating procedures for the Business. The Operations Manual has 71 pages. (Franchise Agreement, Sections 6D and 6E).
4. Provide the initial training program described below (Franchise Agreement, Section 7B). We provide this initial training program without charge; however, you must pay all expenses for you and your employees, including training materials, travel and living expenses.
5. Provide you with access to certain software (currently ACT! Software) and database which will assist you in the marketing of your Business, which may be subject to fees or charges (Franchise Agreement, Section 6.L).
6. List your RAPID RECOVERY Business on our website (Franchise Agreement, Section 6.L).

7. Assign you a liaison to guide you through our JumpStart Manual before you attend training (Franchise Agreement, Section 7.B).

Typical Length of Time Before You Open Your Business

The typical length of time between the signing of the Franchise Agreement and the opening of your business is approximately 8 to 24 weeks from the execution of the Franchise Agreement. Factors that may impact this length of time may include your ability to arrange leasing of storage space, arrange financing, schedule training, and complete all JumpStart items. You may not attend training until you have completed all JumpStart items and have hired an approved employee.

Obligations During Operation of Business: During the operation of your Business, we will:

1. Maintain the Brand Building Fund (Franchise Agreement, Section 9A).
2. Provide updates to the Approved Products, Approved Suppliers and Approved Supplies Lists (Franchise Agreement, Section 6C).
3. Provide refresher training courses, as we determine necessary and require you to attend. We provide these training programs without charge; however, you must pay all expenses for you and your employees, including training materials, travel and living expenses (Franchise Agreement, Section 7C).
4. Furnish you from time to time with updated and revised material for the Operations Manual (Franchise Agreement, Section 6E).
5. Provide outside training, technical assistance and other support, upon your request and at your location. Our current charge for these services is \$1,000 per day (Section 7C).
6. Provide you with support service including bill entry, bill payment, invoicing and statements to customers (Franchise Agreement, Section 8.C).
7. Provide reasonable support by telephone during normal business hours (Franchise Agreement, Section 7.C).
8. Provide and maintain the RAPID RECOVERY website and, if applicable, forward to your leads in your Territory generated by the website (Franchise Agreement, Section G.L).
9. Make available for purchase marketing material designs we develop (Franchise Agreement, Section 9.B).

Marketing Programs

We reserve the right to establish a Brand Building Fund ("Fund"). When established you will pay us a Brand Building Fee of 2% of your Gross Sales. We will administer the Fund. Our company and affiliate owned businesses will also contribute to the Fund on the same basis as

similarly situated franchised businesses in the same local marketing area. We may use the Fund to formulate, develop, and conduct marketing and promotion programs to promote the RAPID RECOVERY system, services and products in a form and media we determine in our sole judgment to be appropriate. Media used for any marketing program may include television, radio, newspapers, magazines, the internet and other written publications, which all may be local, regional or national in coverage. We may use national and regional marketing and advertising agencies from time to time to create and place advertising and other marketing communications. We reserve the right to use the Fund to reimburse us for all costs that we incur related to the marketing and promotion programs, including the proportionate compensation of employees who devote time and render service in the conduct, formulation, development and production of the marketing and promotion programs or the administration of the Fund.

We have no obligations to spend any amount on marketing in the area or Territory where you are located. Excess Fund contributions not spent in any fiscal year will be carried over for future use. The Fund is not a trust or escrow account, creates no fiduciary duties or obligations, and is our property. You have no property rights of any kind with respect to the monies in the Fund. Upon request, we will provide you with an unaudited financial report showing receipts and disbursements of the Fund. The Fund program will not be used for advertising principally directed at the sale of franchises. We did not collect or spend any advertising fees during the year ended December 31, 2011.

Although we currently do not do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged. We may also implement a franchisee advisory council that will provide advisory input on marketing and related matters.

