



## FRANCHISE DISCLOSURE DOCUMENT

HOME CLEANING CENTERS OF AMERICA, INC., a Kansas corporation

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Leawood, Kansas 66209

(800) 767-1118

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[mcalhoon@homecleaningcenters.com](mailto:mcalhoon@homecleaningcenters.com)

The Franchisor is offering a franchise for the operation of residential and commercial cleaning services under the name "Home Cleaning Centers of America."

The total investment necessary to begin operation of a Home Cleaning Centers of America franchise is from \$32,800 to \$34,800. This includes \$25,500 that must be paid to the Franchisor for the initial franchise fee, supplies and opening advertising.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in a different format, contact Mike Calhoon at the number or web address listed above.

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

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

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

The issuance date of this Disclosure Document is March 15, 2012.

## STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit F for information about the franchisor, about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

### RISK FACTORS

1. THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO LITIGATE WITH THE FRANCHISOR ONLY IN THE STATE OF KANSAS. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH THE FRANCHISOR IN KANSAS THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT KANSAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

See the following State Registration Page for the State Effective Dates.

ATTACHMENT 1 TO FRANCHISE DISCLOSURE DOCUMENT

The Date of registration of this Franchisor or exemption in the states listed below is as follows:

<b>State</b>	<b>Effective Date</b>
California	March 27, 2012
Florida	Exempt
Illinois	May 15, 2012
Kentucky	Exempt
Minnesota	April 12, 2012
Michigan	November 16, 2012
Nebraska	Exempt
New York	September 19, 1996, as amended through April 27, 2012
Texas	Exempt
Utah	Exempt
Washington	April 30, 2012

**COVER PAGE FOR SALE OF FRANCHISES BY  
HOME CLEANING CENTERS OF AMERICA, INC. IN THE STATE OF MICHIGAN**

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

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

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

(i) The fact that the proposed transferee to meet franchisor's then current reasonable qualifications or standards.

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

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

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

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

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

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

Any questions regarding this Notice should be directed to the office of the attorney general, 670 Law Building, Lansing, Michigan 48913, (517) 373-7117.

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

To simplify the language in this Disclosure Document, "We" or "Home Cleaning Centers" means Home Cleaning Centers of America, Inc., the Franchisor. "You" means the person(s) who buys the franchise. Home Cleaning Centers' principal business address is 4851 134<sup>th</sup> Street, Suite D, Overland Park, Kansas 66209 (800/767-1118). Home Cleaning Centers is a Kansas corporation, incorporated as A-1 Suburban Home Cleaning, Inc. on January 1, 1982. The name was changed to Home Cleaning Centers of America, Inc. on July 25, 1983. Home Cleaning Centers has no Predecessor, Affiliate, or Parent company.

Home Cleaning Centers has, since its incorporation on January 1, 1982, operated residential and commercial cleaning services of the type to be operated by you. Home Cleaning Centers operated a company owned Home Cleaning Centers of America business in Shawnee Mission, Kansas, which operation was sold in January, 1985 and is now owned and operated by a franchisee. Home Cleaning Centers sold its first home cleaning franchise in March of 1984. Home Cleaning Centers does not offer franchises in any other lines of business.

Home Cleaning Centers is engaged in the sale of franchises for the operation of commercial and residential cleaning services under the name "Home Cleaning Centers of America". The franchises sold by us contain the rights to service an exclusive geographical territory and it is our belief that the territories which we grant are significantly larger than territories granted by competing home cleaning franchises

The franchise consists of the sale of residential and commercial cleaning services, including carpet and upholstery cleaning. You will sell only services and will not be in the business of selling cleaning products to customers.

The market for residential service is expected to be primarily middle and upper income households where both spouses are employed. The market for business is expected to be small businesses, primarily the cleaning of office areas.

You will utilize a common business format and will operate under uniform methods of operation. You will be purchasing certain specified major cleaning materials and equipment and will follow certain cleaning methods and procedures to be outlined by us.

The only governmental regulations pertaining directly to the home cleaning industry are O.S.H.A regulations dealing with the labeling of cleaning supply containers and spray bottles.

Your competition will come from national home cleaning chains and franchises, as well as local individual maids and maid businesses.

**ITEM 2**  
**BUSINESS EXPERIENCE**

MICHAEL J. CALHOON - Director, President and Treasurer

Michael J. Calhoon is a Director and is President and Treasurer of Home Cleaning. In 1977, he formed his own manufacturer's representative company, doing business under the name Calhoon & Co., Inc. In 1986, he sold his interest in the manufacturer's representative business, and moved to the Kansas City area to join the Franchisor. Mr. Calhoon's own company, Calhoon & Co., Inc., owned a franchise, until it was sold to another franchisee in August, 1991.

JEANNETTE CALHOON - Director, Vice-President and Secretary

Jeannette Calhoon managed the franchise owned by Calhoon & Co., Inc., from October, 1986 to August, 1991. At that time, she joined Home Cleaning as Director, Vice-President and Secretary. Ms. Calhoon has responsibility for the day to day administration of Home Cleaning Centers.

DENNIS JAY FRIESEN – V.P

Mr. Friesen joined us in January, 1996 in a consulting capacity as our Central District Manager, where he has responsibility for servicing the franchisees within a given geographical territory, both in terms of inspections, telephone contact and generally assisting the franchisees in the operation of their businesses. He will also be assisting in selling franchises in his territory, and training those that he sells. From March 1991 to present he has also been the owner and operator of a Home Cleaning Centers of America franchise in Lakewood Colorado.

DENNIS CHARLES SIESENNOP – V.P.

Mr. Siesennop joined us in January, 1996 in a consulting capacity as the Eastern District Manager, where he has responsibility for servicing the franchisees within a given geographical territory, both in terms of inspections, telephone contact and generally assisting the franchisees in the operation of their businesses. He will also be assisting in selling franchises in his territory and in training the ones that he sells. From August, 1988 to present, he has also been the owner and operator of a Home Cleaning Centers of America franchise in Manchester, Missouri.

**ITEM 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.



**ITEM 4**  
**BANKRUPTCY**

No person previously described in Items 1 or 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code (or comparable foreign law) required to be disclosed in this Item.

**ITEM 5**  
**INITIAL FEES**

Each Home Cleaning franchisee is required to execute a Home Cleaning Centers of America, Inc. Franchise Agreement, which governs the operation of the franchised business. You will also be required to pay a non-refundable initial franchise fee of \$12,500, half of which is due upon signing the Franchise Agreement and the other half upon commencement of training. In addition, you are required to pay us a non-refundable fee of \$3,000, due upon the commencement of training, in consideration for which we will provide you with initial cleaning supplies, equipment and uniforms.

We require you to pay to us Ten Thousand Dollars (\$10,000) as an advertising fee, before the initial training described in Item XI below. We will spend the \$10,000 for promotional activities in your exclusive franchise zone, during the first few months of operation. We do not derive any profit from this initial advertising fee. There are no other fees or payments for goods or services payable to us or any affiliate of ours before your business opens.

The initial franchise fee described above is uniform for all franchises being offered at this time. We sold one franchise in 2011, for \$12,500. We reserve the right to increase the initial franchise fee for franchises being offered in the future. Pursuant to the terms of the Franchise Agreement, the initial franchise fee is not refundable under any circumstances.

**ITEM 6**  
**OTHER FEES**

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty	5% of Gross Sales, up to \$25,000 per month, 4.5% of gross sales if monthly sales exceed \$25,000 but are less than \$100,000; 4% of gross sales if sales are between \$100,000 and \$150,000; 3.5% if sales are between \$150,000 and \$200,000; 3% if sales exceed \$200,000. Revenues generated	10th day of following month	Gross Sales is comprised of all billings, except sales tax

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
	from one account grossing over \$25,000 /month will be 3%.(1)		
Training & Set-up	No Charge for pre-operation training of 2 employees	Upon billing if more than two trainees	Hotel, meals & pre-approved travel included
Advertising	\$10,000 initially and right to charge 1% of gross receipts in future	Before initial training	Used in our exclusive zone
Audit	Cost of audit	Upon billing	Due if audit shows more than a \$50 underpayment
Transfer Fee	Sufficient to cover reasonable costs	Prior to transfer	Due if you sell
Renewal Fee	None mandatory; right to charge up to \$5,000	Upon billing	2 ten year renewal terms

(1) If you have a commercial customer that generates over \$25,000 in billings for you in any given month, the royalty for that customer is 3%.

All of the fees described above other than the training expenses are payable to us, as required in the Franchise Agreement. All such fees are non-refundable.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee	\$12,500	Lump Sum	1/2 signing 1/2 training	Franchisor
Equipment, Supplies & Uniforms	\$ 3,800(1)	Lump Sum	Before Training	Franchisor
Advertising	\$ 10,000	Lump Sum	Before Training	Franchisor

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Software	\$ 0			
Lease of Building	\$ 500(2)	Periodic	Per lease	Lessor
Training	\$ 0			
Additional Funds	\$ 6,000 to \$ 8,000(3)	As Incurred	First five months	Employees, Suppliers, Etc.
<b>TOTAL BASIC PACKAGE</b>	<b>\$32,800 to \$34,800</b>			

1. The figure for equipment, supplies and uniforms consists of \$3,000 of initial cleaning equipment, supplies and uniforms that you buy from us in starting your business, plus approximately \$800 for used office furniture and equipment.

2. The figure of \$500 for the lease of office space is based on one month=s rent, for an office containing approximately 500 to 700 square feet.

3. The additional funds figure is based on historical experience, supported by monthly operating figures received from our franchisees. It includes expenses such as salaries, car allowances and other operating expenses incurred during a five month start-up period.

### **ITEM 8**

#### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

As described in Item 7 above, the cost of the initial package of equipment, supplies and uniforms is \$3,000, which you will pay to us upon signing of your lease. We estimate that this purchase will constitute 100% of the purchase requirements of most franchisees, assuming that they have a telephone and space at home for an office. The initial supply package is expected to last you up to six months. While the initial equipment and supply package is purchased from us, some of the subsequent supplies and equipment need not be, and may be purchased from any approved suppliers, provided such items have been approved, all as set out in our Operations Manual. We require you to conform to our specifications and standards with respect to the equipment, supplies, uniforms and other material used in connection with the operation of the franchised business.

It is our practice to require that you and the other franchisees purchase all of your cleaning supplies from us, as we have a national account with Zep Manufacturing Company, and are able to provide you with discounts on their products that you would not otherwise be able to obtain. We estimate that the purchase of Zep supplies from us will constitute approximately 90% of your ongoing purchase of inventory and supplies.

When you choose to purchase supplies or equipment from us, we will obviously derive income from any such sales. The prices charged by us are generally lower than or comparable to the prices charged by third parties in the industry, mainly due to our business relations with manufacturers and suppliers. In the year ending December 31, 2011, we derived \$122,533 in gross revenues from the sale of equipment and supplies, or about 18% of our total revenues of \$685,915. We have several approved suppliers for all the cleaning supplies and other products, based on national accounts we have set up with those vendors. We have received a mark-up, of 10%, on all Zep Manufacturing cleaning supplies purchased by our franchisees.

Our standards and specifications for items such as equipment and supplies are formulated based on our historical experience in the business. You may purchase your vacuum cleaners from other sources, but your uniforms and cleaning supplies are bought from us. We typically specify only one or two options, choosing what we consider to be the highest quality available rather than the least expensive. We keep up with the markets and change specification when we feel that new products offer higher quality. Although the approved items are made known to the franchisees, the actual standards and specifications are not distributed to the franchisees. We periodically review these approved suppliers and ask that you check with us first before purchasing products from someone not yet approved, and then give us a reasonable time to respond. We do not charge you for reviewing an alternative supplier or item that you may suggest. The evaluations are conducted by Mike Calhoun, our President, and he will typically notify you of the results of his evaluation within 30 days. Because your supplies are purchased directly from us and not from a designated or approved supplier, no vendor pays us any rebates or other fees based on purchases by our franchisees. There are no approved suppliers in which any of our officers own an interest.

