# FRANCHISE DISCLOSURE DOCUMENT



CLEAN FIRST TIME, INC.
A Florida Corporation
8810 Commodity Circle, Suite 7
Orlando, Florida 32819
866.390.2532
www.cleanfirsttime.com

You will provide new construction, commercial and residential cleaning services under the trade name and service mark CLEAN FIRST TIME<sup>TM</sup>.

The total investment necessary to begin operation of a CLEAN FIRST TIME™ business ranges from \$64,750 to \$322,450. This includes the \$15,000 initial franchise fee and the territory fee, which is a negotiated amount ranging from \$20,000 to \$250,000, that must be paid to us.

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

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

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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#### ITEM 1

#### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, the term "we" means Clean First Time, Inc., the franchisor. The term "you" means the person buying the franchise. If you are a corporation, partnership, limited liability company, or other business entity, the term "you" does not include your principals unless otherwise stated. As used in this disclosure document, the term "principal" means your spouse, if you are an individual, and your owners, if you are a corporation, partnership, limited liability company, or other business entity.

### The Franchisor and any Parents, Predecessors and Affiliates

We are a Florida corporation formed on September 20, 2004, and do business only under our corporate name. Our principal business address is 8810 Commodity Circle, Suite 7, Orlando, Florida 32819. Our agents for service of process are identified in <a href="Exhibit C">Exhibit C</a> to this Disclosure Document. We have no parent company nor predecessor, nor any affiliates offering franchises in any line of business or providing products or services to our franchisees.

We have operated a business of the type described in this Disclosure Document since September 2004. We have been offering franchises of the type described in this Disclosure Document since September 2004, and have never offered franchises in any other line of business.

#### The Franchise Offered

We have developed a proprietary business format and system ("**System**") for operating a business that provides new construction, commercial and residential cleaning services. Our System includes advertising, sales and marketing techniques; training and assistance in procuring client contracts; the right to service national accounts, accounting policies and procedures, access to third party insurance programs; operation and customer service standards and procedures, and other standards, specifications, techniques and procedures that we designate, all of which we may change, improve, and further develop (collectively, our "**Standards**"). Businesses operating under the System are identified by the trade name and service mark CLEAN FIRST TIME<sup>TM</sup> and/or other proprietary trade names, service marks, trademarks, logos, emblems and indicia of origin that we choose to identify the products and services that we offer (collectively, our "**Marks**").

We grant qualified candidates the right to offer and provide cleaning services, using our System and Marks, in a defined geographic area ("**Territory**"). We call this the "**Franchised Business**."

As a franchisee, you will operate the Franchised Business according to the terms and conditions of our standard franchise agreement ("Franchise Agreement") (see Exhibit D) and our standards, specifications, policies and procedures (collectively, our "Standards") which we will communicate to you via our confidential operations manuals and in other tangible form (collectively, our "Manuals").

# Market and Competition

The market for new construction cleaning services is well developed and highly competitive. You will compete with other franchised and non-franchised commercial and residential cleaning service providers. As a franchisee, you will be developing relationships with local builders, commercial property owners, property management companies, and homeowners.

#### **Industry Specific Regulations**

You must comply with all laws and regulations specific to the cleaning industry. Some states and municipalities have regulations that may require business, occupational, labor, and miscellaneous licenses/permits, but there are no national regulations specific to the industry.

The franchised business must comply with all immigration laws, including the Immigration Reform and Control Act, which applies both to employees and independent contractors. Some states impose licensing requirements on subcontractors, and several states have enacted laws concerning the classification of independent contractors for employment and wage and hour purposes. It is your responsibility to identify and comply with all laws and regulations that apply to your Franchised Business.

# ITEM 2 BUSINESS EXPERIENCE

### Dan Gunkel - President and Director

Dan Gunkel has served as our President and Director since our inception in September 2004. From October 2000 through September 2004, Mr. Gunkel served as a Sales Manager for Jani-King Franchising, Inc., with headquarters in Dallas, Texas.

### Eduardo Duarte: Vice President, Secretary, Treasurer and Director.

Eduardo Duarte has served as our Vice President, Secretary, Treasurer and Director since our inception in September 2004. From August 2002 through September 2004, Mr. Duarte was self employed as a Jani-King franchise owner, which franchise operated in Orlando, Florida.

# ITEM 3 LITIGATION

Wilson, et al v. Clean First Time, Inc., Circuit Court of the Ninth Judicial Circuit, Orange County, Florida (Case No. 06-CA-003192). On April 18, 2006, Gareth and Victoria Wilson and Willow 6 Corporation, our former franchisee, sued us for allegedly failing to disclose certain operational problems with the franchise, for wrongful termination of their franchise agreement, and for other alleged violations of the franchise agreement. The Complaint alleged causes of action breach of contract, unjust enrichment, and violations of the Florida Franchise Act by failing to disclose material information and providing false assurances. We filed an answer and, on January 8, 2007, we filed a counterclaim against the plaintiffs for failure to pay certain amounts owed to us. In April, 2007, the parties entered into a settlement agreement where we agreed to pay the plaintiffs \$175,000 in equal monthly installments, and the parties exchanged mutual releases.

Except for this one action, there is no litigation required to be disclosed in this Item.

## ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Disclosure Document.

# ITEM 5 INITIAL FEES

When you sign the Franchise Agreement, you will pay us a \$15,000 initial franchise fee and a territory fee, which will be a negotiated amount ranging from \$20,000 to \$250,000, taking into account the size and number of businesses and the amount of new construction in your Territory (see Item 12 for a description of your Territory). During our fiscal year ended December 31, 2007, we awarded one franchise for an initial franchise fee and territory fee of \$90,000. The initial franchise fee and territory fee is considered fully earned and nonrefundable upon payment.

# ITEM 6 OTHER FEES

Type of Fee <sup>1</sup>	Amount	<b>Due Date</b>	Remarks
Royalty Fee	Greater of 10% of Gross Receivables or \$200 per month	Monthly	See Note 2 for a definition of "Gross Receivables." Payable by Electronic Funds Transfer or other method we specify. The Royalty Fees are currently collected monthly, but we reserve the right to modify at any time in future. We may increase the minimum Royalty Fee each year for inflation.
Software Access Fee	\$100	Monthly	See Item 11 for more information about computer hardware and software requirements.
Additional Training	Not to exceed \$300 per person per day plus expenses	Before training	See Item 11 for more information about our initial training program.
Insufficient Funds Fee	\$100 per occurrence	Upon demand	Will be debited from your EFT account only if a prior payment was returned as a result of insufficient funds in your bank account.
Audit Costs	Cost of audit	Upon demand	Audit costs must be reimbursed only if the audit shows an understatement of any amount required to be reported to us by 2% or more.
Indemnification	An amount equal to the value of all losses and expenses that we incur	Upon demand	You must indemnify us from all losses and expenses incurred in connection with any action that is based upon any of the items listed in the section of the Franchise Agreement labeled "Indemnification."
Renewal Fee	\$2,500 plus reimbursement of our costs	Before renewal	See Item 17 for more information about conditions on renewal.
Transfer Fee	50% of then- current initial franchise fee plus reimbursement of our costs	Before transfer	See Item 17 for information about conditions on transfer.

Note 1. All fees in this Item 6 are uniformly imposed by and are payable to us. All fees are nonrefundable.

Note 2. "Gross Receivables" means all amounts due on account of services performed and products sold during the relevant time period, regardless of when or if payment is made. Gross Receivables does not include (1) revenue from the sale of equipment after being used in the conduct of the Franchised Business; (2) insurance proceeds; (3) the amount of any city, county, state or federal sales, luxury or

excise tax on such sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority by you.

# ITEM 7 ESTIMATED INITIAL INVESTMENT

# YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee <sup>1</sup>	\$15,000	Lump sum	When Franchise Agreement is signed	Us
Territory Fee	\$20,000 - \$250,000	Lump sum	When Franchise Agreement is signed	Us
Vehicle(s) and Signage	\$1,500-\$5,000	Lump sum	Dealer or leasing company	Vehicle providers
Vehicle Insurance <sup>3</sup>	\$250-\$750	As arranged	As arranged	Insurance carrier or broker
Cleaning Equipment <sup>4</sup>	\$1,000 - \$1,500	As arranged	As required by vendor	Suppliers
Initial Inventory of Cleaning Supplies <sup>5</sup>	\$200 - \$400	As arranged	When purchased	Equipment suppliers
Business Software and Internet <sup>6</sup>	\$200 - \$400	As arranged	When purchased	Suppliers
Business Licenses and Permits <sup>7</sup>	\$200 - \$400	As arranged	As arranged	Government agencies
Professional Fees <sup>8</sup>	\$2,500-\$5,500	As arranged	As arranged	Your accountant and attorneys
Business Insurance (excluding vehicle) <sup>9</sup>	\$1,900-\$4,000	As arranged	As arranged	Insurance carrier or broker
Training Expenses <sup>10</sup>	\$1,000-\$4,000	As incurred	As incurred	Hotels and restaurant service providers
Initial Marketing (3 months) <sup>11</sup>	\$2,500 - \$5,000	As arranged	Before or shortly after opening	Us or advertising providers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Additional funds (3 months) <sup>12</sup>	\$18,500-\$30,500	As incurred	As incurred	Employees, independent contractors, miscellaneous third party vendors and service providers
TOTAL <sup>13</sup>	\$64,750-322,450			

#### Notes

- Note 1. See Item 5 for more information about the initial franchise fee and territory fee.
- Note 2. You must acquire and use a vehicle that meets our standards for interior capacity, model, color, exterior design and graphics
- Note 3. See Item 8 for more information about our minimum insurance requirements.
- Note 4. The figures in the chart represent the estimated cost of purchasing a 26 foot ladder, upright vacuum cleaner, 3000 psi pressure washer, bucket, mop heads, sweepers, brushes, dusters, rags, and spray bottles.
- <u>Note 5</u>. The figures in the chart represent the estimated cost of purchasing cleaning solutions, polishing compounds and air fresheners.
- <u>Note 6</u>. See Item 11 for more information about our computer hardware and software requirements. The figures in the chart represent the estimated cost of purchasing a computer and high speed Internet access for three months.
- Note 7. The figures in the chart represent the estimated cost of state and local licenses and permits.
- <u>Note 8</u>. The low figures in the chart represent the cost of forming a corporation or limited liability company to operate the franchise and to engage an accountant to help you set up your accounting books. The high figure also includes the estimated cost of engaging an attorney to review your franchise contracts.
- Note 9. See Item 8 for more information about our minimum insurance requirements.
- <u>Note 10</u>. See Item 11 for more information about our initial training program. The figures in the chart contemplate hotel (one double occupancy room), meal and local transportation expenses for two individuals. They do not include airfare or other transportation costs that you may incur. You must pay for your transportation, meals and other expenses associated with the initial training program.
- Note 11. See Item 11 for more information about your initial marketing requirements.
- Note 12. The figures in the chart represent the amount of working capital you will need to operate the Franchised Business for the first three months. It includes advertising expenses and miscellaneous operating costs, as well as payroll costs for your employees. It assumes that you will personally operate the Franchised Business, but does not include any draw or salary for you. The figures in the chart also do not reflect the cost of capital (i.e, brokerage fees or points), life insurance premiums (a life insurance policy may be necessary as a condition to bank financing) or debt service payments during the initial period.
- Note 13. To compile these estimates, we relied on our experience in operating a similar business in Orlando, Florida. Your actual working capital needs during the initial period may vary significantly depending upon the following factors, which are beyond our control: how closely you follow our methods and procedures; your management skill, experience and business acumen; local market and economic conditions; the prevailing wage rate; competition; and the sales level reached during the initial period. These figures are estimates, and we cannot guarantee that you will not have additional expenses during your initial period of operations. You should review these figures carefully with a business advisor before deciding to purchase a franchise.

# ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase from us or from suppliers that we designate ("System Suppliers") your requirements of advertising, vehicle graphics, promotional materials, brochures, business cards and stationery, logoed apparel, and other items bearing the Marks. You must purchase from manufacturers, distributors, vendors and suppliers that we have approved ("Approved Suppliers") all other products, merchandise, signage, supplies and stationery. We also have the right to require that you use only certain brands of products and materials ("Approved Brands"), and to the extent that Approved Brands have been identified, you may purchase and use only the Approved Brands in connection with your Franchised Business. Currently, neither we nor our affiliates are a System Supplier or Approved Supplier for any item or service. None of our officers owns an interest in any System Supplier or Approved Supplier.

If you propose to purchase any items or services for which we have established System Suppliers or Approved Suppliers from an unapproved source, you must request our written approval and we will respond to your written request within 60 days. We have not adopted formal procedures for issuing and modifying supplier approval standards, and our criteria for supplier approval are not available to our franchisees. When evaluating a proposed supplier, we generally apply the following criteria, among others: (1) the supplier's ability to produce the item or perform the service and to meet our quality Standards; (2) the supplier's ability to meet supply commitments; (3) the supplier's integrity of ownership (to assure that its association with us would not be inconsistent with our image or damage our goodwill); (4) the supplier's financial stability; and (5) the negotiation of mutually satisfactory confidentiality agreement and license to protect our intellectual property. We do not charge a fee for evaluating a proposed supplier, but we may seek reimbursement from you for any out-of-pocket expenses that we may incur.

You must maintain insurance that you determine is necessary or appropriate for liabilities caused by or occurring in connection with the operation of the Franchised Business, which must include the following minimum coverages:

- 1. Public Liability coverage with policy limits of \$1,000,000 for each occurrence;
- 2. Personal injury coverage with minimum limits of \$1,000,000, including medical coverage for injured persons.
- 3. Automobile liability insurance for owned, hired and non-owned automobiles with a combined single limit of \$1,000,000;
- 4. Property damage coverage with a limit of \$1,000,000;
- 5. Specialty coverage provisions additional insured, waiver of subrogation, primary and non-contributory coverage, 10 day notice of cancellation for non-payment;
- 6. Business interruption insurance covering a12-month period;
- 7. Workers compensation insurance with policy limits in the amount required by the state in which the Franchised Business operates; and
- 8. Employer's liability insurance with \$1,000,000 limit for each employee (disease), and \$5,000,000 total limit (disease); and \$1,000,000 (for each accident).

We have the right to establish and modify the minimum coverages required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. All such insurance policies must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees.

We and our affiliates will derive income from your purchases and leases to the extent that you purchase items from us or our affiliates, as applicable. During our fiscal year ended December 31, 2007, we derived \$2,700 from franchisee purchases and leases (consisting primarily from the sale of branded apparel to our franchisees), representing less than 1% of our total revenues.

We estimate that your purchases and leases from us or our designated sources will be less than 10% of your total initial investment (not including the initial franchise fee) and less than 10% of your ongoing purchases and leases in the operation of the Franchised Business.

There currently are no purchasing or distribution cooperatives in existence with respect to the franchise system. We periodically negotiate purchase arrangements with suppliers for the benefit of our franchisees, and have established national buying accounts with vendors whose products meet our specifications. We do not provide you any material benefits (such as renewal rights or the right to acquire additional franchises) based on your purchases from approved or designated suppliers.

# 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	Sections in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Not applicable	Item 11
b.	Pre-opening purchases/leases	Sections 3 and 5	Items 7 and 8
c.	Site development and other pre-opening requirements	Section 3	Item 7
d.	Initial and ongoing training	Section 6	Item 11
e.	Opening	Section 3	Item 11
f.	Fees	Sections 4, 7, 9.E., and 14.F.	Items 5 and 6
g.	Compliance with standards and policies/Operating Manual	Section 7, 8 and 9	Item 11
h.	Trademarks and proprietary information	Section 11	Items 13 and 14
i.	Restrictions on products/services offered	Section 9.D.	Item 16
j.	Warranty and customer service requirements	Not applicable	None
k.	Territorial development and sales quota	Not applicable	Item 12
1.	Ongoing product/service purchases	Sections 9.B., 9.C. and 9.E.	Item 8
m.	Maintenance, appearance and remodeling requirements	Section 9.B.	None
n.	Insurance	Section 14	Item 7
о.	Advertising	Section 13	Items 7 and 11
p.	Indemnification	Section 18	Item 6
q.	Owner's participation/ management/staffing	Sections 9.A. and 9.K.	Item 15

	Obligation	Sections in Franchise Agreement	Disclosure Document Item
r.	Records and reports	Section 5	Item 11
s.	Inspections and audits	Section 5.E.	Item 11
t.	Transfer	Section 15	Item 17
u.	Renewal	Section 2.B.	Items 6 and 17
v.	Post-termination obligations	Sections 12.B., 17 and 18	Item 17
w.	Non-competition covenants	Section 12	Item 17
х.	Dispute resolution	Section 23	Item 17

## ITEM 10 FINANCING

Neither we nor any of our affiliates offer direct or indirect financing. Neither we nor any of our affiliates will guarantee your lease, note or other obligations.