In addition to the Brand Building Fee, we require you to spend the greater of 2% of Gross Sales or \$750 total per month on advertising in your Territory. We have the right to increase the amount of the local expenditure up to \$2,000 per month. Upon our request, and at least quarterly, you must submit to use an itemization and accounting of the monies you have spent on local marketing. You are not required to be listed in the yellow pages. You may only use your own advertising materials if they have been approved by us in advance. You may not advertise independently on the Internet or a worldwide web page. All Internet advertising will be controlled and administered by us.

Computer System

You must provide financial and business records and information to us according to reporting formats, methodologies and time schedules that we establish from time to time, including through any intranet or extranet system we develop or implement or other online communications. You must use a computer in the operation of your RAPID RECOVERY Business and must have high speed internet access. We may access your Computer System (as defined below), including through any intranet/extranet system we develop or implement, and retrieve, analyze, download and use all data and files stored or used on the Computer System. We may have independent access to all of this information for your Business with no contractual limitation on our right to the information. You understand that the data storage, phone line, modem, communication software, internet access, internet email account and all additional hardware and software needed to implement and maintain these services is at your cost.

We will provide you the standards and specifications for the computer hardware and software (the "Computer System"). The computer system must be capable of operating the latest Microsoft Office product suite. It must also be capable of operating Microsoft Remote Desktop Connection which is included with the Windows operating system and is available for free download from Microsoft. The system must be able to run Black Ice Print2RDP software, which only operates on a Windows platform of XP or newer and is provided free of charge. This software will all be used to connect, communicate, and print the reports necessary to operate the RAPID RECOVERY business. All data is entered and performed on the server system located at the corporate office and is connected to through Remote Desktop Connection. The primary types of data accessed and entered include all accounting information and the customer management database. You must purchase computer hardware with enough computing power to run any of the software that will be used in your Business. We will specify certain software you must use in the Business. The cost of the Computer System is \$500 to \$3,000. There are no required computer maintenance, updating, upgrading or support contracts. The estimated annual cost of optional maintenance, updating, upgrading or support contracts is \$1,500 per user that you deem necessary to have access to your customer information for licensing access to our on-line CRM solution.

We have no obligation to maintain, update, upgrade or otherwise modify any computer software or hardware. You, however, are required to make periodic upgrades and updates to the Computer System and there are no contractual limitations on the frequency and cost of this requirement. These costs may include user fees, software licensing fees or technical support fees. We do not offer any optional or required maintenance, upgrade, update or support contracts.

Site Selection

You will need office space to operate the Business and it may be located in your home. It must be located in the Territory. You will not be required to select a customer oriented sales location for the business. You must also accommodate the storage of the equipment and cylinders associated with running the business most often one through leases with industrial facilities. We do not select the location of your office or storage space. We must accept your storage space and it must be able to accommodate full-sized freight trucks used in your business.

Operations Manual

We will provide you with access to a copy of our Operations Manual. Our Operations Manual contains proprietary information and you must keep such information confidential. Attached as Exhibit G is a copy of the Table of Contents of the Operations Manual. The Manual has 71 pages.

Training

Before the commencement of your Business, you must attend and successfully complete our initial training program to our satisfaction. Your recovery technician must attend and successfully complete to our satisfaction at least the second week of training. Your failure to successfully complete training may result in termination of the Franchise Agreement. Training is completed in three sections. Training generally occurs at our training facilities in Peoria,

Arizona and lasts nine days. There are also two separate field training sessions in your territory, each lasting four days. We may schedule your training at a corporate location or other site located closer to you. We offer the training program as we determine necessary. You must pay for the salaries, fringe benefits, travel costs and expenses, and related costs for the individuals associated with you who attend the training program, but there is no separate fee for you and one other person to attend the initial training program as it is included in the Initial Franchise Fee.

