

## FRANCHISE DISCLOSURE DOCUMENT

RENUE SYSTEMS DEVELOPMENT CORP., INC.

an Illinois corporation

1732 Armitage Court

Addison, Illinois 60101

(630) 691-0800

contact@renuesystems.com

www.renuesystems.com

# RENUE®

As a franchisee, you will operate a RENUE hotel hygiene carpet and upholstery cleaning business.

The total investment necessary to begin operation of a RENUE business is from \$85,600 to \$132,600. This includes \$59,000 or \$79,000, depending on whether you choose a mid-impact or high-impact market area, that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact David Grossman at Renue Systems Development Corp., Inc. 1732 Armitage Court, Addison, Illinois 60101 (630) 691-0800.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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.

Issuance Date: March 8, 2011

## STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit A for information about the franchisor or about franchising in your state.

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

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION/LITIGATION ONLY IN ILLINOIS. OUT-OF-STATE ARBITRATION/ LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE/LITIGATE WITH US IN ILLINOIS THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT ILLINOIS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date: See the next page for state effective dates.

## STATE EFFECTIVE DATES

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

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

California:	<u>April 12, 2011</u>	Maryland:	Not Effective	South Dakota:	Not Effective
Florida:	<u>Feb. 12, 2012</u>	Michigan:	<u>March 16, 2011</u>	Utah:	<u>March 16, 2011</u>
Hawaii:	<u>Jan. 4, 2012</u>	Minnesota:	<u>March 17, 2011</u>	Virginia:	<u>May 31, 2011</u>
Illinois:	<u>April 7, 2011</u>	New York:	Not Effective	Washington:	<u>October 5, 2011</u>
Indiana:	Not Effective	North Dakota:	Not Effective	Wisconsin:	Not Effective
Kentucky:	<u>Oct. 18, 2011</u>	Rhode Island:	Not Effective		

Issuance Date in the States Listed Below:  
March 8, 2011

Alabama	District of Columbia	Massachusetts	New Jersey	South Carolina
Alaska	Georgia	Mississippi	New Mexico	Tennessee
Arizona	Idaho	Missouri	North Carolina	Texas
Arkansas	Iowa	Montana	Ohio	Vermont
Colorado	Kansas	Nebraska	Oklahoma	West Virginia
Connecticut	Louisiana	Nevada	Oregon	Wyoming
Delaware	Maine	New Hampshire	Pennsylvania	

**RENUE SYSTEMS DEVELOPMENT CORP., INC.**  
**NOTICE REQUIRED BY 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 the Franchisee to join an association of franchisees.
- (B) A requirement that the Franchisee assent to a release, assignment, novation, waiver or estoppel which deprives the Franchisee of rights and protections provided in the Michigan Franchise Investment Law. This section will not preclude the Franchisee, after entering into the Franchise Agreement, from settling any and all claims.
- (C) A provision that permits the Franchisor to terminate the franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the Franchisee to comply with any lawful provisions 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 the Franchisor to refuse to renew the 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 section applies only if:
  - (1) The term of the franchise is less than five years; and
  - (2) The Franchisee is prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logo-type, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise, or the Franchisee does not receive at least six months advance notice of the 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 the State of Michigan. This section will not preclude the Franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside the State of Michigan.

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

- (1) The failure of the proposed transferee to meet the Franchisor's then-current reasonable qualifications or standards.
- (2) The fact that the proposed transferee is a competitor of the Franchisor or subfranchisor.
- (3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (4) 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 section does not prohibit a provision that grants to the 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 section 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 section (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 MICHIGAN ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE MICHIGAN ATTORNEY GENERAL. ANY QUESTIONS REGARDING THE NOTICE SHOULD BE DIRECTED TO THE MICHIGAN DEPARTMENT OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, FRANCHISE UNIT, 670 LAW BUILDING, LANSING, MI 48913 (517) 373-7117.**

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## EXHIBITS

- Exhibit A State Administrators
- Exhibit B Agents for Service of Process
- Exhibit C Franchisee Information
- Exhibit D Financial Statements
- Exhibit E Franchise Agreement
- Exhibit F Sample Form of General Release
- Exhibit G Questionnaire
- Exhibit H Receipts

## Item 1.

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

The franchisor is Renue Systems Development Corp., Inc., formerly known as National Appeal Development Corp., Inc. For ease of reference, Renue Systems Development Corp., Inc. will be referred to as "we" or "us" in this disclosure document. We will refer to the person who buys the franchise as "you" throughout the disclosure document. If you are married, you and your spouse would be the signers of the franchise agreement. If you are a corporation or partnership or limited liability company, your owners and their spouses will have to guarantee and be bound by the obligations contained in the franchise agreement to be signed by you as described in this disclosure document. This disclosure document contains a summary of some material provisions of the franchise agreement. However, the franchise agreement itself expresses and governs the actual legal relationship between you and us. On occasion we may negotiate the terms of the franchise agreement.

**Franchisor Company.** Renue Systems Development Corp., Inc., formerly known as National Appeal Development Corp., Inc., is an Illinois corporation formed on December 20, 2000. Our principal business address is 1732 Armitage Court, Addison, Illinois 60101. We do business under our company name, Renue Systems Development Corp., Inc. and our trademark name, RENUÉ. We did business under the National Appeal name until March 2011.

**Supplier Company.** Renue Systems, Inc., formerly known as National Appeal, Inc., is an affiliate of ours and related to us by common ownership ("RSI"). RSI sells equipment and supplies to you. The address for RSI is 1732 Armitage Court, Addison, Illinois 60101. RSI has also supplied independent distributors with carpet and upholstery cleaning equipment, supplies, training and marketing support since April 1999. Since April 1999, RSI has entered into agreements with three independent distributors for the carpet and upholstery cleaning equipment, supplies and training. RSI does not currently enter into these types of distribution agreements and it does not now offer, and has not ever offered, franchises in any line of business.

We have no other predecessor, parent or affiliate as defined in the disclosure document guidelines. If we have an agent for service of process in your state, we disclose that agent in Exhibit B.

**The Business of the Franchise.** We offer commercial cleaning, restoration, and maintenance businesses under the name "RENUÉ®" (the "Mark"). A RENUÉ® franchised business sells its services to hotels and other commercial establishments and primarily features cleaning, restoration and maintenance services for carpets, drapes, upholstery, tile and grout, and marble and stone surfaces (the "Franchised Business"), using certain proprietary procedures, techniques, business methods, business forms, business policies and a body of knowledge pertaining to the establishment and operation of the Franchised Businesses (the "System"). The franchise offered is for the right to operate a RENUÉ business using the Marks and the System within a protected area. You must sign our standard franchise agreement (the "Franchise Agreement") when you purchase a franchise.

**Competition.** Your competitors include carpet cleaning businesses and in-house employees of hotels who clean carpeting and upholstery on a local, regional or national basis. The market for residential carpet cleaning in general is very developed but we believe the market for hotel hygiene soft and hard surface cleaning is less developed.

## **Operating RENUÉ® Franchises and Businesses.**

As of December 31, 2010, there were 20 RENUÉ® franchises.

Four of our affiliates, all related to us by common ownership, operate RENUÉ businesses. Renue Systems of Chicago, Inc., formerly known as National Appeal of Chicago, Inc. and Appeal Carpet & Upholstery Cleaners, Inc., is an Illinois corporation organized on October 15, 1993 that operates a RENUÉ business in the Chicagoland area. Before commencing use of the RENUÉ name in February 2011, the company operated under the NATIONAL APPEAL mark and the tradename "Appeal."

Renue Systems of Indiana, Inc., formerly known as National Appeal of Indiana, Inc., is an Illinois corporation formed on May 10, 2010. The company operates a RENUÉ business in the State of Indiana. Its mailing address is the same as ours.

Renue Systems of Houston, Inc., formerly known as National Appeal of Houston, Inc., is an Illinois corporation formed on October 20, 2010. The company operates a RENUÉ business in the Houston metropolitan area. Its mailing address is the same as ours.

Renue Systems of Philadelphia, Inc. is an Illinois corporation formed on October 20, 2010. The company operates a RENUÉ business in the Philadelphia metropolitan area. Its mailing address is the same as ours.

We have obtained a license from RSI, effective January 4, 2010, to use and sublicense the use of the Mark and the System (See Item 13). Other than as provided above, we do not and have not ever operated any RENUÉ business. In October 2001, we began to offer franchises for NATIONAL APPEAL businesses. We no longer offer franchises under the NATIONAL APPEAL name and we began offering franchises under the RENUÉ name in March 2011. We do not and have not ever offered franchises in any other lines of business. RSI has supplied three independent distributors with carpet, upholstery, drapes, tile and grout, and marble and stone cleaning, restoration, and maintenance equipment, supplies, training, and marketing support.

**Regulations.** We are not aware of regulations specific to the operation of a RENUÉ business with which you must comply. You will be required to comply with all local, state and federal laws applicable to the operation of any business, including laws regarding the appropriate classification of employees and independent contractors and the payment of sales and use taxes. There are other laws applicable to your business and we urge you to make further inquiries about these laws with your attorney or other professional advisor.

### **Item 2.**

#### **BUSINESS EXPERIENCE**

**President, CEO, Secretary, Treasurer: David J. Grossman**

Mr. Grossman has been the President, Chief Executive Officer, Treasurer, and Secretary of Renue Systems Development Corp., Inc. since January 2010. He is also the President, Secretary, and Treasurer of Renue Systems, Inc., and of Renue Systems of Chicago, all roles that he assumed in January 2010. Previously, Mr. Grossman was the President-Consultancy of DJG Partners (New York, New York) from October 2008 until December 2009. He was a



Managing Director at Kohlberg Capital Corp (New York, New York) from June 2007 until October 2008. Mr. Grossman was self-employed (New York, New York) from March 2007 until June 2007. From September 2005 until March 2007 he was a Director at GSO Capital Partners (New York, New York).

Director of Training: Marino P. Jollette

Mr. Jollette has been the Director of Training of Renue Systems Development Corp., Inc. since December 2000. Since founding the company in 1992 to the present, he has been the General Manager of Renue Systems of Chicago, Inc., an affiliate of ours that operates a RENUE business in the Chicagoland area. From 1997 to the present, Mr. Jollette has been Director of Training of RSI in Addison, Illinois.

Director of Operations and Research: Jeffrey S. Siegel

Mr. Siegel has been the Vice President of Operations and Research of Renue Systems Development Corp., Inc. since January 2010. Previously he was the president of Hygiene Solutions, Inc. (Chicago, Illinois) from January 2005 until December 2009.

Office Manager: Kim McGraw

Ms. McGraw has been Office Manager of Renue Systems Development Corp., Inc. since September 2003.

Telemarketing Manager: Barbara Cardis-Adler

Ms. Cardis-Adler has been the Telemarketing Manager of Renue Systems, Inc. since March 2010. Previously she worked as a salesperson for Polyline Corp. (Elmhurst, Illinois) from March 2008 until March 2010. She was a salesperson at Jewelry Exchange (Villa Park, Illinois) from October 2007 until March 2008. From September 2005 to September 2007 she worked as a sales person for Renue Systems, Inc. (then National Appeal, Inc.).

Business Broker & Intermediary, EBIT Associates, Ltd: Scott Miller

Mr. Miller works with us as a franchise sales representative. He has been employed by EBIT Associates, Inc. (Barrington, Illinois) as a business broker and intermediary since November 2004.

**Item 3.**

**LITIGATION**

Pending actions: None

Previous actions:

Washington Consent Order. We are the subject of Consent Order S-11-0789-11-CO01 issued by the State of Washington Department of Financial Institutions, Securities Division. The Consent Order requires that we and our employees comply with the registration and delivery of Franchise Disclosure Document sections of the Washington Franchise Investment Protection Act. We were required to reimburse the Department for its investigative costs related to the

Consent Order, but we were not required to pay any fines or other assessments. The Consent Order related to an offer and sale of a franchise for a Washington outlet by a prior owner of the Company and to our subsequent offer of a franchise in the State of Washington prior to our obtaining a franchise registration in the State. The Consent Order was entered into on September 30, 2011.

Jefco Holdings, LLC vs. National Appeal, Inc., National Appeal of Dallas-Fort Worth, Inc., and National Appeal Development Corp., Inc. filed on November 18, 2004 in the State of Texas, M-298th Judicial District of Dallas County, Texas, Case No. 04-11710. On June 8, 2004, the franchisor terminated the licensing agreement with the plaintiff due to the plaintiff's failure to submit sales reports and pay amounts due. Plaintiff filed this lawsuit alleging breach of contract, misrepresentation and related claims. The franchisor denied the allegations. To resolve the dispute, the defendant paid \$0 and entered into a settlement agreement dated August 18, 2005.

Jesus Malave, Jr. a/k/a Jay Malave and National Appeal of Connecticut, LLC vs. National Appeal, Inc., and Ralph Jollette filed on December 3, 2004 in the Superior Court in Hartford, Connecticut, Case No. CV054006505S. On February 3, 2005, the franchisor terminated the licensing agreement with the plaintiff due to the plaintiff's failure to submit sales reports and pay amounts due. Plaintiff filed this lawsuit alleging violation of business practices statutes, misrepresentation and related claims. The franchisor denied the allegations. To resolve the dispute, the defendant bought back the plaintiff's Connecticut territory for \$25,000 and entered into a settlement agreement dated May 1, 2005.

Other than the two previous actions described above, no litigation is required to be disclosed in this Item.

#### **Item 4.**

### **BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

#### **Item 5.**

### **INITIAL FEES**

The Initial Franchisee Fee is \$39,500 for a mid-impact market area and \$59,500 for a high-impact market area. A mid-impact market area exists when the number of hotel rooms in your Protected Area is from 1,000 to 20,000. A high-impact market area exists when the number of hotel rooms in your Protected Area is greater than or equal to 20,000. We determine the number of hotel rooms in a specific area by using third party database tools and research methods. The Initial Franchise Fee is paid to us as a lump sum upon the signing the Franchise Agreement. The Initial Franchise Fee is not refundable.