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

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

# **Pre-Opening Obligations**

Before you begin operating the Franchised Business, we will:

- 1. Provide you an initial supply of business cards, stationery, brochures, invoices and accounting forms, and 12 embroidered knit shirts. (Franchise Agreement, Section 6.B.)
- 2. Provide you information concerning any National Accounts that may require cleaning services in the Territory. (Franchise Agreement, Section 6.B.);
- 3. Provide you on loan a copy of our Manual. (Franchise Agreement, Section 7.) The table of contents of our Manual is attached as <a href="Exhibit A">Exhibit A</a>;
- 4. Provide an initial training program and admit two individuals without charge. (Franchise Agreement, Section 6.A.) Our initial training program consists of five to seven days of training, held over a one-week period. It is conducted on an as needed basis at our headquarters, or at an affiliate-owned location or such other location as we may designate.

We do not maintain a formal training staff. The initial training program will be conducted by or under the supervision of Dan Gunkel and Eduardo Duarte whose experience with us is described in Item 2 of this Disclosure Document. The following is a summary of our initial training program:

#### TRAINING PROGRAM

Subject <sup>1</sup>	Hours of Classroom Training	Hours of on the Job Training	Location
Daily Operations	2	4-8	Job Site
Hiring Employee	1	1	Corporate Office

Subject <sup>1</sup>	Hours of Classroom Training	Hours of on the Job Training	Location
Safety	2	4	Corporate Office  Job Site
Policy and Procedures	2	12-16	Corporate Office
Equipment Training	2	4	Corporate Office  Job Site
Management and Sales	2	2	Corporate Office
Total	11 hours	27 to 35 hours	Corporate Office Job Site

There is no charge for the first two individuals to attend the initial training program. At your request, we may permit additional individuals to attend the same training program, subject to space availability and payment of reasonable tuition.

Your Principals also must attend and successfully complete all other training programs that we require. We may charge a reasonable tuition for all courses and programs that we provide.

You are responsible for all costs and expenses of complying with our training requirements including tuition and registration costs and salary, travel, lodging, and dining costs for all employees who participate in the training.

During the operation of the Franchised Business, we will:

- 1. Periodically, as we deem appropriate, advise and consult with you in connection with the operation of the Franchised Business. (Franchise Agreement, Section 6.C.)
- 2. Provide to you our knowledge and expertise regarding the System and pertinent new developments, techniques and improvements in the areas of sales promotion, service concepts and other areas. We may provide these services through on-site visits, through the distribution of printed or filmed material or electronic information, meetings or seminars, telephone communications, email communications or other communications. (Franchise Agreement, Section 6.B.).
- 3. Use good faith efforts to approve or disapprove your proposed promotional and marketing materials within 10 business days after we receive them. (Franchise Agreement, Section 13.A.)

#### Advertising

Our advertising program for the products and services offered by the Franchised Business currently consists of brochures and advertising in local online directories. Our advertising materials currently are created in-house. You may use your own advertising and promotional materials if they conform to our Standards and we have approved them before first publication or use. We will use good faith efforts to approve or disapprove your proposed advertising and promotional materials within 10 business days after we receive them.

### **Initial Marketing**

Within the first 60 days of beginning operations, you must spend at least \$3,000 on grand opening marketing and promotions in the Territory according to our standards and specifications. At our request, you must pay this amount to us and we will spend it on your behalf.

## Computer and Cash Register Requirements

You must acquire and use all computer systems that we prescribe for use by our franchisees, and may not use any computer system or components or software applications that do not conform to the Standards or that we have not approved in writing. Requirements may include, among other things, hook up to remote servers, off-site electronic repositories, and Internet connections. We may require you to update or upgrade computer hardware components and/or software applications as we deem necessary, but not more than three times per calendar year. You must enter into all software license agreements and software maintenance agreements, in the form and manner we prescribe, and pay all fees charged by third party software and software service providers. At our request, you must sign or consent to a "terms of use" agreement with respect to all software applications that we designate. We may independently access from a remote location, at any time, all information input to, and compiled by, your computer system or an off-site server, including information concerning sales, purchase orders, inventory and expenditures. There are no contractual limitations to our right to access the information and data.

You agree to use all software applications that meet our specifications and to diligently and accurately enter into and record on our proprietary database all appointments, job summaries, and accounting and billing information. We charges a \$100 per month access fee for access to our web-based application, developed for us by Briten Software Development. You will need a desk top or lap top computer with a Windows XP or more recent Windows-based operating system loaded with the Microsoft Office Suite (MS Word and Excel is required), and an Internet Explorer web browser or its equivalent. Your computer must have an Intel Pentium III processor or better, and at least 512 MB of RAM, 4GB of free hard disk space, and a USB port. You must have high speed Internet access (DSL or better). We estimate that the cost of required computer hardware will range from \$500 to \$1,000 and software will range from \$100 to \$300.

You must maintain your systems network in good repair and working order and properly update and otherwise change your computer hardware and software systems as we may require at your expense. You must pay all amounts charged by any licensor of the systems and programs used by you, including charges for use, maintenance, support and/or update of these systems or programs. There is no contractual limitation on our ability to require the hardware and any software programs be updated.

#### Site Selection and Opening

You will operate the Franchised Business from a home or commercial office located in your Territory or within 20 miles of the perimeter of your Territory. We anticipate that you will begin operating the Franchised Business within one to two months after the franchise agreement is signed. Factors affecting this range include timing of the initial training program. We can terminate the Franchise Agreement if you fail to begin operating the Franchised Business within 120 days after the Franchise Agreement is signed.

# ITEM 12 TERRITORY

You will operate the Franchised Business from a home or commercial office located in a defined geographic area, which will be your "Territory," or within 20 miles from the perimeter of the Territory. You may relocate your office to another location in the Territory if you give us advance written notice of the move.

Your Territory will be comprised of at least one county, and will be described on the Summary Pages of

the Franchise Agreement in terms of counties or zip codes, or by a description of geographic boundaries before the Franchise Agreement is signed.

During the term of the Franchise Agreement, if you are in full compliance with the Franchise Agreement and all other agreements between you and us and our affiliates, we will not grant anyone the right to provide cleaning services in under the Marks your Territory, except as described below with respect to National Account Customers.

We may enter into agreements, periodically, with customers that we consider "National Account Customers" (that is, customers that contract with us or with our affiliate for the provision of services at more than one location). To the extent that we enter into an agreement with National Account Customer that requires cleaning services in your Territory, we may offer you the right to provide the services, we may provide the services ourselves, or we may subcontract the work to another franchisee or independent contractor, who may provide services in your Territory. You will be compensated only for the services that you provide.

We and other franchisees may provide cleaning services outside the Territory, and may sell and distribute cleaning products, equipment, and other products identified by the Marks and/or different proprietary marks in and outside the Territory through any distribution channel, including retail, wholesale and via the Internet. We also may offer, grant and support franchises in similar and different lines of business under any proprietary marks other than the Marks in and outside the Territory. We are not required to compensate you for business solicited in your Territory.

Continuation of your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other contingency. The boundaries of your Territory may be altered only by mutual written consent. The Franchise Agreement does not give you any options, rights of first refusal, or other rights to acquire additional franchises. If you wish to obtain an additional franchise, you must enter into a separate Franchise Agreement.

## ITEM 13 TRADEMARKS

We own and have applied to register the following Mark on the Principal Register of the U.S. Patent Trademark Office based on actual use.

Mark Application Serial No.		Filing Date	IC Class(es)
CLEAN FIRST TIME	77588489	10/8/08	37

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There is no currently effective material determination of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceeding or any pending material litigation involving the Marks. There are no agreements currently in effect, which significantly limit our rights to use or license the use of the Marks in any manner material to the Franchised Business. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must use the Marks in full compliance with provisions of the Franchise Agreement and according to the rules we periodically prescribe. You may not use any Mark as a part of your corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed by us to you). You may not use any name or mark associated with the sale of any unauthorized product or services in any other manner not explicitly authorized in writing by us. You also may not establish or

maintain a web site or other presence on the World Wide Web portion of the Internet that reflects any of the Marks or our copyrighted works, or that includes the term "CLEAN," "FIRST," or "TIME" as part of any URL or domain name, or that otherwise states or suggests your affiliation with us or our franchise system. You may not cause or allow all or any recognizable portion of the Marks to be used or displayed as all or part of an e-mail address, Internet domain name, uniform resource locator ("URL"), or meta-tag, or in connection with any Internet home page, web site, or any other Internet-related activity without our express written consent, and then only in a manner and in accordance with the procedures, standards and specifications that we establish.

If there is any infringement of, or challenge to, your use of any name, mark or symbol, you must immediately notify us, and we may take any action that we deem appropriate, in our sole discretion. The Franchise Agreement does not require us to take affirmative action if notified of the claim. We have the right to control all administrative proceedings or litigation involving your use of the Marks. The Franchise Agreement does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding based on your use of the Marks, or if the proceeding is resolved unfavorably to you. If it becomes advisable at any time, in our sole discretion, to modify or discontinue the use of any name or mark and/or use one or more additional or substitute names or marks, you must pay for the tangible costs (such as replacing signs and materials) associated with such a change.

You may not contest, directly or indirectly, our ownership, title, right or interest in the name or marks, trade secrets, methods, procedures, and advertising techniques which are part of the System or contest our sole right to register, use or license others to use such names, marks, trade secrets, methods, procedures, or techniques.

# ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights material to the franchise, but we claim copyright protection in many elements of the System including the Manual and the design elements of the Marks, our product packaging and advertising and promotional materials, and the content and design of our web site (the "Copyrighted Works").

You and your principals and employees must maintain the confidentiality of all trade secrets, the Standards and other elements of the System; all customer information; all information contained in the Manuals; and any other information that we designate as "Confidential Information." Any of your principals (see Item 1 for a definition of your "principal") who does not sign the Undertaking and Guaranty Agreement attached to the Franchise Agreement as <u>Attachment C</u> and all employees with access to Confidential Information must sign a confidentiality and non-compete agreement substantially in the form that we designate.

You must promptly notify us of any apparent infringement of, or challenge to, your use of any of the Copyrighted Works or Confidential Information. We are not required to take affirmative action when notified of a claim, or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Copyrighted Works or Confidential Information, or if the proceeding is resolved unfavorably to you, but will take whatever action we determine to be appropriate under the circumstances. We have the right to control all administrative proceedings or litigation involving the Copyrighted Works, and we will control administrative proceedings or litigation involving Confidential Information. If we or our affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Copyrighted Works or Confidential Information, you must sign all documents and perform such acts and things as may, in the opinion of our counsel, be necessary to carry out the defense or prosecution.

If you or any principal develops any new concept, product, sales technique, or improvement in the

operation or promotion of the Franchised Business (including any computer software enhancements), you must promptly notify us, and provide to us all necessary related information. By signing the Franchise Agreement, you and each principal assign your respective rights in and to the concept, product, sales technique or improvement and permit us to use or disclose the information to other System franchisees as we determine appropriate, without providing you any compensation.

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

We recommend, but do not require, that a person with an equity interest personally participate in the operation of the Franchised Business. The Franchised Business at all times must be supervised, however, by a "Key Person," who must meet our qualifications for the position and who we must approve. Your Key Person need not own an equity interest in the franchise, but must successfully complete our initial training program, and must sign a confidentiality and noncompete agreement in the form we prescribe.

If the franchisee is a corporation, limited liability company, or other business entity, each owner must personally guarantee the entity's obligations and agree to be personally bound by the terms of the Franchise Agreement according to the terms contained in the Undertaking and Guaranty attached as <a href="https://doi.org/10.1081/j.com/Attachment-C-10">Attachment C-10</a> to the Franchise Agreement.

# ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer only the products and services that we authorize and may not offer or sell products or services not authorized by us. We may add, eliminate or modify authorized goods and services, in our sole discretion. There are no contractual limitations on our rights to make these changes.

You may advertise and solicit business from anywhere, but you may provide cleaning services only in the Territory.

We have and may in the future negotiate and enter into agreements with builders and other companies operating in one or more regions throughout the United States ("National Account Client") for the provision of cleaning services for a price and on terms that we have negotiated. To the extent that we enter into an agreement with National Account Customer that requires services in your Territory, we may offer you the right to provide the services, we may provide the services ourselves, or we may subcontract the work to another franchisee or independent contractor, who may provide services in your Territory. If we offer you the right to provide services to a National Account Client and you accept our offer, you must provide the services under the terms and conditions we have negotiated with the National Account Client. To the extent that we receive payment directly for services performed for a National Account Client, we will deduct from the payment the amount of all fees and other payments that you owe to us, and remit to you the balance within a reasonable period of time following the payment. All revenues derived from your provision of services for National Account clients will be considered "Gross Receivables" for all purposes under this Agreement.

We understand that you may periodically negotiate and enter into agreements with builders and other companies that do business in the Territory, and that also do business outside the Territory. We may periodically negotiate and enter into agreements with these builders and companies directly, and may designate them as a National Account Client. Once a National Account Client designation has been made, you must honor our agreement and will have the right to continue providing services on the terms described above.

# ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

Provision	1	Section in Franchise Agreement	Summary
a. Length of the fra	nchise term	Summary Page and Section 2.A.	Seven years.
b. Renewal or extent	nsion of the	Section 2.B.	If you are in good standing you may renew for one additional seven-year term.
c. Requirements fo to renew or exter		Section 2.B.	Provide notice; may not be in default of the Franchise Agreement or any other agreement; must upgrade all equipment, signage and graphics; you and employees must be in compliance with our then-current training requirements; you and all guarantors must sign a release; and you must have operated substantially in accordance with the Franchise Agreement throughout the term. If we permit you to renew, you must sign our then-current form of franchise agreement, which may be different than the current form and may reflect different royalty fee and advertising obligations.
d. Termination by	franchisee	No provision	Not applicable.
e. Termination by f	ranchisor	No provision	Not applicable.
f. Termination by with cause	franchisor	Section 16	We can only terminate if you are in default.
g. "Cause" defined defaults	– curable	Section 16.C.	Your failure to pay monies owed to us or to our affiliates after a 10-day cure period; misuse of the Marks or our copyrighted works or other intellectual property not cured within five days after delivery of written notice; failure to comply with any other provision of the Franchise Agreement after a 30-day cure period, except as described in 17.h., below.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined – non- curable defaults	Section 16.A.	The Franchise Agreement will terminate automatically without notice and without an opportunity to cure upon the happening of certain bankruptcy or insolvency-related events, or in the event of foreclosure or lien against the assets of the Franchised Business.
	Section 16.B.	We may terminate the Franchise Agreement without providing you an opportunity to cure if you fail to begin operations by the agreed on commencement date (typically 120 days after the Franchise Agreement is signed); you abandon the Franchised Business; you have made any false or misleading representations in your franchise application; you or your principal is convicted or pleads no contest to certain types of crimes; you or any principal violates confidentiality obligations; the Franchised Business fails quality assurance inspections; termination of any other franchise agreement between you or your affiliates and us; we deliver to you three or more notices of defaults during any rolling 24-month period, whether or not the defaults describes in the notices ultimately are cured.
i. Franchisee's obligations on termination/nonrenewal	Section 17	Obligations include ceasing to hold yourself out as a franchisee or former franchisee; canceling fictitious or assumed name; transferring to us all telephone numbers; and comply with post term obligations (also see r, below).
j. Assignment of contract by franchisor	Section 15.A.	No restriction on our right to assign our interest in the Franchise Agreement or to transfer any of our assets.
k. "Transfer" by franchisee – defined	Section 15.B.	Includes transfer of Franchise Agreement, transfer of the assets of the Franchised Business, and ownership changes.
Franchisor approval of transfer by franchisee	Section 15.B.	We have the right to approve all transfers but will not unreasonably withhold approval.

	Provision	Section in Franchise Agreement	Summary
m.	Conditions for franchisor approval of transfer	Section 15.B.	We may condition our approval on satisfaction of the following: all monetary obligations must be satisfied; you must be in full compliance with the Franchise Agreement and all other agreements; you and each Principal must sign a release; the transferee must meet our criteria for new franchisees; at our election, the transferee either must assume your obligations under the Franchise Agreement or sign our then-current form of franchise agreement for the remainder of the franchise term left on your agreement; you must agree to remain liable for all pre-transfer obligations; the transferee must comply with our then-current training requirements; the economic terms of the transfer may not, in our opinion, materially and adversely affect the post transfer viability of the Franchised Business.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 15.E.	We may match any bona fide offer to purchase your business.
0.	Franchisor's option to purchase your business	No provision	Not applicable.
p.	Death or disability of franchisee	Section 15.F.	If your Key Person dies or becomes incapacitated, you must appoint a new Key Person and transfer the Key Person's interest in the franchise or in the franchisee entity to an approved third party within six months after death or disability occurs.
q.	Non-competition covenants during the term of the franchise	Sections 12.B. and 12.C.	During the term, neither you nor any principal may be involved in any business that provides residential or commercial cleaning services
r.	Non-competition covenants after the franchise is terminated or expires	Sections 12.B. and 12.C.	For a two-year period following termination or expiration of the franchise, neither you nor any principal may be involved in any business that provides residential or commercial cleaning services Territory (1) in your former Territory; (2) within 10 miles of the perimeter of your former Territory, or (3) within the territory of any other CLEAN FIRST TIME <sup>TM</sup> business.
s.	Modification of the agreement	Section 20.B.	The Franchise Agreement may be modified only by a written document signed by both parties.
t.	Integration/merger clause	Section 20.A.	This Agreement and its Attachments constitute the full and final integrated agreement. Any other promises or statements may not be enforceable.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	No provision	Not applicable.
v. Choice of forum	Section 21.B.	All actions must be brought and maintained in the Federal or state courts in the county nearest to the county in which we maintain our principal place of business.
w. Choice of law	Section 23.A.	Florida law applies.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.).