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On- the-job Training	Column 4 Location
Intro to Rapid Recovery	1.5 hours	None	Peoria, AZ
Refrigeration 101	2 hours	None	Peoria, AZ
Classifications of Refrigerants	1 hour	None	Peoria, AZ
Server Basics	1 hour	None	Peoria, AZ
ACT Database	1 hour	None	Peoria, AZ
Marketing/Advertising	3 hours	None	Peoria, AZ
Quoting	1.5 hour	None	Peoria, AZ
EM Training	4 hours	None	Peoria, AZ
Commonly Encountered Systems	2 hours	None	Peoria, AZ
Job-site Recovery	1.5 hour	4 days	Peoria, AZ/Job-site locations
Esco Test Preparation/Testing	3.5 hours	None	Peoria, AZ
Tank Service	1 hours	None	Peoria, AZ
Tank Service	3.5 hours	4 days	Peoria, AZ/Job-site locations
RapRec Support Services	1 hour		Peoria, AZ
Work Orders/Invoicing	1 hour	4 days	Peoria, AZ/Job-site locations
Administaff	2 hours		Peoria, AZ
Quickbooks	3 hours		Peoria, AZ
Consolidated Refrigerants	1.5 hour		Peoria, AZ
Transportation of Refrigerants	1 hour		Peoria, AZ
Equipment Troubleshooting	1.5 hour		Peoria, AZ
Sales/Marketing/Recovery		8 days	At franchise location

- (1) Adam Dykstra is our training supervisor and oversees our training. He has more than six years of field experience in the refrigerant recovery industry and four years with us. Additional employees who have experience in some facet of the operation of a RAPID RECOVERY Business (for example, opening, operations or systems management) will assist in training.
- (2) The instruction materials for the training consists of our Operations Manual, training manual and various presentations and demonstrations.

We may provide additional training to you and your employees upon your request at our then current training fee. As of the date of this Disclosure Document our fee is \$1,000 per day. You are responsible for all expenses associated with you or your employee attending such additional training. In the event you are give a notice of default and the default relates, in whole or in part, to your failure to meet any operational standards, we may require as a condition of curing the default that you and any other employees that we deem appropriate again attend and successfully complete our training program. This training will be at your expense.

In addition, we may hold and require that you or other designated employees attend, at your expense, any conference, meeting, convention or seminar to prescribe new methods and programs for operation, training, management, sales or marketing. You are not required to attend more than two such conferences in any 12 month period.

ITEM 12 TERRITORY

We grant you the right to operate a RAPID RECOVERY Business within a particular Territory. The method used to delineate territorial boundaries of franchises will be one or a combination of the following: county lines, highways or streets, zip codes, or metropolitan statistical areas. The Territory will generally consist of a metropolitan area which will have a population of 1,000,000 to 10,000,000. An example of a 1,000,000 metropolitan area Territory is Jacksonville, Florida and an example of a 9,500,000 Territory is Los Angeles/Long Beach, California.

We require you to meet Minimum Performance Standards as provided in Appendix B to the Franchise Agreement. Meeting the minimum amounts does not guarantee that you are sufficiently penetrating the market in the Territory or that the Business will be successful. In the event that you do not meet your Minimum Performance Standards, you must pay Royalty Fees on the "Shortfall" as provided in the Franchise Agreement. Furthermore, your failure to meet your Minimum Performance Standards as provided in Appendix B is grounds for termination.

The Minimum Performance Standards will be based upon size and demographics of the Territory and upon market potential. Although you will receive a Territory as noted above, you will not receive an exclusive territory because we have reserved certain rights as disclosed in this Item 12.

We have not established and will not establish any other franchise or company-owned refrigerant recovery business under the name RAPID RECOVERY or under any other name within your Territory during the term of your Franchise Agreement. Although, as of the date of this Disclosure Document, we do not do any of the following, we reserve the right in to establish franchises or company-owned businesses in your Territory that distribute any products or services under a trademark different than the RAPID RECOVERY trademark. We also reserve the right to provide refrigerant recovery services through alternate channels of distribution. We are not restricted from soliciting or accepting orders from inside your Territory through alternate channels of distribution. We are not required to compensate you for soliciting or accepting orders from alternate channels of distribution. You may not advertise or solicit orders independently on the Internet or through other channels of distribution. We also reserve the