There is presently no purchasing or distributing cooperative associated with the franchised system.

**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.**

<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
a. Site selection and acquisition of lease	Item III of Franchise Agreement	Items 7 and 11
b. Pre-opening purchases and leases	Item VI of Franchise Agreement	Items 6, 7 & 10
c. Site development and other	Items III and IV of Franchise Agreement	Items 6, 7 & 11

<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
pre-opening requirements		
d. Initial and ongoing training	Item VII of Franchise Agreement	Item 11
e. Opening	Item III of Franchise Agreement	Items 5, 6 & 7
f. Fees	Item VI of Franchise Agreement	Item 11
g. Compliance with standards & policies/ Operating Manual	Items X and XI of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Item XIII of Franchise Agreement	Items 13 & 14
i. Restrictions on products/services offered	Item V of Franchise Agreement	Item 8 & 16
j. Warranty and customer service requirements	Item XVII of Franchise Agreement	
k. Territorial development and sales quotas	Items XIX and I of Franchise Agreement	Item 12
l. Ongoing product/ service purchases	Items VIII and X of Franchise Agreement	Items 8 & 16
m. Maintenance, appearance and remodeling requirements	Item V of Franchise Agreement	None
n. Insurance	Item XII of Franchise Agreement	Item 7
o. Advertising	Item IX of Franchise Agreement	Items 1 & 11
p. Indemnification	Item XII of Franchise Agreement	Item 13
q. Owner's participation/ management/staffing	Item V of Franchise Agreement	Item 15
r. Records/reports	Item XI of Franchise Agreement	Item 6 & 11
s. Inspections/ audits	Item XI of Franchise Agreement	Item 6
t. Transfer	Item XIV of Franchise Agreement	Item 17
u. Renewal	Item II of Franchise Agreement	Item 17
v. Post-termination obligations	Item XV of Franchise Agreement	Item 17
w. Non-competition	Item XVI of Franchise Agreement	Item 17

<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
x. Dispute resolution	Item XVIII of Franchise Agreement	Item 17

**ITEM 10**  
**FINANCING**

We are not presently involved in nor do we provide any financing arrangements for our Franchisees. We may assist the Franchisee in obtaining financing for its equipment and in getting terms on the purchase of inventory. If we provide any such assistance, we do not receive any income from such third party.

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

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

A. Pre-opening obligations include:

(1) Delivery of our confidential Operations Manual, which Manual will be loaned to you for the term of the Franchise Agreement. (Franchise Agreement -Item IV.b).

B. Our Obligations After Opening. Pursuant to the terms of the Franchise Agreement, we are obligated to provide the following forms of assistance:

(1) Develop, at our discretion and whenever possible, promotional programs and sales campaigns which shall be sent to you to assist you in selling and promoting Home Cleaning services. (Franchise Agreement - Item IV.c).

(2) Perform ongoing supervisory services, rendered by personal visits or telephone, or by newsletters or bulletins, as we may deem necessary or appropriate.(Franchise Agreement - Item IV.d).

(3) Perform additional services as we may hereafter develop and offer to our franchisees.(Franchise Agreement - Item IV.e).

(4) Use our best efforts to maintain the high reputation of Home Cleaning Centers of America.(Franchise Agreement - Item IV).

C. Advertising. The Franchise Agreement provides that you are required to pay us \$10,000 before the initial training. The \$10,000 will be used for promoting and advertising in your exclusive franchise zone. The method and timing of such expenditure will be at your discretion, with our guidance and approval. Franchisees usually spend that money on print advertising, such as fliers, and internet media. The advertising is by definition local, in your own territory. We do not use an outside

agency, and prepare the materials in house. If you want to create your own materials for use with the grand opening fund, those materials must be approved by us. While we do not currently charge an advertising fee based on gross sales of your franchise store, we do reserve the right, in the Franchise Agreement, to charge 1% of gross sales in the future, as described below. We do not require you to join a local advertising cooperative.

Currently, we do not have any company owned stores and an Advertising Fund has not yet been established. We cannot, therefore, state whether we will contribute to the Advertising Fund for any company owned stores on the same basis that you and the other franchisees contribute, at such time as the Advertising Fund may be established.

We reserve the right in our Franchise Agreement to require you, in the future, to cooperate with other franchise owners in connection with regional or national advertising and marketing activities. If and when we implement a regional and national advertising program, you will be required to pay 1% of the gross revenues of your business towards such a program. Although not stated in the Franchise Agreement, it is anticipated that at such time as we implement the program, the advertising money and program would be handled as follows:

(i) The Advertising Fees paid by you and the other franchisees will be deposited in an advertising fund administered by us and used only for advertising and promotion for the mutual benefit of all franchisees included within a trade area served by common advertising media.

(ii) Identification of those franchisees included within a trade area served by common advertising media will be made by us in our discretion.

(iii) The selection of media, timing, text and negotiation of cost for such advertising and promotion will be made by us in our sole discretion.

(iv) We will account to you and the other franchisees on a semi-annual basis regarding the expenditures from the advertising fund. The advertising fund will be administered by us separate and apart from all other monies of ours.

Because such a program administered by us is not yet in effect, it is not possible for us to provide any further information concerning it.

We presently handle all direct mail from our office. We charge you \$10 for each mailing "drop", plus a mark-up on the flyers, to cover our costs associated with the advertising program. You have the option of either buying our approved flyers or buying them from another printer and working with your own mailing consolidator. It has been our experience, however, that we are able to do the printing and mailing at a lower cost.

D. Computer Purchases. There are no mandatory computer hardware or software purchase requirements. The business can be operated on a manual basis, although our Home Cleaning Centers proprietary (PIC) software program is available no charge.

E. Operations Manual. The Table of Contents of our Operations Manual is as follows.

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F. Site Location. You sign a Franchise Agreement granting you a specific area in which to construct and operate your franchised business. You then submit to us one or more sites for the location of your office. We may make suggestions about sites, but given the nature of our business, the site is generally not critical and we do not have to approve your site. Our only requirement on the site is that you do have to find a location outside of your home for your office and the location has to be within your franchise zone.

You are not obligated to have more than one office in the exclusive franchise zone at any one given time. You are required to open the Home Cleaning Centers of America Office within a prescribed period of time, with the exact amount of time varying with each franchisee. As a general rule, the opening is to take place within ninety days of execution of the Franchise Agreement. Our experience has been that franchisees will usually open within 60 days after signing a Franchise Agreement.

G. Initial Training. Within 10 days of the execution of the Franchise Agreement, you will designate as many as two individuals, which may include yourself if you are buying the franchise in your individual capacity, for pre-operational training by us.

Training takes place at one of our existing Franchisee's place of business. The training period is five days. The first day is spent working with a cleaning crew. The next two days are spent going through our 150 page operations manual. The fourth and fifth days are spent in the field, going over bids, checking houses and handling all of the jobs that are done daily in the office, such as confirming with customers on the phone for the next day, putting a schedule together, daily paperwork that goes to our office and daily payroll. Training is usually done by Denny Siesennop, our franchisee in St. Louis and Dennis Friesen, our franchisee in Denver. You will spend time in both offices during the week's training. These franchisees are paid a training fee for their services. Our President, Mike Calhoon also assists in ongoing training. The experience of these three people is set out in Item 2 of this Disclosure Document.

There are no tuition charges for training the initial two individuals and we will reimburse you for pre-approved travel expenses, hotel rooms and reasonable meal expenses incurred by the two trainees during such initial training. You may select more than two employees for training but we reserve the right to charge you tuition and training charges for such additional individual.

The training program described above is mandatory for all new franchisees. You will be required to meet training requirements similar in substance, if not form, to the training programs described above.

We do not have a policy, at this time, on refresher courses for an individual who has already received training as described above.

The initial training program takes place as soon as possible after execution of the Franchise Agreement, and we will train you and one other person as follows:

#### **TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON THE JOB TRAINING</b>	<b>LOCATION</b>
Overview, Licenses, Insurance, taxes, phone, office, advertising, customer service, office procedures, accounting, trouble shooting, incentive programs, janitorial, autos, banking, software, equipment, supplies, maintenance, hiring, training specialists and supervisors, sales	20 (3 days)	3	Denver, CO
Hiring and training specialists and supervisors, sales	9 (3 days)	14	St Louis, Mo

**ITEM 12**  
**TERRITORY**

The Franchise Agreement grants you an exclusive right to construct and operate a Home Cleaning Centers of America facility in an area specified in the Agreement. The exclusive territory is based on demographic information available to us. Each territory will include a minimum of 25,000 qualifying households, which are presently defined as a household with an estimated annual income of over \$60,000. We may not establish any other franchises in the exclusive area described in the Franchise Agreement, nor may we establish any company owned businesses in such area during the term of the Franchise Agreement. We are also prohibited from establishing other franchises or company owned outlets providing similar products under a different trademark or trade name within the exclusive area. You are prohibited from soliciting or performing any business from anywhere inside the exclusive territory of any other Franchisee. You may, however, provide cleaning services to people located outside of the exclusive territory, provided that the people do not live in the territory of another franchisee. You may service a customer in the territory of another franchisee if the customer was a direct referral or if the customer was a customer before the other franchisee signed its Franchise Agreement to obtain the other territory.

The exclusive territorial rights granted to you in the Franchise Agreement will continue in effect so long as such Franchise Agreement is in effect, and such exclusivity is not dependent upon achievement of a certain sales volume, market penetration or other contingency. Neither we nor our

affiliates reserve the right to use alternative channels of distribution, such as the internet, to make sales within your Territory of products or services under either the trademarks licensed to you, or otherwise.

### **ITEM 13**

#### **TRADEMARKS**

We own the service mark "Home Cleaning Centers of America", which is registered on the Principal Register of the United States Patent and Trademark Office, registration number 3448746, registered on June 17, 2008 and "Country Club Cleaning", registration number 3025521, registered Dec 13, 2005.

There are no currently effective determinations in the Patent and Trademark Office, trademark trial and appeal board, the trademark administrator of this state or any court, any pending infringement, opposition or cancellation: or any pending material litigation involving the trademarks. There are no agreements in effect which significantly limited our rights to use or license the use of said service mark in any manner material to the franchise.

We are not aware of any infringing uses which could materially affect your use of such service mark.

You agree in the Franchise Agreement to indemnify and hold us harmless from all liability which we may incur in connection with the operation of the franchised business by you. This indemnity does not, however, extend to actions brought against us or you by one claiming infringement on such claimant's service mark, trade mark or trade name rights, so long as such claim is based on the proper use by you of the proprietary marks licensed by the Franchise Agreement. Home Cleaning obligates itself in the Franchise Agreement to protect the proprietary marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the proper use of the marks.

### **ITEM 14**

#### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents or copyrights material to the franchise, nor are there any pending patent applications material to the franchise.

### **ITEM 15**

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

If the Franchisee is an individual, he is not required by the Franchise Agreement to be actively and directly involved in the operation of the franchised business, although we recommend direct

participation. We recommend direct on premises supervision by an individual franchisee, but do not require it, in the Franchise Agreement or elsewhere. There is no requirement that the General Manager who undergoes training be the Franchisee, if the Franchisee is an individual, or that the General Manager be an officer, shareholder or partner of the Franchisee, if the Franchisee is a corporation or partnership. The General Manager is required to successfully complete our training program and be responsible for on premises supervision. You are not required to place any restrictions on your General Manager in terms of non-competition or trade secrets.

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

The services you may provide to the public is limited to only those prescribed by us in our Operations Manual, and all of those services, and other specifications we may determine from time to time to be appropriate. There are no express limitations on our ability to change those specifications.