# ITEM 18 PUBLIC FIGURES

We do not currently use any public figure to promote 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 Franchise 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 representative 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 our Chief Executive Officer, Dan Gunkel, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 LIST OF BUSINESSES

# Table No. 1 SYSTEMWIDE FACILITY SUMMARY FOR YEARS ENDING DECEMBER 31, 2005, 2006 AND 2007

Businesses Type	Year	Businesses at the Start of the Year	Businesses at the End of the Year	Net Change
	2005	0	11	+11
Franchised	2006	11	10	-1
	2007	10	9	-1

Businesses Type	Year	Businesses at the Start of the Year	Businesses at the End of the Year	Net Change
	2005	0	1	1
Company- Owned	2006	1	6	+5
l whee	2007	6	8	+2
	2005	0	11	+11
Total Businesses	2006	11	15	+4
	2007	15	16	+1

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS ENDING DECEMBER 31, 2005, 2006 AND 2007

State	Year	Number of Transfers
	2005	0
Florida	2006	0
	2007	0
	2005	0
Totals	2006	0
	2007	0

Table No. 3
STATUS OF FRANCHISED BUSINESSES
FOR YEARS ENDING DECEMBER 31, 2005, 2006 AND 2007

State	Year	Businesses at Start of Year	Businesses Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Businesses at End of the Year
	2005	0	11	0	0	0	0	11
Florida	2006	11	3	0	0	5	0	9
	2007	9	1	0	0	2	0	8
	2005	0	0	0	0	0	0	0
Georgia	2006	0	1	0	0	0	0	1
	2007	1	0	0	0	0	0	1
Totals	2005	0	11	0	0	0	0	11
	2006	11	4	0	0	4	0	10
	2007	10	1	0	0	2	0	9

### Table No. 4 STATUS OF COMPANY-OWNED BUSINESSES FOR YEARS 2005/2006/2007

STATE	Year	BUSINESSES CLOSED DURING YEAR	BUSINESSES OPENED DURING YEAR	TOTAL BUSINESSES OPERATING AT YEAR END
	2005	0	1	1
Florida	2006	0	6	6
	2007	0	2	8
	2005	0	1	1
Totals	2006	0	6	6
	2007	0	2	8

# Table No. 5 PROJECTED OPENINGS AS OF JANUARY 1, 2008

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPEN	PROJECTED FRANCHISED NEW OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED OPENINGS IN NEXT FISCAL YEAR
Florida	0	3	0
TOTALS	0	3	0

A list of our current franchisees is attached as <u>Exhibit H</u> which lists the names and current addresses of all our current franchisees and the names, addresses, and current business telephone number (or if unknown, the last known home telephone number) of any former franchisees who terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with use within 10 weeks of the issuance date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other franchise purchases even after you leave the franchise system.

During the last three fiscal years, we have not signed confidentiality clauses with any current or former franchisee.

We are not aware of any trademark-specific franchisee organization associated with the franchise system being offered.

# ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as <u>Exhibit E</u> are our unaudited balance sheets as of December 31, 2005, December 31, 2006, and December 31, 2007, and related unaudited statements of income and expenses for the periods then ended.

# ITEM 22 CONTRACTS

Attached as <u>Exhibit D</u> to this Disclosure Document is a copy of the Franchise Agreement and the following attachments to the Franchise Agreement:

Attachment A	Glossary of Additional Terms
Attachment B	Statement of Ownership Interests
Attachment C	Undertaking and Guaranty
Attachment D	Confidentiality and Nondisclosure Agreement
Attachment E	Electronic Debit Authorization
Attachment F	Telephone Assignment Agreement

# ITEM 23 RECEIPT

The last two pages of this Disclosure Document are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt. The Receipt page also contains the names, addresses and telephone numbers of our franchise sellers or brokers.

# EXHIBIT A TO THE CLEAN FIRST TIME, INC. FRANCHISE DISCLOSURE DOCUMENT

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# **CLEAN FIRST TIME, INC**

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POLICIES AND PROCERURES MANUAL

# EXHIBIT B TO THE CLEAN FIRST TIME, INC. FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

#### LIST OF STATE ADMINISTRATORS

#### California

Department of Corporations 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7500

#### Hawaii

Securities Examiner 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722

#### Illinois

Office of Attorney General 500 S. Second Street Springfield, Illinois 62706 (217) 782-4465

#### Indiana

Franchise Section Securities Division 302 W. Washington St., Room E-111 Indianapolis, Indiana 46204 (317) 232-6681

#### Maryland

Office of Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-7042

#### Michigan

Consumer Protection Division Antitrust and Franchise Unit Department of Attorney General 525 W. Ottawa St, P.O. Box 30213 Lansing, Michigan 48909 (517) 373-7117

### Minnesota

Department of Commerce 85 7<sup>th</sup> Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026

#### **New York**

Bureau of Investor Protection and Securities Department of Law 120 Broadway, 23rd Floor New York, New York 10271 (212) 416-8211

#### North Dakota

Office of Securities Commissioner 600 East Blvd., Fifth Floor Bismarck, North Dakota 58505 (701) 328-4712

#### **Oregon**

Division of Consumer and Business Services Finance and Corporate Securities 350 Winter Street N.E. Labor and Industries Building, Room 21 Salem, Oregon 97310 (503) 378-4387

#### **Rhode Island**

Securities Division 233 Richmond Street, Suite 232 Providence, Rhode Island 02903-4232 (401) 222-3048

#### **South Dakota**

Division of Securities 445 E. Capitol Ave. Pierre, South Dakota 57501 (605) 773-4823

#### Virginia

State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9<sup>th</sup> Floor Richmond, Virginia 23219 (804) 371-9051

#### Washington

Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760

#### Wisconsin

Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701 or
345 W. Washington, 4th Floor
Madison, Wisconsin 53703
(608) 266-8559

# EXHIBIT C TO THE CLEAN FIRST TIME, INC. FRANCHISE DISCLOSURE DOCUMENT

LIST OF AGENTS FOR SERVICE OF PROCESS

# LIST OF AGENTS FOR SERVICE OF PROCESS

# Florida

Dan Gunkel 1313 Marble Crest Way Winter Garden, Florida 34787

# EXHIBIT D TO THE CLEAN FIRST TIME, INC. FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

CLEAN FIRST TIME, INC. FRANCHISE AGREEMENT

# **SUMMARY PAGES**

<b>EFFECTIVE DATE:</b>	
EXPIRATION DATE:	Midnight on the date preceding the 7 <sup>th</sup> anniversary of the Effective Date
FRANCHISEE(S):	
ADDRESS OF FRANCHISEE(S):	
TELEPHONE NUMBER:	
FACSIMILE NUMBER:	
E-MAIL ADDRESS:	
APPROVED LOCATION:	
TERRITORY:	The geographic area consisting of
INITIAL FRANCHISE FEE:	\$ 15,000
INITIAL TERRITORY FEE	\$
ROYALTY FEE:	10% of Gross Receivables or \$200 per week (which may be increased annually by an amount not to exceed the annual increase in CPI)
RENEWAL FEE:	\$2,500 plus reimbursement of legal costs incurred by CFT in connection with renewal
TRANSFER FEE:	50% of then-current initial franchise fee plus reimbursement of legal costs incurred by CFT in connection with the transfer
COMMENCEMENT DATE:	
English Livin	
Franchisor Initial	Franchisee Initial

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### CLEAN FIRST TIME, INC. FRANCHISE AGREEMENT

**THIS AGREEMENT** is made and entered into on the Effective Date, by and between CLEAN FIRST TIME, INC. ("**CFT**") and the Franchisee identified on the Summary Pages (referred to in this Agreement as "**vou**").

#### **BACKGROUND**

- A. CFT has developed and owns a proprietary business format and system ("**System**") for operating a business ("**CLEAN FIRST TIME**<sup>TM</sup> **Business**") providing new construction, commercial and residential cleaning services (the "**Services**").
- B. The System includes advertising, sales and marketing techniques; training and assistance in procuring client contracts; the right to service National Accounts; accounting policies and procedures; access to third party insurance programs; operation and customer service standards and procedures and other standards, specifications, techniques and procedures that CFT may designate for operating, managing and promoting a CLEAN FIRST TIME<sup>TM</sup> Business, all of which CFT may change, improve, and further develop (collectively, the "**Standards**").
- C. CLEAN FIRST TIME<sup>TM</sup> Businesses are identified by the trade name and service mark CLEAN FIRST TIME<sup>TM</sup> and/or other proprietary trade names, service marks, trademarks, logos, emblems and indicia of origin that CFT designates to identify such businesses (collectively, the "Marks").
- D. You have applied for the right to operate a CLEAN FIRST TIME<sup>TM</sup> Business (the "**Franchised Business**"), and CFT has approved your application in reliance on the representations contained therein, including those concerning your financial resources, your business experience and interests, and the manner in which the Franchised Business will be owned and operated.

#### **AGREEMENT**

In consideration of the mutual premises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

#### 1. GRANT OF FRANCHISE, TERRITORY; LOCATION

#### A. Grant.

Subject to the provisions of this Agreement, CFT hereby grants you the right ("**Franchise**") to continuously operate a CLEAN FIRST TIME<sup>TM</sup> Franchised Business in the Territory identified in the Summary Pages ("**Territory**"). You hereby undertake the obligation and agree to continually operate the Franchised Business during the term hereof strictly according to the terms and conditions of this Agreement.

#### B. <u>Territory</u>.

You may provide cleanings services only within the Territory.

During the term of this Agreement, CFT shall not itself provide or grant others the right to provide the Services in conjunction with the Marks in the Territory, except as expressly provided in this Agreement. CFT reserves to itself all rights not expressly granted in this Agreement. Specifically, but without limiting the generality of the foregoing, CFT may provide and may license others to provide cleaning services outside the Territory, and may sell and distribute cleaning products, equipment, and other products identified by the Marks and/or different proprietary marks in and outside the Territory through any distribution channel, including retail, wholesale and via the Internet. CFT also may offer, grant and support franchises in similar and different lines of business under any proprietary marks other than the Marks in and outside the Territory.

#### C. Location.

You will operate the Franchised Business at an office location of your choice, which must be located in the Territory. Once identified, your Office address will be identified in the Summary Pages (referred to as your "Office"). You may relocate your Office within the Territory with our prior written consent, which shall not unreasonably be withheld.

#### 2. TERM AND RENEWAL

#### A. <u>Initial Term.</u>

The initial term of this Agreement ("**Initial Term**") shall begin on the Effective Date and shall expire on the Expiration Date, unless this Agreement is terminated at an earlier date pursuant to Section 18.

#### B. Renewal Term.

Upon expiration of the Initial Term, you will have an option to remain a franchisee for one additional seven-year renewal term. You must give CFT written notice of whether or not you intend to exercise your renewal option no less than eight months, nor more than 12 months, before expiration of the then-current term. Failure to timely provide the required written notice constitutes a waiver of your option to remain a franchisee beyond the expiration of the then-current term.

If you desire to exercise your renewal options, described above, you must comply with all of the following conditions prior to and at the end of the then-current term:

- (1) You may not be in default under this Agreement or any other agreement between you and CFT or its Affiliates; you may not be in default beyond the applicable cure period of any real estate lease, equipment lease or financing instrument relating to the Franchised Business; you may not be in default beyond the applicable cure period with any vendor or supplier to the Franchised Business; and, for the 12 months before the date of your notice and the 12 months before the expiration of the then-current term, you may not have been in default beyond the applicable cure period under this Agreement or any other agreements between you and CFT or its Affiliates.
- (2) You must renovate and upgrade all equipment, signage and graphics, at your expense, to conform to CFT's then-current Standards.
- (3) You and your employees must be in compliance with CFT's then-current training requirements.
- (4) You, and all individuals who have executed this Agreement and all guarantors of your obligations under this Agreement shall have executed a general release and a covenant not to sue, in a form satisfactory to CFT, of any and all claims against CFT and its Affiliates and their respective past and present officers, directors, shareholders, managers, members, agents and employees, in their corporate and individual capacity, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between you and CFT or its Affiliates and your operation of the Franchised Business and the offer and grant of the CLEAN FIRST TIME<sup>TM</sup> franchise opportunity.
- (5) As determined by CFT in its sole discretion, you have operated the Franchised Business in accordance with this Agreement and with the System (as set forth in the Manual or otherwise and as revised from time to time by CFT) and that you have operated any other CLEAN FIRST TIME<sup>TM</sup> Franchised Business in which you have an interest in accordance with the applicable franchise agreement and with the System.

Within four months after CFT receives written notice of your desire to renew, CFT shall advise you whether or not you are entitled to remain a franchisee for the renewal term. If CFT intends to permit you to remain a franchisee for the renewal term, CFT's notice will contain preliminary information

regarding the required renovations and modernizations described in subsection (2), above. If CFT does not intend to permit you to remain a franchisee for the renewal term, CFT's notice shall specify the reasons for non-renewal. If CFT chooses not to permit you to remain a franchisee for the renewal term, it shall have the right to unilaterally extend the then-current term of this Agreement as necessary to comply with applicable laws.

If you will remain a franchisee for the renewal term, CFT will deliver to you for execution a new franchise agreement at least one month prior to the expiration of the then-current term. The form of renewal agreement shall be the form then in general use by CFT for new CLEAN FIRST TIME<sup>TM</sup> Franchised Businesses (or, if CFT is not then granting franchises for CLEAN FIRST TIME<sup>TM</sup> businesses, that form of agreement as specified by CFT) and likely will differ from this Agreement and may reflect, among other things, different royalty fee and advertising obligations.

You must execute the franchise agreement for the renewal term and return the signed agreement to CFT, along with the Renewal Fee in the amount reflected in the Summary Pages, prior to expiration of the then-current term. Failure to sign the franchise agreement and to return it to CFT (along with payment of the Renewal Fee) within this time shall be deemed your election not to renew the franchise and shall result in termination of this Agreement and the franchise granted by this Agreement at the expiration of the then-current term. Provided you have timely complied with all of the conditions set forth in this Section 2, CFT shall execute the renewal franchise agreement and promptly return a fully executed copy to you.

#### 3. COMMENCING OPERATIONS

You must begin operating the Franchised Business no later than the Commencement Date, but may commence operations only after having received CFT's written authorization. CFT will authorize commencement of operations only if all of the following conditions have been met:

- (1) You are not in material default under this Agreement or any other agreements with CFT; you are not in default beyond the applicable cure period under any lease or financing instrument relating to the Franchised Business; and you are not in default beyond the applicable cure period with any vendor or supplier of the Franchised Business.
  - (2) You are current on all obligations due CFT.
- (3) CFT has been furnished copies of all insurance policies required by Section 14, and all such insurance is in full force and effect.

#### 4. FEES

#### A. <u>Initial Franchise Fee and Territory Fee.</u>

Upon execution of this Agreement, you shall pay to CFT the Initial Franchise Fee and Territory Fee in the amounts specified in the Summary Pages. The Initial Franchise Fee and Territory Fee are deemed fully earned and nonrefundable upon payment.

#### B. Royalty Fee.

In addition to all other amounts to be paid to CFT, you shall pay to CFT a nonrefundable and continuing Royalty Fee in the amount specified in the Summary Pages for the right to use the System and the Marks. If any taxes, fees or assessments are imposed on Royalty Fee payments by reason of its acting as franchisor or licensing the Marks under this Agreement, you shall reimburse CFT the amount of those taxes, fees or assessments within 30 days after receipt of an invoice from CFT.

#### C. Payment of Fees.

You must participate in CFT's then-current electronic funds transfer program authorizing CFT to utilize a pre-authorized bank draft system. All Royalty Fees and other amounts owed under this

Agreement are payable weekly and must be received by CFT or credited to CFT's account by preauthorized bank debit before 5:00 p.m. on the date such payment is due, as specified in the Manuals (the
"Due Date"). On each Due Date, CFT will transfer from your commercial bank operating account
("Account") the amount that you have reported to CFT. If you have not reported to CFT Gross
Receivables for any reporting period, CFT will transfer from the Account an amount calculated in
accordance with its estimate of Gross Receivables during the reporting period, which estimate may be
based on, among other things, historical financial performance of the Franchised Business, your history of
materials and supplies purchases, and/or the current and historical performance of other CLEAN FIRST
TIME<sup>TM</sup> Businesses. If, at any time, CFT determines that you have underreported Gross Receivables, or
underpaid the Royalty Fee or other amounts due to CFT under this Agreement, or any other agreement,
CFT shall initiate an immediate transfer from the Account in the appropriate amount in accordance with
the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be
credited against future Royalty Fees and other payments due under this Agreement.

In connection with the payment of Royalty Fees by electronic funds transfer, you shall: (1) comply with procedures specified by CFT in the Manual or otherwise in writing; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 6.D.; (3) give CFT an authorization in the form designated by CFT to initiate debit entries and/or credit correction entries to the Account for payments of the Royalty Fee and other amounts payable under this Agreement, including any interest charges; and (4) make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof.