right: (i) to put some limitations on national or regional accounts that we may develop for the RAPID RECOVERY System, and (ii) to develop and operate and to franchise or license others to develop and operate the RAPID RECOVERY business at any location outside your Territory. We will not market the RAPID RECOVERY services within your Territory, except in the case where such marketing is part of the Brand Building Fund program described in Item 11 or is contained in a general publication (or media) with general distribution (or broadcast) within and outside your Territory. You may not service customers outside your Territory, except with our written consent which we may withdraw at any time. We or another franchisee may from time to time service particular customers in your Territory in the event you are unable or unwilling for whatever reason to meet the service needs of those customers, all as provided in the Operations Manual. Also, another franchisee's marketing in its territory may reach your Territory if contained in a general publication (or media) like a regional newspaper with general distribution (or broadcast) within its territory and your Territory. Neither we nor our affiliates have any current plans to operate or franchise a business under a different trademark which will offer refrigerant recovery services.

You do not receive any option, right of first refusal or similar right to acquire additional franchises within or outside of your Territory unless you sign another franchise agreement with us.

ITEM 13 TRADEMARKS

The Franchise Agreement licenses you to use the service mark RAPID RECOVERY, as well as other trademarks, service marks, trade names and commercial symbols (collectively, the "Trademarks"). RRI has obtained registration with the principal register of United States Patent and Trademark Office ("USPTO") for the Trademarks listed below. RRI also claims common law trademark rights for all of the Trademarks.

PRINCIPAL TRADEMARKS	PRINCIPAL OR SUPPLEMENTAL REGISTER	REGISTRATION DATE	REGISTRATION NUMBER
RAPREC	Principal	March 4, 2003	2,693,114
RAPID RECOVERY	Supplemental	August 19, 2003	2,754,598

We have filed all required affidavits. Your use of the Trademarks and any goodwill is to our exclusive benefit of no rights in the Trademarks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Trademarks unless we direct in writing. Schedule A to your Franchise Agreement identifies the Trademarks that you are licensed to use. We have the right to change Schedule A from time to time. We may also designate the Trademarks you are licensed to use in the Operations Manual. You must comply within a reasonable time if we notify you to discontinue or modify your use of any Trademark. We will have no liability or obligation as to your modification or discontinuance of any Trademark.

We have entered into a Trademark License Agreement with RRI dated January 1, 2008 which grants us the right to use and sublicense to our franchisees the right to use the Trademarks. The term of the License Agreement is for 20 years and after that it is renewed for an additional 20 year period unless either party gives notice of termination before the end of such extension. The License Agreement can also be terminated for failure to maintain quality standards, breach of the License Agreement or bankruptcy.

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Trademarks. Except for the License Agreement described above, there are no currently effective agreements that significantly limit our rights to use or license the use of any Trademarks in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the Trademarks.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Trademarks, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to the Trademarks and we have the sole right to decide to pursue or settle any infringement actions related to the Trademarks. You must notify us promptly of any infringement or unauthorized use of the Trademarks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Trademarks, with limited exceptions described in the Franchise Agreement, you must make the changes or substitutions at your own expense except that we will reimburse you for the cost of any new signage, but not anything else.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no copyrights currently registered that are material to the franchise, although we do claim copyright ownership and protection for our RAPID RECOVERY Franchise Agreement, operation and training manuals, web site and for various sales, promotional and other materials published from time to time. There are no patents or pending patent applications material to the franchise.

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

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions

related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware.

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

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

During the term of the Franchise Agreement, you must devote full time and best efforts to the management of the Business. You must provide direct on-premises supervision to the Business. If you are an entity, you must designate a Principal Owner who will actively manage the Business and have at least a 25% ownership in the franchisee entity. You, your Principal Owner and any other individuals we designate must complete our training course.

Each individual who owns an ownership interest in the franchisee entity must sign the personal undertaking and guarantee attached to the franchise agreement. All shareholders, officers, directors, partners, members and all managers and other employees having access to our proprietary information must execute non-disclosure agreements in a form we accept. If we so require, your managers and supervisory personnel and other employees receiving training from us must execute covenants not to compete in a form that we approve.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Item 8 of this Disclosure Document describes our requirements for approved supplies and suppliers. You must offer for sale at the Business all of the products and services that we periodically require and you may not offer at the Business any unapproved services products. We have the unlimited right to change the types of authorized products and services you may offer.