You are expected to provide services only to those residences and businesses located within your franchise zone, as determined by our Franchise Agreement.

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

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

**THE FRANCHISE RELATIONSHIP**

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR OTHER AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the franchise term	Item II	Term is 10 years
b. Renewal or extension of the term	Item II	If you are in good standing, you can renew for 2 additional 10 year terms
c. Requirements for you to renew or extend	Item II	Give written notice and sign new Agreement. You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of the Territory will remain the same, and the continuing royalty on renewal will not be greater than the continuing royalty that we then impose on similarly-situated renewing franchisees.

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR OTHER AGREEMENT</b>	<b>SUMMARY</b>
d. Termination by you	None	No right
e. Termination by us without cause		Not permitted
f. Termination by us with cause	Item XV	We can terminate if you default <b>See Appendix</b>
g. "Cause" defined-defaults which can be cured	Item XV	Curable defaults: non-payment of fees, non-reporting, failure to meet Franchise Agreement standards, non-compliance with local law, misuse of marks, loss of approved site, bankruptcy, ownership of competitor, failure to meet Operations Manual standards. All curable defaults may be cured within 10 days after notice.
h. "Cause" defined-defaults which cannot be cured	Item XV	Your bankruptcy, insolvency
i. Your obligations on termination/non-renewal	Item XV	Obligations include completed identification and payment of amounts due
j. Assignment of contract by us	Item XIV	We may assign our rights if assignee agrees to fulfill our obligations
k. "Transfer" by you – defined	Item XIV	Includes transfer of contract or assets or ownership change
l. Our approval of transfer by you	Item XIV	We have the right to approve all assignments but will not unreasonably withhold approval
m. Conditions for our approval of transfer	Item XIV	New franchisee qualifies, transfer fee paid, training arranged, release signed by you, all fees owed by you paid, and current Agreement signed by new franchisee
n. Our right of first refusal to acquire your business	Item XIV	Right of first refusal is reserved by us
o. Our option to purchase your business	Item XV	Upon termination or expiration, purchase supplies and equipment, telephone number and customer list

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR OTHER AGREEMENT</b>	<b>SUMMARY</b>
p. Your death or disability	Item XIV	Your estate or beneficiaries can inherit your rights or assign your franchise
q. Non-competition covenants during the term of the franchise	Item XVI	No involvement in competing business
r. Non-competition covenants after the franchise is terminated or expires	Item XVI	No competing business for 1 year within 30 miles of your franchise zone, cannot open cleaning business that looks like or imitates Home Cleaning, and cannot solicit former customers for 2 years
s. Modification of the Agreement	Item XVIII	No modifications generally unless agreed to in writing by both parties but Operating Manual subject to change
t. Integration/ merger clause	Item XVIII	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promise may not be enforceable
u. Dispute resolution by arbitration or mediation	No provision	No Provision
v. Choice of forum	Item XVIII	Litigation must be in the state of Kansas, whether state courts or federal courts located therein ( <b>SEE APPENDIX</b> )
w. Choice of law	Item XVIII	Law of the state of Kansas ( <b>SEE APPENDIX</b> )

**ITEM 18**  
**PUBLIC FIGURES**

At the time of the effective date of this Disclosure Document, there is no public figure whose name is used in connection with the franchise.

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

**CAUTION: These figures are only estimates of what we think you may earn. Individual results may differ. There is no assurance that you'll earn as much.**

**MONTHLY EXPENSE AND PROFIT ESTIMATES**

Percentage of units (1)	6%	29%	23%	19%	23%
Gross Sales:	\$5,000	\$10,000	\$20,000	\$30,000	\$40,000+
Labor:	2,500	5,000	10,000	15,000	20,000
Expenses:	4,100	4,000	6,800	10,500	14,000
Profit:	(1,600)	1,000	3,200	4,500	6,000
Percent reaching net (2)	73%	81%	77%	75%	90%

- 1) These percentages reflect the percent of all units achieving average gross sales exceeding the figures in each column, but not reaching the figure in the next column. For example, the first column represents units averaging between \$5,000 to \$10,000 in gross sales per month during 2011. The labor, expenses and profits are based on the lower sales figure, so the labor, expenses and profits shown in the first column are for a unit averaging \$5,000 per month in gross sales. At 12/31/11, we had 33 franchises, but 31 offices, with some franchisees owning multiple territories. The figures for those franchisees are combined, as that is how we receive that information from them.
- 2) These percentages reflect the percentage of the units achieving the gross sales figure in each column which also achieve the profit level set out, or better.
- 3) This forecast is based on 2011 performances by all franchises. The range of monthly sales has been from \$4,380 to \$158,968.
- 4) Labor figures include gross wages paid to employees. All employees at franchises which have been in business for over one year are typically paid on a commission basis and are considered full-time employees. Some new franchises choose to pay employees on an hourly basis through a start-up phase.



- 5) The expense projections include insurance, payroll taxes, supplies, driving costs, advertising, royalties, and all related office expenses.
- 6) The profit estimates are before depreciation and taxes.

We require new franchisees to pay us (\$10,000) at the time of training to fund an advertising program that will be implemented exclusively in the new franchisee's zone during the first weeks of operation. You are required to pay (3-5%) of gross sales to us each month as an ongoing royalty.

The following schedule represents gross sales volumes and gross profits for Home Cleaning franchise stores for 2009.

THESE SALES AND GROSS PROFITS ARE AVERAGES OF SPECIFIC FRANCHISES AND SHOULD NOT BE CONSIDERED THE ACTUAL OR PROBABLE SALES AND GROSS PROFITS THAT WILL BE REALIZED BY ANY OTHER FRANCHISEE. THE FRANCHISOR DOES NOT REPRESENT THAT ANY FRANCHISEE CAN EXPECT TO ATTAIN SUCH SALES OR GROSS PROFITS.

**SCHEDULE OF  
GROSS SALES AND GROSS PROFITS  
AS OF DECEMBER 31, 2011**

<b>ANNUAL SALES</b>	<b>NUMBER OF STORES REPORTING</b>	<b>PERCENTAGE OF STORES REPORTING</b>
Under \$100,000	3	10%
\$100,000 - \$200,000	6	19%
\$200,001 - \$300,000	4	13%
\$300,001 - \$400,000	9	29%
OVER \$400,000	9	29%
All Stores Reporting	31	100.0%

At 12/31/11, we had 33 franchises, but 31 offices, with some franchisees owning multiple territories. The figures for those franchisees are combined, as that is how we receive that information from them.

Average Gross Sales (open over one year) \$403,570 (29%) percent achieved this average

Average Owner's Cash Flow: 14% (74%) percent achieved this figure in the year ended on December 31, 2011

THIS SCHEDULE OF GROSS SALES AND GROSS PROFITS HAS BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENT OR FORM.

**INFORMATION SUPPORTING  
FINANCIAL PERFORMANCE REPRESENTATION**

1. The figures presented on the preceding pages under the heading of Monthly Expenses and Profit Estimates, are based on the performance of all of the Franchisor's franchised outlets, each of which has obtained similar levels of profitability after the first few months of operation. Such outlets are listed on Exhibit A to the Disclosure Document.

2. The numbers set forth on the Financial Performance Representation are based on monthly reports received by the Franchisor from all of the franchisees. Copies of these reports and other substantiating data are available to the prospective franchisees for inspection at the offices of the Franchisor, upon reasonable request.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Systemwide Outlet Summary**

**For years 2009 to 2011**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
<b>Franchised</b>	2009	34	33	-1
	2010	33	30	-3
	2011	30	31	+1
<b>Company Owned</b>	2009	0	0	0
	2010	0	0	0
	2011	0	0	0
<b>Total Outlets</b>	2009	34	33	-1
	2010	33	30	-3
	2011	30	31	+1

**Table No. 2**

**Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)**

**For Years 2009 to 2011**

<b>Column 1</b> <b>State</b>	<b>Column 2</b> <b>Year</b>	<b>Column 3</b> <b>Number of Transfers</b>
<b>New York</b>	2009	1
	2010	0
	2011	0
<b>TOTALS</b>	2009	1
	2010	0
	2011	0

**Table No. 3**

**Status of Franchised Outlets**

**For Years 2009 to 2011**

<b>Column 1</b> <b>State</b>	<b>Column 2</b> <b>Year</b>	<b>Column 3</b> <b>Outlets at Start of Year</b>	<b>Column 4</b> <b>Outlets Opened</b>	<b>Column 5</b> <b>Terminations</b>	<b>Column 6</b> <b>Non-Renewals</b>	<b>Column 7</b> <b>Reacquired by Franchisor</b>	<b>Column 8</b> <b>Ceased Operations - Other Reasons</b>	<b>Column 9</b> <b>Outlets at End of Year</b>
<b>Alabama</b>	2009	1						1
	2010	1						1
	2011	1						1
<b>Arizona</b>	2009	1						1
	2010	0						0
	2011	0						0
<b>California</b>	2009	1						1
	2010	1						1
	2011	1						1
<b>Colorado</b>	2009	5						5

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at Start of Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Terminations</b>	<b>Column 6 Non- Renewals</b>	<b>Column 7 Reacquired by Franchisor</b>	<b>Column 8 Ceased Operations - Other Reasons</b>	<b>Column 9 Outlets at End of Year</b>
	2010	5						5
	2011	5						5
<b>Florida</b>	2009	0						0
	2010	0						0
	2011	1						1
<b>Georgia</b>	2009	3						3
	2010	3						3
	2011	3						3
<b>Illinois</b>	2009	4						4
	2010	4						4
	2011	4						4
<b>Indiana</b>	2009	2						2
	2010	2						2
	2011	2						2
<b>Kansas</b>	2009	3						3
	2010	3						3
	2011	3						3
<b>Minnesota</b>	2009	1						1
	2010	1						1
	2011	1						1
<b>Missouri</b>	2009	6						6
	2010	6						6
	2011	6						6
<b>New York</b>	2009	1					1	

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of Year
	2010	1						1
	2011	1						1
North Carolina	2009	2						2
	2010	2					1	1
	2011	1						1
South Carolina	2009	1					1	
	2010	1						1
	2011	1						1
Texas	2009	4					1	3
	2010	3						3
	2011	3						3
Total	2008	35						33
	2010	33					3	30
	2011	30	1					31

**Table No. 4**

**Status of Company-Owned Outlets**

**For Years 2009 to 2011**

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

**Table 5**

**Projected Openings as of December 31, 2011**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
<b>State</b>	<b>Franchise Agreements Signed but Outlet Not Opened</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in the Current Fiscal Year</b>
<b>Florida</b>	0	0	0
	0	0	0
	0	0	0
<b>Total</b>	0	0	0

A list of names, addresses and telephone numbers of every franchisee whose franchise has, within the twelve-month period immediately preceding the date of this Disclosure Document, been terminated, canceled, not renewed or, who has, during the same time period, otherwise voluntarily or involuntarily ceased to do business pursuant to the Franchise Agreement, or has not communicated with us within the ten weeks prior to the date of application of this registration, is attached to this Disclosure Document on the last page of Exhibit "A". If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed any confidentiality clauses with any current or former franchisees which would in any way restrict their ability to speak with you openly about their experience with Home Cleaning Centers.

There are no trademark specific franchisee organizations associated with the franchise system, nor are there any independent franchisee organizations that have asked to be included in this disclosure document.

**ITEM 21**  
**FINANCIAL STATEMENTS**

Attached as Exhibit "B" to this Disclosure Document are the financial statements of Home Cleaning Centers (including Balance Sheet, Income Statement, and Statement of Cash Flow) for our most recent fiscal year, ending December 31, 2011, and for the fiscal years that ended December 31, 2010 and December 31, 2009.

**ITEM 22**  
**CONTRACTS**

Attached to this Disclosure Document as Exhibit "C" is a copy of the Franchise Agreement, which constitutes the only contract or agreement proposed to be used in connection with the sale of the franchised business.