Notwithstanding the provisions of this Section 4.C., CFT reserves the right to modify, at its option, the method by which you pay the Royalty Fee and other amounts owed under this Agreement upon receipt of written notice by CFT.

Your failure to have sufficient funds in the Account shall constitute a default of this Agreement pursuant to Section 18. In addition to other remedies available to CFT, CFT also shall have the right to collect an administrative fee, not to exceed \$100 per occurrence, whenever there are insufficient funds in your Account for collection. You shall not be entitled to set off, deduct or otherwise withhold any Royalty Fees, System Marketing Fund contributions, interest charges or other monies payable to CFT under this Agreement on grounds of any alleged nonperformance by CFT of any of its obligations or for any other reason.

#### D. Interest.

Any payments not received by CFT by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Franchised Business operates, whichever is less.

#### E. Partial Payments.

No payment by you or acceptance by CFT of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Your payments of a lesser amount than due with an endorsement, statement or accompanying letter to the effect that payment of the lesser amount constitutes full payment shall be given no effect and CFT may accept the partial payments without prejudice to any rights or remedies it may have against you. Acceptance of payments by CFT other than as set forth in this Agreement or a waiver by CFT of any other remedies or rights available to it pursuant to this Agreement shall not constitute a waiver of CFT's right to demand payment in accordance with the requirements of this Agreement or a waiver by CFT of any other remedies or rights available to it pursuant to this Agreement or under applicable law. Notwithstanding any contrary designation, CFT shall have the right to apply your payments to any of your past due indebtedness for Royalty Fees, Accounting and Administrative Fees, purchases from CFT or its Affiliates, interest or any

other indebtedness. CFT has the right to accept payment from any other entity as payment by you. Acceptance of that payment by CFT will not result in that other entity being substituted as franchisee under this Agreement.

#### F. Collection Costs and Expenses.

You agree to pay CFT on demand any and all costs and expenses incurred by CFT in enforcing the terms of this Agreement including, without limitation, collecting any monies that you owe to CFT. These costs and expenses include, without limitation, costs and commissions due a collection agency, reasonable attorneys' fees, costs incurred in creating or replicating reports demonstrating Gross Receivables, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.

#### 5. RECORDKEEPING AND REPORTS

#### A. Recordkeeping.

You agree to use computerized cash and data capture and retrieval systems that meet CFT's specifications and to accurately report all sales. You shall keep and maintain, in accordance with any procedures set forth in the Manual, complete and accurate books and records pertaining to the Franchised Business sufficient to fully report to CFT. Your books and records shall be kept and maintained using generally accepted accounting principles. If you have online access to your accounting files, you shall provide online access to CFT at all times, and shall provide CFT log in and password information. You shall preserve all of your books, records and state and federal tax returns for at least five years after the later of preparation or filing (or such longer period as may be required by any governmental entity) and make them available and provide duplicate copies to CFT within five days after CFT's written request.

#### B. <u>Periodic Reports</u>.

You shall, at your expense, submit to CFT, in the form prescribed by CFT, a quarterly profit and loss statement and balance sheet (both of which may be unaudited) within 30 days after the end of each fiscal quarter. CFT shall have the right, to be exercised in its sole discretion, to require that you provide CFT profit and loss statements and balance sheets at other times requested by CFT. Each statement and balance sheet shall be signed by you or by your treasurer or chief financial officer attesting that it is true, correct and complete and uses accounting principles applied on a consistent basis which accurately and completely reflects the financial condition of the Franchised Business.

#### C. <u>Annual Reports</u>.

You shall, at your expense, provide to CFT a profit and loss statement and balance sheet reviewed by a certified public accountant within 60 days after your fiscal year end. The statement and balance sheet shall be signed by you or by your treasurer or chief financial officer attesting that the financial statements present fairly your financial position and the results of operations of the Franchised Business during the period covered. CFT also shall have the right, in its reasonable discretion, to require that you, at your expense, submit financial statements that have been reviewed by a certified public accounting firm acceptable to CFT for any period or periods of a fiscal year.

#### D. Other Reports.

You shall submit to CFT, for review or auditing, such other forms, reports, records, information and data as CFT may reasonably designate, in the form and at times and places reasonably required by CFT, upon request and as specified from time to time in the Manual or otherwise in writing.

#### E. Audit Rights.

CFT or its designee shall have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy and audit your books, records, and federal, state and local tax returns, and such other forms, reports, information and data as CFT reasonably may designate, applicable to the

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operation of the Franchised Business. If an inspection or audit discloses an understatement of Gross Receivables, you shall pay CFT, within 10 days after receipt of the inspection or audit report, the deficiency in the Royalty Fees plus interest (at the rate and on the terms provided in Section 4.D.) from the date originally due until the date of payment. If an inspection or audit is made necessary by your failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records or information on a timely basis, or if an understatement of Gross Receivables for the period of any inspection or audit is determined to be greater than 2%, you also shall reimburse CFT for the reasonable cost of the inspection or audit including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, room, board and compensation of CFT's employees or designees involved in the inspection or audit. The foregoing remedies shall be in addition to all other remedies and rights available to CFT under this Agreement and applicable law.

#### F. Accounting Practices.

If you fail to comply with any of the reporting requirements described in this Article 5 then CFT may require you to engage a bookkeeping service provider, designated or approved by CFT, to provide bookkeeping services for the Franchised Business for such period of time that CFT deems appropriate, in its sole discretion.

#### 6. TRAINING AND ASSISTANCE

#### A. <u>Initial and Ongoing Training; Annual Franchise Meetings.</u>

CFT will provide initial classroom training at its headquarters or such other location as CFT may designate, and will admit two individuals, including your Key Person. Your Key Person must attend and successfully complete the initial training program before the Franchised Business may begin operations. There is no charge for the first two individuals to attend the initial training program. At your request, CFT may permit additional individuals to attend the same training program, subject to space availability and payment of a reasonable tuition.

Your Key Person and such other personnel as CFT may designate shall attend and complete to CFT's satisfaction such additional training programs as CFT may from time to time require; provided that mandatory training shall not exceed five days per year. CFT may charge a reasonable tuition for such additional training.

Your Key Person shall be responsible for training your employees in all aspects of operations including sales and graphics design, production and installation. CFT may, in its sole discretion, develop training and certification programs for your employees. At CFT's request, your Key Person shall become familiar with these programs and shall implement and provide them to your employees.

You are responsible for all costs and expenses of complying with CFT's training and certification requirements including, without limitation, tuition and registration costs and salary, travel, lodging and dining costs for all employees who participate in the training.

Your Key Person shall attend annual franchisee meetings (and pay the related travel and other costs) as CFT may require.

#### B. Pre-Opening Package; National Account Information.

Before you begin operating the Franchised Business, CFT shall provide you, without additional charge, an initial supply of business cards, stationery, brochures, invoices and accounting forms, and 12 embroidered knit shirts. CFT also shall provide you information concerning any National Accounts that may require Services in the Territory.

#### C. Ongoing Assistance.

CFT periodically, as it deems appropriate, shall advise and consult with you in connection with the operation of the Franchised Business. CFT, as it deems appropriate, shall provide to you its CLEAN FIRST TIME<sup>TM</sup>

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knowledge and expertise regarding the System and pertinent new developments, techniques and improvements in the areas of sales promotion, service concepts, and other areas. CFT may provide these services through on-site visits, the distribution of printed or filmed material or electronic information, meetings or seminars, telephone communications, email communications or other communications.

#### 7. MANUAL

CFT will provide you on loan a copy of its confidential and proprietary manual ("Manual") which contains information and knowledge that is necessary and material to the System. (As used in this Agreement, the term "Manual" also includes other publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MP3s and other electronic media that CFT from time to time may loan to you.) The Manual may be supplemented or amended from time to time by letter, electronic mail, bulletin, videotape, CD, DVD, MP3 or other communications concerning the System to reflect changes in the image, specifications and standards relating to the management, operation and promotion of a CLEAN FIRST TIME<sup>TM</sup> Franchised Business. You shall keep your copy of the Manual current and up to date and shall purchase whatever equipment and related services (including, without limitation, a video cassette recorder, CD/DVD player and/or MP3 player, computer system, internet service, dedicated phone line, facsimile machine, etc.) as may be necessary to receive these communications. If a dispute relating to the contents of the Manual develops, the master copy maintained by CFT at its principal offices shall control.

The Manual contains detailed standards, specifications, instructions, requirements, methods and procedures for the management, operation and promotion of a CLEAN FIRST TIME™ Franchised Business. The Manual also may contain information relating to management and employee training; marketing, advertising and sales promotions; employee dress attire and appearance standards; and accounting, bookkeeping, records retention and other business systems, procedures and operations. You agree at all times to operate the Franchised Business, in strict conformity with the Manual, to maintain the Manual at the office, to not reproduce the Manual or any part of it, and to treat the Manual as confidential and proprietary; and to disclose the contents of the Manual only to your employees on a need to know basis.

Upon termination or expiration of this Agreement, you shall immediately return the Manual without retaining any copies thereof. If you lose or misplace the Manuals, CFT may impose a replacement fee which will not exceed \$500 for each volume of the replacement Manual.

#### 8. MODIFICATIONS OF THE SYSTEM

CFT, in its sole discretion, shall be entitled from time to time to change or modify the System, including modifications to the required equipment, vehicle, and signage, the presentation of the Marks, the adoption of new administrative forms and methods of reporting and of payment of any monies owed to CFT (including electronic means of reporting and payment) and the adoption and use of new or modified Marks or copyrighted materials. You shall implement such changes or modifications as if they were a part of the System at the time this Agreement was executed, and you shall make such expenditures as the changes or modifications in the System reasonably require.

If you develop any new concepts, processes or improvements relating to the System, whether or not pursuant to an CFT authorized test, you promptly shall notify CFT and provide CFT with all information regarding the new concept, process or improvement, all of which shall become the property of CFT and its Affiliates and which may be incorporated into the System without any payment to you. You shall promptly take all actions deemed necessary or desirable by CFT, at your expense, to vest in CFT ownership of such concepts, processes or improvements.

#### 9. PERFORMANCE REQUIREMENTS

#### A. Best Efforts.

Your Key Person must use full time and best efforts in the operation of the Franchised Business, and must personally supervise the day-to-day operation of the Franchised Business.

#### B. Equipment and Vehicles.

You acknowledge that each and every detail of your operations is important to CFT and other businesses operating under the CLEAN FIRST TIME<sup>TM</sup> System and Marks. You agree to maintain these Standards in the operation of the Franchised Business, and to comply with all Standards (whether contained in the Manual or any other written communication) relating to the management and operation of the Franchised Business.

You shall acquire and use in the operation of the Franchised Business all equipment and signage that CFT prescribes and that meet CFT's Standards. All such items shall be maintained in excellent working order and repair, and shall be replaced and/or upgraded as they become obsolete or no longer comply with the Standards.

You shall acquire and use in the operation of the Franchised Business one or more vehicles meeting CFT's Standards, which may include, among other things, make, model, color, and dimension specifications. You shall maintain each such vehicle in excellent working order and repair, and shall replace each such vehicle as it becomes old or no longer complies with the Standards. Each such vehicle shall have applied to it and shall display such vehicle graphics as CFT specifies from time to time.

#### C. System Suppliers; Approved Suppliers and Approved Brands.

You acknowledge that the reputation and goodwill of CLEAN FIRST TIME™ Businesses can only be maintained by the use of uniform and quality materials. You agree that you will purchase only from CFT or suppliers designated by CFT ("System Suppliers") your requirements of advertising, vehicle graphics, promotional materials, brochures, business cards and stationery, logoed apparel, and other items bearing the Marks. You further agree that you will purchase from manufacturers, distributors, vendors and suppliers approved by CFT (collectively, "Approved Suppliers") all other products, merchandise, signage, supplies and stationery that meet the Standards, as promulgated from time to time. CFT and its Affiliates may from time to time negotiate purchase arrangements with any System Supplier or Approved Supplier, and may receive rebates or other material consideration from the supplier as a result of your purchases.

CFT has the right to require that you use only certain brands of products and materials ("**Approved Brands**"), and to the extent that Approved Brands have been identified, you may purchase and use only the Approved Brands. CFT may from time to time modify the list of Approved Suppliers and/or Approved Brands. You shall promptly comply with all such modifications.

CFT may approve one or more suppliers for any goods or materials and may approve a supplier only as to certain goods or materials. CFT may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for all CLEAN FIRST TIME<sup>TM</sup> Businesses or for a particular group or subset. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by CFT. CFT may establish distribution facilities owned and operated by CFT or an affiliate that CFT may designate as an approved supplier.

If you propose to purchase from an unapproved source any items or services for which CFT has established System Suppliers or Approved Suppliers, you shall request CFT's written approval by submitting a written request therefor. CFT has the right to require, as a condition of its approval, that its representatives be permitted to inspect the supplier's facilities, and that such information, specifications

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and samples as CFT reasonably requires be delivered to CFT and/or to an independent, certified laboratory designated by CFT for testing prior to granting approval. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by you. CFT will notify you within 60 days of your request as to whether you are authorized to purchase such products from that supplier. CFT reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval of any supplier upon the suppliers' failure to meet CFT criteria for quality and reliability.

#### D. Authorized Products and Services.

You shall offer and sell all products and services that CFT requires, and only products and services that CFT approves for sale by CLEAN FIRST TIME<sup>TM</sup> Franchised Businesses. CFT has the right to add, modify and discontinue authorized products and services at any time, in its sole discretion. You shall begin offering for sale additional or modified products and services, and cease offering discontinued products and services, within 10 days of the date you receive written notice of the addition, modification or discontinuance. All products or services offered for sale in connection with the Franchised Business shall be meet CFT's Standards.

#### E. Computer Systems and Intranet/Extranet Systems.

You shall acquire and use in the operation of the Franchised Business all computer hardware and related accessories and peripheral equipment (collectively, "Computer Systems") that CFT prescribes for use, and may not use any computer hardware, accessories or peripheral equipment that CFT has not approved for use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high speed Internet connections.

You shall: (1) use any proprietary software programs, system documentation manuals and other proprietary materials provided to you by CFT in connection with the operation of the Franchised Business; (2) input and maintain in your computer such data and information as CFT prescribes in the Manual, software programs, documentation or otherwise; and (3) purchase new or upgraded software programs, system documentation manuals and other proprietary materials at then-current prices whenever CFT adopts such new or upgraded programs, manuals and materials system-wide. You shall enter into all software license agreements, "terms of use" agreements and software maintenance agreements, in the form and manner CFT prescribes, and pay all software license and maintenance fees imposed by CFT and third party software and maintenance service providers.

You acknowledge that CFT may independently access from a remote location, at any time, all information input to, and compiled by, your Computer System or an off-site server, including information concerning Gross Receivables.

You acknowledge that technology is ever changing and that, as technology or software is developed in the future, CFT may, in its sole discretion, require you to: (1) add to your Computer System memory, ports and other accessories or peripheral equipment or additional, new or substitute software; (2) replace or upgrade your Computer System and software as CFT prescribes.

To ensure full operational efficiency, you agree to keep your Computer System in good maintenance and repair and to make additions, changes, modifications, substitutions and replacements to your computer hardware, accessories and peripherals, software, telephone and power lines, high speed Internet connections and other computer-related facilities as directed by CFT. Upon termination or expiration of this Agreement, all computer software, disks, tapes and other magnetic storage media shall be returned to CFT in good operating condition, excepting normal wear and tear.

CFT may, at its option, establish and maintain an intranet or extranet system through which members of the CLEAN FIRST TIME<sup>TM</sup> franchise network may communicate and through which CFT may disseminate updates to the Manual and other Confidential Information. CFT will have no obligation

to establish or to maintain the intranet indefinitely, and may dismantle it at any time without liability to you. CFT may establish policies and procedures for the intranet's use. CFT expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the intranet, CFT can technically access and view any communication that anyone posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become CFT property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to CFT under this Agreement, or if you fail to comply with any policy or procedure governing the intranet, CFT may temporarily suspend your access to any chat room, bulletin board, listsery or similar feature the intranet includes until such time as you fully cure the breach.

#### F. Non-Cash Payment Systems.

Within a reasonable period of time following CFT's request, you shall accept debit cards, credit cards, stored value cards or other non-cash systems specified by CFT to enable customers to purchase authorized products and you shall obtain all necessary hardware and/or software used in connection with these non-cash systems.

#### G. National Accounts

CFT has and may in the future negotiate and enter into agreements with builders and other companies operating in one or more regions throughout the United States ("National Accounts") for the provision of cleaning services for a price negotiated by CFT. To the extent that CFT enters into an agreement with National Account Customer that requires Services in your Territory, it may offer you the right to provide the services, it may provide the services itself, or it may subcontract the work to another franchisee or independent contractor, who may provide services in your Territory. If CFT offers you the right to provide services to a National Account Client and you accept the offer, you must provide the services under the terms and conditions CFT has negotiated with the National Account Client. To the extent that CFT receives payment directly for services performed for a National Account, it will deduct from the payment the amount of all fees and other payments that you owe to CFT (including, without limitation, the Royalty Fee due on account of the payment), and remit to you the balance within a reasonable period of time following the payment. All revenues derived from your provision of services for National Accounts will be considered "Gross Receivables" for all purposes under this Agreement.