The following is a list of the other fees or payments you would pay us before you open for business. There is an Equipment Package and Supplies Fee of \$19,500 as described in Item 8. It is paid to Renee Systems, Inc. as a lump sum upon the signing of the Franchise Agreement. The total of all of the above initial fees is \$59,000 or \$79,000 depending on whether you choose a mid-impact or high-impact market area. None of the fees are refundable.

#### **Item 6.**

### OTHER FEES (1)

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	10% of Franchised Business's Gross Sales for the applicable semi-monthly period or \$500, whichever is greater (2).	The 15th day and last day of each calendar month (3).	Gross Sales is defined to mean all sales or revenues, derived directly or indirectly from your Franchised Business, exclusive of sales taxes collected from customers and paid to the appropriate taxing authority.
Equipment & Supplies	At RSI's then current prices.	As incurred.	To replenish ongoing equipment and supply needs.
Ongoing Training	Then-current fee; currently \$500 per day plus the travel expenses of each trainer for training conducted at your Franchised Business or the travel expenses of each of your representatives for training conducted at our home office.	As incurred.	Payable if you request or if we require additional training
Convention or National Business Meeting	Then-current fee; currently none	As incurred.	We may charge you to attend our annual franchise convention. You must also pay your travel expenses; the location of the convention may vary and your travel expenses will depend in part on the location of the convention and your point of departure.
Additional Assistance	Then-current fee; currently \$500 per day plus travel expenses of each of our representatives.	As incurred.	Payable only if you request and we provide additional assistance.
Transfer Fee	30% of the difference between the total price of the sale and	At time of transfer.	If you transfer your franchise to a corporation or limited

Type of Fee	Amount	Due Date	Remarks
	purchase transaction less the fair market value of the fixed assets.		liability company owned by you, we charge for our legal expenses and related costs but no transfer fee is due.
Reacquisition Fee	25% of then-current Initial Fee	When you reacquire your Franchised Business.	Payable only, if after the expiration of your franchise agreement, you meet all requirements and reacquire the franchise for your Renue® business
Audit	Cost of inspection or audit, currently estimated to be \$3,500.	As incurred.	Payable only if you fail to furnish reports or records or if the audit reveals you have understated your Gross Sales by more than 2%.
Interest	Lesser of 1.5% per month or the highest commercial contract interest rate that the law allows.	As incurred.	Payable on all amounts that you fail to timely pay to us
Late Fee	\$250.	As incurred.	Due for each late or dishonored payment
Advisory Council Assessments	None currently.	As incurred.	The Advisory Council will choose its own assessments. See Item 11.
Software	None currently.	As incurred.	See Items 8 and 11.
Evaluation of Suppliers	Cost of testing and inspection.	As incurred.	Applies only if you want us to evaluate unapproved items or suppliers for use by the Franchised Business.
Management Fee	Then-current daily Management Fee; currently \$250 per day plus direct expenses.	As incurred.	Due only if we manage your Franchised Business after your death or disability or after your default or abandonment.
Non-Compliance Fee	\$250 per violation	As incurred.	Due if you do not comply with a

Type of Fee	Amount	Due Date	Remarks
			contractual requirement or if you deviate from the standards stated in the Operations Manual. This fee is to cover our administrative and management costs related to your non-compliance.
Costs and Attorneys' Fees	Will vary under circumstances.	As incurred.	Due when we incur costs and expenses to enforce the Franchise Agreement, whether or not we begin formal legal proceedings.
Indemnification	Will vary under circumstances.	As incurred.	You have to reimburse us if we are held liable for claims arising from your operations.

(1) Except as noted above, all fees are uniformly imposed by and payable to us. No fee is refundable.

(2) The \$500 minimum payment will not apply for the first year of your Franchise Agreement.

(3) We divide each calendar month into two periods. The period beginning on the 1st day of a calendar month and ending on the 15th day of a calendar month is referred to as the "First Monthly Period." The period beginning on the 16th day of a calendar month and ending on the last day of a calendar month is referred to as the "Second Monthly Period." The amount of the Royalty Fee will be equal to ten percent (10%) of your Gross Sales for the applicable calendar period. Royalty Fees due on the 15th day of a calendar month will be based on your Gross Sales during the First Monthly Period of the previous calendar month. Royalty Fees due on the last day of a calendar month will be based on your Gross Sales during Second Monthly Period of the previous calendar month. "Gross Sales" will mean all sales or revenues, regardless of whether such amounts are actually collected by you, derived directly or indirectly from your business, but excluding sales taxes collected from customers and paid to the appropriate taxing authority. We may require in the future that Royalty Fees are paid on a weekly basis.

**Item 7.**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount (1)</b>	<b>Method of Payment (2)</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee (3)	\$39,500 or \$59,500	Lump sum.	Due upon signing the Franchise Agreement.	Us
Equipment Package and Supplies Fee / Opening Inventory (4)	\$19,500	Lump sum.	Due upon signing the Franchise Agreement.	RSI
Wages, Travel and Living Expenses During Training (5)	\$1,000 to \$2,000	As incurred.	Before opening.	Employees, airlines, hotels, restaurants, and other businesses
Vehicle (6)	\$10,000 to \$20,000	As incurred.	Before opening.	Automobile dealer
Computer equipment, software and accessories (7)	\$2,000	As incurred.	Before opening.	Electronics supplier
Business Insurance –12 months	\$2,400	As incurred.	Before opening.	Insurance company
Accounting and Legal Professional Fees	\$1,000 to \$2,000	As incurred.	Before opening.	Lawyers, accountants, and other profession advisors.
Business Licenses and Permits	\$200	As incurred.	Before opening	Government agencies
Additional Funds for First 3 Months (8)	\$10,000 to \$25,000	As incurred.	As incurred.	Third parties
<b>TOTAL (9)</b>	<b>\$85,600 to \$132,600</b>	<b>---</b>	<b>---</b>	<b>---</b>

(1) Your Franchised Business is designed to be operated from a home office, and as a result the estimated range of costs is for a Franchised Business operated from a home office. If a homeowners' association, ordinances, or other factors prevent you from operating your Franchised Business from a home office, you will likely incur costs greater than those estimated in this Item 7. Your additional costs will depend on the market in which you operate and the type of space that you decide to purchase or lease. In addition, your home office space must be able to accommodate the required computer system, any employees of the Franchised Business, and storage of the equipment and materials required to operate the business. If your home office space is unable to accommodate these elements you may need to lease or

purchase additional space for your Franchised Business, and as a result, your costs will likely be higher than those estimated in this Item 7.

In estimating the range of costs, we relied on the experience of our affiliate, Renue Systems, Inc., opening and operating carpet and upholstery cleaning businesses. You should carefully review these figures with your legal and business advisors before making any decision to purchase the Franchised Business. These expenses do not include any draw or salary for you nor any repayment of debt obligations. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how thoroughly you follow our methods and procedures; your personal discipline, dedication and commitment; your sales-ability; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; advertising expenditures; competition; and the sales level reached during the initial period. These estimates are provided solely to indicate possible working capital requirements and we make no representation that any franchise will experience these costs.

(2) Payments made to us are not refundable. Payments made to third parties may be refundable depending on the terms of your relationship with the third party.

(3) We describe the Initial Franchise Fee in Item 5.

(4) The Equipment Package and Supplies Fee pays for items that you need to begin operating your Franchised Business, including cleaning equipment and chemicals and uniform shirts. Exhibit B to your Franchise Agreement provides a full list of the equipment and supplies that you will receive following your payment of the Equipment Package and Supplies Fee. In addition, we further describe the Equipment Package and Supplies Fee in Item 5.

(5) You must pay for the salaries and benefits of your employees while they attend the training program and you must pay for your own and all of your employees' travel and living expenses associated with attending the training program.

(6) Your vehicle may be financed through a bank or other financial institution, leased or purchased outright. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, the collateral you may have, and lending policies of financing institutions. The estimated cost for your vehicle includes the installation of decals or similar signage displaying the RENUÉ name. Your vehicle signage must comply with the written trademark guidelines provided by us. At this time, the franchisor does not require that any other signage be maintained in connection with the operation of your Franchised Business.

(7) We require that you purchase and use a computer system with Microsoft Office and Quickbooks software.

(8) During the first three months of operations, you will need additional funds to cover your expenditures for marketing, supplies, gasoline, local advertising, utilities and other miscellaneous operating costs. You are not required to make specific grand opening advertising expenditures. This estimate has not been offset by any allowance for your operating revenues during this three-month period. Your working capital requirements may increase or decrease depending upon your geographic area, operating revenues and other economic factors.

(9) Amounts paid to us are not refundable. Amounts paid to others may not be refundable.

#### Item 8.

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We provide you a broad range of products and services. Other than for the items described in this Item, we do not obligate you to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate or comparable items related to establishing or operating your Franchised Business from us, our designee, or suppliers approved by us, or under our specifications.

**Conduct the Franchised Business According to System Standards.** You must conduct the Franchised Business offering only the services and products as we authorize periodically. You must in the development and operation of the Franchised Business follow our specifications, standards, methods and operating procedures, including those related to the attire worn by you and your employees while performing services for customers of your RENUÉ business (the "System Standards"). You must develop and operate the Franchised Business in accordance with each and every System Standard, as periodically modified or supplemented by us. System Standards may govern all aspects of the development and operation of the Franchised Business, including the following: (1) performance, quality and other relevant characteristics of the services and products offered by the Franchised Business; (2) use of the Marks and protection of confidential information; (3) types of authorized equipment, vehicles, supplies, clothing, and products; (4) designated and approved suppliers, including our affiliates and us for the purchase of cleaning and deodorizing chemicals, supplies, clothing, and equipment; (5) minimum hours of operation; (6) participation in market research and testing and product and service development programs prescribed by us; (7) qualifications, training, appearance and attitude of the Franchised Business' employees; (8) use and retention of standard forms; (9) use of standard formats; (10) use of computer hardware and software; (11) adoption of technological developments or advances; and (12) the addition or deletion of new products and/or services. All products must be sold only in the weights, sizes, forms and packaging approved by us. You will bear all costs and expenses pertaining to the development, operation, and maintenance of the Franchised Business and your compliance with the System Standards as periodically modified or supplemented by us.

**Operating and Maintaining the Franchised Business.** You must operate and maintain the Franchised Business, at your sole cost and expense, in accordance with our specifications and procedures contained in the Operations Manual. You must use only those items of equipment, vehicles, inventory, decor, cleaning and deodorizing chemicals, computer hardware and software, supplies, apparel and signs, that we have approved for a Franchised Business as meeting our specifications and standards for appearance, function, trade dress, design, quality and performance and to purchase or lease them only from us, our affiliates or suppliers approved by us. We do not require you to purchase or lease a particular type of vehicle, but your vehicle must have cargo space sufficient to safely carry the equipment and supplies required to operate your business. A cargo van is generally sufficient for this purpose. The initial amounts of equipment and supplies provided to you are listed in Exhibit B to the Franchise Agreement which is included with this disclosure document. We do not currently require that you use a particular supplier for any signage that you use to display the RENUÉ name, but we do require that you follow all written trademark usage guidelines provided by us. The apparel required for the operation of your business is included in your Equipment Package and Supplies



purchased from RSI, an affiliate of ours. You may purchase additional uniform shirts from RSI if you desire. We do not require that you purchase or lease any real estate or office or warehouse space in connection with the operation of your Franchised Business; the business is designed so that it can be operated from your home office.

If you propose to purchase, lease, or otherwise use any equipment, vehicles, inventory, décor, cleaning and deodorizing chemicals, computer hardware and software, supply, apparel or sign which is not then approved by us or from a supplier not then approved by us, you must first notify us in writing and submit to us sufficient specifications, photographs, drawings, samples, and information, along with our then current daily fee (which is currently \$250 per day) for each person which we provide for this determination plus reasonable expenses, for a determination by us of whether such equipment, vehicles, inventory, décor, cleaning and deodorizing chemicals, computer hardware and software, supply, apparel or sign, or proposed supplier complies with our specifications and standards relating to quality, price, consistency, reliability, financial capability, and customer relations, which determination will be made and communicated in writing to you within 30 days of receiving all requested information. We and our affiliates may be making a profit on your purchases when you purchase any goods or services from us or our affiliates or a designated supplier or an approved supplier. You must maintain the Franchised Business, equipment, vehicles, clothing, signage, and furnishings in good repair, attractive appearance, and sound operating condition. You at your expense must do the repairs, re-equipping and remodeling requested by us. You must make no material replacements of or alterations to the vehicles, equipment, signs, clothing, or other assets of the Franchised Business without prior written approval by us. Currently, we do not have an ownership interest in any approved or designated suppliers, other than RSI.

**Operate in Compliance with Law and Manual.** You must operate the Franchised Business in compliance with applicable laws and governmental regulations, including government regulations relating to occupational hazards, health, workers' compensation and unemployment insurance, and the withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. You must obtain at your expense, and keep in force, any permits, licenses or other consents required for the leasing, construction or operation of your Franchised Business. In addition, you must operate your Franchised Business in accordance with our Operations Manual which may be amended occasionally as a result of experience, changes in the law or changes in the marketplace. You must conform to these amendments, and make all reasonable expenditures necessitated by the amendments, within the time periods reasonably established by us. The Operations Manual as amended is intended to further the purposes of the Franchise Agreement and is specifically incorporated into the Franchise Agreement so that it constitutes provisions of the Franchise Agreement as if fully set forth therein. We will loan you one copy of the Operations Manual either as a hard paper copy or an electronic copy. You must not copy any part of the Operations Manual, permit any part of it to be copied, or disclose it to anyone not having a need to know its contents for purposes of operating the Franchised Business without our permission. You must refrain from conducting any business or selling any services or products other than those approved by us. You must use your best efforts to promote and enhance the business of the Franchised Business for the full term of the Franchise Agreement. We may operate for the benefit of franchisees that are in compliance with the System Standards a system of fines which you would pay for violations of some policies of the Operations Manual. For example, if your employees do not wear the proper attire, then you would pay a fine. The system of fines would be described and updated in the Operations Manual. We reserve the right to utilize the electronic funds transfer system to implement the operational fine system.