You also may not offer for sale any products or services through the internet or other online programming or advertising, mail order or other direct marketing channels. See Item 12. You are not otherwise limited in the customers to whom you may sell products or services in the Territory.

**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 Agreement	Summary
a.	Length of the term of the franchise	Section 4	Term is 10 years.
b.	Renewal or extension of the term	Section 4	Renewed for up to two 10 year terms.
c.	Requirements for you to renew or extend	Section 4(i)	You give us written notice of your decision to renew at least 6 months before the end of the expiring term; you sign our then current form of franchise agreement; you are not in default and have satisfied your obligations on a timely basis; you complete modernization of your Business; you pay the renewal fee; you comply with our training requirements; and you sign a release. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from these in your previous franchise agreement, such as different fee requirements and territorial rights.
d.	Termination by you	Section 11C	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow 30 days to cure such breach and, if not cured, wait 60 days from the original notice of breach before terminating the Franchise Agreement (post-term obligations do apply).
e.	Termination by us without cause	None	Not applicable.
f.	Termination by us with cause	Section 11B	We can terminate the Franchise Agreement if you default or fail to comply with your obligations including failure to meet your minimum performance standards.
g.	“Cause” defined – defaults which can be cured	Section 11B(i)	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing; and 30 days to cure defaults for the failure to abide by our standards requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in h below.

THE FRANCHISE RELATIONSHIP			
	Provision	Section in Franchise Agreement	Summary
h.	“Cause” defined – defaults which cannot be cured	Section 11B(ii)	Non-curable defaults include: abandonment, insolvency, unapproved assignments or transfers, convictions, unauthorized use of confidential information, intentionally understating or underreporting Gross Sales or other fees, multiple defaults, or failure to cure within 24 hours of notice a default which materially impairs the goodwill associated with any of our Trademarks or which is the result of your not having sufficient funds to meet your payroll.
i.	Your obligations on termination/non-renewable	Section 12	Obligations include complete de-identification and payment of amounts due, telephone numbers, return of Operations Manual and related writings, and proprietary materials and right to purchase assets of the Store. (Also see o and r below.)
j.	Assignment of contract by us	Section 15	No restriction on our right to assign.
k.	“Transfer” by you – defined	Section 14	Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change.
l.	Our approval of transfer by you	Section 14B	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	Section 14C	Transferee meets all of our then-current requirements for new franchisees, transfer fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed and training fee paid, required guarantees signed, necessary financial reports and other data on franchise business is prepared, and release signed by you (also see r below)
n.	Our right of first refusal to acquire your business	Section 14E	We can match any offer for your Business assets and, in the case of a proposed stock sale, we can purchase your Business assets at a price determined by an appraiser, unless you and we agree otherwise.
o.	Our option to purchase your business	None	Not applicable.

THE FRANCHISE RELATIONSHIP			
	Provision	Section in Franchise Agreement	Summary
p.	Your death or disability	Section 14D	You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person satisfies our training requirements and other transfer conditions, but if assignee is your spouse or child, no transfer fee is required.
q.	Non-competition covenants during the term of the franchise	Section 12B	No direct or indirect involvement in another business that sells or offers to the services or products that are the same as or similar to RAPID RECOVERY Businesses.
r.	Non-competition covenants after the franchise is terminated or expires	Section 12B	No direct or indirect involvement in a competing business for 1 year (i) within your former Territory, (ii) within 5 miles of your former Territory, or (iii) within the Territory of any other RAPID RECOVERY business or store using the System.
s.	Modification of the Agreement	Section 16B	No modifications generally, but we have the right to change the Operations Manual, list of authorized trademarks and list of Authorized Products and Suppliers
t.	Integration/merger clause	Section 16B	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Franchise Agreement and this Disclosure Document may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 13	Except for certain claims, all disputes must be mediated or arbitrated in Peoria, Arizona, subject to state law
v.	Choice of forum	Section 15I	Litigation must be in the applicable state or federal district court in Peoria, Arizona, subject to state law
w.	Choice of law	Section 17.I.	Except for claims under federal trademark law, and the parties' rights under the Federal Arbitration Act, Arizona law applies (subject to state law)