From time to time, you may negotiate and enter into agreements with builders and other companies that do business in the Territory, and that also do business outside the Territory. CFT may, from time to time, negotiate and enter into agreements with such builders and companies directly, and designate such as a "National Account Client." Once a National Account designation has been made, the provisions of this Section 9.G. apply to all future services provided to the National Account Client.

#### H. CFT Inspections.

CFT or its designees shall have the right at any reasonable time and without prior notice to you to: (1) observe, photograph and record evidence of work performed by the Franchised Business; (2) interview your employees; (3) interview your customers; and (4) inspect and copy any books, records and documents relating to the operation of the Franchised Business or, upon request of CFT or its designee, require you to send copies thereof to CFT or its designee. You shall present to your customers those evaluation forms as are periodically prescribed by CFT and shall participate and/or ask your customers to participate in any surveys performed by or on behalf of CFT as CFT may direct.

You agree to cooperate fully with CFT or its designee in connection with any such inspection, observations, recordings, product removal and interviews. You shall take all necessary steps to immediately correct any deficiencies detected during these inspections including, without limitation, ceasing further use of any equipment, materials or supplies, computer hardware or software or advertising or promotional materials that do not conform with the Standards and requirements promulgated by CFT from time to time. CFT shall have the right to develop and implement a grading system for inspections

and, to the extent such a system is implemented, if the Franchised Business fails to achieve a passing score on any inspection, CFT may require your Key Person and other employees to attend and participate in such additional training as CFT deems appropriate. If the Franchised Business fails to achieve a passing score on any two consecutive inspections or if the Franchised Business fails to achieve a passing score three or more times in any 12-month period, CFT may terminate this Agreement in accordance with Section 18.

#### I. Days and Hours of Operation.

You shall cause the Franchised Business to operate on the days and during the hours that CFT designates. You shall operate and maintain the Franchised Business in conformity with the highest ethical standards and sound business practices and in a manner which will enhance the goodwill associated with the Marks.

#### J. Management and Personnel.

You shall employ a sufficient number of qualified, competent individuals to satisfy the demand for products and services offered by the Franchised Business. You shall hire all employees of the Franchised Business, and be exclusively responsible for the terms of their employment and compensation, and for the proper training of such employees in the operation of the Franchised Business, in human resources and customer relations. You shall employ only suitable individuals of good character and reputation who will at all times conduct themselves in a competent and courteous manner in accordance with the image and reputation of CFT and the System and, while on duty, each employee shall comply with the dress attire, personal appearance and hygiene standards set forth in the Manual. You shall use best efforts to ensure that your employees maintain a neat and clean appearance and render competent and courteous service to all customers and are courteous and respectful to fellow employees.

- K. <u>Key Person</u>. If you are a Business Entity with more than one Principal, you shall designate and retain an individual to service as your Key Person. The Key Person as of the date of this Agreement is identified in the Summary Pages. Unless waived in writing by CFT, the Key Person shall meet all of the following qualifications:
- (1) The Key Person shall execute a confidentiality and noncompete agreement in the form CFT prescribes;
- (2) The Key Person, at all times, shall have full control over the day-to-day operation and management of the Franchised Business;
- (3) The Key Person shall devote full time and best efforts to supervising the operation of the Franchised Business and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment.
- (4) The Key Person shall successfully complete the initial training program and any additional training required by CFT; and
- (5) CFT shall have approved the Key Person as meeting its then-current Standards for such position, and not have later withdrawn such approval.

If the Key Person ceases to serve in, or no longer qualifications for, such position, you shall designate another qualified person to serve as your Key Person within 30 days after the date the prior Key Person ceases to serve or to qualify to serve. Your proposed replacement Key Person must successfully complete the initial training program and execute a Principal Undertaking and Guaranty before assuming Key Person responsibilities.

#### L. Signs and Logos.

Subject to local ordinances, you shall prominently display such interior and exterior signs, logos and advertising of such nature, form, color, number, location and size, and containing the content and CLEAN FIRST TIME<sup>TM</sup>

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information that CFT may from time to time direct. You shall not display any unauthorized sign, logo or advertising media of any kind.

#### M. <u>Compliance with Laws and Good Business Practices</u>.

You shall secure and maintain in full force in your name all required licenses, permits and certifications relating to the operation of the Franchised Business. You shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations including, without limitation, all laws or regulations governing or relating to immigration and discrimination, occupational hazards, employment laws (including, without limitation, workers' compensation insurance, unemployment insurance, and the withholding and payment of federal and state income taxes, social security taxes) and the payment of sales taxes. All advertising and promotion for the Franchised Business shall be completely factual and shall conform to the highest standards of ethical advertising. In all dealings with customers, suppliers and the public, you shall adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You shall refrain from any business or advertising practices that may be injurious to the good will associated with the Marks or to the business of CFT or its Affiliates, the System or other System franchisees.

You shall notify CFT in writing within five days after the commencement of any action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of the Franchised Business or your financial condition.

#### N. Payment of Taxes and Other Indebtedness.

You shall promptly pay, when due, all taxes levied or assessed by any federal, state or local tax authority and any and all other indebtedness incurred by you in the operation of the Franchised Business. In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

#### 10. ORGANIZATION OF THE FRANCHISEE

#### A. <u>Representations</u>.

If you are a Business Entity, you make the following representations and warranties: (1) the Business Entity is duly organized and validly existing under the laws of the state of its formation; (2) it is qualified to do business in the state or states in which the Franchised Business operates; (3) execution of this Agreement and the operation of the Franchised Business is permitted by its governing documents; and (4) unless waived in writing by CFT, its charter documents and its governing documents shall at all times provide that the activities of the Business Entity are limited exclusively to the operation of the Franchised Business.

If you are an individual, or a partnership comprised solely of individuals, you make the following additional representations and warranties: (1) each individual has executed this Agreement; (2) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (3) notwithstanding any transfer for convenience of ownership pursuant to Section 15.B., each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

#### B. <u>Governing Documents.</u>

If you are a corporation, copies of your Articles of Incorporation, bylaws, other governing documents and any amendments, including the resolution of the Board of Directors authorizing entry into CLEAN FIRST TIME<sup>TM</sup>

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and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, have been furnished to CFT. If you are a limited liability company, copies of your Articles of Organization, operating agreement, other governing documents and any amendments, including the resolution of the Managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members have been furnished to CFT. If you are a general or limited partnership, copies of your written partnership agreement, other governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners have been furnished to CFT, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by your written partnership agreement or applicable law. When any of these governing documents are modified or changed, you promptly shall provide copies of the modifying documents to CFT.

#### C. Ownership Interests.

If you are a Business Entity, you represent that all of your equity interests are owned as set forth on Attachment B. In addition, if you are a corporation, you shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each). If you are a limited liability company, you shall maintain a current list of all members (and the percentage membership interest of each member). If you are a partnership, you shall maintain a current list of all owners of an interest in the partnership (and the percentage ownership interest of each general and limited partner). You shall comply with Section 15 prior to any change in ownership interests and shall execute addenda to Attachment B as changes occur in order to ensure the information contained in Attachment B is true, accurate and complete at all times.

#### D. Restrictive Legend.

If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by CLEAN FIRST TIME, INC. Franchise Agreement(s) to which the corporation is a party." If you are a limited liability company, each membership certificate or other evidence of interest in the limited liability company shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by CLEAN FIRST TIME, INC. Franchise Agreement(s) to which the limited liability company is a party." If you are a partnership, your written partnership agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignment by this Agreement.

#### E. Guarantees.

If you are a Business Entity, each of your Principals (and if you are a limited partnership, each of your general partner's Principals) shall execute the Personal Undertaking and Guaranty attached as Attachment C.

#### 11. MARKS AND COPYRIGHTED WORKS

#### A. Acknowledgments.

You expressly understand and acknowledge that: (1) as between you and CFT, CFT is the exclusive owner of all right, title and interest in and to the Marks (and all goodwill symbolized by them) and the Copyrighted Works; (2) the Marks are valid and serve to identify the System and those who are licensed to use the System; (3) your use of the Marks and Copyrighted Works pursuant to this Agreement does not give you any ownership interest or other interest in or to them, except the nonexclusive license to use them in accordance with this Agreement and the Standards; (4) any and all goodwill arising from your use of the Marks and/or the System shall inure solely and exclusively to CFT's benefit, and upon

expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System or the Marks; and (5) the license and rights to use the Marks and Copyrighted Works granted hereunder to you are nonexclusive, and CFT may: (a) itself use, and grant franchises and licenses to others to use, the Marks, Copyrighted Works and the System; (b) establish, develop and franchise other systems, different from the System licensed to you herein, without offering or providing you any rights in, to or under such other systems; and (c) modify or change, in whole or in part, any aspect of the Marks or Copyrighted Works.

#### B. <u>Modification of the Marks and Copyrighted Works</u>.

CFT reserves the right to add, eliminate, or modify any of the Marks and Copyrighted Works. You must promptly take all actions necessary to adopt all new and modified Marks and/or Copyrighted Works and discontinue using obsolete Marks and/or Copyrighted Works which may include, among other things, acquiring and installing, at your expense, new interior and exterior signage and graphics.

#### C. Use of the Marks and Copyrighted Works.

You shall use only the Marks and Copyrighted Works designated by CFT and shall use them only in connection with the operation and promotion of the Franchised Business and in the manner required or authorized and permitted by CFT. Your right to use the Marks and Copyrighted Works is limited to the uses authorized under this Agreement and in the Manual, and any unauthorized use thereof shall constitute an infringement of CFT rights and grounds for termination of this Agreement.

You shall not use the Marks as part of your Business Entity or other legal name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you by CFT). You shall not use any Mark or any part of any Mark in connection with the offer or sale of unauthorized products or services or in any manner that CFT has not explicitly authorized. You shall comply with all requirements of CFT and applicable state and locals laws concerning use and registration of fictitious and assumed names, and shall execute any documents deemed necessary by CFT or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

You may not establish or maintain a web site or other presence on the World Wide Web portion of the Internet that reflects any of the Marks or any Copyrighted Works, or that includes the term "CLEAN," "FIRST," or "TIME" as part of any URL or domain name, or that otherwise states or suggests your affiliation with CFT or the CLEAN FIRST TIME franchise system. You may not cause or allow all or any recognizable portion of the Marks to be used or displayed as all or part of an e-mail address, Internet domain name, uniform resource locator ("URL"), or meta-tag, or in connection with any Internet home page, web site, or any other Internet-related activity without CFT's express written consent, and then only in a manner and in accordance with the procedures, standards and specifications that CFT establishes.

#### D. Assignment of Copyrighted Works.

To the extent that you or any Principal creates any derivative work based on the Copyrighted Works ("**Derivative Works**"), you and each such Principal assigns to CFT all ownership in and to the Derivative Work, and agree to execute such further assignments as CFT may request. You and each Principal shall take all actions and sign all documents necessary to give effect to the purpose and intent of this Section 13.D. You and each Principal irrevocably appoint CFT as true and lawful attorney-in-fact for you and each Principal, and authorize CFT to take such actions and to execute, acknowledge and deliver all such documents as may from time to time be necessary to convey to CFT all rights granted herein.

#### E. <u>Infringement; Notice of Claims</u>.

If you become aware of any infringement of the Marks or Copyrighted Works or if your use of the Marks or Copyrighted Works is challenged by a third party, then you must immediately notify CFT. CFT shall have the exclusive right to take whatever action it deems appropriate. CFT has the right to

control all administrative proceedings or litigation involving the Marks and Copyrighted Works. If CFT or its Affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Marks, the Copyrighted Works or other intellectual property, you must sign all documents and perform such acts and things as may, in the opinion of CFT's counsel, be necessary to carry out such defense or prosecution. If it becomes advisable at any time in the sole discretion of CFT to modify or discontinue the use of any Mark or Copyrighted Works, or to substitute a new mark or graphic for any Mark or Copyrighted Work, as applicable, you must promptly comply, at your expense (which may include the cost of replacement signage and/or trade dress), with such modifications, discontinuances or substitutions.

#### F. Remedies and Enforcement.

You acknowledge that in addition to any remedies available to CFT under this Agreement, you agree to pay all court costs and reasonable attorneys' fees incurred by CFT in obtaining specific performance of, a temporary restraining order and/or an injunction against violation of the provisions of this Section 13.

#### 12. CONFIDENTIALITY OBLIGATIONS AND RESTRICTIVE COVENANTS

#### A. Confidential Information.

You and each Principal acknowledge that all Confidential Information belongs exclusively to CFT. You and each Principal agree to maintain the confidentiality of all Confidential Information, not to duplicate any materials containing Confidential Information, and not to divulge any Confidential Information to anyone, except to other franchisees, your employees and your professional advisors on a need to know basis. You may use the Confidential Information only for the purpose of operating the Franchised Business. This provision will survive expiration or termination of this Agreement.

You shall cause your Key Person and any employee with access to Confidential Information, including information contained in the Manuals, to sign a confidentiality agreement in a form prescribed by CFT, which identifies CFT as a third-party beneficiary of such agreement and gives CFT independent rights of enforcement.

#### B. Covenants of the Franchisee.

During the term of this Agreement and for a two-year uninterrupted period commencing upon expiration or termination of this Agreement, regardless of the reason for termination, you shall not, directly or indirectly, for yourself or through, on behalf of or in conjunction with any individual or Business Entity: (1) divert customers or potential customers to other businesses; (2) induce any employee of another CLEAN FIRST TIME<sup>TM</sup> Business to leave his or her employment, or employ any person who had been employed by another CLEAN FIRST TIME<sup>TM</sup> Business within the previous 60-day period without paying the former employer a \$1,000 training fee; or (3) own, operate, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business (except another CLEAN FIRST TIME<sup>TM</sup> Franchised Business pursuant to a valid franchise agreement) or other business offering or providing services or products of the kind provided by CFT or its franchisees, and that is competitive with CFT and/or its franchisees (provided that such restriction shall not apply to less than a 10% beneficial interest in any publicly traded corporation).

During the term of this Agreement, the restrictions contained in subsection (3), above, shall apply universally. During the two-year restrictive period described above, the restrictions shall apply only to businesses located (1) in the Territory; (2) within 10 miles from the perimeter of the Territory; and (3) within the protected territories of any other CLEAN FIRST TIME<sup>TM</sup> franchisee.

The two-year restrictive period described above shall be tolled during any period of noncompliance.

#### C. <u>Covenants of the Franchisee's Principals.</u>

During the term of this Agreement and for a continuous uninterrupted two-year period commencing: (1) upon expiration or termination of this Agreement, regardless of the cause for termination, or (2) dissolution of the franchisee entity, or (3) the transfer or redemption of a Principal's interest in the franchisee entity, whichever occurs first, such Principal shall not, directly or indirectly, for himself or herself or through, on behalf of or in conjunction with any individual or Business Entity: (1) divert customers or potential customers to other businesses; (2) induce any employee of another CLEAN FIRST TIME<sup>TM</sup> Business to leave his or her employment, or employ any person who had been employed by another CLEAN FIRST TIME<sup>TM</sup> Business within the previous 60-day period without paying the former employer a \$1,000 training fee; or (3) own, operate, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business (except another CLEAN FIRST TIME<sup>TM</sup> Franchised Business pursuant to a valid franchise agreement) offering or providing services or products of the kind provided by CFT or its franchisees, that is competitive with CFT and/or its franchisees (provided that such restriction shall not apply to less than a 10% beneficial interest in any publicly traded corporation).

During the term of this Agreement, the restrictions contained in subsection (3) shall apply universally. During the two-year restrictive period described above, the restrictions shall apply only to businesses located in the Territory.

The two-year period restrictive period described above shall be tolled during any period of noncompliance.

At CFT's request, each Principal shall execute a separate agreement containing the terms contained in this Section 14.C.

#### D. Reformation and Reduction of Scope of Covenants.

If all or a portion of any covenant contained in this Article 12 is held to be unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which CFT or its Affiliate is a party, you and the Principals will be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 12. Notwithstanding the foregoing, CFT has the unilateral right, in its sole discretion, to reduce the scope of any covenant set forth in this Article 12, or any portion thereof, which reduction will become effective immediately upon delivery of notice of the reduction.

#### E. <u>Acknowledgments</u>.

The parties and each Principal acknowledge and agree that any claims that you or the Principal may have or allege to have against CFT shall not constitute a defense to the enforcement of any covenant contained in this Article 12.

#### F. No Undue Hardship.

You and each Principal acknowledge and agree that the covenants set forth in this Article 12 are fair and reasonable. You acknowledge and agree that such covenants will not impose any undue hardship on you and that you have other considerable skills, experience and education affording you the opportunity to derive income from other endeavors. Each Principal acknowledges and agrees that such covenants will not impose any undue hardship on him or her, and that each has other considerable skills, experience and education affording him or her the opportunity to derive income from other endeavors.

#### G. <u>Injunctive Relief.</u>

You and each Principal acknowledge that the violation of any covenant contained in this Article 12 would result in immediate and irreparable injury to CFT for which there is no adequate remedy at law.