**Purchase and Maintain Insurance.** You must at all times during the term of the Franchise Agreement maintain in force at your sole expense insurance coverage as we may, in our sole discretion, prescribe periodically, including workers' compensation, comprehensive liability and property damage, vehicle liability, business interruption and general and umbrella coverages. The insurance coverage must be maintained under one or more policies of insurance of the types and containing terms and conditions and minimum liability protection in the amounts, as are specified periodically by us and issued by insurance carriers approved by us. We may periodically increase the minimum amount of coverage required under any policy, and require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies required hereunder must name us (and our officers, directors, shareholders, members and employees) as additional insureds, contain a waiver by the insurance carrier of all subrogation rights against us, and must provide that we will receive thirty days advance written notice of termination, expiration or cancellation or modification of any policy. Before you commence operations, and then annually, you must furnish to us a copy of the certificate, or other evidence of the insurance, renewal, or extension of each insurance policy, together with evidence of payment of premiums, evidencing the required limits. If you do not maintain insurance as required, we may, at our option and in addition to our other rights and remedies, but are not obligated to, obtain insurance and keep the same in full force and effect on your behalf, and you must reimburse us for all premiums and other expenses incurred by us in connection with obtaining insurance. In addition, you must defend, indemnify and save us harmless from any liability or claim of any type that arises in connection with the operation of your Franchised Business.

**Computer Software.** Our computer requirements are provided in Item 11 of this disclosure document.

**Supplies and Equipment.** RSI is the only approved supplier for your supplies and equipment. The chemicals and the composition of the supplies are our proprietary information. Following the payment of the Equipment Package and Supplies Fee, you will receive the items described in Exhibit B to your Franchise Agreement. These items include an extractor and floor wands, other cleaning machinery and equipment, various chemical cleaning solutions, manuals, business cards, and work order forms. The equipment and supplies that you purchase are the same for a mid-impact and a high-impact market area.

RSI will derive revenue when you purchase supplies, chemicals and equipment. For 2010, RSI received \$163,157 from franchisees for required supplies, chemicals and equipment purchases, out of \$539,937 in total revenue, or approximately 30%.

Collectively, the purchases and leases described above are about 90% to 95% of your overall purchases and leases in establishing the Franchised Business and 90 to 95% of your overall purchases and leases in operating the Franchised Business.

There currently are no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms), for the benefit of the franchise system. We have not received any revenue or rebate from your suppliers, other than RSI, but we retain the right to do so. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products and services or use of particular suppliers.

**Item 9.**

**FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Disclosure Document</b>
a. Site selection and acquisition/lease	None	None
b. Pre-opening purchases/leases	Sections 1.B, 4.A and 4.D	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 5.B and 5.C	Items 5, 7, 8 and 11
d. Initial and ongoing training	Sections 4.A, B, and C	Items 6 and 11
e. Opening	Section 5.A	Item 11
f. Fees	Sections 1, 2, 4.A, 4.C, 5.B, 5.C, 5.D, 5.E, 5.F, 5.J, 5.K, 5.L, 5.M, 5.N, 6, 7.D, 8.B, 8.C, 8.E, 9.C and 10.C.	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	Sections 3.C, 5.B, 5.C, 5.D, 5.E, 5.F, 5.H and 5.I.	Items 8 and 11
h. Trademarks and proprietary information	Sections 3.C, 5.I, and 7.H	Items 13 and 14
i. Restrictions on products/services offered	Sections 5.B, C and D.	Items 8, 11 and 16
j. Warranty and customer service requirements	Section 5.B	Item 8
k. Territorial development and sales quotas	Sections 3.E and 5.A	Item 11
l. On-going product/service purchases	Sections 5.B, C and D	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 5.B, C and D	Item 8
n. Insurance	Section 5.E	Items 7 and 8
o. Advertising	Section 5.H	Items 5, 6, 7 and 11
p. Indemnification	Sections 5.E and 10.C	Items 6 and 11
q. Owner's participation/management/staffing	Section 3.D	Item 15
r. Records and reports	Section 5.F	Items 6 and 8

Obligation	Section in Agreement	Item in Disclosure Document
s. Inspections/audits	Section 5.F	Item 6
t. Transfer	Section 8	Items 6 and 17
u. Renewal	Section 6	Items 6 and 17
v. Post-termination obligations	Sections 7.E through I	Item 17
w. Non-competition covenants	Sections 5.G and 7.G	Item 17
x. Dispute resolution	Section 9	Item 17

**Item 10.**

**FINANCING**

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any of your notes, leases or obligations, or has any practice or intent to sell, assign or discount to a third party all or part of any of your financing arrangements. We do not know whether you will be able to obtain financing for all or part of your investment and, if so, the terms of the financing. We do not receive direct or indirect payments for placing financing.

**Item 11.**

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

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

**Our Support Services Prior to Opening.** Before you open your Franchised Business, we will:

(1) Designate your Protected Area. (Franchise Agreement - Section 3.E.) (See Item 12.). You are not required to purchase or lease any office or warehouse space in connection with the operation of your business. Your Franchised Business is designed to be operated from a home office, which may be within your Protected Area.

(2) Provide an initial training program for the operation of the Franchised Business using the RENEUE System. (Franchise Agreement - Section 4.A.)

(3) Provide you with your initial amounts of equipment and supplies (Franchise Agreement-Section 4.E.)

**Our Support Services During Operation.** During the operation of your Franchise Business, we will:

(1) Provide you a continuing advisory service by telephone, email, our home office, or another location designated by us concerning the operation of your Franchised Business. (Franchise Agreement - Section 4.B).

(2) Furnish you, at your request, additional assistance beyond our standard support. (Franchise Agreement - Section 4.C.) (See Item 6 above).

(3) Provide you with on-going equipment and supplies. (Franchise Agreement-Section 4.D.) (See Item 6 above).

(4) Loan to you during the term of the Franchise Agreement one copy of our Operations Manual. The Operations Manual contains mandatory and suggested specifications, standards, and operating procedures which we prescribe periodically for RENUÉ Franchised Businesses, as well as information relative to other obligations you have in the operation of the Franchised Business. The Operations Manual may be modified periodically to reflect changes in the specifications, standards, operating procedures and other obligations in operating RENUÉ Franchised Businesses. (Franchise Agreement - Section 5.H.) The Operations Manual currently has 116 pages and the table of contents is as follows:

### OPERATIONS MANUAL

Subject	Number of Pages
Introduction	5
Carpet Factors	4
Company Policies	64
Internal Usage Forms	41
Diskettes	2
Total	116

**Advertising.** Before your use of them, samples of all advertising, promotion and public relations materials not prepared or previously approved by us must be submitted to us for approval, which will not be unreasonably withheld. If you do not receive written disapproval within fourteen days after the date of receipt by us of the materials, we will be deemed to have given approval. You may not use any advertising, promotion or public relations materials that we have disapproved.

Websites are deemed “advertising” under the Franchise Agreement, and will be subject to our approval. The term “Website” means an interactive electronic document, contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the Franchised Business, the Marks, us and/or the System. The term Website includes, but is not limited to the Internet and World Wide Web pages. In connection with any Website, you must: (1) before establishing the Website, submit to us for a 45-day review and approval period a sample of the Website format and information in the form and manner we may reasonably require; (2) not establish or use the Website without our prior written approval; (3) comply with our standards and specifications for Websites as we prescribe in the Operations Manual or otherwise in writing. If we require, you must establish your Website as part of our Website and/or establish links to our Website, and if you propose any material revision to the Website or any of the information contained in the Website, you must submit each such revision to us for our prior written approval.

There are currently no advertising councils or local or regional advertising cooperatives.

**Training Program.** Before the start of your Franchised Business, we will provide five days of initial training on the operation of a RENUÉ Franchised Business to you and your managers. Although there are no additional fees for this training, you must pay for the salaries and benefits of any of your representatives attending the training program and pay for all travel and living

expenses that you and any of your representatives incur in connection with training. You and your manager must pass the training program to our satisfaction. If you do not pass the training program, we can terminate your Franchise Agreement. We encourage you to begin training before incurring any costs or expenses related to the planned opening of the Franchised Business. We will not be liable to return any franchise fee or equipment package and supplies fee or pay any costs or expenses you incur if we terminate your Franchise Agreement because you do not pass the training program. (Franchise Agreement – Section 4.A.)

We expect that training will be conducted for you and any of your employees at our training facility in Addison, Illinois approximately two to four weeks after you sign your Franchise Agreement. We plan to be flexible in scheduling training to accommodate our personnel, you and your personnel. There currently are no fixed (i.e., monthly or bimonthly) training schedules. The five day training program consists of the following:

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Orientation	1.0	0	Addison, Illinois
Cleaning and Burn Repair	21.0	0	Addison, Illinois
Equipment Training	4.0	0	Addison, Illinois
Customer Relations	3.0	0	Addison, Illinois
Computer Training	2.0	0	Addison, Illinois
Marketing and Wrap Up	4.0	0	Addison, Illinois

The training program is conducted under the supervision of Mr. Marino Jollette, who has been the Director of Training of Renue Systems Development Corp., Inc. since December 2000. From 1992 to the present he has been the Vice President of Renue Systems of Chicago, Inc., an affiliate of ours that operates a RENUÉ business in the Chicagoland area. From 1997 to the present, Mr. Jollette has been Director of Training of Renue Systems, Inc. in Addison, Illinois, a company that supplied independent distributors with carpet, upholstery, drapes, tile and grout, and marble and stone cleaning, restoration, and maintenance equipment, supplies, and training.

**Ongoing Training.** You must participate, if we require, in up to one week per calendar year of refresher training in the operations and marketing of the Franchised Business. The refresher training may or may not take place at an annual convention or business meeting of franchisees which we can require you to attend once per calendar year. We may require you to pay the then-current daily training fee for each day of ongoing training, and you must pay for the salaries and benefits of all of your representatives who attend the additional training program in addition to all travel and living expenses of you and your representatives. (Franchise Agreement – Sections 5.P and 5.Q.)

**Computer System.** You must keep your books and business records according to our formats. To facilitate your reporting to us and other communications, you must maintain certain systems in operating the Franchised Business. We require that you have a computer system and internet access. We do not specify any particular brand of computer hardware or internet supplier. You must have QuickBooks and Microsoft Office software. We do not offer proprietary software. Your computer must be in good repair, with sufficient memory to carry out ordinary business functions, as provided in the Operations Manual. We recommend that you maintain up-to-date virus protection software and that you back-up your files frequently. The

computer system costs approximately \$2,000. We have independent access to the information and data you maintain; and there are no contractual limitations on our right to access the information and data. We are not obligated to repair the computer systems. No organization has the contractual right or obligation to provide maintenance, repairs, upgrades or updates. We recommend that you obtain a maintenance contract with a reputable organization for your computer system. You may be required to upgrade or update any computer hardware or software program during the term of the Franchise Agreement. There are no contractual limitations on the frequency or costs associated with this obligation. Upgrades, support and maintenance could cost a few hundred dollars a year.

**Time Until Commence Operation.** The typical length of time between the signing of the Franchise Agreement and the start of your Franchised Business is one month. Some of the factors affecting this length of time include delivery and installation of equipment and signage, weather conditions, employee hiring and training, and your own timetable. You must commence operating the RENU business within 60 days after the date of the Franchise Agreement; otherwise the Franchise Agreement will automatically terminate. (Franchise Agreement - Section 5.A.) We have no obligation to refund any portion of the initial franchise fee or the equipment package and supplies fee.

## **Item 12.**

### **TERRITORY**

You receive a franchise for a specific Protected Area, which will be described in your Franchise Agreement. Protected Areas are typically comprised of specific zip codes or counties. The primary factor for selecting a Protected Area is the number of hotel rooms. We use a variety of sources to determine the number of hotel rooms in a Protected Area including the local chamber of commerce, online directories and databases of hospitality properties. Typically, a mid-impact market area exists when the number of hotel rooms in your Protected Area is from 1,000 minimum to 20,000. Typically, a high-impact market area exists when the number of hotel rooms in your Protected Area is greater than or equal to 20,000. You do not receive options, rights of first refusal, or similar rights to acquire additional franchises.

We will not, so long as the Franchise Agreement is in force and effect and you are not in default under any of the terms, enfranchise or operate any other RENU or NATIONAL APPEAL business to be located within your Protected Area. We may enfranchise or operate any other RENU OR NATIONAL APPEAL businesses anywhere else. We are allowed to operate and enfranchise anywhere any business under different trademarks and are allowed to conduct anywhere any business using the Marks or System on the Internet or by any other alternate channel of distribution. Except as stated below, there are no other circumstances that permit us to modify your territorial rights. You do not receive any options, rights of first refusal or similar rights to acquire additional franchises within your Protected Area or contiguous territories.

We have used and reserve the right to use other channels of distribution, such as the Internet, e-mail catalog sales, telemarketing, or other direct marketing, to make sales within the franchisee's territory using the franchisor's principal trademarks. We have used and reserve the right to use other channels of distribution, such as the Internet, e-mail, catalog sales, telemarketing, or other direct marketing, to make sales within the franchisee's territory of products or services under trademarks different from the ones the franchisees will use under the franchise agreement. There is no compensation that the franchisor must pay for soliciting or accepting orders from inside the franchisee's territory.

You must focus your marketing efforts on the business in the Protected Area. If you receive an inquiry from outside the Protected Area, you can pursue the prospective customer if the prospective customer is not located within the protected area of another franchisee or company operation; otherwise you must refer the prospective customer to the franchisee or company operation which has the protected area for where the customer is located. You are prohibited from selling products or services by the Internet or by mail order or catalog. You do not have the right to use other channels of distribution, such as the Internet, e-mail, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Protected Area.

Neither us nor any affiliate of ours operates, franchises, or has plans to operate or franchise a business under a trademark other than RENUÉ or NATIONAL APPEAL which sells or will sell goods or services similar to those that you are authorized to offer when you sign a franchise agreement.