## EXHIBIT A

### TO HOME CLEANING CENTERS OF AMERICA, INC. DISCLOSURE DOCUMENT LIST OF FRANCHISEES AS OF DECEMBER 31, 2011

#### Alabama

Danny Gray  
104 Owens Parkway Su K  
Birmingham, AL 35244  
(205) 989-9600

#### California

Ivan Zwelling  
777 South Williams Street  
Palm Springs, CA 92264  
(760) 416-4446

#### Colorado

J.R. Bettale  
9449 W. 57th Avenue  
Arvada, CO 80002  
(303) 456-0316

Sax-Mark Inv  
2323 S. Troy  
Aurora, CO 80014  
(303) 755-6200

Dennis Friesen  
7000 W. 117<sup>th</sup> Avenue  
Broomfield, CO 80020  
(303) 466-5175

Carrie & Mike Kaple  
2410 n. Powers Blvd..  
Colorado Springs, CO 80915  
(719) 380-1113

Dennis Friesen  
1978 S. Garrison St.  
Lakewood, CO 80227  
(303) 989-9778

Path Mark Inc.  
(operated out of Lakewood  
office for adjoining zone)  
(303) 989-9778

Metropolitan Service Group, LLC  
(Operated out of Lakewood office)  
(303) 989-9778

#### Florida

John & Denise Passarella  
1351 Rail Head Blvd #1  
Naples, FL 34110  
(239) 431-6231

#### Georgia

Joe Putter  
1770 Old Spring House Lane,  
Suite 116  
Atlanta, GA 30338  
(770) 455-8777

Charles Cantey  
3015 Canton Rd  
Marietta, GA 30066  
(678) 766-5556

Charles Cantey  
1314 Church St. Suite H  
Smyrna, GA 30080  
(770) 432-4446

#### Illinois

Jayne Witz  
87 ½ Grant St  
Crystal Lake, IL 60014  
(815) 479-9498



Denny Siesennop  
3701 Nameoki Rd  
Granite City, IL 62040  
(618) 876-5899

Bob Rush  
16545 S. Oak Park Drive  
Tinley Park, IL 48331  
(708) 532-9601

Pete Krockmolny  
630 Executive Dr  
Willowbrook, IL 60527  
(630) 655-8705

### **Indiana**

Sheila Grow  
3600 N. Hobart Rd.  
Hobart, IN 46342  
(219) 962-2970

Karen Leffel  
5172 E. 65th St.  
Indianapolis, IN 46220  
(317) 577-0288

### **Kansas**

Steve Hall  
540 E. Santa Fe  
Olathe, KS 66061  
(913) 768-6664

Alan Hierseman  
8971 W. 75th St.  
Shawnee Mission, KS 66204  
(913) 642-2433

### **Minnesota**

John Thorson  
7915 Corcoran Trail W  
Corcoran, MN 55340  
(612) 418-5546

### **Missouri**

Karen Jarrett  
409 Vandiver Drive  
Columbia, MO 65202  
(573) 443-4733

Denny Siesennop  
689 Big Bend Blvd.  
Manchester, MO 63012  
(636) 394-8680

Matt Hierseman  
4703 NW Gateway  
Riverside, MO 64150  
(816) 741-0088

Charles McNevin  
1327 Caulks Hill Rd.  
St. Charles, MO 63303  
(314) 926-8066

Teresa Gianino  
3940 Ritz Center  
St. Louis, MO 63125  
(314) 845-0825

### **New York**

Naz Bernardo  
7641 Henry Clay Blvd  
Liverpool, NY 13088  
(315) 451-6460

### **North Carolina**

Kevin Erhard  
44 Buck Shoals Rd – A5  
Arden, NC 28704  
(828) 654-7802

### **South Carolina**

Sean and Brian Craddock  
(Commercial cleaning only)  
1078 E. Montague  
N. Charleston, SC 29405  
(843) 529-9131

**Texas**

Reggie Edwards  
3530 Forest Lane  
Dallas, TX 75234  
(469) 335-9333

Gary Svehlak  
6842 Main St  
Frisco, TX 75034  
(469) 362-7951

Lee Miller  
1165 S Stemmons Frwy #118  
Lewisville, TX 75067  
(972) 219-1840

**CLOSED IN 2011**  
None

**EXHIBIT B**  
**OF DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

**EXHIBIT C  
TO DISCLOSURE DOCUMENT**

**FRANCHISE AGREEMENT**

**HOME CLEANING CENTERS OF AMERICA, INC.**

**FRANCHISE AGREEMENT**

Franchisee:

---

Location:

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Date:

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## HOME CLEANING CENTERS OF AMERICA, INC.

### FRANCHISE AGREEMENT

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 200\_, by and between Home Cleaning Centers of America, Inc., a Kansas corporation, with principal offices in Leawood, Kansas (hereinafter called the "Franchisor"), and \_\_\_\_\_ (hereinafter referred to as the "Franchisee").

WHEREAS, Franchisor has expended time, effort and money to develop and obtain knowledge in the business of operating and franchising distinctive residential and office cleaning services under the name of "Home Cleaning Centers of America" and has established successfully a reputation, demand and goodwill for such business under the name "Home Cleaning Centers of America" which signifies the highest standards of management and supervision relating to the above described activities (hereinafter referred to as the "System");

WHEREAS, Franchisor identifies the System by means of certain service marks, logos, emblems, and indicia of origin (hereinafter referred to as the "Proprietary Marks"), including but not limited to the service mark "Home Cleaning Centers of America", and such other trade names, service marks and trademarks as may be designated now or hereafter by Franchisor (in the confidential Operating Manual or otherwise in writing) for use in connection with the System;

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and licensed by Franchisor and being able to utilize the System and the licensed rights which Franchisor makes available to its franchise owners in which to obtain a franchise from Franchisor for that purpose, as well as to receive the training and other assistance provided by Franchisor in connection therewith; and

WHEREAS, Franchisor is willing to grant to Franchisee a license to operate a business using the System in the territory described hereinbelow and to assist Franchisee in the operation of such business.

NOW THEREFORE, for and in consideration of the mutual promises and covenants hereinafter provided and for other good and valuable consideration and to evidence the agreement of the parties, it is hereby agreed as follows:

**ITEM I**  
**LICENSED RIGHTS**

Subject to and in accordance with the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee the exclusive right to operate an office of Home Cleaning Centers of America, in the franchise zone described in Exhibit A, attached hereto. Franchisee shall have such office open and in operation on or before \_\_\_\_\_.

Franchisor shall not, either individually or in partnership or in conjunction with any person, firm or company, whether as principal, agent, shareholder or employee or in any other manner whatsoever, directly or indirectly carry on or be engaged in or concerned with, lend money to, guarantee the debts or obligations of a Home Cleaning Centers of America operation, or franchise or license others to do so within the franchise zone set forth on Exhibit A, nor shall Franchisor own or operate or franchise others to operate a business with a similar format within said exclusive territory.

Franchisee acknowledges that it has no rights to use any of the Licensed Rights or any part of the System anywhere outside of the area described above, and Franchisor may license to others or use the Licensed Rights itself outside of the franchise zone in any manner it chooses, in its sole discretion.

Franchisee hereby accepts said grant, franchise and license and agrees to maintain its licensed business in accordance with the Franchisor's plans and specifications, including the Home Cleaning Centers of America System and all manuals and procedures as revised from time to time, and in accordance with the terms and conditions of this Agreement.

**ITEM II**  
**TERM**

Unless sooner terminated as hereinafter provided, this Agreement shall expire ten (10) years from the date first above written. Franchisee shall have the right, if not then in default hereunder, to renew this Agreement for two additional ten (10) year terms by giving written notice to Franchisor no less than ninety (90) days prior to the scheduled expiration of the original or first extended term. Franchisor reserves the right to charge Franchisee a renewal fee not to exceed \$5,000 and Franchisee shall be required to execute the then current Franchise Agreement for the continued operation of its Home Cleaning Centers of America franchise business licensed hereby, which Agreement may require increased royalties and other fees. SEE APPENDIX

**ITEM III**  
**SITE LOCATION**

Franchisee shall submit to Franchisor one or more sites for the location of its Home Cleaning Centers of America office. The site must be within the franchise zone and may not be located in a residence. Franchisor approval of the site is not required, but Franchisor may offer suggestions about proposed sites. Franchisee shall not be obligated to have more than one office within the exclusive



area at any one given time. Franchisee shall not relocate its office within said territory without the prior written approval of Franchisor.

**ITEM IV**  
**SERVICES BY FRANCHISOR**

Franchisor agrees during the term this Agreement to use its best efforts to maintain the high reputation of Home Cleaning Centers of America and in connection therewith to make available the following services:

- (a) Training of the Franchisee to operate a Home Cleaning Centers of America business through Franchisor's training program. Training shall be given at a time and place designated by Franchisor. Franchisor will reimburse Franchisee's pre-approved travel expenses and will put the trainees up at motel of Franchisor's choosing, at Franchisor's expense, and will reimburse Franchisee for reasonable meal expenses incurred during training.
- (b) Franchisor will deliver to Franchisee the confidential Operations Manual of the Franchisor, which Manual will be loaned to Franchisee for the term hereof.
- (c) The Franchisor shall develop, whenever possible, and in its discretion, promotional programs and sales campaigns which shall be sent to the Franchisee to assist him in selling and promoting Home Cleaning Centers of America services.
- (d) Franchisor shall form ongoing supervisory services, rendered by personal visits or telephone, or by newsletters or bulletins, as Franchisor may deem necessary or appropriate.
- (e) Franchisor shall perform additional services as may hereafter be developed and offered by Franchisor to its Franchisees.
- (f) Franchisor will provide advertising services to the Franchisee during the initial year of Franchisee's operations, as more particularly described in Item IX below.

**ITEM V**  
**STANDARDS AND UNIFORMITY OF OPERATION**

Franchisee agrees that Franchisor's special standardized System and adherence to the Operations Manual, delivered upon payment of the initial franchise fee, are essential to the operation and image of a Home Cleaning Centers of America business. In recognition of the mutual benefits accruing from maintaining uniformity within the System, it is mutually covenanted and agreed as follows:

- (a) Franchisee agrees that it will operate its Home Cleaning Centers of America business in accordance with the standards, specifications and procedures set forth in the

Operations Manual. Said Manual shall be furnished in confidence and Franchisee shall exercise all reasonable care to keep all said information in confidence and shall not disclose it to anyone except to the extent necessary to operate said business. Franchisee further agrees that changes in such standards, specifications and procedures as set forth in the Operations Manual may become necessary from time to time and agrees to operate its Home Cleaning Centers of America business in accordance with such modifications, revisions and additions to the Operations Manual as Franchisor, in the exercise of its judgment, makes from time to time.

(b) Franchisee shall only utilize the products and equipment and shall only perform those services currently and from time to time prescribed by Franchisor. Franchisee shall comply with the instructions set forth in the Operations Manual and follow all other standards, instructions, formulas and specifications furnished by Franchisor for the operation of all Home Cleaning Centers of America businesses.

(c) Franchisee agrees that it will cause its employees to wear apparel which conforms to the design and style approved by Franchisor from time to time, and bearing the Home Cleaning Centers of America service mark.

(d) Franchisee shall obey any and all applicable laws and regulations of any governmental or political body.

(e) Franchisee shall conduct no business at its Home Cleaning Centers of America location other than the Home Cleaning Centers of America business franchised hereby.

(f) Franchisee may not advertise outside of its franchise zone and may service customers outside of said zone only if such customers are not located within the franchise zone of any other franchisee of the Franchisor. It is further agreed that if Franchisee is servicing a customer located outside the franchise zone granted hereby and a new franchisee is granted a franchise zone which includes such location, Franchisee herein may continue to service such customer and location, but only the customer then being serviced and only at that specific location. In other words, if the customer relocates or ownership of the customer changes hands, the Franchisee herein may no longer service such customer or location.