The parties acknowledge and agree that, in the event of a violation of any covenant contained in this Article 12, CFT shall be entitled to seek injunctive relief to restrain such violation in accordance with the usual equity principles. The party in violation of any foregoing covenant shall reimburse CFT for any costs that it incurs (including attorneys' fees) in connection with enforcement of the provisions contained in this Article 12.

#### 13. ADVERTISING

#### A. General Requirements.

All of your promotional and marketing materials shall be presented in a dignified manner and shall conform to CFT's standards and specifications related to advertising, marketing and trademark use. You shall submit to CFT samples of proposed promotional and marketing materials, and notify CFT of the intended media, before first publication or use. CFT shall use good faith efforts to approve or disapprove the proposed promotional and marketing materials within 10 business days of their receipt. You may not use the promotional or marketing materials until CFT expressly approves the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. CFT may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

#### B. <u>Initial Marketing</u>.

Within the first 60 days after you begin operating the Franchised Business, you must spend at least \$3,000 on grand opening marketing and promotions in the Territory in accordance with CFT's Standards. At CFT's request, you must pay this amount to CFT, and CFT will expend the funds on your behalf.

#### C. Restriction Against Internet Advertising.

You may not establish or maintain, without CFT's prior written approval, a web site or other presence on the World Wide Web portion of the Internet that reflects any of the Marks or any of CFT's Copyrighted Works, that includes the terms "CLEAN," "FIRST," or "TIME" as part of its URL or domain name, that otherwise states or suggests your affiliation with CFT or the CLEAN FIRST TIME<sup>TM</sup> franchise system, or that uses or displays any merchandise or advertises any services offered by the Franchised Business.

#### D. Price Promotions.

If CFT develops and advertises national price promotions or package promotions, you shall participate in such promotion while retaining the right to offer products and services to consumers at more favorable prices.

#### 14. INSURANCE

#### A. Obligation to Maintain Insurance.

You shall be responsible for all loss or damage arising from or related to your operation of the Franchised Business, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring on or in connection with the operation of the Franchised Business. You shall maintain in full force and effect throughout the term of this Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the operation of the Franchised Business, including the minimum coverages described in Section 14.B. below. CFT, and any entity with an insurable interest designated by CFT, shall be an additional named insured in such policies to the extent each has an insurable interest.

#### B. <u>Minimum Insurance Coverage</u>.

All insurance policies shall be written by an insurance company or companies satisfactory to CFT, in compliance with the standards, specifications, coverages, and limits set forth in the Manual or other written directives. Such policy or policies shall include, at a minimum, the following types of coverages, with minimum limits prescribed by CFT: comprehensive general liability insurance, including broad form contractual liability, personal injury, advertising injury, completed operations, products liability and fire damage coverage; "all risks" property insurance coverage, including coverage for fire, vandalism and malicious mischief; automobile liability coverage for owned and non-owned vehicles; workers' compensation insurance that complies with the statutory requirements of the state(s) in which the Franchised Business operates and employer liability coverage; business interruption insurance; and such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 20.B.

CFT shall have the right to establish and modify the minimum required coverages and to require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. All insurance requirements will be communicated to you via the Manual. You shall receive written notice of any modifications to the insurance requirements and shall take prompt action to secure the additional coverage or higher policy limits. All such insurance policies shall include a waiver of subrogation in favor of CFT and its Affiliates, and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees.

#### C. <u>Insurance Policy Requirements.</u>

The following general requirements shall apply to each insurance policy that you are required to maintain under this Agreement:

- (1) Each insurance policy shall be specifically endorsed to provide that the coverage shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory.
- (2) No insurance policy shall contain a provision that in any way limits or reduces coverage for you in the event of a claim by CFT or its Affiliates.
- (3) Each insurance policy shall extend to, and provide indemnity for, all of your obligations and liabilities to third parties and all other items for which you are required to indemnify CFT under this Agreement.
- (4) Each insurance policy shall be written by an insurance company that has received and maintains "A+" or better rating by the latest edition of Best's Insurance Rating Service.
- (5) No insurance policy shall provide for a deductible amount that exceeds \$5,000, unless otherwise approved in writing by CFT, and your co-insurance under any insurance policy shall be 80% or greater.

#### D. Delivery of Certificate.

No later than 30 days after this Agreement is executed by CFT, and on each policy renewal date thereafter, you shall submit evidence of satisfactory insurance and proof of payment therefore to CFT. The evidence of insurance shall include a statement by the issuer that the policy or policies will not be cancelled or materially altered without at least 30 days' prior written notice to CFT. Upon request, you also shall provide to CFT copies of all or any policies, and policy amendments and riders.

#### E. Minimum Insurance Requirements Not a Representation of Adequacy.

You acknowledge that no requirement for insurance contained in the Agreement constitutes advice or a representation by CFT that only such policies, in such amounts, are necessary or adequate to protect you from losses in connection with your business under this Agreement. Maintenance of this

insurance, and the performance of your obligations under this Article 14, shall not relieve you of liability under the indemnification provisions of this Agreement.

### F. <u>CFT's Right to Procure Insurance</u>.

If you fail to procure or maintain at least the insurance required by this Section 16, as revised from time to time pursuant to the Manual or otherwise in writing, CFT shall have the immediate right and authority, but not the obligation, to procure such insurance and charge its cost to you. You shall reimburse CFT for all out-of-pocket costs incurred by CFT in obtaining such insurance on your behalf immediately upon demand for payment.

#### 15. TRANSFER

#### A. <u>Transfer by CFT</u>.

CFT shall have the right, in its sole discretion and without your consent, to assign this Agreement and/or all of its rights and/or obligations hereunder in a related or third party transaction, may sell any or all of its assets (including its rights in and to the Marks and the System); may issue new shares through an initial public offering and/or private placement; may merge with and/or acquire other companies, or may merged into or be acquired by another company; and may pledge its assets to secure payment of its financial obligations.

#### B. Transfer by Franchisee.

You understand and acknowledge that CFT has entered into this Agreement in reliance on your business skill, financial capacity, personal character, and experience. Accordingly, you may not sell or transfer your interest in this Agreement or the assets of the Franchised Business (except in the ordinary course of your business) without CFT's prior written consent. In addition, if you are a Business Entity, no Principal may transfer or assign his or her equity interest in the Business Entity without CFT's prior written consent. For purposes of this Section 17.B. the term "**transfer**" means and includes an actual assignment, sale or transfer of an interest, or a collateral assignment or pledge of the interest as security for performance of an obligation.

You must notify CFT in writing at least 60 days before the date of any such intended transfer. Any purported transfer, by operation of law or otherwise, not having the written consent of CFT shall be null and void and shall constitute a material breach of this Agreement. CFT shall not unreasonably withhold its consent to any transfer, but may, in its sole discretion, require any or all of the following as conditions of its consent:

- (1) All of your accrued monetary obligations and all other outstanding obligations to CFT and its Affiliates and your suppliers shall be up to date, fully paid and satisfied;
- (2) You must be in full compliance with this Agreement and any other agreements between you and CFT, its Affiliates and your suppliers;
- (3) You and each Principal shall have executed a general release, in a form satisfactory to CFT, of any and all claims against CFT and its Affiliates and their respective officers, directors, shareholders, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state statute regulating franchising;
- (4) The transferee shall demonstrate to CFT's satisfaction that the transferee meets CFT's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; and has sufficient equity capital to operate the Franchised Business;
- (5) The transferee shall execute CFT's then-current form of franchise agreement for the remaining balance of the franchise term (and if the transferee is a Business Entity, then the transferee's

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principals shall jointly and severally guarantee the transferee's obligations thereunder in writing in a form satisfactory to CFT), and the transferee shall pay to CFT 50% of the initial franchise fee due thereunder. The parties acknowledge that the terms of CFT's then-current form of franchise agreement may differ from the terms of this Agreement and may include, among other things, a different percentage and/or minimum royalty fees and/or advertising requirements.

- (6) You agree to remain liable for all direct and indirect obligations to CFT in connection with the Franchised Business prior to the effective date of the transfer, shall continue to remain responsible for its obligations of nondisclosure, noncompetition and indemnification as provided elsewhere in this Agreement, and all other obligations that survive termination, expiration or transfer and shall execute any and all instruments reasonably requested by CFT to further evidence such obligation;
  - (7) The transferee shall comply with CFT's initial training requirements;
- (8) You or the transferor must provide CFT with a copy of the agreements of purchase and sale between the transferor and the transferee. The economic terms of the transfer may not materially and adversely affect, in CFT's sole judgment, the post transfer viability of the Franchised Business; and
  - (9) You have paid CFT the Transfer Fee.

Notwithstanding the foregoing, if you sign this Agreement in your individual capacity, but later desire to transfer your interest in this Agreement to a Business Entity for convenience of operation, CFT will consent to such transfer and waive the requirements described in 15.B.(5), (7), (8) and (9) above; provided that the Business Entity is wholly owned and controlled by the individual signatories to this Agreement and that each such individual executes an assignment and assumption agreement, in a form prescribed by CFT, under which such individual agrees to remain individually bound to all of the provisions of this Agreement.

#### C. Security Interest.

You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not under any circumstances entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without CFT's consent.

#### D. <u>Public and Private Offerings</u>.

If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you shall first obtain CFT's written consent, which consent shall not be unreasonably withheld. You must provide to CFT for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Marks or otherwise) that CFT is participating in an underwriting, issuance or offering of your securities, and CFT's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. CFT may condition its approval on satisfaction of any or all of the conditions set forth in Section 15.B. and on execution of an indemnity agreement, in a form prescribed by CFT, by you and any other participants in the offering. For each proposed offering, you shall pay to CFT a retainer in an amount determined by CFT, which CFT shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

#### E. Right of First Refusal.

If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business, or if any Principal receives a bona fide offer to purchase his or her equity interests in you, and you or such Principal wishes to accept such offer, you or the Principal CLEAN FIRST TIME<sup>TM</sup>

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must deliver to CFT written notification of the offer and, except as otherwise provided herein, CFT shall have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by CFT as in the case of an initial offer. If CFT elects to purchase the seller's interest, closing on such purchase must occur by the later of: (1) the closing date specified in the third party offer; or (2) within 60 days from the date of notice to the seller of CFT's election to purchase. CFT's failure to exercise the option described in this paragraph shall not constitute a waiver of any of the transfer conditions set forth in this Article 15.

#### F. Transfer Upon Death or Mental Incapacity.

If your Key Person dies or becomes incapacitated, CFT shall consent to the appointment of a new Key Person and to the transfer of the former Key Person's interest in this Agreement or equity interest in the franchisee (as applicable) to his or her spouse, heirs or relatives, whether such transfer is made by will or by operation of law, if, in CFT's sole discretion and judgment, the replacement Key Person meets CFT's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the Franchised Business herein; has at least the same managerial and financial criteria required by new franchisees and has sufficient equity capital to operate the Franchised Business. If said transfer is not approved by CFT, the executor, administrator or personal representative of such person shall transfer the former Key Person's interest to a third party approved by CFT within six months after such death, mental incapacity or disability. Such transfer shall be subject to CFT right of first refusal and to the same conditions as any inter vivos transfer.

#### G. Non-Waiver of Claims.

CFT's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, nor a waiver its right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which CFT and the transferee are parties, by the transferee.

#### H. Step-In Rights.

To prevent any interruption of the business of the Franchised Business and any injury to the goodwill and reputation thereof which may be caused thereby, you hereby authorize CFT, and CFT shall have the right, but not the obligation, to step in and operate the Franchised Business for as long as CFT deems necessary and practical, and without waiver of any other rights or remedies CFT, may have under this Agreement, in the event that: (1) your Key Person is absent or incapacitated by reason of illness or death and that you are not, therefore, in the sole judgment of CFT, able to operate the Franchised Business, or (2) any allegation or claim is made against the Franchised Business, you or any Principal, director or employee, involving or relating to misrepresentations or any fraudulent or deceptive practice. If CFT undertakes to operate the Franchised Business, CFT shall have the right to collect and pay from the revenues of the Franchised Business all expenses relating to the operation of the Franchised Business including, without limitation, Royalty Fees, employee salaries, reimbursement of CFT's expenses incurred in connection with such operation, and a reasonable management fee. You shall indemnify and hold CFT harmless from any and all claims arising from the alleged acts and omissions of CFT and its representatives.

#### 16. DEFAULT AND TERMINATION

#### A. Automatic Termination.

This Agreement will terminate automatically without notice and without an opportunity to cure if you become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by you or against you, or if you are adjudicated bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver for your business or assets is filed and against you, or if any court of competent jurisdiction appoints a receiver for your business assets, or if a final judgment is entered against you and remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed), or if execution is levied against any assets of the Franchised Business, or foreclosure proceedings are initiated against you by any secured lender.

#### B. Termination without Opportunity to Cure.

CFT may terminate this Agreement, by delivering to you written notice of termination, upon the occurrence of any of the following events of default:

- (1) Your failure to begin operations in accordance with Article 3.
- (2) Your abandonment of the Franchised Business (for purposes of this provision "abandonment" will be deemed to occur if you fail to operate the Franchised Business on three or more consecutive days or if you otherwise convey an intention to discontinue operations).
- (3) The making of any false or materially misleading representations in your franchise application or during the franchise application process;
- (4) Your conviction of or plea of *nolo contendere* to, or any Principal's conviction of or plea of *nolo contedere* to, a felony, a crime involving moral turpitude or any other crime which is likely to materially and adversely affect System or the goodwill associated with the Marks, or if you or any Principal is held liable in any civil action involving allegations of fraud or unfair trade practices or similar allegations;
- (5) Violation of any confidentiality or noncompete obligations, as described in Article 12, by you or any Principal;
- (6) The Franchised Business fails two consecutive quality assurance inspections or fails three quality assurance inspections during any rolling 24-month period;
- (7) Termination for cause of any other franchise agreement between CFT and you or your Affiliate; or
- (8) Delivery of three or more notices of default during any rolling 24-month period, whether or not the event(s) of default described in such notices ultimately are cured.

#### C. <u>Termination with Opportunity to Cure</u>.

CFT may terminate this Agreement, by delivery of written notice of default, upon the occurrence of any of the following events of default and your failure to take appropriate corrective action during the applicable cure period:

- (1) Your failure to pay any monies owed to CFT or its Affiliates within 10 days after delivery of written notice of a deficiency;
- (2) Your misuse the Marks, the Copyrighted Works, or any of CFT's other intellectual property (which includes, without limitation, offering or selling unauthorized products or services under or in conjunction with the Marks), and failure to correct the misuse within five days after delivery of written notice; or

(3) You failure to comply with any provision of this Agreement (except as otherwise provided in this Article 16) and failure to take appropriate corrective action within 30 days after delivery of written notice of a deficiency.

#### 17. OBLIGATIONS UPON EXPIRATION OR TERMINATION

#### A. Expiration or Termination of Franchise.

Upon termination or expiration of this Agreement, you shall have no further right to use the Marks, Copyrighted Works or other intellectual property owned and licensed to you by CFT. You may no longer hold yourself out as a CLEAN FIRST TIME<sup>TM</sup> franchise owner, and you shall refrain from representing any present or former affiliation with CFT or the CLEAN FIRST TIME<sup>TM</sup> franchise system. You shall immediately pay all sums due and owing to CFT and its Affiliates.

You shall immediately take all actions necessary to cancel any assumed or fictitious name containing the Marks, and shall do all things necessary to transfer to CFT or its designee all telephone number(s) used in connection with the operation of the Franchised Business. You hereby grant to CFT and its representatives power of attorney for the specific purpose of executing all documents and doing all things necessary to effect such cancellations and transfers, and shall execute all documents required by CFT to give effect to this provision, including Exhibit F to this Agreement.

You shall immediately surrender to CFT all copies of all materials in your possession including the Manual and all other documentation relating to the operation of the Franchised Business in your possession, and all copies thereof, and shall retain no copy or record of any of the foregoing, excepting only your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.

#### B. <u>Compliance with Post Term Obligations.</u>

You and each Principal shall comply with all covenants and obligations which, by their nature, surviving termination of this Agreement including, without limitation, the confidentiality obligations and restrictive covenants contained in Article 12 and the indemnification obligations described in Section 18.B.

#### 18. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

#### A. Independent Contractor.

The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that you will operate the Franchised Business as an independent contractor, and that neither party to this Agreement shall be considered an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other party.

Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between the parties are other than that of franchisor and franchisee. CFT does not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, nor will CFT be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business.

During the term of this Agreement, you shall identify yourself as the owner of the Franchised Business operating under a franchise granted by CFT, and shall apply for all permits and certificates of occupancy in your own name. Additionally, your individual name (if you are an individual) or your corporate name (if you are a Business Entity) must appear prominently on all invoices, order forms, receipts, business stationery and contracts. You shall not use the Marks to incur or secure any obligation or indebtedness on behalf of CFT. You shall display in a conspicuous location, a form of notice approved

by CFT, stating that you are an independent franchise owner of the CLEAN FIRST TIME<sup>TM</sup> Franchised Business.