On renewal or transfer of a franchise, the territory may be modified. Depending on the then-current demographics of the territory, and on our then-current standards for territories, if the territory is larger than our then-current standard territory, we may require you or the transferee to accept a renewal territory or transfer territory smaller than the then-current territory.

Continuation of your franchise or territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency.

### Item 13.

#### TRADEMARKS

Under the Franchise Agreement, we license you to operate your Franchised Business under the name “RENUÉ®” and to use certain other current and future “Marks.” You may only use the Marks in the manner authorized in writing by us. You may not use any of the Marks as part of your company or other name. You must also follow our instructions for identifying your Franchised Business and for filing and maintaining the requisite trade name or fictitious name registrations.

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

Mark	Registration No.	Registration Date
NATIONAL APPEAL	2391453	October 2, 2000
RENUÉ	3929976	March 8, 2011

None of the Marks are registered in any state. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator in any state or any court, no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving the Marks that could materially affect your use of the Marks. The Marks are owned by RSI. We have entered into a perpetual Trademark License Agreement, effective as of January 4, 2010 with RSI authorizing us to use and license the Marks in connection with the operation of franchised businesses. Otherwise, there are no agreements currently in effect which significantly limit the rights of us to use or license the use of the Marks in any manner material to you. To our knowledge, there are no



infringing uses that could materially affect your use of the Marks or other related rights. All required affidavits and renewals have been filed.

You must identify yourself as the independent owner of the Franchised Business in the manner we prescribe. You must prominently display the Marks on or in connection with, signs, posters, displays, service contracts, stationery, and other forms we designate. You must, in the manner we prescribe, give notices of trademark and service mark registrations and copyrights as we specify and to obtain such fictitious or assumed name registrations as may be required under applicable law. All bank accounts, licenses, permits or other similar documents must contain the actual name of the person or entity owning the Franchised Business and may contain "d/b/a RENUUE."

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark, and you may not communicate with any person other than us and our counsel in connection with any infringement, challenge or claim. We and our affiliates will have sole discretion to take action we deem appropriate and the right to exclusively control any litigation or USPTO or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark and you must sign any and all instruments and documents, render assistance and actions as may, in the opinion of our or our affiliates' counsel, be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or to otherwise protect and maintain our interests in the Marks.

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Mark, pursuant to and in compliance with the Franchise Agreement, is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any claim brought against you or in any proceeding in which you are named as a party, provided that you have timely notified us of the claim or proceeding and have otherwise complied with the Franchise Agreement. We, in our discretion, will be entitled to defend any proceeding arising out of your use of any Mark pursuant to the Franchise Agreement, and, if we undertake the defense of the proceeding, we will have no obligation to indemnify or reimburse you for any fees or disbursements of counsel you retain.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade or service marks, you must comply with our instructions within a reasonable time after notice by us, and our sole obligation in any event will be to reimburse you for your out-of-pocket costs of complying with this obligation.

#### **Item 14.**

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

No patents or registered copyrights are material to the franchise. We and our affiliates claim copyright protection of our Operations Manual and related materials although these materials have not been registered with the United States Registrar of Copyrights. The Operations Manual and related materials are considered proprietary and confidential and are considered the property of us and our affiliates and may be used by you only as provided in the Franchise Agreement. You may not use our confidential information in any unauthorized manner and must take reasonable steps to prevent its disclosure to others.

You will be entitled to use of the copyrighted and proprietary materials during the term of the franchise. There are no currently effective material determinations of the USPTO, the United States Copyright Office, or a court regarding the copyrighted materials. There are no agreements that significantly limit our rights to use or license the use of the copyrighted or proprietary materials. There is no provision in the Franchise Agreement specifically obligating us to protect your rights to use of the proprietary or copyrighted materials, but we will respond to this information as we deem appropriate. There are no infringing uses known to us which would materially affect your use of the proprietary and/or copyrighted materials.

**Item 15.**

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

You must on a full-time basis participate personally in the direct operation of the Franchised Business. We recommend your personal on-premises supervision of the Franchised Business. However, if you do not personally supervise the operation of the Franchised Business, then you must seek our consent to employ a manager to assist you or your managing shareholder or member or partner in operating the Franchised Business. You and all managers must pass the initial training program and sign a confidentiality and non-competition agreement in the form we prescribe. We do not require the on-premises supervisor to have an equity interest in the Franchised Business. If you do not personally sign the Franchise Agreement, you must sign the Personal Guaranty included as an exhibit to the Franchise Agreement.

**Item 16.**

**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell only those goods and services which we have approved. You must also offer all goods and services that we designate. All goods and services provided by you must be presented in accordance with our System Standards. We have the right to change the types of authorized goods or services. There are no specific limitations in the Franchise Agreement on this right. We do not impose any restrictions or conditions that limit your access to customers. See Items 8, 9 and 12.

**Item 17.**

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

**THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 6	5 years

Provision	Section in franchise or other agreement	Summary
b. Renewal or extension of the term	Section 6	If you have substantially complied with the Franchise Agreement, you can renew for three additional 5 year terms.
c. Requirements for franchisee to renew or extend	Section 6	Written notice of intent to renew, sign new franchise agreement and release, pay renewal fee, refurbish or replace the vehicles and equipment to be in compliance with our then current standards. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by franchisee	Section 7.A	If we breach a material provision of the Franchise Agreement, and do not cure within a reasonable time, which in no event will be less than 90 days, after your notice to us, you may terminate 10 days after delivery of notice of termination.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with cause	Section 7	We can terminate only if you commit any one of several listed violations.
g. "Cause" defined – curable defaults	Sections 7.B and C	You have 5 days to cure for non-payment of sums to us, affiliates or suppliers; 10 days for failure to submit reports or financial data; 30 days for all other curable breaches of the Franchise Agreement or the Operations Manual or other operational memoranda or use of bad faith in carrying out terms of these franchise provisions.
h. "Cause" defined – non-curable defaults	Section 7.B	Non-curable defaults: failure to pass the training program; failure to commence operating the RENU business within 60 days

Provision	Section in franchise or other agreement	Summary
		after the date of the Franchise Agreement; insolvency; abandonment; under reporting Gross Sales twice in a two year period; conviction of a felony; impairment of Marks or System; loss of business license; unsafe business operation; unauthorized transfer; use of unauthorized equipment or supplies, breach of other agreements with us or our affiliates; and repeated non-sufficient funds checks or defaults even if cured.
i. Franchisee's obligations on termination/non-renewal	Section 7.E	Pay amounts owed; return the Operations Manual and Software Program and return or destroy all other materials; stop using Marks, System and confidential information; de-identify yourself from us; cancel assumed names; return to us any RENEUE signs; provide us with the names, addresses, and telephone numbers of all customers; assign to us your telephone and facsimile numbers, and e-mail and internet addresses, websites, domain names and search engine identifiers; adhere to non-competition provisions. (also see r, below)
j. Assignment of contract by franchisor	Section 8.A	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 8.B	Includes any type of transfer of the Franchise Agreement or assets or any ownership change.
l. Franchisor approval of transfer by franchisee	Section 8.B	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 8.B	Transferee qualifies; all amounts due are paid in full; you are not in default; the transferee complies with training requirements; transferee has received required disclosure documents; then current form of Franchise Agreement signed; transferee

Provision	Section in franchise or other agreement	Summary
		assumes remaining obligations under your agreements; transfer fee paid; assets have been refurbished or replaced; general releases signed; guaranty of performance may be required; and right of first refusal declined by us. (also see r below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 8.D	We can match any offer for your business, except broker's fees are excluded. Cash may be substituted for any form of payment proposed.
o. Franchisor's option to purchase franchisee's business	Section 7.F	Option to purchase some or all equipment, supplies, inventory, advertising materials and any items with our logo, for cash at fair market value, exercisable up to 90 days after termination or expiration. If no agreement on fair market value, an appraiser appointed by us will decide.
p. Death or disability of franchisee	Section 8.E	You must assign franchise to an approved buyer within 90 days. All transfer provisions of Section 8 apply.
q. Non-competition covenants during the term of the franchise	Section 5.G	No involvement in any similar business or an organization franchising a similar business.
r. Non-competition covenants after the franchise is terminated or expires	Section 7.G	No similar business for 2 years within your protected area or within any other RENUÉ protected area. No organization franchising a similar business for 2 years. No solicitation or acceptance of business from former customers for 2 years.
s. Modification of the agreement	Sections 11.D and 5.D	Modification by written agreement signed by you and us. The Operations Manual can be revised and modified by us.
t. Integration/merger clause	Section 11.D	Only the terms of the Franchise Agreement (including System Standards in the Operations Manual) are binding (subject to state law). Any statements or promises not in the Franchise Agreement or this disclosure

Provision	Section in franchise or other agreement	Summary
		document should not be relied upon and may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 9.B	Except for certain claims, all disputes must be arbitrated in the city where our headquarters is located when the proceedings are conducted.
v. Choice of forum	Section 9.F	Court litigation must be in any Illinois state court of general jurisdiction or a federal court for Chicago, Illinois (subject to state law).
w. Choice of law	Section 9.F	Except for Federal Arbitration Act and other federal law, Illinois law applies (subject to state law).

In addition to the provisions noted in the chart above, the Franchise Agreement may contain a number of provisions that could affect your legal rights. We recommend that you carefully review all of these provisions and the Franchise Agreement attached to this Franchise Disclosure Document in their entirety with a lawyer. Applicable state law might require additional disclosures related to the information contained in this item. These additional disclosures appear in the state addenda included with this disclosure document.

**Item 18.**

**PUBLIC FIGURES**

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

**Item 19.**

**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future

income, you should report it to the franchisor's management by contacting David Grossman at Renue Systems Development Corp., Inc. 1732 Armitage Court, Addison, Illinois 60101 (630) 691-0800, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20.**

**OUTLETS AND FRANCHISEE INFORMATION**

**Systemwide Outlet Summary  
For Years 2008 to 2010  
(Table No. 1)**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
<b>Franchised</b>	2008	22	20	-2
	2009	20	21	+1
	2010	21	20	-1
<b>Company-Owned</b>	2008	2	2	0
	2009	2	2	0
	2010	2	4	+2
<b>Total Outlets</b>	2008	24	22	-2
	2009	22	23	+1
	2010	23	24	+1

**Transfers of Outlets from Franchisees to New Owners  
(other than the Franchisor or an Affiliate)  
For Years 2008 to 2010  
(Table No. 2)**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Arizona</b>	2008	0
	2009	0
	2010	0
<b>California</b>	2008	2
	2009	0
	2010	1

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Colorado</b>	2008	0
	2009	0
	2010	0
<b>Connecticut</b>	2008	0
	2009	0
	2010	0
<b>Florida</b>	2008	0
	2009	0
	2010	0
<b>Georgia</b>	2008	0
	2009	0
	2010	0
<b>Louisiana</b>	2008	0
	2009	0
	2010	0
<b>Maine</b>	2008	0
	2009	0
	2010	0
<b>Maryland</b>	2008	0
	2009	0
	2010	0
<b>Massachusetts</b>	2008	0
	2009	0
	2010	0
<b>Michigan</b>	2008	0
	2009	0
	2010	0



<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>New Mexico</b>	2008	0
	2009	0
	2010	0
<b>New York</b>	2008	0
	2009	0
	2010	0
<b>North Carolina</b>	2008	0
	2009	0
	2010	0
<b>Ohio</b>	2008	0
	2009	0
	2010	0
<b>Oklahoma</b>	2008	0
	2009	0
	2010	0
<b>Pennsylvania</b>	2008	0
	2009	0
	2010	0
<b>Texas</b>	2008	1
	2009	0
	2010	0
<b>Total</b>	2008	3
	2009	0
	2010	1

**Status of Franchise Outlets  
For Years 2008 to 2010  
(Table No. 3)**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations - Other Reasons</b>	<b>Outlets at the End of the Year</b>
<b>Arizona</b>	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
<b>California</b>	2008	5	0	0	0	0	0	5
	2009	5	0	0	0	0	0	5
	2010	5	0	0	0	0	0	5
<b>Colorado</b>	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
<b>Connecticut</b>	2008	1	0	0	0	0	0	1
	2009	1	0	1	0	0	0	0
	2010	0	0	0	0	0	0	0
<b>Florida</b>	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
<b>Georgia</b>	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
<b>Louisiana</b>	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
<b>Maine</b>	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at the End of the Year
Massachusetts	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
Michigan	2008	1	0	0	0	0	1	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
New Mexico	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
New York	2008	1	0	1	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
North Carolina	2008	1	0	0	0	0	0	1
	2009	1	0	1	0	0	0	0
	2010	0	1	0	0	0	0	1
Ohio	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
Oklahoma	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
Pennsylvania	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	1	0	0
Texas	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
	2010	2	1	0	0	1	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at the End of the Year
Tennessee	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
	2010	1	0	1	0	0	0	0
Washington	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
Totals	2008	22	0	1	0	0	1	20
	2009	20	3	2	0	0	0	21
	2010	21	2	1	0	2	0	20

**Status of Company-Owned Outlets  
For Years 2008 to 2010  
(Table No. 4)**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida	2008	1	0	0	0	0	1
	2009	1	0	0	0	0	1
	2010	1	0	0	1	0	0
Illinois	2008	1	0	0	0	0	1
	2009	1	0	0	0	0	1
	2010	1	0	0	0	0	1
Indiana	2008	0	0	0	0	0	0
	2009	0	0	0	0	0	0
	2010	0	1	0	0	0	1
Pennsylvania	2008	0	0	0	0	0	0
	2009	0	0	0	0	0	0
	2010	0	0	1	0	0	1

<b>Texas</b>	2008	0	0	0	0	0	0
	2009	0	0	0	0	0	0
	2010	0	0	1	0	0	1
<b>Totals</b>	2008	2	0	0	0	0	2
	2009	2	0	0	0	0	2
	2010	2	1	2	1	0	4

**Projected Openings  
As of December 31, 2010  
(Table No. 5)**

<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 Next Fiscal Year</b>
<b>Oregon</b>	0	1	0
<b>Pennsylvania</b>	0	1	0
<b>Tennessee</b>	0	1	0
<b>Total</b>	0	3	0

The exhibits in Exhibit C provide franchisee information:

Exhibit C-1 lists the names of all of our operating franchisees and the addresses and telephone numbers of their Franchised Businesses as of December 31, 2010.