## **ITEM VI** **FEES AND CHARGES**

Franchisee agrees in consideration for the franchise granted herein to pay a franchise fee and a monthly royalty as follows:

(a) A non-refundable initial franchise fee of \$12,500, shall be due and payable to the Franchisor as follows: one-half is due and payable upon execution of this Agreement and the

remaining one-half is due and payable on or before the date on which the Franchisee arrives for its initial training, as described in Item VII below.

(b) A non-refundable fee of \$3,000 for an initial package of equipment, supplies and uniforms. This fee is fully due and payable before the Franchisee arrives for training.

c) As a royalty and service fee, a sum based on gross sales of the franchised business, payable monthly by the tenth day of each month for the preceding month's sales. Should gross sales for any month not exceed \$25,000.00, the royalty for such month will be 5% of such sales. Should such monthly gross sales equal or exceed \$25,000.00 but not equal or exceed \$100,000.00, the royalty shall be 4.5% of such sales. Should monthly gross sales equal or exceed \$100,000.00, but not exceed \$150,000 the monthly royalty shall be 4% of such sales. Should such monthly gross sales equal or exceed \$150,000, but not exceed \$200,000 the monthly royalty shall be 3.5% of such sales. Should monthly gross sales equal or exceed \$200,000 the monthly royalty shall be 3%. If the franchised business has any single commercial customer that generates more than \$25,000 in sales in any given month, the royalty for that customer will be 3% for that one customer for that month. The term "gross sales" as used in this Agreement shall mean the amount of money charged in consideration for the performance of cleaning and other authorized services by Franchisee, wherever performed, subject to the limitations set forth in Item V(e) above.

## **ITEM VII** **TRAINING**

Within ten (10) days of the execution of this Agreement, Franchisee shall designate as many as two individuals, which may include Franchisee if Franchisee is an individual, for pre-operational training by Franchisor. Franchisor shall maintain a training center and shall determine the training period necessary to adequately train said individuals and shall determine when said individuals have satisfactorily completed training. There shall be no tuition charges for training the initial two individuals and the Franchisor will pay pre-approved travel expenses and will pay for the motel accommodations and reasonable meal expenses of such trainees, while in training. The Franchisee may select additional employees for training by Franchisor and Franchisor reserves the right to charge Franchisee tuition and training charges of at least \$2,000.00 for such additional individual, and Franchisee will be responsible for all expenses relating to travel, room, board and salaries of such individual or individuals.

## **ITEM VIII** **CONTINUING SERVICE AND INSPECTION**

Franchisor shall furnish to Franchisee from time to time such merchandising and operating aids and servicing and printed materials in connection therewith which are furnished to all other Franchisees. Franchisor shall also, upon reasonable written request by Franchisee, furnish services to Franchisee to aid in the solution of specific problems encountered by Franchisee which are beyond the scope of Franchisor's obligation of general supervision and reasonable consultation. Franchisee shall

reimburse Franchisor promptly for its actual time expended and its actual expenses incurred in aiding Franchisee with such problems.

## **ITEM IX** **ADVERTISING**

(a) The Franchisee shall pay to the Franchisor the sum of Ten Thousand Dollars (\$10,000), to be paid in cash, before the Franchisee's pre-operational training, as described in Item VII above. The Franchisor agrees to utilize such sum in promotional and advertising efforts within the Franchisee's franchise zone, with the entire amount to be spent within the first few months of Franchisee's operations. The methods and timing of expenditure of such sum by the Franchisor shall be decided jointly by the Franchisor and the Franchisee.

(b) Franchisor does not require the Franchisee to spend any specific sum on local advertising but strongly recommends that the Franchisee advertise locally during the start-up period of the Franchise.

(c) Franchisor reserves the right to require Franchisee to cooperate with other franchise owners in connection with regional or national advertising and marketing activities. Recognizing the value of regional and national marketing and advertising and the importance of standardizing such programs to further the regional and national goodwill and public image of Home Cleaning Centers of America, Franchisor reserves the right to require Franchisee to pay to Franchisor up to one (1%) percent of the gross sales of Franchisee's Home Cleaning Centers of America business at such time as Franchisor shall implement a regional or national advertising program. Payment shall be made monthly on the tenth (10th) day of the following month for the gross sales for the previous month. In connection with any national or regional advertising program developed, Franchisor agrees to have all Home Cleaning Centers of America franchisees represented by a committee consisting of Franchisee and Franchisor representatives in the advertising program, and all programs shall require the approval of the majority of any such committee established.

(d) Samples of all local advertising and marketing materials not prepared by Franchisor or previously approved by Franchisor shall be submitted to Franchisor for written approval prior to their use, which approval shall not be unreasonably withheld. If written disapproval is not received by Franchisee within ten (10) days of the date of receipt by Franchisor of such materials, then Franchisor shall be deemed to have waived the required approval; provided, however, that Franchisee shall discontinue the use thereof within a reasonable time if Franchisor subsequently requests such action in writing.

(e) In addition to the foregoing, Franchisee agrees to:

(1) Refrain from using in any way in its advertising the image of any individual, real or fictional, other than those approved by Franchisor;

(2) To adhere to such advertising regulations as Franchisor may impose, to obtain Franchisor's approval of local advertising, and to use only materials, tapes and other advertising materials provided by or approved by Franchisor for local advertising use;

(3) To make all signs and other advertising materials with the letter "R" with a circle around it to protect the Franchisor's right to its various trade marks, service marks and other rights, and to cause all local signs and other advertising materials prepared by or for Franchisee to use and reproduce Franchisor's trade marks, service marks and other symbols, accurately and exactly, in a manner which will best protect these rights, and to refrain from the use of Franchisee's own name or any other name than "Home Cleaning Centers of America" in connection with any of the trade marks, service marks or other rights; and

(4) Refrain from advertising outside of its franchise zone.

#### **ITEM X**

#### **EQUIPMENT, SUPPLIES AND OPERATIONAL STANDARDS**

Franchisor will provide Franchisee with the initial complement of equipment, cleaning supplies and uniforms necessary to commence business and such items are provided in consideration for the \$3,000 fee described above in Item VI(b). Franchisee agrees that it will thereafter utilize the equipment and supplies prescribed in the then current Operations Manual furnished by Franchisor. Franchisor makes available to Franchisee such equipment and supplies, in which case the prices and terms of payment for such items may include a markup or profit to Franchisor but shall, in the aggregate, be competitive with the prices and terms of payment for items of comparable quality. In the event that Franchisor does not furnish one or more of any such items, Franchisor shall provide Franchisee with the names and addresses of available sources.

Notwithstanding the foregoing, the Franchisee may, at its election, purchase all equipment and supplies required to be utilized in the Franchisee's business from reputable, dependable sources other than the Franchisor, provided such items are of comparable quality and function as those available from Franchisor and strictly conform to the appearance and uniform standards and specifications of Franchisor and the System existing from time to time. Franchisor may require that Franchisee submit specifications for such items to Franchisor for approval before Franchisee may purchase same for its franchised business. If such specifications, or such item or items do not conform with Franchisor's standards and specifications, Franchisor shall promptly notify the Franchisee, and said item shall not be installed or used by Franchisee. Similarly, Franchisor shall promptly notify Franchisee if such specifications or items meet the Franchisor's standards and specifications.

**ITEM XI**  
**BOOK, RECORDS AND BOOKKEEPING SYSTEM**

**Bookkeeping Systems.** Franchisor shall furnish to Franchisee in its Operations Manual information as to its standard bookkeeping forms, profit and loss, balance sheet and cost control procedures, and Franchisee shall adhere to the forms so provided.

**Reports.** Franchisee shall deliver to Franchisor within forty-eight (48) hours after the end of each calendar week, a sales report for the preceding week in the form prescribed and furnished by Franchisor for such purposes. Such reports shall, if requested by Franchisor, include a current list of Franchisee's customers and prospective customers, and such information about them as Franchisor may reasonably request. Franchisee shall mail or deliver to Franchisor in the form and procedure prescribed by the Franchisor, accurate monthly profit and loss statements and balance sheets for the monthly period accounted for, both of which shall be submitted on or before the twentieth (20th) day of the month succeeding the month accounted for. All profit and loss statements and balance sheets shall be in accordance with the system of accounting as contained in the Operations Manual or as otherwise directed by Franchisor.

Franchisee shall submit, annually, within ninety (90) days after the close of Franchisee's accounting period, a copy of Franchisee's federal and state income tax returns to Franchisor. Franchisor reserves the right to require that the annually audited financial statements be certified by an independent certified public accountant.

**Records of Franchisee.** Franchisee shall maintain and keep true and accurate records, books and data, which shall reflect all particulars relating to the business done and expenditures and receipts of the operation. Franchisee shall retain all supporting documents, including, but not limited to, payroll records, payroll tax returns, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices. Franchisor shall have the right to examine and audit all such records, accounts and books at all reasonable times. Franchisee shall pay Franchisor's audit fees, charges and expenses with respect to any periodic or annual audit which reveals an understatement of gross sales on the part of the Franchisee in excess of three (3%) percent.

**ITEM XII**  
**HOLD HARMLESS AND INSURANCE**

Franchisee hereby agrees to indemnify and hold Franchisor harmless from and against any liability, loss, fines, suits, proceedings, claims, demands or actions, or damages of any kind or nature which Franchisor may incur, including reasonable attorney's fees, as a result of claims, demands, costs or judgments of any kind or nature, by anyone whomsoever, arising out of or in connection with this Agreement, the licensed rights or the operation or ownership of the Franchised Home Cleaning Centers of America business operated by Franchisee pursuant to this Agreement; provided, however, that such indemnity and hold harmless shall not extend to actions brought against Franchisee by one claiming infringement on such claimant's service mark, trade mark or trade name rights, so long as

such claim is based on a use by Franchisee in strict accordance with the terms of this Agreement of one or more of the licensed rights. The Franchisor hereby agrees to protect the proprietary marks and indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the proper use of the marks.

Franchisee agrees to procure and maintain during the term of this Agreement public liability insurance, workers' compensation insurance, unemployment compensation insurance, comprehensive general liability insurance, including personal injury, bodily injury and products liability insurance, and any other forms of insurance which Franchisor may determine are reasonably necessary for Franchisee to procure in order to protect and enhance the image and value of the Home Cleaning Centers of America business. Franchisee agrees to procure coverage in reasonable amounts and having the deductibles from time to time specified by Franchisor either in the Operations Manual or in other written directives, and to procure such insurance from insurance companies which are reputable and credit worthy and in good standing with the Insurance Commissioner in the state or states in which the Franchisee is located. All such policies of insurance shall name Franchisor as an additional named insured and shall contain an endorsement requiring the insured to give Franchisor thirty (30) days advanced written notice before any termination or cancellation of such policy shall be effective, which notice shall specify the reason for the pending termination or cancellation. Franchisee shall deliver certificates of all insurance to Franchisor.

The parties acknowledge that Franchisee is an independent contractor, and this Agreement does not establish an agency agreement or relationship between the parties. Franchisor has no control over the hiring or employment practices of Franchisee, all of which are the sole responsibility of Franchisee.

### **ITEM XIII**

#### **OWNERSHIP AND USE OF PROPRIETARY MARKS**

(a) All right, title and interest in and to any trade mark, trade name, service mark, trade secret, System, operation manual and the goodwill associated therewith belong to Franchisor and no such right, title or interest is transferred hereunder or is to be transferred hereunder. Franchisee acknowledges Franchisor's sole exclusive right (except for certain rights granted under existing and future franchises and license agreements) to use the Licensed Rights and represents, warrants and agrees that neither during the term of this Agreement nor after the expiration or other termination hereof, shall Franchisee directly or indirectly contest or aid in contesting the validity or ownership of the Licensed Rights nor take any action whatsoever in derogation of Franchisor's claim to rights therein.