#### B. <u>Indemnification</u>.

You shall defend at your own cost and indemnify and hold harmless to the fullest extent permitted by law, CFT, its Affiliates and their respective directors, officers, employees, agents, shareholders, designees, and representatives (collectively, the "CFT Indemnities") from all Losses and Expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: (1) your alleged infringement or any other violation or any other alleged violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; (2) your alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard; libel, slander or any other form of defamation by you; (3) your alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement; (4) any acts, errors or omissions of you or any of its agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives; (5) latent or other defects in the Franchised Business, whether or not discoverable by CFT or you; (6) the inaccuracy, lack of authenticity or nondisclosure of any information by any customer of the Franchised Business; (7) any services or products related to the operation of the Franchised Business; (8) any services or products provided by any affiliated or nonaffiliated participating entity; (9) any action by any customer of the Franchised Business; and, (10) any damage to the property of you or CFT, their agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of CFT or any of its agents or employees, or resulted from any strict liability imposed on CFT or any of its agents or employees.

"Losses and Expenses" means, for purposes of this Agreement, without limitation, all losses and expenses including compensatory, exemplary, incidental, consequential or punitive damages, fines, charges, expenses, lost profits, legal fees, expert fees, court costs, settlement amounts, judgments, compensation for CFT's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media/time/space and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

#### 19. NOTICES

All notices, requests and reports required or permitted under this Agreement must be in writing and must be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid or by facsimile (provided that the sender confirms the facsimile by sending an original confirmation copy by certified mail or expedited delivery service within five calendar days after transmission) to the respective parties at the addresses reflected in the Summary Pages, unless and until a different address has been designated by written notice to the other party. Any notice will be deemed to have been given at the time of personal delivery or receipt; provided, however, that if delivery is rejected, delivery will be deemed to have been given at the time of such rejection.

#### 20. SEVERABILITY AND CONSTRUCTION

#### A. <u>Entire Agreement</u>.

This Agreement and its Attachments constitute the final and fully integrated agreement between the parties concerning the subject matter hereof, and supersede all prior agreements.

#### B. <u>Modification</u>.

This Agreement may be modified only by a written document, signed by both parties.

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#### C. Written Consent.

Whenever this Agreement requires the prior approval or consent of CFT, you shall make a timely written request to CFT therefore and such approval or consent shall be obtained in writing.

#### D. No Waiver.

No failure of CFT to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of CFT's right to demand exact compliance with any of the terms herein. CFT's waiver of any particular default by you shall not affect or impair CFT's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of CFT to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants hereof affect or impair CFT's right to exercise the same, nor shall such constitute a waiver by CFT of any right hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by CFT of any payments due to it hereunder shall not be deemed to be a waiver by CFT of any preceding breach by you of any terms, covenants or conditions of this Agreement.

#### E. Severability.

Except as expressly provided to the contrary herein, each section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if CFT determines that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, CFT, at its option, may terminate this Agreement.

#### F. Captions and Headings; References to Gender; Counterparts.

All captions in this Agreement are intended solely for the convenience of the parties, and none of the captions shall be deemed to affect the meaning or construction of any provision hereof. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural. This Agreement may be executed in one or more originals, each of which shall be deemed an original.

#### G. Persons Bound.

All acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all of the parties executing this Agreement as franchisee hereunder. As used in this Agreement, the term "you" shall include all persons who succeed to the interest of the original franchisee by transfer or operation of law.

#### 21. GOVERNING LAW AND FORUM SELECTION

#### A. Governing Law.

This Agreement is made in and takes effect upon its acceptance and execution by CFT at its headquarters. This Agreement shall be and all claims arising out of or related to the relationship created hereby shall be governed by and interpreted and construed under the substantive laws of the State of Florida, without regard to it conflicts of laws principles, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.) and U.S. Copyright Act, 17 U.S.C. Section 101 et seq.).

#### B. Jurisdiction and Venue.

Except as expressly provided by applicable state law, the parties agree that any action brought by either party against the other shall be instituted and maintained in the federal or state courts in the county nearest to the county in which CFT maintains its principal place of business. The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Notwithstanding the foregoing, you acknowledge and agree that CFT may bring and maintain an action against you in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

#### C. Remedy.

No right or remedy conferred upon or reserved by CFT or you by this Agreement is intended and it shall not be deemed to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy.

#### D. Waiver of Jury Trial.

EACH PARTY HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING CFT, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THIS AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.

#### E. Contractual Limitations Period.

Any and all claims and actions arising out of or relating to this Agreement, the parties' relationship, or the operation of the Franchised Business (including any defenses and any claims of set-off or recoupment), must be brought or asserted before the expiration of the earlier of (1) the time period for bringing an action under any applicable state or federal statute of limitations; (2) one year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (3) two years after the first act or omission giving rise to an alleged claim, whichever occurs first; or it is expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred.

#### F. Waiver of Punitive Damages.

The parties hereby waive to the fullest extent permitted by law any right to or claim of any punitive, exemplary, or multiple damages against the other.

#### 22. ACKNOWLEDGMENTS

#### A. Receipt of Franchise Disclosure Document.

You hereby acknowledge that you received from CFT the Franchise Disclosure Document at least 14 calendar days prior to the execution of this Agreement. \_\_\_\_\_ [Please initial to acknowledge that you have read and understand this Paragraph]

#### B. Receipt of Agreement.

You hereby acknowledge that you received from CFT this Agreement with all blanks filled in at least seven calendar days prior to the execution of this Agreement. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with an attorney or other professional advisor. You further represent that you understand the terms, conditions and obligations of this Agreement and agree to be bound thereby. \_\_\_\_\_ [Please initial to acknowledge that you have read and understand this Paragraph]

C.	<u>Independent Investigation</u> .		
Agree ability applic	s relating to the Franchised Business and ment involves business risks and that its as an independent business person. Thi	recognize success s offering	conducted an independent investigation of all that the business venture contemplated by this will be largely dependent upon your skills and g is not a security as that term is defined under [Please initial to acknowledge that you have
D.	No Representations; No Reliance.		
to the and th FIRST have rackno	potential revenues, profits or services of that you have not relied on any such represe TIME <sup>TM</sup> franchise. You further acknowled made any statements inconsistent with the pwledge that you have read and understated	entations, the busine entations edge and r e terms o and this F	3 <b>1</b> -
	day and year first above written.		executed, sealed and delivered this Agreement
		CLEAN	N FIRST TIME, INC.
Witne	ss	By: Name: Title:	
		FRANC	CHISEE
		By:	
Witne	ss	Name:	
		Title:	

#### ATTACHMENT A TO CLEAN FIRST TIME, INC. FRANCHISE AGREEMENT

#### GLOSSARY OF ADDITIONAL TERMS

Capitalized terms will have the following meanings, unless otherwise defined in this Agreement.

- "Affiliate" means any entity that is wholly or partly owned by another entity, that shares common ownership with another entity, or that has an ownership interest in another entity.
- "Business Entity" means a corporation, limited liability company, limited partnership or other entity created pursuant to statutory authority.
- "Copyrighted Works" means and includes all versions, variations and adaptations of the following materials in tangible form, either produced by CFT, produced on its behalf as works for hire, or derived from works produced by or on behalf of CFT: (a) all manuals used in a Franchised Business' development, operation and marketing activities, including but not limited to the Manual, (b) training materials (including printed, audio, video or electronic materials), (c) business plans and specifications, (d) service identification posters, photographs and graphics, (e) advertising and marketing materials, (f) labels, forms and reports provided by CFT, (h) any computer software developed for use in the operation of the Business, (i) all Trade Dress and Trade Dress elements, and (j) any other materials protected by copyright law or marked or identified by Company as protected by copyright.
- "Confidential Information" means all trade secrets, the Standards and other elements of the System; all customer information; all information contained in the Manuals; and any other information that CFT designates as "Confidential Information."
- "CPI" means the annual average of the Consumer Price Index for All Urban Consumers, Service Group Only, 192-1984=100, published by the Bureau of Labor Statistics of the United States Department of Labor. If the Bureau of Labor Statistics ceases publishing the Consumer Price Index, then the successor or most nearly comparable index as selected by CFT will be used.
- "Gross Receivables" means all amounts due on account of services performed and products sold by you during the relevant time period, regardless of when or if payment is made. Gross Receivables does not include (1) revenue from the sale of equipment after being used in the conduct of the Franchised Business; (2) insurance proceeds; and (3) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority by you.
- "**Person**" means an individual (and the heirs, executors, administrators or other legal representatives of an individual), a partnership, a corporation, a limited liability company, a government, or any department or agency thereof, a trust, and any other incorporated or unincorporated association or organization.
- "Principals" means (1) if you are an individual, your spouse, (2) if you are a corporation, any holder of your voting securities and your officers and directors; (3) if you are a limited liability company, your members and managers, (4) if you are a limited partnership, your general partner and the Principals of your general partner. If any Principal is a Business Entity, then the term "Principal" also includes the Principals of the Business Entity.
- "Territory" means the geographic or other area identified in the Summary Pages.
- "Term" means a number of years as reflected on the Summary Pages.

# ATTACHMENT B TO THE CLEAN FIRST TIME, INC. FRANCHISE AGREEMENT

#### STATEMENT OF OWNERSHIP INTERESTS

#### STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS

A. The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in the Franchisee, and a description of the nature of their interest:

NAME	OWNERSHIP INTEREST IN FRANCHISEE	NATURE OF INTEREST

B.	The following is a list of all of Franchisee's Principals, each of whom shall (unless executing the Undertaking and Guaranty) shall execute the Confidentiality Agreement and Ancillary Covenan Not to Compete substantially in the form set forth in <a href="https://example.com/Attachment">Attachment D</a> to the Franchise Agreement:

### ATTACHMENT C TO THE CLEAN FIRST TIME, INC. FRANCHISE AGREEMENT

#### UNDERTAKING AND GUARANTY

Each of the undersigned acknowledges and agrees as follows:

- (1) Each has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Undertaking and Guaranty and the undertakings of the Principals in the Franchise Agreement are in partial consideration for, and a condition to, the granting of the rights under the Franchise Agreement, and that CFT would not have granted such rights without the execution of this Undertaking and Guaranty and the other undertakings by each of the undersigned;
- (2) Each is included in the term "Principal";
- (3) Each individually, jointly, and severally, makes all of the covenants, representations, warranties and agreements of the Principals set forth in the Franchise Agreement and is obligated to perform thereunder (including, without limitation, those regarding compliance with the Franchise Agreement in Exhibit D; the use of confidential information in Article 12, the covenants in Article 12; transfer provisions in Article 15 17; the choice of law and venue provisions in Article 21; and indemnification obligations in Article 18);
- (4) Each individually, jointly and severally, unconditionally, and irrevocably guarantees to CFT and its successors and assigns that all obligations of the franchisee under the Franchise Agreement will be punctually paid and performed. Upon default by the franchisee or upon notice from CFT, each Principal will immediately make each payment and perform each obligation required of the franchisee under the Franchise Agreement. Without affecting the obligations of any Principal under this Undertaking and Guaranty, CFT may, without notice to any Principal, waive, renew, extend, modify, amend, or release any indebtedness or obligation of the franchisee or settle, adjust, or compromise any claims that CFT may have against the franchisee. Each Principal waives all demands and notices of every kind with respect to the enforcement of this Undertaking and Guaranty, including notices of presentment, demand for payment or performance by the franchisee, any default by the franchisee or any guarantor, and any release of any guarantor or other security for this Undertaking and Guaranty or the obligations of the franchisee. CFT may pursue its rights against any Principal without first exhausting its remedies against the franchisee and without joining any other guarantor and no delay on the part of CFT in the exercise of any right or remedy will operate as a waiver of the right or remedy, and no single or partial exercise by CFT of any right or remedy will preclude the further exercise of that or any other right or remedy. Upon receipt by CFT of notice of the death of any Principal, the estate of the deceased will be bound by the foregoing Undertaking and Guaranty, but only for defaults and obligations under the Franchise Agreement existing at the time of death, and in that event, the obligations of the Principals who survive such death will continue in full force and effect:
- (5) Each also agrees to be bound individually to all of the provisions of the Franchise Agreement including, without limitation, the litigation and dispute resolution provisions set forth in Article 21, and each irrevocably submits to the jurisdiction of the Federal and state courts situated in the county closes to the county in which CFT maintains its principal place of business.
- (6) EACH WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING CFT, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.

IN WITNESS WHEREOF, each of the parties hereto, intending to be legally bound, has caused this Undertaking and Guaranty to be executed on the date set forth below.

THE PRINCIPALS

Witness

Witness

# ATTACHMENT D TO THE CLEAN FIRST TIME, INC. FRANCHISE AGREEMENT

#### CONFIDENTIALITY AND NONCOMPETITION AGREEMENT

(for trained employees, shareholders, officers, directors, members and general partners of Franchisee)

"Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:
1 doing business as (the "Franchisee"), has acquired the right and franchise from CLEAN FIRST TIME, INC. ("CFT") to establish and operate a Franchised Business (the "Franchised Business") and the right to use in the operation of the Franchised Business CFT's trade names, trademarks, service marks, including the service mark CLEAN FIRST TIME <sup>TM</sup> (the "Marks") and the system developed by CFT and/or its affiliates for operation and management of Franchised Businesses (the "System"), as they may be changed, improved and further developed from time to time in CFT sole discretion.
2. CFT possesses certain proprietary and confidential information relating to the operation of the System, which includes the Operations Manual, trade secrets and copyrighted materials, methods and other techniques and know-how (the "Confidential Information").
3. Any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which CFT specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.
4. As of the Franchisee, CFT and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, CFT operations manual (the "Manual") and other general assistance during the term of this Agreement.
5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.
6. The Confidential Information is proprietary, involves trade secrets of CFT, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by CFT as confidential. Unless CFT otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.
7. Except as otherwise approved in writing by CFT, I shall not, while in my position with the Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for one (1) year thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any

other person, partnership, corporation or other limited liability CFT own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business offering or providing services or products of the kind provided by CFT or its franchisees and that is

competitive with CFT or its franchisees that operates in the Territory (as defined in the Franchise Agreement), or within the Territory of any other in the market area of any other business operating under the CLEAN FIRST TIME<sup>TM</sup> System and Marks as of the date of termination or expiration of my employment or position with Franchisee. This restriction does not apply to my ownership of less than 10% beneficial interest in the outstanding securities of any publicly-held corporation.

- 8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which CFT is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.
- 9. I understand and acknowledge that CFT shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.
- 10. CFT is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause CFT and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or CFT may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and CFT all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and CFT, any claim I have against the Franchisee or CFT is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.
- 11. This Agreement shall be construed under the laws of the State of Florida. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

12. With respect to all claims, controversies and disputes, I irrevocably consent to personal
jurisdiction and submit myself to the jurisdiction of the state courts located in I acknowledge
that this Agreement has been entered into in the state of In recognition of the information
and its origin, I hereby irrevocably consent to the personal jurisdiction of the state and federal courts of
as set forth above. Notwithstanding the foregoing, I acknowledge and agree that CFT may
bring and maintain an action against me in any court of competent jurisdiction for injunctive or other
extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity
rules, including the applicable rules for obtaining restraining orders and preliminary and permanent
injunctions.

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS AGREEMENT THE DAY AND YEAR FIRST ABOVE WRITTEN.

Signature:	
Name:	
Address:	
Title:	
ACKNOWLEDGED BY FRANCHISEE	
$R_{V}$ .	
Dy	
By:Name:	

#### ATTACHMENT E TO THE CLEAN FIRST TIME, INC. FRANCHISE AGREEMENT

### **ELECTRONIC DEBT AUTHORIZATION Authorization Agreement for Direct Payments (ACH Debits)**

I (we) hereby authorize my (our ) □ Checking Account/ □ Signancial institution named below, herea I (we) acknowledge that the origination provisions of U.S. law.	Savings Account after called DEPO	(select one) indicate SITORY, and to debi	d below at the depository the same to such account.
Depository Name:		Branch:	
City:	State:		Zip:
Routing Number:		Account Number:	
This authorization is remain in full fore (or either of us) or its termination in su reasonable opportunity to act on it.			
Name(s):		ID Number:_	
(Please Print)			
Date:	Signature:		

NOTE: DEBIT AUTHORIZATIONS <u>MUST</u> PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION

# ATTACHMENT F TO THE CLEAN FIRST TIME, INC. FRANCHISE AGREEMENT

#### TELEPHONE ASSIGNMENT AGREEMENT

THIS TELEPHONE ASSIGNMENT AGREEMENT is made as of this \_\_\_\_\_ day of

, 20 by and between
(hereinafter the "Assignor") and CLEAN FIRST TIME, INC. (hereinafter the "assignee").
WITNESSETH:
<b>WHEREAS</b> , the Assignee has developed and owns the proprietary system ("System") for the operation of a store under the trademark and logo <b>CLEAN FIRST TIME</b> <sup>TM</sup> (the "Franchised Business");
<b>WHEREAS</b> , the Assignor has been granted a license to operate a Franchised Business pursuant to a Franchise Agreement dated, in accordance with the System;
<b>WHEREAS</b> , in order to operate its Franchised Business, the Assignor shall be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements; and
<b>WHEREAS</b> , as a condition to the execution of the Franchise Agreement, the Assignee has required that the Assignor assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the Assignee in the event of a termination of the Franchise Agreement;
<b>NOW, THEREFORE</b> , in consideration of the foregoing, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:
1. <u>Assignment</u> . In the event of termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the System, the Assignor hereby sells, assigns, transfers and conveys to the Assignee all of its rights, title and interest in and to certain telephone numbers, telephone listings and telephone directory advertisements pursuant to which Assignor shall operate its Franchised Business in accordance with the terms of the Franchise Agreement; provided, however, such Assignment shall not be effective unless and until the Franchise Agreement is terminated in accordance with the provisions thereof.
2. <u>Representation and Warranties of the Assignor</u> . The Assignor hereby represents, warrants and covenants to the Assignee that:
(a) As of the effective date of the Assignment, all of the Assignor's obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services shall be paid and current;
(b) As of the date hereof, the Assignor has full power and legal right to enter into, execute, deliver and perform this Agreement;
(c) This Agreement is a legal and binding obligation of the Assignor, enforceable in accordance with the terms hereof;

in connection herewith; and

violate, breach or constitute a default under any contract, agreement or instrument to which the Assignor is a party or by which the Assignor is bound, and no consent of nor approval by any third party is required

The execution, delivery and performance of this Assignment does not conflict with,

- (e) The Assignor has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements, and the Assignor has obtained all necessary consents to this Assignment.
- 3. <u>Miscellaneous</u>. The validity, construction and performance of this Assignment shall be governed by the laws of the State of Florida. All agreements, covenants, representations and warranties made herein shall survive the execution hereof. All rights of the Assignee shall inure to its benefit and to the benefit of its successors and assigns.