Exhibit C-2 lists the franchisees who have signed Franchise Agreements for Franchised Businesses which are not yet operational as of December 31, 2010.

Below is a list of the name, city and state and business telephone number (or, if unknown, the last known home telephone number) of each franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within ten weeks of the issuance of this disclosure document.

Dallas Randolph: Antioch, TN, (615) 501-9818

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

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

There is no trademark-specific franchisee organization associated with the franchise system which the franchisor has created, sponsored or endorsed. There is no independent trademark-specific franchisee organization which has asked to be included in the disclosure document.

**Item 21.**

**FINANCIAL STATEMENTS**

Exhibit D contains our audited financial statements for the fiscal years ending December 31, 2010, December 31, 2009, and December 31, 2008, and unaudited statements for the 7-month period ending July 31, 2011.

**Item 22.**

**CONTRACTS**

Exhibit E contains the Franchise Agreement and Personal Guaranty.

Exhibit F contains the General Release.

**Item 23.**

**RECEIPTS**

Exhibit H contains detachable documents acknowledging your receipt of the disclosure document. The receipt is signed by all prospective franchisees and their spouses.

**ADDENDUM TO  
RENU SYSTEMS DEVELOPMENT CORP., INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF CALIFORNIA**

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

The Franchise Agreement provides for termination upon your bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101, et seq.).

Neither we nor any person identified in Item 2 of this Franchise 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 the person from membership in the association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of your franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law still controls.

You must sign a joint and mutual release of claims when 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 §§ 2000 through 20043).

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.

California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the California Department of Corporations, before the solicitation of a proposed material modification of your franchise.

The Franchise Agreement requires binding arbitration in Chicago, Illinois. You will bear the costs of the arbitration if we prevail. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California. The provisions of the Franchise Agreement requiring jurisdiction and venue in Illinois may not be enforceable under California law.

Our website has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the content of this website may be directed to the California Department of Corporations at [www.corp.ca.gov](http://www.corp.ca.gov).

If we negotiate the terms of the Franchise Agreement in California, a copy of the Notice of Negotiated Sale of Franchise will be made available for your review upon written request to Mr. David Grossman, our Chief Executive Officer, who can be reached at our address and telephone number on the cover page of this Franchise Disclosure Document. You will receive a

copy of the Notice of Negotiated Sale of Franchise within five business days after we receive your written request.



**ADDENDUM TO  
RENUUE SYSTEMS DEVELOPMENT CORP., INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF ILLINOIS**

**Item 17 of the Franchise Disclosure Document is amended to provide:**

If your Protected Area is located within the State of Illinois, the Franchise Agreement will be governed by Illinois law, including the Illinois Franchise Disclosure Act of 1987, Illinois Statute [815 ILCS 705/1-44]. Illinois law provides that the provisions of the Franchise Agreement which designate jurisdiction or venue in a forum outside of Illinois are void. Illinois law provides that any condition, stipulation or provision requiring you to waive compliance with Illinois law is void. However, you can enter into a settlement agreement, execute a general release of a potential or actual lawsuit, and arbitrate any claim.

**ADDENDUM TO  
RENUE SYSTEMS DEVELOPMENT CORP., INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MINNESOTA**

Minnesota Statutes, Section 80C.21 and Minn. Rule 2860.4400D prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, requiring you to consent to liquidated damages, termination penalties or judgment notes, or requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minn. Stat. Secs. 80C.01 to 80C.22. In addition, no provision of this Franchise Disclosure Document or the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or Minn. Rule 2860.4400D or your rights to any procedure, forum or remedy provided for by the laws of the jurisdiction. We will comply with Minn. Stat. Sec. § 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of your franchise.

**ADDENDUM TO  
RENUE SYSTEMS DEVELOPMENT CORP., INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF WASHINGTON**

If there is a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Washington Act"), will prevail. A release or waiver of rights executed by you will not include rights under the Washington 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 Washington Act, rights or remedies under the Washington Act, such as a right to a jury trial, may not be enforceable. Assignment fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting an assignment. In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the State of Washington, in a place mutually agreed upon at the time of the arbitration, or as determined by the Arbitrators.

**RENUUE SYSTEMS DEVELOPMENT CORP., INC.**

**FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT A:**

**STATE ADMINISTRATORS**

**STATE ADMINISTRATORS**

**California**

Department of Corporations  
State of California  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013-2344  
(213) 576-7500

**Hawaii**

Hawaii Commissioner of Securities  
Department of Commerce and Consumer Affairs  
Business Registration Division  
State of Hawaii  
335 Merchant Street, 2<sup>nd</sup> Floor  
Honolulu, Hawaii 96813  
(808) 586-2744

**Illinois**

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

**Indiana**

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

**Maryland**

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202  
(410) 576-6360

**Michigan**

Michigan Attorney General's Office  
Consumer Protection Division  
Franchise Section  
G. Mennen Williams Building, 6<sup>th</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
(517) 373-7117

**Minnesota**

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

**New York**

Assistant Attorney General  
Investor Protection & Securities Bureau  
New York State Department of Law  
120 Broadway  
New York, New York 10271  
(212) 416-8211

**North Dakota**

Office of Securities Commissioner  
North Dakota Securities Department  
State Capitol  
600 East Boulevard Avenue  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

**Oregon**

Department of Consumer and Business Services  
Division of Finance and Corporate Securities  
State of Oregon  
Labor and Industries Building  
350 Winter Street, N.E.  
Salem, Oregon 97301  
(503) 378-4140

**Rhode Island**

Securities Division  
Department of Business Regulations  
State of Rhode Island  
233 Richmond Street, Suite 232  
Providence, Rhode Island 02903  
(401) 222-3048

**South Dakota**

Director  
Division of Securities  
Department of Revenue and Regulation  
State of South Dakota  
445 East Capitol Avenue  
Pierre, South Dakota 57501-3185  
(605) 773-4823

**Virginia**

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

**Washington**

Director  
Department of Financial Institutions  
Securities Division  
State of Washington  
150 Israel Road, S.W.  
Tumwater, Washington 98501  
(360) 902-8760

**Wisconsin**

Administrator of Division of Securities  
Department of Financial Institutions  
345 West Washington Avenue, 4<sup>th</sup> Floor  
Madison, Wisconsin 53703  
(608) 266-2801

**RENUUE SYSTEMS DEVELOPMENT CORP., INC.**

**FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT B:**

**AGENTS FOR SERVICE OF PROCESS**

**STATE AGENCY EXHIBIT**  
**TO FRANCHISE DISCLOSURE DOCUMENT**

California Corporations Commissioner  
Department of Corporations  
320 West 4th Street, Suite 750  
Los Angeles, California 90013-2344  
(231) 576-7500 / Toll Free: 1-866-275-2677

Florida Department of Agricultural & Consumer  
Services  
Division of Consumer Services  
P.O. Box 6700  
Tallahassee, Florida 32314-6700  
(850) 922-2966

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

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

Indiana Securities Division (Administrator)  
302 West Washington Street, Room E-111  
Indianapolis, Indiana 46204  
(317) 232-6681

Indiana Secretary of State (Agent for Service)  
201 State House  
200 West Washington Street  
Indianapolis, Indiana 46204

Office of Kentucky Attorney General  
Consumer Protection Division  
1024 Capital Center Drive  
Frankfort, Kentucky 40601-8204  
(502) 696-5389

Office of Maryland Attorney General (Administrator)  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
(410) 576-6360

Maryland Securities Commissioner (Agent for Service)  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

Michigan Attorney General's Office  
Consumer Protection Division, Franchise Unit  
P.O. Box 30213  
Lansing, Michigan 48909  
(517) 373-7117

Minnesota Department of Commerce  
85 - 7th Place East, Suite 500  
St. Paul, Minnesota 55101  
(651) 296-6328

Nebraska Department of Banking and Finance  
Bureau of Securities/Financial Institutions Division  
Commerce Court  
1230 "O" Street, Suite 400  
Lincoln, NE 68508

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

North Dakota Securities Department  
600 East Boulevard Avenue  
Capitol Building, 5th Floor  
Bismarck, North Dakota 58505  
(701) 328-2910

Oregon Department of Consumer and Business  
Services  
Division of Finance and Corporate Securities  
350 Winter Street NE, Room 410  
Salem, Oregon 97301  
(503) 378-4387

Rhode Island Department of Business Regulation  
Securities Division  
1511 Pontiac Avenue  
John O. Pastore Complex- Building 69-1  
Cranston, Rhode Island 02920  
(401) 462-9585

South Dakota Department of Revenue and Regulation  
Division of Securities  
445 East Capitol  
Pierre, South Dakota 57501-2017  
(605) 773-4823

Statutory Document Section  
Texas Secretary of State  
P.O. Box 12887  
Austin, Texas 78711-2877  
(512) 463-5705

State of Utah  
Division of Consumer Protection  
160 East 300 South, SM Box 146704  
Salt Lake City, Utah 84144-6704  
(801) 530-6601

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

Clerk of State Corporation Commission (Agent for  
Service)  
1300 East Main Street, 1st Floor  
Richmond, Virginia 23219  
(804) 371-9733

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

Wisconsin Department of Financial Institutions  
Division of Securities  
P. O. Box 1768  
Madison, WI 53701-1768  
(608) 266-8557



**RENUUE SYSTEMS DEVELOPMENT CORP., INC.**

**FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT C:**

**FRANCHISEE INFORMATION**

# Renue

## EXHIBIT C

### FRANCHISEE INFORMATION

as of December 31, 2010

#### EXHIBIT C-1: OPERATING FRANCHISES

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Telephone</b>
ARIZONA Magee-Reidhead, Yasmin	30243 N. 40th Place	Cave Creek	AZ	85331	602-492-1929
CALIFORNIA Palmer, Rick	5400 Erickson Drive	Granite Bay	CA	95746	916-791-1497
Garrison, David	1644 Altamar Way	Livermore	CA	94550	925-245-0911
Ball, Timothy	748 Navigator Way	Oxnard	CA	93035	805-985-1862
Cyr, Matthew	850 Beech Street, #2202	San Diego	CA	92101	619-947-4194
Loisel, Mike	16834 Sausalito Drive	Whittier	CA	90603	562-694-4716
COLORADO Korte, Gary	2343 West Yale Avenue	Englewood	CO	80110	303-904-8415
FLORIDA Graham, Jr., Jeff	2751 N.E. 46th Street	Lighthouse Point	FL	33064	954-290-4946
DiCataldo, Dinah	9623 62nd Avenue North	St. Petersburg	FL	33708	877-397-5399
GEORGIA Krajewski, Anne	5747 Brookstone Drive	Acworth	GA	30101	770-514-3099
LOUISIANA Dargan, Sukesh & Surbhi	128 English Turn Drive	New Orleans	LA	70131	504-309-4210
MAINE Santiago, Michael	119 Maine Street	Topsham	ME	04086	207-522-4603
MASSACHUSETTS Margolis, Gabe	20 Clinton Road	Brookline	MA	02445	617-734-1559
NEW MEXICO Monslave, Doris	5415 Kokopelli Court NW	Albuquerque	NM	87114	718-584-0445
NORTH CAROLINA Holcomb, Travis	1209 Todd Court	Gastonia	NX	28054	602-492-1929
OHIO Kasputis, Edward	22441 Lorain Road	Cleveland	OH	44126	800-920-7449
OKLAHOMA Polk, Bill	11204 Thorn Ridge Road	Oklahoma City	OK	73120	405-751-1239
TEXAS Duong, Steve	1824 Andress Drive	Carrollton	TX	75010	214-435-8694
Lopez, Robert	3626 Globe Willow	San Antonio	TX	78261	830-980-1778
WASHINGTON Palmer, Rick and Brandon	1079 Sunrise Avenue, Suite B-189	Roseville	CA*	95661	916-791-1497

\*Operates in Washington from California address

**EXHIBIT C-2: FRANCHISES NOT YET OPERATING**

NONE

**EXHIBIT C-3: FRANCHISES TERMINATED, CANCELLED, NOT RENEWED, OR OTHERWISE VOLUNTARILY OR INVOLUNTARILY CEASED TO DO BUSINESS UNDER A FRANCHISE AGREEMENT DURING THE MOST RECENTLY COMPLETED FISCAL YEAR, OR HAS NOT COMMUNICATED WITH US WITHIN TEN WEEKS OF THE ISSUANCE OF THIS DISCLOSURE DOCUMENT**

Dallas Randolph: Antioch, TN, (615) 501-9818

**RENUUE SYSTEMS DEVELOPMENT CORP., INC.**

**FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT D:**

**FINANCIAL STATEMENTS**

**NATIONAL APPEAL  
DEVELOPMENT CORP., INC.**

**ADDISON, ILLINOIS**

**DECEMBER 31, 2010, 2009 and 2008**

**FINANCIAL STATEMENTS**

**and**

**REPORT OF INDEPENDENT AUDITORS**

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STATEMENTS OF INCOME AND RETAINED EARNINGS . . . . .	3
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# HANSEN PLAHM

& COMPANY

*Certified Public Accountants and Consultants*

8180 S. Cass Avenue, Darien, IL 60561

www.hansenplahm.com

Phone: 630-968-8897

Fax: 630-968-8927

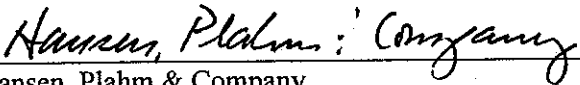
## INDEPENDENT AUDITORS' REPORT

Board of Directors  
National Appeal Development Corp., Inc.  
Addison, Illinois

We have audited the accompanying balance sheets of National Appeal Development Corp., Inc. (an S corporation) as of December 31, 2010, 2009 and 2008, and the related statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based upon our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Appeal Development Corp., Inc. as of December 31, 2010, 2009 and 2008, and the results of its operations and its cash flows for the periods then ended in conformity with U.S. generally accepted accounting principles.