(b) Nothing contained in this Agreement shall be construed to vest in Franchisee any right, title or interest in or to the Licensed Rights, System, or the goodwill now or hereafter associated therewith, other than the rights and license expressly granted herein. Any and all goodwill associated with the Licensed Rights shall inure directly and exclusively to the benefit of, and is the property of, Franchisor.

(c) Franchisee shall not incorporate any of Franchisor's trade names, including, but not limited to, "Home Cleaning Centers of America" or words similar thereto in any trade name or firm name of the Franchisee or any corporate name.

(d) Franchisee shall not display or use such trade marks, trade names, service marks, trade secrets and System except as specifically authorized hereunder. It will not do or omit to do anything whereby the proprietary right to use the foregoing shall be endangered or lost. No advertising by Franchisee or other use of Franchisor's service marks, trade marks or trade names shall contain any statement or material which may, in the judgment of the Franchisor, be in bad taste or inconsistent with Franchisor's public image. Franchisee shall adopt and use Franchisor's service marks, trade marks, or trade names only in the manner expressly approved by Franchisor.

(e) Franchisee acknowledges and agrees that Franchisor is the owner of all proprietary rights in and to the systems and methods described in the Operations Manual and Franchisor's training guides and materials, and that the systems and methods in their entirety constitute trade secrets of Franchisor which are revealed to Franchisee in confidence and that no right is given to or acquired by Franchisee to disclose, duplicate, license, sell or reveal any portion thereof to any person other than an employee of the Franchisee required by his work to be familiar with relevant portions thereof. Franchisee hereby represents, warrants and agrees to keep and respect the confidence extended hereby. Franchisee further acknowledges that the System, knowledge and materials furnished to Franchisee hereunder are and will remain the property of Franchisor and must be returned to Franchisor immediately upon the termination of this Agreement. Franchisee agrees to make no copies of any of the aforesaid confidential materials. In the event the Operations Manual is lost, stolen, misplaced, destroyed or otherwise made unavailable to Franchisee, Franchisee shall be charged a fee of \$5,000.00 for the replacement of the Operations Manual, unless Franchisee shall have exercised reasonable care to prevent the occurrence of such an event.

(f) Franchisee shall not represent nor hold himself out as an agent, legal representative, partner, subsidiary, joint venturer, or employee of Franchisor. Franchisee shall have no right or power to, and shall not bind or obligate Franchisor in any way, manner or thing whatsoever, nor represent that it has any right to do so.

(g) In all public records and in its relationship with other persons, on letterhead and business forms, Franchisee shall indicate its independent ownership of said business, and that it is only a Franchisee of Franchisor.

(h) The covenants set forth in this Article shall survive the termination or expiration of this Agreement.

**ITEM XIV**  
**ASSIGNMENT AND RIGHT OF FIRST REFUSAL**



(a) Franchisee may not sell, assign, transfer, sublicense, subfranchise, or encumber this Agreement, the franchise granted herein, the Licensed Rights, or any other interest hereunder, a substantial portion of the assets of the franchised business, or Franchisee's customer list, nor suffer or permit any such assignment, transfer or encumbrance to occur by will, or by operation of law, or otherwise, without the express prior written consent of Franchisor.

If Franchisee is a corporation, partnership, unincorporated association or a similar entity, the terms of this Item XIV shall apply to any sale, resale, pledge, assignment, transfer or encumbrance of the voting stock of, or other ownership interest in Franchisee which would, alone or together with other related, previous, simultaneous or proposed transfers, whenever made or however effected, result in a change of ten (10%) percent or more of the voting stock or other ownership interest in Franchisee, whether by operation of law or otherwise.

As used in this Item XIV the term "Franchisee" shall be deemed to include the person or persons who control Franchisee as disclosed to Franchisor in writing upon the execution of this Agreement, in the form set forth as Exhibit "B" hereto and incorporated by reference herein.

(b) If Franchisee receives from a third party, and desires to accept, a bona fide written offer to purchase its business, customer list, this Franchisee, the Licensed Rights, or other rights and obligations arising under this Agreement, then Franchisor shall have the option, exercisable within thirty (30) days after written notice and receipt of a copy of such offer and other information set forth in this Item XIV(b), to purchase such business, the franchise, the Licensed Rights, and Franchisee's interest in this Agreement on the same terms and conditions as offered by said third party. If Franchisor does not exercise its option, Franchisee may, within sixty (60) days from the expiration of the option, sell, assign, and transfer its business, franchise, Licensed Rights and other interests hereunder to said third party, provided Franchisor has consented in writing to such transfer and assignment as required by this Item XIV. Any material change in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by Franchisor as in the case of an initial offer.

(c) In the event of the death, disability or permanent incapacity of Franchisee (or appointment of a conservator or guardian of the person or estate of Franchisee, or if Franchisee is a corporation or general or limited partnership, then upon the death, insanity, permanent disability of the corporation's principal officer or general partner), Franchisor shall not unreasonably withhold its consent to the transfer of all of the interests of Franchisee to his spouse, heirs or relatives, whether such transfer is made by will or by operation of law, provided that the requirements of Item XIV(d) hereof have been met. In the event that Franchisee's heirs do not obtain the consent of Franchisor as prescribed herein, the personal representative of Franchisee shall have reasonable time to dispose of Franchisee's interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

(d) Franchisor agrees not to unreasonably withhold its consent to a sale, assignment, transfer or encumbrance by Franchisee hereunder, whether by will, operation of law, or otherwise. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

(1) all obligations of the Franchisee created by this Agreement are assumed by the transferee;

(2) all ascertained or liquidated debts of Franchisee to Franchisor are paid;

(3) Franchisee is not then in default under this Agreement;

(4) Transferee satisfactorily completes the training required of new Franchisees prior to the date of transfer;

(5) Franchisee satisfies Franchisor that the Transferee meets all the requirements of Franchisor for new franchise owners, and completes the current franchise application; and

(6) Franchisee or Transferee pays to Franchisor a transfer fee in an amount sufficient to cover Franchisor's reasonable costs in effecting the transfer and in providing training and other additional assistance to Transferee.

(7) All other ascertained or liquidated debts of Franchisee are paid or adequate provision has been made therefor;

(8) Transferee signs Franchisor's then current, standard Franchise Agreement and any other agreements then being required by Franchisor of new franchisees on the date of transfer, although Transferee shall not be required to pay a new initial franchise fee; and

(9) Franchisee executes a general release in a form satisfactory to Franchisor of any and all claims against Franchisor.

(e) Franchisee may assign its interest hereunder to a corporation approved by Franchisor and in which Franchisee will own legally and beneficially all of the issued and outstanding stock of said Corporation. Such assignee corporation shall be closely held and shall not engage in any business activity other than those directly related to the operation of a Home Cleaning Centers of America business pursuant to the terms and conditions of this Agreement.

If the rights of Franchisee are assigned to a corporation, Franchisee or if Franchisee is a corporation, partnership or other business association, the persons who control Franchisee shall, throughout the term of this Agreement, act as such Corporation's principal officer or officers and directors.

In the event an assignment is permitted and effected hereunder, the present Franchisee/Assignor shall remain and be jointly and severally liable for all monies due Franchisor, and hereby irrevocably guarantees the performance of each and every obligation imposed on the Franchisee herein to be extended as if said Assignment had not taken place.

I HAVE READ, UNDERSTAND AND EXPRESSLY AGREE TO THE OBLIGATIONS AND REQUIREMENTS OF THIS ITEM XIV.

\_\_\_\_\_ (SEAL)

(f) Franchisee acknowledges and agrees that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Franchise, the Licensed Rights as well as the reputation and image of Home Cleaning Centers of America. Any assignment or transfer permitted by this Item XIV shall not be effective until Franchisor receives a completely executed copy of all transfer documents.

(g) Franchisor shall have the right to transfer its interests in this Agreement, or to transfer its assets or ownership interests, without restriction of any kind, provided that the acquiring party shall agree to perform the obligations of Franchisor herein.

**ITEM XV**  
**DEFAULT AND TERMINATION**

(a) Franchisee hereby acknowledges that strict and exact performance of all terms, obligations and requirements of this Agreement to be performed by Franchisee is necessary not only for the protection of Franchisor and the Licensed Rights, but also for the protection of all franchises now existing or future owners or operators of Home Cleaning Centers of America businesses. It is therefore agreed that any failure by Franchisee to strictly and exactly perform any term, obligation, or requirement imposed on Franchisee in this Agreement shall constitute a default under this Agreement. It is also agreed without limiting the generality of the immediately foregoing sentence, that the occurrence of the following events, whether or not included within the generality of the immediately foregoing sentence, shall constitute a default under this Agreement:

(1) If Franchisee, or any person controlling, controlled by or under common control with Franchisee (not including employees of the Franchisee) shall be adjudicated a bankrupt, becomes insolvent, or if a receiver (permanent or temporary) of its property or any part thereof is appointed by a court of competent authority, if it makes a general assignment for the benefit of its creditors, or if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed), or if execution is levied against Franchisee's

business or property, or if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days;

(2) If Franchisee fails to maintain the standards as set forth in this Agreement, and as may be supplemented by the Operations Manual, as to cleanliness and uniformity and said failure shall continue after notification or if Franchisee repeatedly commits violations of such provisions;

(3) If Franchisee suffers a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Home Cleaning Centers of America business and permits the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the application or legality of such law, ordinance, rule or regulation, and Franchisee promptly resorts to courts or forums of appropriate jurisdiction to contest such application or legality;

(4) If Franchisee ceases to do business at the premises or defaults on any lease or sublease or loses its right to the possession of the premises; provided, however, that if the loss of possession is attributable to the proper governmental exercise of eminent domain, or if the premises are damaged or destroyed by a disaster of such nature that the premises cannot be reasonably restored, then Franchisee may relocate to other premises approved by Franchisor for the balance of the term hereof;

(5) If Franchisee shall misuse the Licensed Rights, or otherwise materially impair the goodwill associated therewith or Franchisor's rights therein, or otherwise use any names, marks, systems, insignia or symbols not authorized by Franchisor;

(6) If Franchisee or persons controlling, controlled by or under common control with Franchisee shall have any interest, direct or indirect, in the ownership of or operation of any cleaning business which is similar in concept or in any way imitates Home Cleaning Centers of America businesses or operates in a manner tending to have such effect;

(7) If Franchisee shall fail to remit any payments when due to Franchisor;

(8) If Franchisee shall fail to submit to Franchisor any financial or other information required under this Agreement;

(9) If Franchisee shall fail to operate a Home Cleaning Centers of America business in accordance with the Operations Manual or other manuals or shall fail to conform to the specifications and standards of Franchisor or shall fail in any other way to maintain Franchisor's standards of quality in appearance and service in the operation of the business; or

(10) If Franchisee defaults in the performance of any other obligation under this Agreement or any other agreement with or obligation to the Franchisor.

In the event that Franchisee shall breach any provision hereof or otherwise fail to comply with Franchisor's standards and specifications, as outlined in Franchisor's Operations manual or elsewhere, Franchisor shall have the right, without further notice to the Franchisee, to act to cure such breach on behalf of the Franchisee, without being liable for trespass or other tort. In such event, Franchisee shall, within ten days of receipt of notice of such action, reimburse Franchisor for any amounts of money expended in connection with such action by the Franchisor.

(b) Upon occurrence of any event of default specified generally or specifically in sub-items (a)(2) through 10 of this Item XV, Franchisor may, without prejudice to any other rights and remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective ten (10) days after written notice is given by Franchisor to Franchisee of the event of default, and of the fact that termination shall so occur unless all of the defaults specified in such notice are cured within such ten (10) day period. If such event of default is, by its nature not curable within such ten (10) day period, Franchisee shall, within such ten (10) day period, commence efforts to cure such default and shall thereafter continue to diligently pursue the cure of such event of default. The Franchisor may terminate this Agreement without prior notice to or right to cure by the Franchisee in the event that the Franchisee has committed repeated violations of this Agreement, for which the Franchisee has received notice, or has failed to maintain the standards as to cleanliness and uniformity set forth in this Agreement and in the Operations Manual after repeated notice thereof.