**IN WITNESS WHEREOF**, each of the parties have executed this Assignment as of the day and year first written above.

**ASSIGNEE:** 

D	
By: Name:	
Title:	
ASSIG	NOR:

# EXHIBIT E TO THE CLEAN FIRST TIME, INC. FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

## Clean First Time, Inc. INCOME STATEMENT

#### 12 Months Ended December 31, 2005

Sales Sales Less Returns & Allowances	\$	1,205,711.00 0.00
Total Sales		1,205,711.00
Cost of Goods Sold Purchases Contract Labor  Total Cost of Goods Sold		14,774.00 840,834.00 855,608.00
Gross Profit		350,103.00
Operating Expenses Accounting Advertising Auto and Truck Expense Bank Charges Dues Insurance Legal Fees Licenses and Permits Mobile Communications Office Expense Salaries-Employees Salaries-Officers Rent-Building Rent-Equipment Stationary & Printing Taxes-Payroll Taxes-Other Telephone Uniforms  Total Operating Expenses		9,000.00 31,317.00 3,741.00 827.00 800.00 27,526.00 2,656.00 300.00 9,416.00 11,314.00 66,991.00 121,500.00 19,500.00 191.00 3,581.00 24,563.00 7,000.00 1,598.00 600.00
Operating Income (Loss)	-	7,682.00
Net Income (Loss)	\$	7,682.00

### **ASSETS**

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CU	KK		ASSE	13

Cash - Checking

92,058.00

**Total Current Assets** 

92,058.00

#### PROPERTY AND EQUIPMENT

Equipment

6,585.00

Furniture and Fixtures

14,240.00

Less: Accumulated Depreciation

(2,976.00)

Net Property and Equipment

17,849.00

**TOTAL ASSETS** 

\$ 109,907.00

## LIABILITIES AND STOCKHOLDERS' EQUITY

CUR	RF	NT	LIAE	ILI'	TIES

Accounts Payable Stockholder Loans \$ 27,574.00 24,312.00

**Total Current Liabilities** 

51,886.00

LONG-TERM LIABILITIES

**Total Liabilities** 

51,886.00

STOCKHOLDERS' EQUITY

Capital Stock
Paid in Capital
Distribution
Current Net Profit/Loss

1,500.00 48,839.00 0.00 7,682.00

Total Stockholders' Equity

58,021.00

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 109,907.00

## Clean First Time, Inc. INCOME STATEMENT

#### 12 Months Ended December 31, 2006

Colon	
Sales Sales Sales Returns & Allowances Less Returns & Allowances	\$ 3,777,296.00 (19,150.00) 0.00
Total Sales	3,758,146.00
Cost of Goods Sold	
Purchases	227,017.00
Contract Labor	2,611,658.00
Total Cost of Goods Sold	2,838,675.00
Gross Profit	919,471.00
Operating Expenses	
Accounting	15,000.00
Advertising	11,010.00
Auto and Truck Expense	28,046.00
Bank Charges	866.00
Computer Charges	728.00 596.00
Dues Entertainment and Meals	2,464.00
Insurance	36,768.00
Interest	9,054.00
Legal Fees	133,950.00
Licenses and Permits	549.00
Mobile Communications	18,840.00
Office Expense	22,244.00
Postage _	3,838.00
Salaries-Employees	307,833.00
Salaries-Officers	224,340.00 545.00
Professional Fees Rent-Building	45,563.00
Rent-Equipment	1,774.00
Repairs & Maintenance	133.00
Stationary & Printing	7,267.00
Taxes-Payroll	17,957.00
Telephone	7,560.00
Travel	2,062.00
Uniforms	550.00
Utilities	2,251.00
<b>Total Operating Expenses</b>	901,788.00
Operating Income (Loss)	17,683.00
Other Income	
Interest Income	134.00
microst moonic	101.00
Total Other Income (Loss)	134.00
Net Income (Loss)	\$ 17,817.00

### **ASSETS**

CURRENT ASSETS Cash - Checking	\$	119,523.00	
Total Current Assets			 119,523.00
PROPERTY AND EQUIPMENT Equipment Computer Software Furniture and Fixtures Less: Accumulated Depreciation	-	17,820.00 11,154.00 14,240.00 (13,421.00)	
Net Property and Equipment			29,793.00
TOTAL ASSETS			\$ 149,316.00

## LIABILITIES AND STOCKHOLDERS' EQUITY

CHE	DENT	LIABIL	ITIES
CUR	LEIAI	LIADIL	

 Accounts Payable
 \$ 37,845.00

 Note Payable
 19,453.00

 Stockholder Loans
 24,312.00

Total Current Liabilities 81,610.00

#### LONG-TERM LIABILITIES

Total Liabilities 81,610.00

### STOCKHOLDERS' EQUITY

 Capital Stock
 1,500.00

 Paid in Capital
 48,839.00

 Distribution
 0.00

 Current Net Profit/Loss
 17,367.00

Total Stockholders' Equity 67,706.00

TOTAL LIABILITIES AND \$ 149,316.00

## Clean First Time, Inc. INCOME STATEMENT

#### 12 Months Ended December 31, 2007

Sales Sales Sales Returns & Allowances Less Returns & Allowances	\$	2,785,396.00 (1,173.00) 0.00
Total Sales	-	2,784,223.00
Cost of Goods Sold		
Purchases		56,134.00
Contract Labor		1,878,285.00
<b>Total Cost of Goods Sold</b>		1,934,419.00
Gross Profit	// <u></u>	849,804.00
Operating Expenses		
Accounting		4,200.00
Auto and Truck Expense		16,898.00
Bank Charges Computer Charges		6,269.00
Dues		10,765.00 596.00
Entertainment and Meals		1,937.00
Insurance		121,780.00
Interest		12,133.00
Legal Fees		43,317.00
Licenses and Permits		920.00
Mobile Communications		23,819.00
Office Expense		21,052.00
Postage		6,298.00
Salaries-Employees		367,079.00
Salaries-Officers		121,200.00
Professional Fees		1,717.00
Rent-Building		28,878.00
Rent-Equipment		7,139.00
Repairs & Maintenance Stationary & Printing		45.00
Supplies		1,451.00 6,663.00
Taxes-Payroll		407.21
Telephone		6,023.00
Travel		18,875.00
Uniforms		50.00
Utilities		2,172.00
Total Operating Expenses		831,683.21
Operating Income (Loss)	-	18,120.79
Net Income (Loss)	\$	18,120.79

### **ASSETS**

CURRENT ASSETS Cash - Checking	\$ 76,424.00	
Total Current Assets		76,424.00
PROPERTY AND EQUIPMENT		
Equipment	11,235.00	
Computer Software	33,546.00	
Furniture and Fixtures	20,825.00	
Less: Accumulated Depreciation	 (28,855.00)	
Net Property and Equipment		 36,751.00
TOTAL ASSETS		\$ 113,175.00

## LIABILITIES AND STOCKHOLDERS' EQUITY

CHE	RF	NT	ΙΙΔΙ	RII I	<b>TIES</b>
CUI	$\sim$	1 1 1			

Accounts Payable \$ 26,744.21 Note Payable \$ 19,453.00

Total Current Liabilities 46,197.21

LONG-TERM LIABILITIES

Total Liabilities 46,197.21

STOCKHOLDERS' EQUITY

 Capital Stock
 1,500.00

 Paid in Capital
 48,839.00

 Distribution
 0.00

 Current Net Profit/Loss
 16,638.79

Total Stockholders' Equity 66,977.79

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 113,175.00

## EXHIBIT F TO THE CLEAN FIRST TIME, INC. FRANCHISE DISCLOSURE DOCUMENT

**GENERAL RELEASE** 

#### **GENERAL RELEASE**

RELEASOR, hereby releases and discharges CLEAN FIRST TIME, INC. and its respective present and former officers, directors, shareholders, members, managers and employees (in their individual and corporate capacities), and their respective heirs, successors and assigns (collectively, the RELEASEES), from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or equity, which RELEASOR has, had or claims to have against the RELEASEES which arise out of or relate to the franchise agreement between RELEASOR and CLEAN FIRST TIME, INC., including and the offer and sale of the Franchised Business including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

## EXHIBIT G TO THE CLEAN FIRST TIME, INC. FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE DISCLOSURE QUESTIONNAIRE

#### FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, we are preparing to enter into a Franchise Agreement for the operation of a CLEAN FIRST TIME<sup>TM</sup> franchise. The purpose of this Questionnaire is to determine whether any unauthorized, inaccurate or untrue statements or promises were made to you during the award process, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. You cannot sign or date this Questionnaire the same day as the Receipt for this Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee. Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes	No	1.	Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?
Yes	No	2.	Have you received and personally reviewed the Disclosure Document we provided?
Yes	No	3.	Did you sign a receipt for the Disclosure Document indicating the date you received it?
Yes	No	4.	Do you understand all the information contained in the Disclosure Document and Franchise Agreement?
Yes	No	5.	A) Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?
Yes	No		B) Have you discussed the benefits and risks of operating a CLEAN FIRST TIME $^{\text{TM}}$ franchise with your professional advisor?
Yes	No		C) Did you discuss the benefits and risks of operating a CLEAN FIRST TIME $^{\text{TM}}$ franchise with an existing CLEAN FIRST TIME $^{\text{TM}}$ franchisee?
Yes	No	6.	Do you understand the risks of operating a CLEAN FIRST TIME $^{\mbox{\tiny TM}}$ franchise?
Yes	No	7.	Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
Yes	No	8.	Do you understand we are not obligated to provide assistance to you in finding and securing a location at which to operate your CLEAN FIRST TIME <sup>TM</sup> Franchised Business?
Yes	No	9.	A) Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be brought in the judicial district in which our principal place of business is located, if not resolved informally?
Yes	No		B) Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement, and not any punitive, exemplary or

multiple damages)? Yes\_\_\_\_ No \_\_\_\_ 10. Do you understand that your Key Person must successfully complete our initial training program? Yes No 11. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises? Yes\_\_\_\_ No \_\_\_\_ 12. A) Do you understand that the US Government has enacted antiterrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities? Yes No B) Is it true that you have never been a suspected terrorist or associated directly or indirectly with terrorist activities? Yes No C) Do you understand that we will not approve your purchase of a CLEAN FIRST TIME<sup>TM</sup> franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity? Yes\_\_\_\_ No \_\_\_\_ D) Is it true that you are not purchasing a CLEAN FIRST TIME<sup>TM</sup> franchise with the intent or purpose of violating any anti-terrorism law, or for obtaining money to be contributed to a terrorist organization? Yes No 13. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a CLEAN FIRST TIMETM franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document? Yes\_\_\_\_ No \_\_\_\_ 14. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a CLEAN FIRST franchise will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document? Yes No 15. Is it true no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in our Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document? Yes\_\_\_\_ No \_\_\_\_ 16. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise, meaning any prior oral or written statements not set out in the Franchise Agreement or the Disclosure Document will not be binding? {*The next page is the signature page*}

#### Dated:

	Individually and as an Officer
-	Printed Name
ot	
(a	Corporation)
(a	Partnership)

# EXHIBIT H TO CLEAN FIRST TIME, INC. FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

## **CURRENT FRANCHISEES As of November 25, 2008**

Clean First Time Hillsborough Althea Morgan 19104 Rosewood Creek Tampa, FL 33647 813 313-8468 – 813-333-1729

Pagett Enterprises Lee Pagett 8169 Sun Palm Drive Kissimmee, FL 34747 407-832-2977 – 407-397-1898

Clean First Time Atlanta LLC Rodney Springer 165 Westbourne Drive Tyrone, GA 30920 770-756-9265 – 678-520-6540 (cell)

Clean First Time Seminole, Lake, Sumter and Marion County John and Paul Gray 11133 Ledgement Lane Windermere, FL 34786 321-228-9773 – 407-876-1396

Clean First Time Polk County Kendra Lafrenieri 412 Cypress Gardens Blvd SE #103 Winter Haven FL 33880 863-287-2618 – 863-956-0502

Perry Jenkins Jenkins Inc. 114 Waltham Court Legacy Park Davenport, FL 33897

Clean First Time Hernando, Pasco & Citrus County 4805 Sunnybroke Drive, Unit 26 Newport Ritchie, FL 352-263-8735

Clean First Time Treasure Coast LLC Sandra Gardner 2293 SW Martin Highway Suite 248 Palm City, FL 34990 772-344-6358

## FRANCHISEES WHO LEFT THE SYSTEM January 1, 2007, to November 25, 2008

Clean First Time of Oviedo Ada Rojas & CJ 2957 Boland Drive Oviedo, FL 32765 407-617-9799

### EXHIBIT I TO CLEAN FIRST TIME, INC. FRANCHISE DISCLOSURE DOCUMENT

**RECEIPT** 

#### RECEIPT

THIS FRANCHISE DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS FRANCHISE DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF WE OFFER YOU A FRANCHISE, WE MUST PROVIDE THIS FRANCHISE DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT OR MAKE A PAYMENT WITH FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

IF WE DO NOT DELIVER THIS FRANCHISE DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE APPROPRIATE STATE REGULATORY AGENCY LISTED IN EXHIBIT B. OUR AGENTS FOR SERVICE OF PROCESS ARE LISTED IN EXHIBIT C.

<b>Issuance Date</b>	e: January 25, 20	009					
The following	individuals offer	the franchise for sa	ale:				
I have, this	day of		, 200	, received a Franchise Disclosure			
				nent includes the following Exhibits:			
EXHIBIT A	Table of Conte	ents of Manuals					
EXHIBIT B	List of State A	dministrators					
EXHIBIT C	List of Agents	for Service of Proce	ess				
EXHIBIT D	Franchise Agre						
	•	Glossary of Addit	ional Terms				
		Statement of Own					
		Undertaking and					
		Attachment D Confidentiality and Nondisclosure Agreement					
	Attachment E	Attachment E Electronic Debit Authorization					
	Attachment F	Attachment F Telephone Number Assignment Agreement					
EXHIBIT E	Financial State	ements					
EXHIBIT F	General Releas	se					
EXHIBIT G	Franchise Disc	losure Questionnair	e				
EXHIBIT H	Receipt						
Print Name							
<u> </u>				D. (			
Signature				Date			
If signing on b	ehalf of a corpor	ration or other entity	y, please complete t	he following:			
Name	of Entity	<del></del>		Title			

#### **RECEIPT**

THIS FRANCHISE DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS FRANCHISE DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF WE OFFER YOU A FRANCHISE, WE MUST PROVIDE THIS FRANCHISE DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT OR MAKE A PAYMENT WITH FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

IF WE DO NOT DELIVER THIS FRANCHISE DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE APPROPRIATE STATE REGULATORY AGENCY LISTED IN EXHIBIT B. FRANCHISOR'S AGENTS FOR SERVICE OF PROCESS ARE LISTED IN EXHIBIT C.

<b>Issuance Date</b>	e: January 25, 20	009							
The following	individuals offer	r the franchise for sale:							
I have, this	day of		, 200	, received a Franchise Disclosure					
				nent includes the following Exhibits:					
EXHIBIT A	Table of Contents of Manuals								
EXHIBIT B	List of State Administrators								
EXHIBIT C	List of Agents for Service of Process								
EXHIBIT D	Franchise Agreement								
	Attachment A Attachment B Attachment C Attachment D Attachment E Attachment E  Attachment E  Glossary of Additional Terms Statement of Ownership Interests Undertaking and Guaranty Confidentiality and Nondisclosure Agreement Electronic Debit Authorization								
					Attachment F Telephone Number Assignment Agreement				
					EXHIBIT E	Financial Statements			
					EXHIBIT F	General Release			
					EXHIBIT G	Franchise Disclosure Questionnaire			
	EXHIBIT H	Receipt							
Print Name		<del> </del>							
Signature				Date					
If signing on b	ehalf of a corpor	ration or other entity, plea	se complete	the following:					
Name of Entity				Title					