  
\_\_\_\_\_  
Hansen, Plahm & Company  
Darien, Illinois

February 21, 2011

NATIONAL APPEAL DEVELOPMENT CORP., INC.

BALANCE SHEETS

December 31, 2010, 2009 and 2008

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS:</b>			
Cash in Bank	\$ 14,253	\$ 48	\$ 10
Certificate of Deposit	-	40,304	58,703
Accounts Receivable	259,231	-	-
Due from Affiliated Company	<u>44,589</u>	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 318,073</u>	 <u>\$ 40,352</u>	 <u>\$ 58,713</u>
 <b><u>LIABILITIES AND SHAREHOLDER'S EQUITY</u></b>			
<b>CURRENT LIABILITIES:</b>			
Due to Shareholder	\$ 5,000	\$ 298	\$ 19,761
Accrued Expenses	4,573	677	16
Due to Affiliated Company	<u>-</u>	<u>2,164</u>	<u>1,883</u>
 TOTAL CURRENT LIABILITIES	 9,573	 3,139	 21,660
<b>SHAREHOLDER'S EQUITY:</b>			
Common Stock - No Par Value; 1,000 Shares Authorized; 200 Shares Issued and Outstanding	1,000	1,000	1,000
Additional Paid-In Capital	-	29,000	29,000
Retained Earnings	<u>307,500</u>	<u>7,213</u>	<u>7,053</u>
 TOTAL SHAREHOLDER'S EQUITY	 <u>308,500</u>	 <u>37,213</u>	 <u>37,053</u>
 TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	 <u>\$ 318,073</u>	 <u>\$ 40,352</u>	 <u>\$ 58,713</u>

See Accompanying Independent Auditors' Report  
and Notes to the Financial Statements.



NATIONAL APPEAL DEVELOPMENT CORP., INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS

For the Years Ended December 31, 2010, 2009 and 2008

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>REVENUES:</b>			
Interest Income	\$ 62	\$ 1,087	\$ 1,889
Fees/Royalties	<u>575,287</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>575,349</u>	<u>1,087</u>	<u>1,889</u>
<b>OPERATING EXPENSES:</b>			
Cost of Sales	30,445	-	-
Administrative Expenses	<u>240,044</u>	<u>925</u>	<u>850</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>270,489</u>	<u>925</u>	<u>850</u>
<b>NET OPERATING INCOME</b>	304,860	162	1,039
<b>PROVISION FOR STATE INCOME TAXES</b>	<u>4,573</u>	<u>2</u>	<u>16</u>
<b>NET INCOME</b>	300,287	160	1,023
<b>BEGINNING RETAINED EARNINGS</b>	<u>7,213</u>	<u>7,053</u>	<u>6,030</u>
<b>ENDING RETAINED EARNINGS</b>	<u>\$ 307,500</u>	<u>\$ 7,213</u>	<u>\$ 7,053</u>

**NATIONAL APPEAL DEVELOPMENT CORP., INC.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2010, 2009 and 2008**

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income	\$ 300,287	\$ 160	\$ 1,023
Adjustments to Reconcile Net Income to Net Cash (Used in) Provided by Operating Activities			
Increase in Receivables	(303,820)	-	-
(Decrease) Increase in Accrued Expenses	3,896	661	(8)
(Decrease) Increase in Other Payable	<u>(2,164)</u>	<u>281</u>	<u>831</u>
 NET (DECREASE) INCREASE IN CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	 (1,801)	 1,102	 1,846
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Increase in Shareholder Loan	4,702	(19,463)	-
Decrease in Paid-In Capital	<u>(29,000)</u>	<u>-</u>	<u>-</u>
 NET CASH FLOWS USED IN FINANCING ACTIVITIES	 (24,298)	 (19,463)	 -
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>40,352</u>	 <u>58,713</u>	 <u>56,867</u>
 <b>CASH AT END OF YEAR</b>	 <u>\$ 14,253</u>	 <u>\$ 40,352</u>	 <u>\$ 58,713</u>

**NATIONAL APPEAL DEVELOPMENT CORP., INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:**

Company's Activities

National Appeal Development Corp., Inc. is an Illinois corporation. Incorporated December 20, 2000, it derives all of its operating income as a franchiser of Hotel Hygiene Systems. The Company's market is throughout the United States.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Method of Accounting

The financial statements were prepared using the accrual basis of accounting.

Fair Value of Financial Instruments

The carrying value of cash and accounts receivable approximates fair value due to the short maturity of these instruments. None of the financial instruments are held for trading purposes.

Accounts Receivable

Management believes accounts receivable to be fully collectible; therefore, no allowance for doubtful accounts has been established. Bad debts are recorded using the direct write-off method.

Income Taxes

Federal income taxes on net earnings are payable personally by the shareholder pursuant to an election under Subchapter S of the Internal Revenue Code. The State of Illinois imposes a 1.5% replacement tax on corporations electing S corporation status. State replacement taxes were due on December 31, 2010, 2009 and 2008 at \$4,573, \$2 and \$16, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NATIONAL APPEAL DEVELOPMENT CORP., INC.**

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

**December 31, 2010**

**NOTE 2 - SHAREDHOLDER'S EQUITY:**

In January, 2010, the Company redeemed and retired a portion of its outstanding shares of stock for \$29,000.

**NOTE 3 - SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through March 1, 2011, the date the financial statements were available to be issued.

**RENUE SYSTEMS DEVELOPMENT CORP., INC.**

**UNAUDITED FINANCIAL STATEMENTS**

**For the 7-Month Period Ended July 31, 2011**

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

**Renue Systems Development Corp.**  
**Balance Sheet**  
As of July 31, 2011

	<u>Jul 31, 11</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1030 · Chase Bank	559.08
<b>Total Checking/Savings</b>	559.08
<b>Accounts Receivable</b>	
11000 · Accounts Receivable	16,234.03
<b>Total Accounts Receivable</b>	16,234.03
<b>Other Current Assets</b>	
Accts. Rcv	112,645.42
1202 · Due From Renue Inc.	29,019.59
1205 · Due from Renue Philadelphia	48,624.27
1210 · Due from Renue Indiana	15,169.99
1220 · Due from Renue Chicago	114,753.62
1230 · Due from Renue Houston	67,302.97
<b>Total Other Current Assets</b>	387,515.86
<b>Total Current Assets</b>	404,308.97
<b>Other Assets</b>	
Note Rec. Lopez	16,331.44
<b>Total Other Assets</b>	16,331.44
<b>TOTAL ASSETS</b>	<b><u>420,640.41</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Other Current Liabilities	
2110 · Due To Renue Systems / Admin	-26,665.43
<b>Total Other Current Liabilities</b>	-26,665.43
<b>Total Current Liabilities</b>	-26,665.43
<b>Long Term Liabilities</b>	
2300 · Due to Shareholder - Grossman	5,000.00
<b>Total Long Term Liabilities</b>	5,000.00
<b>Total Liabilities</b>	-21,665.43
<b>Equity</b>	
32000 · Retained Earnings	192,080.79
Net Income	250,225.05
<b>Total Equity</b>	442,305.84
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>420,640.41</u></b>

11:52 AM  
08/18/11  
Accrual Basis

**Renue Systems Development Corp.**  
**Profit & Loss**  
**January through July 2011**

	<u>Jan - Jul 11</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4020 · Sales - New Territory	20,000.00
4060 · Residual Payment	372,130.38
<b>Total Income</b>	<u>392,130.38</u>
<b>Gross Profit</b>	392,130.38
<b>Expense</b>	
Filing Fees	100.00
5100 · Management / Admin Fees	140,000.00
60400 · Bank Service Charges	-0.01
6665 · Accounting Fees	1,694.31
<b>Total Expense</b>	<u>141,794.30</u>
<b>Net Ordinary Income</b>	250,336.08
<b>Other Income/Expense</b>	
<b>Other Income</b>	
Interest Income	785.58
90000 · Interest - Late Fees, Etc.	156.39
<b>Total Other Income</b>	941.97
<b>Other Expense</b>	
State Replacement Tax	1,053.00
<b>Total Other Expense</b>	<u>1,053.00</u>
<b>Net Other Income</b>	<u>-111.03</u>
<b>Net Income</b>	<u><u>250,225.05</u></u>

**RENUUE SYSTEMS DEVELOPMENT CORP., INC.**

**FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT E:**

**FRANCHISE AGREEMENT**



**EXHIBIT E**

**FRANCHISE NUMBER** \_\_\_\_\_

**DATE EXECUTED** \_\_\_\_\_

Renue<sup>®</sup>

FRANCHISE AGREEMENT

Renue Systems Development Corp., Inc.

with

\_\_\_\_\_  
\_\_\_\_\_

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## **FRANCHISE AGREEMENT**

This Franchise Agreement (this "Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Reneue Systems Development Corp., Inc., an Illinois corporation located at 1732 Armitage Court, Addison, Illinois 60101 (hereinafter called the "Company") and \_\_\_\_\_ of \_\_\_\_\_ (hereinafter called the "Franchisee"), for one Reneue® franchise within the Protected Area (as defined below).

### **RECITALS**

A. The Company franchises commercial cleaning, restoration and maintenance businesses (the "Franchised Business") under the name "Reneue®" in connection with various other trade and service marks now existing and that may in the future be developed by the Company, including in some instances the mark National Appeal® (collectively, the "Marks"). The Company has developed certain procedures, techniques, business methods, business forms, business policies and a body of knowledge pertaining to the establishment and operation of the Franchised Businesses (the "System"). The Franchisee acknowledges that Franchisee does not presently know these procedures, techniques, business methods or business policies, nor does the Franchisee have these business forms or access to the Company's body of knowledge.

B. The Franchisee intends to enter the Franchised Business and desires access to the Company's System pertaining to the operation of the Franchised Business. In addition, the Franchisee desires access to information pertaining to new developments and techniques in the Company's Franchised Business.

C. The Franchisee desires to participate in the use of the Marks in connection with one Franchised Business to be operated solely in the Protected Area.

D. The Franchisee understands that information received from the Company or from any of its officers, employees, agents or franchisees is confidential and has been developed with a great deal of effort and expense. The Franchisee acknowledges that the information is being made available to Franchisee so that Franchisee may more effectively establish and operate a Franchised Business.

E. The Company has granted, and will continue to grant to others, access to its System.

F. The Company has licensed, and will continue to license, others to use the Marks in connection with the operation of Franchised Businesses.

### **AGREEMENT**

Acknowledging the above recitals, the parties hereto agree as follows:

**1. Fees.**

**1.1 Initial Franchise Fee.** Check either A or B below:

\_\_\_\_\_ **A. Mid-Impact Market Area.** Franchisee shall pay to Company a non-refundable Initial Franchise Fee of \$39,500 on the date that the Franchisee signs this Agreement.

\_\_\_\_\_ **B. High-Impact Market Area.** Franchisee shall pay to Company a non-refundable Initial Franchise Fee of \$59,500 on the date that the Franchisee signs this Agreement.

**1.2. Equipment Package and Supplies Fee.** In addition to the Initial Franchise Fee, Franchisee shall pay to Renue Systems, Inc. a non-refundable Equipment Package and Supplies Fee of \$19,500 on the date that the Franchisee signs this Agreement.

**1.3. Royalty Fee.** The Company divides each calendar month into two periods. The period beginning on the 1<sup>st</sup> day of a calendar month and ending on the 15<sup>th</sup> day of a calendar month is referred to as the "First Monthly Period." The period beginning on the 16<sup>th</sup> day of a calendar month and ending on the last day of a calendar month is referred to as the "Second Monthly Period."

In addition to the other fees due under this Agreement, the Franchisee will pay the Company a royalty fee on the 15<sup>th</sup> day and last day of each calendar month (the "Royalty Fee"). The amount of the Royalty Fee will be equal to ten percent (10%) of the Franchisee's Gross Sales for the applicable calendar period or \$500, whichever is greater. However, the \$500 minimum payment will not apply during the first 12 months of this Agreement. Royalty Fees due on the 15<sup>th</sup> day of a calendar month will be based on the Franchisee's Gross Sales during the First Monthly Period of the previous calendar month. Royalty Fees due on the last day of a calendar month will be based on the Franchisee's Gross Sales during Second Monthly Period of the previous calendar month. "Gross Sales" will mean all sales or revenues, regardless of whether such amounts are actually collected by the Franchisee, derived directly or indirectly from the Franchised Business, but excluding sales taxes collected from customers and paid to the appropriate taxing authority.

**1.4. General Provisions Regarding Payment of Fees.** If the Franchisee fails to timely remit any amount payable to the Company under this Agreement or any other Agreement between the Company and the Franchisee, then the past due amount will bear simple interest at the lesser of the maximum legal rate allowable by applicable law or 18% simple interest per annum. The Company will also have the right to charge the Franchisee a late payment fee of \$250 for all payments made after the due date. The Franchisee will, on the date invoiced, immediately reimburse the Company for any and all costs incurred by the Company in the collection of any past due amounts, including attorneys' fees and costs.

**1.5. No Right of Offset.** The Franchisee's obligation to pay the Company the amounts due under this Agreement pursuant to the terms of this Agreement are absolute and unconditional, and will remain in full force and effect for the entire term of this Agreement. The Franchisee will not have the "right of offset" and, as a consequence, the Franchisee will timely pay all amounts due to the Company under this Agreement regardless of any claims or allegations the Franchisee may allege against the Company and regardless of whether the Franchised Business is open for operations.

**1.6. Electronic Funds Transfer.** The Franchisee will, from time to time during the term of this Agreement, execute such documents as the Company may request to provide the Franchisee's unconditional and irrevocable authority and direction to its bank or

financial institution authorizing and directing the Franchisee's bank or financial institution to pay any amounts due under this Agreement by Electronic Funds Transfer ("EFT"). The EFT authorizations will be in the form prescribed by the Company's bank. The Electronic Funds Transfer will be made on the 15<sup>th</sup> day and last day of each calendar month for the payment of Royalty Fees, as set forth in this Agreement or upon the issuance of an invoice by the Company for other amounts payable by the Franchisee. The Franchisee's authorizations will permit the Company to designate the amount to be transferred from the Franchisee's account, and to adjust such amount from time to time for the amounts due. The Franchisee will at all times maintain a balance in its account at its bank or financial institution sufficient to allow the appropriate amount to be transferred from the Franchisee's account for payment of the amounts due directly to the Company's bank account.