If any applicable law or rule of any jurisdiction requires a greater prior notice of termination of, or the election not to renew this Agreement, or the taking of some other action with respect to such termination or election not to renew than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof.

(c) Upon termination, cancellation or expiration of this Agreement, or upon the expiration of the term hereof, Franchisee agrees as follows:

(1) To pay immediately to Franchisor the full amount of all sums due under this Agreement;

(2) Franchisee shall not thereafter use or adopt any trade secrets disclosed to it hereunder or any emblems, signs, displays or other property on which Franchisor's name or trade names are imprinted, or any trade marks, service marks, or trade names confusingly similar thereto. It shall not otherwise use or duplicate the Home Cleaning Centers of America System or any portion thereof or assist others in doing so. Franchisee shall remove from its premises all signs, emblems, and displays identifying it as associated with Franchisor or the Home Cleaning Centers of America System. It shall cease to use and shall return to Franchisor the Operations Manual and all other manuals, plans and specifications, designs, records, data samples, models, programs, handbooks, or drawings, and all copies thereof, concerning Franchisor's operations, the Home Cleaning Centers of America System, or the Licensed Rights;

(3) Franchisee shall change the color scheme and the decor of the premises and shall make or cause to be made such changes in its signs, buildings and structures as Franchisor shall reasonably direct so as to effectively distinguish the same from its former appearance and from any other Home Cleaning Centers of America franchise business, and if the Franchisee fails or refuses to comply herewith, then Franchisor shall have the right to enter upon the premises where said business is being conducted without being guilty of trespass, or any other tort, for the purpose of making or causing to be made such changes at the expense of the Franchisee, which expenses Franchisee shall pay upon demand;

(4) Franchisee shall cease immediately to hold itself out in any way as a franchisee of Home Cleaning Centers of America, Inc. or do anything which would indicate any past or present relationship between it and Franchisor;

(5) All rights, claims and indebtedness which may accrue to Franchisor prior to termination, cancellation or expiration of this Agreement shall survive termination, cancellation or expiration and be enforceable.

**(d) Franchisor's Option and Obligation to Purchase.**

(1) Upon termination, cancellation or expiration hereof, Franchisor shall have the right and option to purchase any equipment and supplies of the franchised business, at their fair market value. Such right or option of the company shall be exercised by giving Franchisee written notice of the exercise of its option within thirty (30) days after termination, cancellation or expiration thereof. Franchisor shall also have the right to require Franchisee to assign to Franchisor the telephone number or numbers used by Franchisee in the operation of the franchised business. Franchisor shall further have the right to assume any lease which Franchisee may have for the premises in which the franchised business is located. Franchisee further acknowledges that the identity of the customers of the franchised business is one of the most valuable assets of the franchised business. Franchisee agrees that Franchisee may not sell its customer list except in strict conformity with the provisions of Item XIV above, and may not disclose the customer list to any person whomsoever, either during the term hereof or within two years thereafter, as provided in Item XVI(b) below. It is further agreed that upon the termination or expiration of this Agreement, the customer list shall become the property of Franchisor, and may not be conveyed or otherwise disclosed by Franchisee.

(2) In the event of termination by expiration of this Agreement or condemnation of the premises, Franchisee shall not remove any of such items prior thereto; and in the event of termination for any other reason hereunder, Franchisee shall not remove such items without Franchisor's consent for thirty (30) days thereafter.

(3) Franchisor's option hereunder are without prejudice to its rights under any security agreement held by it or with respect to which it may have a guarantor's or surety's

subrogation interest. If Franchisor exercises any of the foregoing options, it may pay any debts which the Franchisee owes to it and/or to third persons, including but not limited to, utilities and designated suppliers, and shall remit any balance of the purchase price to the Franchisee. There shall be no allowance for goodwill.

**ITEM XVI**  
**NON-COMPETITION AND CONFIDENTIALITY**

(a) Franchisee and persons controlling, controlled by or under common control with Franchisee will not, without Franchisor's prior written consent:

(1) Have any interest, direct or indirect, in the ownership or operation of any cleaning service with similar concept to that of a Home Cleaning Centers of America business within the franchise zone or any point within thirty (30) miles thereof, within the term of the Franchise Agreement or one (1) year thereafter;

(2) At any time, during the term of this Agreement or thereafter, use, in connection with the operation of any commercial or residential cleaning business wherever located, any of the Licensed Rights or any other names, marks, systems, insignia or symbols, provided by Franchisor to Franchisee pursuant to this Agreement, or cause to permit any such facility to look like, copy or imitate any Home Cleaning Centers of America business operated or to be operated in a manner tending to have such effect.

(3) It is hereby acknowledged by Franchisor and Franchisee that the determined market area for the Home Cleaning Centers of America business is the franchise zone set forth in Exhibit A attached hereto. As one of the conditions of having entered into this Franchise Agreement and licensing this market area, and as mutual consideration for this Agreement, it is hereby acknowledged that Franchisee shall have exclusive rights to operate the Home Cleaning Centers of America business within said market area, and that Franchisor shall have the exclusive right to operate a Home Cleaning Centers of America business in any area in which it is presently operating or under agreement with other franchisees. Franchisor agrees that subsequently signed Franchise Agreements will provide that such subsequent Franchisees shall not perform services customarily performed by Home Cleaning Centers of America businesses within the area franchised to Franchisee hereby. It is further acknowledged by Franchisee that Franchisor has expended considerable sums in developing the Licensed Rights and the proprietary information described hereunder, and that to permit Franchisee to compete in any area in which Franchisor is operating a Home Cleaning Centers of America business or in any area which Franchisor has licensed other Franchisees to operate Home Cleaning Centers of America businesses during the term of this Agreement would be detrimental to Franchisor and other licensed Franchisees.

(4) Franchisee will not, within two years after the termination or expiration of this

Agreement, solicit home cleaning work of the type performed by the franchised business, from any past or present customer of the franchised business.

(b) Franchisee and persons controlling, controlled by or under common control with Franchisee shall at all times treat as confidential the Operations Manual, and any other manuals or materials designated for confidential use by Franchisor. It is hereby acknowledged and agreed that the trade secrets and other information pertaining to Franchisor's business and the operation of a Home Cleaning Centers of America business, including but not limited to, instructions for cleaning and for quality contained in the Operations Manual and all other information pertaining to Franchisor's business and the operation of a Home Cleaning Centers of America business, including Franchisee's customer list, and all prints and copies of the foregoing, are confidential. Franchisee and persons controlling, controlled by or under common control with Franchisee hereby covenant and agree not to reveal any part of the foregoing to any other party except as may be appropriate and professionally necessary to operate the Home Cleaning Centers of America business and only while this Agreement is in effect. Franchisee further acknowledges that the unauthorized use or disclosure of such confidential information will cause incalculable and irreparable injury to Franchisor.

(c) Franchisee shall cause any person who is actively involved in the management or operation of the business of Franchisee pursuant to this Agreement at the time of his employment, but not later than at the time of completion of his training course, to enter into a Confidentiality and Non-Competition Agreement in the form recommended from time to time by Franchisor, which Agreement shall inure to the benefit of and be enforceable by Franchisor. Franchisor reserves the right to require all of the Franchisee's managers, at the outset of the training of such managers, to execute a Non-Competition and Confidentiality Agreement prior to completion of said training course.

**ITEM XVII**  
**REPRESENTATIONS AND WARRANTIES OF FRANCHISEE**

(a) Franchisee acknowledges and agrees that the operating techniques of Franchisor through its Home Cleaning Centers of America System which includes without limitation its Operations Manual, its program for the care, maintenance and use of the premises and equipment as well as the sale and use of products and supplies by Franchisor or sources made available by it, and the issuance of detailed specifications are necessary to achieve uniformity and excellence of product and service, and are of great and equal importance to Franchisor, the Franchisee and the public; that a failure by Franchisee to comply with the provisions of same will reflect adversely on Franchisor and other Franchisees, and will be an imposition upon, and a misrepresentation to, persons doing business with the Franchisee in reliance upon the Franchisor's reputation, trade name and trade marks.

(b) Franchisee hereby represents and warrants that if Franchisee is a corporation it is duly organized and validly existing under the laws of the State of \_\_\_\_\_. Franchisee further represents and warrants that this Agreement is legal, valid and binding on it and warrants that Franchisee has full power, right and authority to enter into this Agreement and to perform its obligations hereunder, that the execution, delivery and performance of this Agreement by Franchisee has been duly and effectively authorized by all requisite corporate action. Franchisee further



represents and warrants that Franchisee is authorized by its creating instrument to enter into this Agreement, and that the persons executing this Agreement on behalf of Franchisee have full power, right and authority to enter into this Agreement and to obligate Franchisee hereunder.

(c) Franchisee hereby represents and warrants that the execution, delivery and performance of this Agreement will not violate any agreements of Franchisee or its principals with any persons or entities, whether written or oral and that entering into this Agreement is not an infringement upon the proprietary rights of other persons or entities.

(d) Franchisee hereby agrees to indemnify and hold Franchisor harmless from and against any liability, loss, or damage Franchisor may incur, including reasonable attorney's fees, as a result of claims, demands, costs or judgments of any kind of nature, by anyone whomsoever, arising out of or in connection with the representations and warranties made hereunder. Franchisee further agrees that it will be liable for and will promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in obtaining money damages or injunctive or other relief in connection with this Franchise Agreement.

### **ITEM XVIII** **MISCELLANEOUS - GENERAL PROVISIONS**

(a) **Marketing Information.** Franchisor shall have the right from time to time to require Franchisee to furnish requested marketing information based on Franchisee's records, which information will be used by Franchisor in making surveys and analyses designed to benefit and improve the business and operating results of Franchisee or other Home Cleaning Centers of America franchisees. Franchisee, upon such request, shall promptly furnish such information.

(b) **Improvements to System.** Any and all improvements in the Home Cleaning Centers of America System developed by Franchisee, Franchisor or other Franchisees shall be and become the sole and absolute property of Franchisor, and Franchisor may incorporate the same in the Home Cleaning Centers of America System and shall have the sole exclusive right to copyright, register and protect such improvements in the Franchisor's own name to the exclusion of Franchisee, whose right to use such improvements is limited to its rights as a Franchisee hereunder.

(c) **Governing Law and Venue.** The validity and effect of this Agreement are to be governed by and construed and enforced in accordance with the laws of the State of Kansas. The parties agree that any action brought by either party against the other party in connection with any rights or obligations arising out of this Agreement shall be instituted properly in a federal or state court of competent jurisdiction with venue only in the county of Johnson, State of Kansas or in the United States District Court appropriate for Johnson County; either party to this Agreement named as a defendant in an action brought in connection with this Agreement in any other court outside of the above-designated county or district shall have the right to have the venue of said action changed to the above-designated county or district, or, if necessary, have the case dismissed, requiring the other party to refile said action in an appropriate court in the above-designated county or federal district. If

either party is not a resident of, or does not maintain a presence in Johnson County Kansas, then such party hereby agrees to submit personally to the jurisdiction of a court of competent subject matter jurisdiction located in the above-designated State and county or federal district. The parties acknowledge that this Agreement is executed in, and that a material portion of Franchisee's and Franchisor's obligations under this Agreement are to be performed in, the above-designated State and county and federal district. This provision shall not restrict or prohibit the Franchisor from seeking and obtaining injunctive relief in any court of competent jurisdiction. SEE APPENDIX.