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a

reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Adam Dykstra at 8971 W. Bloomfield Rd., Peoria, Arizona 85381, (877) 372-7732, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2009 TO 2011**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchisee	2009	7	12	+5
	2010	12	21	+9
	2011	21	26	+5
Company- Owned	2009	0	1	+1
	2010	1	1	0
	2011	1	1	0
Total Outlets	2009	7	13	+6
	2010	13	22	+9
	2011	22	27	+5

Table No. 2
TRANSFERS OF OUTLETS FROM
FRANCHISEES TO NEW OWNERS
(OTHER THAN FRANCHISOR OR AFFILIATE FOR YEARS 2009 TO 2011)

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2009	0
	2010	1
	2011	0
Indiana	2009	0
	2010	0
	2011	1
Total	2009	0
	2010	1
	2011	1

Table No. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2009 TO 2011

Column 1 State	Column 2 Year	Column 3 Outlets at Start of year	Column 4 Outlets Opened	Column 5 Terminatio ns	Column 6 Non- Renewal s	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Arizona	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
California	2009	4	1	0	0	0	0	5
	2010	5	2	0	0	0	0	7
	2011	7	0	0	0	0	0	7
Colorado	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Connecticut	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Florida	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Illinois	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of year	Column 4 Outlets Opened	Column 5 Terminatio ns	Column 6 Non- Renewal s	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Indiana	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Kansas	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Maryland	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Minnesota	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Missouri	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
North Carolina	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	1	0	0	0	1	1
Ohio	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Pennsylvania	2009	0	0	0	0	0	0	0
	2010	0	2	0	0	0	0	2
	2011	2	0	0	0	0	0	2
South Carolina	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Tennessee	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Texas	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Virginia	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	1	0	0	0	0
Washington	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Washington, D.C.	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Total	2009	7	5	0	0	0	0	12
	2010	12	9	0	0	0	0	21
	2011	21	7	1	0	0	1	26

**Table No. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2009 TO 2011**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of year	Column 4 Outlets Opened	Column 5 Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of Year
Utah	2009	0	1	0	0	0	1
	2010	1	0	0	0	0	1
	2011	1	0	0	0	0	1
Total	2009	0	1	0	0	0	1
	2010	1	0	0	0	0	1
	2011	1	0	0	0	0	1

**Table No. 5
PROJECTED OPENINGS FOR UPCOMING
FISCAL YEAR
As of December 31, 2011**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
Florida	0	1	0
Michigan	1	0	0
Texas	0	1	0
Virginia	0	1	0
Total	1	3	0

Attached as Exhibit F is a list of the names, addresses and phone numbers of our current Franchisees and a list of all franchises who were terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2011. No franchisee had failed to communicate with us within ten weeks of the date of this Disclosure Document.

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

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience about us.

We do not have a franchisee advisory council or association.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit B are our audited financial statements for the fiscal years ended December 31, 2011, 2010 and 2009.

ITEM 22 CONTRACTS

This Disclosure Document includes a sample of the following contracts that you will be required to sign in connection with being granted a franchise:

Exhibit C: Franchise Agreement, including appendices:

- A Authorized Trademarks
- B Territory
- C Electronic Funds Transfer Authorization
- D Assignment of Telephone Numbers
- E Personal Guarantee
- F Acknowledgment Addendum
- G State Addenda

Exhibit D: Confidentiality, Non-Disclosure and Non-Competition Agreement

Exhibit H: Sample Release

ITEM 23 RECEIPTS

Exhibit H to this Disclosure Document contains two receipt pages by which you acknowledge your receipt of this Disclosure Document. One of the copies is for your records, and one must be signed, dated and returned to us at least 14 calendar days before you sign the Franchise Agreement or pay any fee to us.