**2. Protected Area.** Except as provided to the contrary in this Agreement, the Franchisee will receive a "Protected Area" consisting of the area described on the Protected Area Exhibit attached to this Agreement and made a part hereof. The Franchisee's Protected Area is protected to the extent that the Company will not open, and will not grant another franchisee the right to open, another Renue® business in the Protected Area. Notwithstanding the foregoing, the Company will have the absolute right to: (a) develop other cleaning and restoration business concepts under other brand names even if the locations for the concepts are within the Protected Area; and (b) market, distribute, and sell, on a wholesale or retail basis, equipment, supplies, and/or other products bearing any of the Marks by direct sale, Internet sale, mail order, infomercials, telemarketing or by any other marketing or distribution method, even if such sales are made to customers, distributors or retailers who are located in the Protected Area. If the Franchisee receives a service or sales inquiry from a prospective customer located outside the Protected Area, the Franchisee can pursue that prospective customer only if the prospective customer is requesting services for a location that is not located within the protected area of another franchisee, licensee, or Company- or affiliate-owned Renue® business; otherwise, the Franchisee shall refer that prospective customer to the franchisee, licensee, or Company- or affiliate- owned Renue® business providing Renue® services for the protected area in which the prospective customer has requested services. The Franchised Business shall at all times be under the direct full-time supervision of the Franchisee or the Franchisee's manager who must have attended and passed the Renue® training program.

**3. Licensed Rights; Franchisee's Obligations.**

**3.1. Grant of Rights.**

**A. Operation of Franchised Business.** The Company hereby grants to the Franchisee the personal right to operate one Franchised Business in conformity with the System using the name Renue® and the other specified Marks within the Protected Area set forth and described in the Protected Area Exhibit to this Agreement. The Franchisee will not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement. The Franchisee will not have the right to assign this Agreement or its rights under this Agreement, except as specifically provided for in this Agreement.

**B. License of Marks and System.** The Company hereby grants to the Franchisee the nonexclusive personal right to use the Marks and the System in accordance with the provisions of this Agreement. The Franchisee's nonexclusive personal right to use "Renue®" as the name of the Franchisee's Franchised Business and its right to use the Marks and the System applies only to the Franchisee's Franchised Business and such rights will exist

only so long as the Franchisee fully performs and complies with all of the conditions, terms and covenants of this Agreement. "Nonexclusive," for the purposes of this provision, will mean that the Company has or will grant franchises to other franchisees, licensees, dealers, entities or persons authorizing them to own and operate Renue® businesses in conformity with the System using the name "Renue®" and the other Marks, and that the Company, its affiliates and/or subsidiaries have operated and will continue to own and operate Renue® businesses. The Franchisee shall at all times faithfully, honestly and diligently perform Franchisee's obligations under this Agreement, continuously exert Franchisee's best efforts to promote and enhance the Franchised Business and not engage in any other business or activity that conflicts with Franchisee's obligations to operate the Franchised Business in compliance with this Agreement.

**4. Company Obligations.** The Company agrees to:

**A.** Provide an initial training program for the operation of the Franchised Business using the Renue® System. The initial training program will consist of a minimum of 35 hours of training over a period of 5 consecutive days at the Company's facility in Addison, Illinois, or another location designated by the Company. The Franchisee and the Franchisee's managers must attend and pass the training program before operating the Franchisee's Franchised Business and before the Required Opening Date. The Franchisee shall pay all transportation, lodging and other expenses incurred by the Franchisee and the Franchisee's manager, if any, in attending the initial training program. If the Company determines, in its sole discretion, that Franchisee does not pass the training program, the Company shall have the right to terminate this Agreement, effective upon delivery of written notice thereof to Franchisee. Company encourages the Franchisee to begin training before incurring any costs or expenses related to the planned opening of the Franchised Business. The Company will not be liable to refund all or any portion of the Initial Franchise Fee or Equipment Package and Supplies Fee or pay any costs or expenses the Franchisee or its representatives incur if the Company terminates this Agreement because the Franchisee does not pass the training program.

**B.** Provide a continuing advisory service by telephone or at Company's home office concerning the operation of Franchisee's Franchised Business.

**C.** Provide additional assistance upon the written request of the Franchisee, at a cost to the Franchisee based on the Company's then current daily fee for the Company's personnel performing such assistance, plus other reasonable expenses, including all transportation, lodging and other expenses.

**D.** Provide Franchisee with the initial amounts of Equipment and Supplies specified in Exhibit B to this Agreement.

**5. Franchisee Obligations.**

**A. Commence Operation Within 60 Days.** The Franchisee agrees to commence operating the Franchised Business within 60 days after the date of this Agreement (the "Required Opening Date"). If the Franchisee has not commenced operating the Franchised Business within 60 days after the date of this Agreement, this Company shall have the right to terminate this Agreement. In such case, the Company will not be liable to refund all or any portion of the Initial Franchise Fee or Equipment Package and Supplies Fee or pay any costs or expenses incurred by the Franchisee or its representatives.

**B. Conduct the Franchised Business According to System Standards.**

The Franchisee agrees to conduct the Franchised Business offering only such services and products as the Company may authorize from time to time. During the development and operation of the Franchised Business, Franchisee agrees to follow the Company's specifications, standards, methods and operating procedures (the "System Standards"). Franchisee agrees to develop and operate the Franchised Business in accordance with all System Standard, as periodically modified or supplemented by the Company. System Standards may govern all aspects of the development and operation of the Franchised Business, including without limitation, the following: (1) performance, quality and other relevant characteristics of the services and products offered by the Franchised Business; (2) use of the Marks and protection of confidential information; (3) types of authorized equipment, vehicles, supplies and products; (4) designated and approved suppliers, including without limitation, Company or its affiliates for the purchase of cleaning and deodorizing chemicals, supplies and equipment; (5) minimum hours of operation; (6) participation in market research and testing and product and service development programs prescribed by Company; (7) qualifications, training, appearance and attitude of the Franchised Business' employees; (8) use and retention of standard forms; (9) use of standard formats; (10) use of computer hardware and software; (11) adoption of technological developments or advances; (12) use of social media; and (13) the addition or deletion of new products and/or services. All products shall be sold only in the weights, sizes, forms and packaging approved by the Company. The Franchisee shall bear all costs and expenses pertaining to the development, operation, and maintenance of the Franchised Business and the Franchisee's compliance with the System Standards as periodically modified or supplemented from time to time by Company.

**C. Operating and Maintaining the Franchised Business.**

The Franchisee agrees to operate and maintain the Franchised Business in accordance with the Company's specifications and procedures contained in the Operations Manual. All costs and expenses pertaining to operating and maintaining the Franchised Business shall be borne solely by the Franchisee. The Franchisee agrees to use only those items of equipment, vehicles, inventory, decor, cleaning and deodorizing chemicals, computer hardware and software, supplies, apparel and signs, that the Company has approved for a Franchised Business as meeting its specifications and standards for appearance, function, trade dress, design, quality and performance and to purchase or lease them only from the Company, its affiliates or other suppliers approved by the Company. If the Franchisee proposes to purchase, lease, or otherwise use any equipment, vehicle, inventory, decor, cleaning and deodorizing chemicals, computer hardware and software, supply, apparel or sign which is not then-approved by the Company or from a supplier not then-approved by the Company, the Franchisee shall first notify the Company in writing and shall submit to the Company sufficient specifications, photographs, drawings, samples, and information, along with the Company's then-current daily fee for each person which the Company provides for this determination plus reasonable expenses, for a determination by the Company of whether such equipment, vehicle, inventory, decor, cleaning and deodorizing chemicals, computer hardware and software, supply, apparel or sign or proposed supplier complies with its System Standards relating to among other factors quality, price, consistency, reliability, financial capability, and customer relations, which determination shall be made and communicated in writing to the Franchisee within thirty days of receiving all requested information. Franchisee acknowledges, agrees and accepts that Company and its affiliates may be making a profit on Franchisee's purchases when Franchisee purchases any goods or services from the Company or its affiliates or from a designated or approved supplier. The Franchisee shall maintain the Franchised Business, equipment, vehicles, and furnishings in good repair, attractive appearance, and sound operating condition. The Franchisee at Franchisee's expense shall bear responsibility for the repairs, re-equipping, and remodeling of



the Franchised Business as may be requested by the Company from time to time. The Franchisee shall make no material replacements of or alterations to the vehicles, equipment, signs or other assets of the Franchised Business without the prior written approval of the Company.

**D. Operate in Compliance with Law and Manual.** The Franchisee agrees to operate the Franchised Business in compliance with applicable laws and governmental regulations, including without limitation, government regulations, relating to occupational hazards, health, workers' compensation and unemployment insurance, and the withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. The Franchisee will obtain at Franchisee's expense, and keep in force, any permits, licenses or other consents required for the development or operation of the Franchised Business. In addition, the Franchisee shall operate the Franchised Business in accordance with the Company's Operations Manual which may be amended from time to time as a result of experience, changes in the law or changes in the marketplace. The Franchisee agrees to conform to such amendments, and to make all reasonable expenditures necessitated by the amendments, within the time periods reasonably established by the Company. The Operations Manual as amended is intended to further the purposes of this Agreement and is specifically incorporated into this Agreement such that it shall constitute provisions of this Agreement as if fully set forth herein. Company shall provide the Franchisee with access to one copy of the Company's Operations Manual either as a hard paper copy or an electronic copy. Franchisee shall not copy any part of the Operations Manual, permit any part of it to be copied, or disclose it to anyone not having a need to know its contents for purposes of operating the Franchised Business. The Franchisee shall refrain from conducting any business or selling any services or products other than those expressly approved by the Company. The Franchisee shall use Franchisee's best efforts to promote and enhance the Franchised Business for the full term of this Agreement. The Operations Manual may specify certain fines for violations of the System or the Standards and Specifications. The Company will provide the Franchisee with written notice of any assessed fines and such fines will be considered amounts due to the Company for purposes of this Agreement.

**E. Purchase and Maintain Insurance.** The Franchisee agrees to purchase and maintain at all times during the term of this Agreement, at Franchisee's sole expense such insurance coverage as the Company may, in its sole discretion, prescribe from time to time, including but not limited to workers' compensation, comprehensive liability and property damage, vehicle liability, business interruption and general and umbrella coverages. Such insurance coverage shall be maintained under one or more policies of insurance of the types and containing such terms and conditions and minimum liability protection in such amounts, as are specified from time to time by Company and issued by insurance carriers approved by Company. Company may from time to time increase the minimum amount of coverage required under any policy, and require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies required hereunder shall name Company (and its officers, directors, shareholders, members and employees) as additional insureds, shall contain a waiver by the insurance carrier of all subrogation rights against Company and shall provide that Company will receive thirty (30) days' advance written notice of termination, expiration or cancellation or modification of any such policy. Prior to Franchisee's commencement of operations, and annually thereafter, Franchisee shall furnish to Company a copy of the certificate, or other evidence of the insurance, renewal, or extension of each such insurance policy, together with evidence of payment of premiums, evidencing the required limits. If Franchisee does not maintain such insurance as required, the Company may, at its option and

in addition to its other rights and remedies hereunder, but shall not be obligated to, obtain such insurance and keep the same in full force and effect on Franchisee's behalf, and Franchisee shall reimburse the Company for all premiums and other expenses incurred by the Company in connection with obtaining such insurance. In addition, the Franchisee shall defend, indemnify and save the Company harmless from any liability or claim of any type that arises in connection with the operation of Franchisee's business.

**F. Use of the Company's Accounting and Records System.** The Franchisee agrees to use the bookkeeping, accounting, and record keeping system prescribed by the Company and submit to the Company such periodic reports, forms, and records as specified, and in the manner and at the time specified, in the Operations Manual. To ensure uniform financial statements are submitted by the Franchisee, Company reserves the right to require Franchisee to use a standard chart of accounts for tracking income and expense items for the Franchised Business. For a period of five years from their date of preparation, the Franchisee will keep on file at the Franchisee's principal office and make available to the Company all such records, including, without limitation, the following: receipts, invoices, payroll records, check stubs, bank deposit receipts, sales tax records and returns, business and personal tax returns, and such journals and transactions which properly summarize the transactions of the Franchised Business. The Franchisee hereby grants permission to the Company to examine all records of any supplier pertaining to Franchisee's purchases.

1. The Franchisee shall furnish to the Company the following reports by the following dates: (i) by the 10<sup>th</sup> day following every First Monthly Period and Second Monthly Period, paper or electronic copies of the sales tickets (or equivalent documents as specified by the Company) for each sale made during the most recently ended period and a written report of Gross Sales of the Franchised Business for the period most recently ended; (ii) by the fifteenth day after each calendar month, a profit and loss statement for the preceding calendar month and a year-to-date profit and loss statement and balance sheet; and (iii) within seventy-five days after the end of each calendar year, a calendar year-end balance sheet and an annual profit and loss statement for the calendar year reflecting all year-end adjustments. The Franchisee must verify and sign all reports submitted to the Company. If the Franchisee fails to report Franchisee's Gross Sales on a timely basis, the Company may estimate the Franchisee's Gross Sales; the Company may then withdraw from the Franchisee's account any unpaid Royalty Fee or other amount due by use of the electronic funds transfer system. The Franchisee authorizes the Company to utilize the data supplied by Franchisee in such manner and for such purposes as the Company may desire, including but not limited to, operations reports, advertising reports, other business reports and in any publication, disclosure document, or advertisement related to the sale of franchised businesses or related entities by Company, anywhere, at any time, without compensation therefore.

2. The Company may require the Franchisee to utilize a computer system, including a customer order processing and inventory control system and credit/debit card system, that is fully compatible with any programs or system that the Company, in its discretion, employs from time to time. All Gross Sales and sales related information shall be recorded on such equipment. The Company will have full access to all of Franchisee's data, system and related information stored by the Franchisee's computer system.