(d) **Severability.** If any provision of this Agreement or the application of any provision to any person or to any circumstances shall be determined to be invalid or unenforceable, then such determination shall not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, all of which other provisions shall remain in full force and effect; and it is the intention of Franchisor and Franchisee that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall have the meaning which renders it enforceable.

(e) **Waiver.** The failure of either party to exercise any power given either party hereunder or to insist upon strict compliance by either party with its obligations hereunder shall not, and no custom or practice of the parties at variance with the terms hereof shall, constitute a waiver of either party's right to demand exact compliance with the terms hereof.

(f) **Time.** Time is of the essence of this Agreement.

(g) **Survival of Covenants.** The covenants and agreements made by Franchisee hereunder shall be perpetual and shall survive the expiration or termination of this Agreement.

(h) **Notices.** All notices hereunder shall be in writing and shall be duly given if hand delivered or sent by registered mail, postage prepaid, addressed:

- (1) If to Franchisor at: 4851 W. 134<sup>th</sup> Street, Suite D, Leawood, Kansas 66209
- (2) If to Franchisee at: \_\_\_\_\_, or at such other address as Franchisor shall have specified by notice to the other party hereunder. Notice given as aforesaid shall be deemed received on the date of actual receipt.

(i) **Entire Agreement.** This Agreement constitutes the entire agreement between Franchisor and Franchisee and supersedes all prior negotiations, commitments, representations and undertakings of the parties with respect to the subject matter hereof, except for or other than those contained in the Uniform Franchise Offering Circular (UFOC). No change, termination or attempt waiver of any provisions of this Agreement shall be binding upon the parties hereto unless in writing and signed by Franchisor and Franchisee.

(j) **Joint and Several Obligations.** If the Franchisee consists of more than one person, their liability and obligation under this Agreement shall be deemed to be joint and several.

(k) **Counterparts, Paragraph Titles, Pronouns.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The paragraph headings in this Agreement are for convenience of reference only, and shall not be deemed to alter or affect any provision thereof. Each pronoun used herein shall be deemed to include the other number and genders.

## **ITEM XIX** **ACKNOWLEDGMENTS**

Franchisee hereby acknowledges the following:

(a) That it has conducted an independent investigation of the business contemplated by this Agreement and recognizes that it involves business risks making the success of the venture largely dependent upon the business abilities of Franchisee, and Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

(b) That it has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein. Franchisee represents as an inducement to his entry into this Agreement, that it has made no misrepresentations in obtaining this Agreement.

(c) That Franchisee has received, read and understood this Agreement and that Franchisor has fully and adequately explained the provisions of each to its satisfaction, that Franchisee has had the opportunity to meet with Franchisor to ask questions and receive answers about the franchise and to obtain additional information for verification purposes.

(d) That Franchisee has carefully read and understands the terms of this Agreement, and has, to the extent Franchisee felt necessary, discussed its requirements and other applicable limitations with its counsel.

(e) That Franchisee, together with his advisers, has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in a Home Cleaning Centers of America business and making an informed investment decision with respect thereto. (f) That Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of Agreement, and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

(g) That Franchisee has received all information about the financial status of Franchisor, the Licensed Rights, the franchising program of Franchisor, and all other matters to which it requested access.

**ITEM XX.**  
**EFFECTIVE DATE**

This Agreement shall be effective as of the date first above written.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement and have hereunto set their hand and seal.

Attest:

**HOME CLEANING CENTERS  
OF AMERICA, INC.**

\_\_\_\_\_  
(Corporate Seal)

By: \_\_\_\_\_  
Dated: \_\_\_\_\_

Witness or Attest:

**FRANCHISEE:**

\_\_\_\_\_  
Witness  
(Corporate Seal)

By: \_\_\_\_\_  
Dated: \_\_\_\_\_

## **State Law Appendix**

### **Illinois State Law Appendix**

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law, ILCS 705/19 and 705/20.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act is void."

The Franchise Agreement requires that a Franchisee shall be subject to the jurisdiction or venue of any state or federal court in Kansas. These provisions may not be enforceable under Illinois law.

Section XIX(a) of the Franchise Agreement is hereby rewritten to read as follows:

"Franchisee hereby acknowledges the following:

(a) That it has conducted an independent investigation of the business contemplated by this Agreement and recognizes that it involves business risks making the success of the venture largely dependent upon the business abilities of Franchisee."

### **Minnesota State Law Appendix**

Minnesota law provides franchisees with certain termination and non-renewal rights. The Franchisor will comply with Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement. Minnesota law thus modifies Items 2 and 15.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the offering circular or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

### **Washington State Law Appendix**

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights of remedies under the act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THIS FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

Applicable State or Commonwealth \_\_\_\_\_.

In Witness Whereof, the parties hereto have duly executed and delivered this Appendix as of the Effective date of the Franchise Agreement.

\_\_\_\_\_  
Home Cleaning Centers of America, Inc.

\_\_\_\_\_  
Prospective Franchisee

**EXHIBIT A**

**FRANCHISED ZONE**



**EXHIBIT B**

**ACKNOWLEDGMENT REGARDING CONTROLLING PERSONS**

(if franchisee is not an individual)

Franchisee hereby acknowledges that Franchisee is a :

- \_\_\_\_\_ partnership
- \_\_\_\_\_ joint venture
- \_\_\_\_\_ corporation
- \_\_\_\_\_ or other business form

(check one)

In accordance with the requirements of the Franchise Agreement attached hereto, Franchisee hereby warrants and represents that the following persons, own either legally or beneficially, voting control of Franchisee:

<u>Name</u>	<u>Type of Ownership (Legal or Beneficial)</u>	<u>Percentage of Interest Owned</u>
-------------	--	---

Franchisee hereby acknowledges that Franchisor is relying on these representations as a material basis for entering into this Franchise Agreement, and that the information set forth above is true and correct.

**FRANCHISEE:**

\_\_\_\_\_  
Witness

By:\_\_\_\_\_

Title:\_\_\_\_\_

Dated:\_\_\_\_\_

Sworn to and subscribed before me  
this \_\_\_\_\_ day of \_\_\_\_\_,  
200\_.

\_\_\_\_\_  
Notary Public

**PERSONAL GUARANTY**

We, the undersigned, in order to induce Home Cleaning Centers of America, Inc. to enter into the within Franchise Agreement, hereby, jointly and severally, personally guarantee performance of this Agreement in its entirety and specifically, but without limitation thereto, the monetary obligations of Franchisee hereunder, as if each of us were the Franchisee.

**GUARANTORS**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT D  
TO DISCLOSURE DOCUMENT**

**STATE LAWS**

**The following information supplements our Franchise Disclosure Document and supersedes any conflicting information contained in the main body of the Disclosure Document.**

**For residents of California**

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination or non-renewal of a franchise. If a franchise agreement contains a provision that is inconsistent with the law, the law still controls.

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

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

The Franchise Agreement requires application of the laws of the state of Kansas. This may not be enforceable under California Law.

Neither the Franchisor, nor any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a disclosure document, in a form containing such information as the Commissioner may by rule or order require prior to a solicitation of a proposed material modification of an existing franchise.

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

You must sign a general release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

### **For residents of Illinois**

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law, ILCS 705/19 and 705/20.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act is void."

Item 17 of this Disclosure Document says that all litigation between the parties must take place in Kansas, and states that Kansas law will govern any such dispute. These provisions may be unenforceable under the laws of Illinois.

The agent to receive service of process for Home Cleaning in Illinois is the Illinois Attorney General, at 500 South Second Street, Springfield, Illinois, 62706

### **For residents of Minnesota**

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

### **For residents of New York**

Item 3 of this Offering Prospectus is supplemented with the following: "Neither the Franchisor nor any person identified in Item 2 of this Disclosure Document has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of a misdemeanor or pleaded *nolo contendere* to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint, or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations."

Item 4 of this Offering Prospectus is supplemented with the following: "During the fifteen (15) year period immediately preceding the date of this Offering Prospectus, neither the Franchisor nor any officer or general partner of the Franchisor has been adjudged bankrupt or reorganized due to insolvency or been a principal officer of any company or general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency during or within one year after the period that

such officer or general partner of the Franchisor held such position in such company or partnership, or is subject to any pending bankruptcy or reorganization proceeding.”

**For residents of Virginia.**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Home Cleaning Centers of America, Inc., for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17(h):

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**For residents of Washington**

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights of remedies under the act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

**EXHIBIT E TO DISCLOSURE DOCUMENT  
SCHEDULE OF STATE AGENCIES**

**California**

**Agent for Service of Process and Agency for Franchise Inquiries**

Department of Corporations  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013  
(619) 525-4044

**Hawaii**

Department of Commerce & Consumer Affairs  
335 Merchant Street, #203  
Honolulu, Hawaii 96813  
(808) 586-2722

**Illinois**

Franchise Division  
Office of Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

**Indiana**

Franchise Section  
Indiana Securities Division  
Secretary of State  
Room E-111  
302 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6681

**Maryland**

Maryland Division of Securities  
200 St. Paul Place  
Baltimore, Maryland 21202  
(410) 576-7044

**Michigan**

Franchise Administrator  
Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Dept. of Attorney General  
670 Law Building  
Lansing, Michigan 48913  
(517) 373-7117

**Minnesota**

Minnesota Dept. of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, Minnesota 55101-2198  
(651) 296-6328

**New York**

Bureau of Investor Protection & Securities  
New York State Dept. of Law  
23rd Floor  
120 Broadway  
New York, New York 10271  
(212) 416-8211

**North Dakota**

Office of Securities Commissioner  
Fifth Floor  
600 East Boulevard  
Bismarck, North Dakota 58505  
(701) 224-4712

**Rhode Island**

Division of Securities  
Suite 232  
233 Richmond Street  
Providence, Rhode Island 02903  
(401) 277-3048

**South Dakota**

Division of Securities  
c/o 118 West Capitol  
Pierre, South Dakota 57501  
(605) 773-4013

**Virginia**

**Agent For Service of Process**

Clerk of the State Corporation Commission of Virginia  
1300 E. Main Street  
Richmond, Virginia 23219  
(804) 371-9733

**Inquiries About Franchise Matters**

Securities and Retail Franchising Division  
State Corporation Commission  
1300 East Main Street  
Richmond, Virginia 23219  
(804) 371-9051

**Washington**

Dept. of Financial Institutions  
Securities Division  
P.O. Box 9033  
Olympia, Washington 98507-9033  
(206) 753-6928

**Wisconsin**

Securities & Franchise Registration  
Wisconsin Securities Commission  
P.O. Box 1768  
Madison, Wisconsin 53701  
(608) 266-8559

**ITEM 23**  
**RECEIPT**

**THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY. IF HOME CLEANING CENTERS OF AMERICA, INC., OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU AT LEAST 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH OR MAKE A PAYMENT TO THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.**

**IF HOME CLEANING CENTERS OF AMERICA, INC., DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE AGENCY LISTED ON EXHIBIT A.**

**DATE OF ISSUANCE MARCH 15, 2012.**

**See Exhibit F for our registered agents authorized to receive service of process. Mike Calhoon serves as our franchise seller, and he can be reached at (800) 767-1118, at 4851 134<sup>th</sup> Street, Leawood, Kansas 66209**

I have received a Disclosure Document dated March 15, 2012, that included the following Exhibits:

- A. List of Franchisees
- B. Financial Statements
- C. Franchise Agreement and Related Materials  
Exhibit A to Franchise Agreement – Territory and Location  
Guaranty
- D. State Law Appendix
- E. List of State Agencies

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature of Prospect

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Address  
City, County, State & Zip

(Please sign and date this copy and retain if for your files)



**ITEM 23**  
**RECEIPT**

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- E. List of State Agencies

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature of Prospect

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Address  
City, County, State & Zip

(Please sign and date this copy and return it to Home Cleaning Centers of America, Inc.)