3. The Franchisee shall allow the Company's representatives to accompany Franchisee during business hours to inspect and audit Franchisee's business operations, records, and reports. In the event any such inspection or audit shall disclose an understatement of the Gross Sales of the Franchised Business for any period, then the

Franchisee shall pay to the Company within ten days after receipt of the inspection or audit report, the amount of the underpayment, plus applicable interest and late fees due as a result of the underpayment. Further, in the event such audit is made necessary by the failure of the Franchisee to furnish reports, financial statements, tax returns or schedules as herein required, or if an understatement of Gross Sales for any period is determined by any such inspection or audit to be greater than two percent (2%), the Franchisee shall reimburse the Company for the cost of such inspection or audit including without limitation the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of employees or agents of the Company and the Company shall have the right to require the Franchisee to furnish, at the Franchisee's sole cost and expense, audited financial statements thereafter. In addition, the Franchisee shall pay for all costs, as specified above, of the inspection and audit if Franchisee's books and records are not produced at the time of the inspection and audit, provided that the Company notified the Franchisee at least five days prior to the scheduled inspection and audit date. The Company shall have the right to review the operation and administration of the Franchised Business by quality control testing, periodic field reviews and such other tests, reviews and inspections and other reasonable actions deemed desirable by the Company.

4. The Franchisee acknowledges that to assure compliance with this Agreement, Company shall have the unrestricted right to enter the Franchised Business to examine the operations and facilities including, but not limited to, testing, sampling, inspecting and observing the rendering of the services and products sold by Franchisee in order to ascertain compliance or noncompliance with this Agreement. Franchisee shall be under an affirmative duty to cooperate with Company or its duly authorized representatives in any such inspection by rendering any assistance as may be reasonably requested. Company shall have the right to observe, photograph and video tape the Franchisee's business operations for such consecutive or intermittent periods as Company deems necessary. Company shall have the right to interview personnel and customers of the Franchised Business.

**G. Refrain from Owning Conflicting or Competing Interests.** The Franchisee agrees to refrain from, whether directly or indirectly, owning, advising, engaging in or participating in any Competitive Business during the term of this Agreement. Franchisee shall operate the Franchised Business in a manner which maximizes Franchisee's Gross Sales consistent with sound marketing and business practices, and Franchisee shall not engage in any business practice which reduces Franchisee's Gross Sales. Franchisee shall not employ or seek to employ any person employed by the Company, its affiliates, or another Renue® business. For the purposes of this Agreement, the term "Competitive Business" will mean any cleaning or restoration business serving primarily commercial accounts or any business that offers licenses or franchises for cleaning or restoration businesses serving primarily commercial accounts, except an approved Renue® business.

**H. Advertising.** If not prepared or previously approved by the Company, the Franchisee agrees to provide the Company with samples of all advertising, promotion and public relations materials that Franchisee proposes to use in the course of promoting and operating its Franchised Business. The Company will process the approval requests as expediently as possible, but the Franchisee acknowledges that processing any such requests may take up to fourteen (14) working days, and further acknowledges the Company is under no obligation to approve any advertising materials submitted by the Franchisee for examination. The Franchisee must receive an affirmative response from the Company prior to using any proposed advertising materials not provided by or already approved by the Company, and silence on behalf of the Company does not constitute approval.

Franchisee specifically acknowledges and agrees that any Website (as defined below) shall be deemed “advertising” under this Agreement, and will be subject to, among other things, the Company’s approval pursuant to the prior paragraph of this Section. As used in this Agreement, the term “Website” means an interactive electronic document, contained in a network of computers linked by communications software, that Franchisee operates or authorizes others to operate and that refers to the Franchised Business, the Marks, the Company and/or the System, including web pages, message transmission services, social networking sites and fan pages, chat services, and other similar technology as may be developed from time to time. In connection with any Website, Franchisee agrees to the following: (1) Before establishing the Website, Franchisee shall submit to Company for a 45-day review and approval period a sample of the Website format and information in the form and manner Company may reasonably require; (2) Franchisee shall not establish or use the Website without the Company’s prior written approval; (3) In addition to any other applicable requirements, Franchisee shall comply with Company’s standards and specifications for Websites as prescribed by Company in the Operations Manual or otherwise in writing. If required by Company, Franchisee shall establish its Website as part of Company’s Website and/or establish electronic links to Company’s Website; and (4) If Franchisee proposes any material revision to the Website or any of the information contained in the Website, Franchisee shall submit each such revision to Company for Company’s prior written approval.

**I. Use the Marks and the System.**

1. The Franchisee agrees to use the Marks as the sole identification of the Franchised Business, provided that Franchisee shall identify himself as the independent owner thereof in the manner prescribed by the Company. Franchisee shall not use any Marks as part of any entity or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may Franchisee use any Marks in connection with the sale of any unauthorized service or product or in any other manner not expressly authorized in writing by the Company. Franchisee agrees to display the Marks prominently and in the manner prescribed by the Company on or in connection with signs, posters, displays, service contracts, stationery and other forms Company designates. Further, Franchisee agrees to give such notices of trademark or service mark registrations and copyrights as the Company specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law. All bank accounts, licenses, permits or other similar documents shall contain the actual name of the person or entity owning the Franchised Business and may contain “d/b/a “Renue.” Any sign face bearing the Renue® name shall be and shall remain the property of the Company, regardless of whether the Franchisee has paid a third party to make the manufacture or assemble the sign.

2. The Company warrants that, except as otherwise provided for herein, it has the right to license the Marks and the System to the Franchisee. Any and all improvements made by the Franchisee to the Marks or the System will be the sole and absolute property of the Company, which will have the exclusive right to register and protect all such improvements in its name in accordance with applicable law. The Franchisee’s right to use and identify with the Marks and the System will exist concurrently with the term of this Agreement and such use by the Franchisee will inure exclusively to the benefit of the Company.

3. The Franchisee will only use the Marks designated by the Company and only in the manner authorized and permitted by the Company. The Franchisee’s right to use the Marks is limited to the uses set forth in this Agreement and any unauthorized

use will constitute an infringement of the rights of the Company under this Agreement and under the Lanham Act (15 U.S.C. §1051 et seq.). The Franchisee will not have or acquire any rights in any of the Marks or the System other than the right of use as provided herein. The Franchisee will have the right to use the Marks and the System only in the manner prescribed, directed and approved by the Company in writing and will not have the right to use the Marks in connection with the sale of any products or services other than those prescribed or approved by the Company for sale by the Franchisee. If in the judgment of the Company, the acts of the Franchisee are contrary to the limitations set forth in this Agreement or infringe upon or demean the goodwill, uniformity, quality or business standing associated with the Marks or the System, then the Franchisee will, upon written notice from the Company, immediately modify its use of the Marks or the System in the manner prescribed by the Company in writing.

4. If there are any claims by any party that its rights to any or all of the Marks are superior to those of the Company and if the attorneys for the Company are of the opinion that such claim by a party is legally meritorious, or if there is an adjudication by a court of competent jurisdiction that any party's rights to the Marks are superior to those of the Company, then upon receiving written notice from the Company, the Franchisee will, at its sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by the Company. If so specified, the Franchisee will immediately cease using the Marks specified by the Company, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by the Company in writing, and in connection with all advertising, marketing and promotion of the Franchisee's Franchised Business. The Franchisee will not make any changes or amendments whatsoever to the Marks or the System without the written approval of the Company.

5. The Franchisee will have no right to and will not defend or enforce any rights associated with the Marks or the System in any court or other proceedings for or against imitation, infringement, prior use or for any other claim or allegation. The Franchisee will give the Company immediate written notice of any and all claims or complaints made against or associated with the Marks and the System and will, without compensation for its time and at its expense, cooperate in all respects with the Company in any lawsuits or other proceedings involving the Marks and the System. The Company will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks and/or the System, and the cost and expense of all litigation incurred by the Company, including attorneys' fees, specifically relating to the Marks or the System will be paid by the Company.

6. If the Franchisee is named as a defendant or party in any action involving the Marks or the System solely because the plaintiff or claimant is alleging that the Franchisee does not have the right to use the Marks or the System, then the Franchisee will have the right to tender the defense of the action to the Company, and the Company will, at its expense, defend the Franchisee in the action provided that the Franchisee has tendered defense of the action to the Company within seven days after receiving service of the pleadings or the summons and complaint relating to the action. The Company will indemnify and hold the Franchisee harmless from any damages assessed against the Franchisee in any actions resulting solely from the Franchisee's use of the Marks or the System at the Franchised Location if the Franchisee has timely tendered defense of the action to the Company.

7. The Franchisee may, at its expense, retain an attorney to represent it individually in all litigation and court proceedings involving the Marks or the System, and may do so with respect to matters involving only the Franchisee (i.e., not involving the

Company or its interests); however, the Company and its attorneys will control and conduct all litigation involving the Marks or the System and the rights of the Company. Except as expressly provided for herein, the Company will have no liability for any costs that the Franchisee may incur in any litigation involving the Marks or the System, and the Franchisee will pay for all costs, including attorneys' fees, that it may incur in any litigation or proceeding arising as a result of matters referred to under this Section 5, if the Franchisee has not timely tendered the defense to the Company as described above.

**J. Ongoing Training.** The Franchisee agrees that it shall participate, if Company requires, in up to one week per calendar year of refresher training in the operations and marketing of the Franchised Business at Franchisee's expense. The refresher training will be at a location selected by the Company. The refresher training may or may not take place at an annual convention of franchisees.

**K. Convention.** The Franchisee or a designated representative shall attend each national convention held by the Company. The date and location of all national conventions will be at the sole discretion of the Company. The Franchisee will pay the convention registration fee established by the Company for each person attending the national convention. The Franchisee will also pay the salaries and benefits, the travel expenses and all other expenses incurred by the persons attending the national convention on the Franchisee's behalf.

**L. Advisory Council.** Franchisee shall participate actively in a Renue Advisory Franchisee Council ("Council") and participate in all Council programs, for Franchisee's particular Council, approved by Company. Such Council may be formed by Company, in its sole discretion, at any time that more than one franchisee conducts a Franchised Business in any given region, the boundaries of which will be determined by Company in its sole discretion. The purposes of the Council(s) include, but are not limited to, exchanging ideas and problem solving methods, advising Company on expenditures for system-wide marketing, public relations and advertising, and coordinating franchisee efforts. Franchisee shall pay all assessments levied by the Council, and Company has the right to enforce this obligation. Amounts and expenditures may vary from time to time due to variations in Council participation and costs as determined by a particular Council and as approved by Company.

**M. Software Program.** If Company develops and custom designs a software program and hardware system for conducting accounting, inventory or point-of-sale functions and/or other activities related to the Franchised Business (hereinafter "Software Program"), Franchisee agrees to implement the Software Program into the Franchised Business, and to comply with all specifications and standards prescribed by Company regarding the Software Program as provided from time to time in the Company's Operation manuals. At such time as Company requires the implementation of such Software Program, Franchisee shall only utilize the Software Program as prescribed by Company. At such time as Company requires the implementation of such Software Program, Franchisee shall be required to purchase, lease or license the designated Software Program, to purchase or lease specified computer hardware compatible with Company's Software Program requirements and contract for on-going service, maintenance and support for such hardware and Software Program at terms designated by Company or its suppliers.

**6. Term.** The Term of this Agreement will commence upon the date of this Agreement and will continue for a period of five (5) years, unless terminated prior thereto

pursuant to the provisions hereof. Franchisee may, at Franchisee's option, reacquire the franchise and related rights granted under this Agreement for up to three (3) additional five- (5) year terms, subject to the following conditions all of which must be satisfied prior to any reacquisition: (i) Franchisee shall have delivered to the Company written notice of Franchisee's desire to exercise Franchisee's option to renew this Agreement at least six (6) months, but no more than twelve (12) months, prior to the expiration of this Agreement; (ii) Franchisee shall have during the entire term of this Agreement substantially complied with all of its provisions and the provisions of any other agreement between Franchisee and the Company and/or its affiliates; and (iii) the Company and Franchisee (and Franchisee's shareholders or partners or members, if Franchisee is a corporation or partnership or limited liability company) shall execute the form of franchise agreement and such ancillary agreements as are then customarily used by Company in the grant of Renew franchises (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise); (iv) Franchisee shall refurbish or replace the vehicles and equipment of the Franchised Business to be in compliance with the then current standards and specifications utilized in the granting of Renew franchises; and (v) Franchisee (and Franchisee's shareholders or partners or members, if Franchisee is a corporation or partnership or limited liability company) shall execute general releases, in form satisfactory to Company of any and all claims against the Company and its affiliates, and their officers, directors, shareholders, members, employees and agents. The franchise agreement and ancillary agreements at the time of renewal may contain materially different terms from those contained in this Agreement. Franchisee shall pay to Company a reacquisition fee equal to 25% of the then-current Initial Franchise Fee being charged by the Company. If Franchisee, for any reason, abandons, surrenders, or suffers revocation or non-renewal of all or part of Franchisee's rights and privileges under this Agreement, then all such rights and privileges shall revert to the Company.

## **7. Termination.**

### **A. Termination by Franchisee.**

1. The Franchisee will have the right to terminate this Agreement, as provided herein, if the Company violates any material provision, term or condition of this Agreement, or fails to timely pay any material uncontested obligations due and owing to the Franchisee.

2. The Franchisee will not have the right to terminate this Agreement or to commence any action, lawsuit or proceeding against the Company for breach of this Agreement, injunctive relief, violation of any state, federal or local law (including alleged violations of franchise laws), violation of common law (including allegations of fraud and misrepresentation), rescission, damages, or termination, unless and until: (a) written notice setting forth the alleged breach or violation in detail has been delivered to the Company by the Franchisee; and (b) the Company fails to correct the alleged breach or violation within 30 days after receipt of the written notice. If the Company fails to correct the alleged breach or violation within 30 days after receiving written notice, then the Franchisee will have the right to terminate this Agreement as provided for herein. For the purposes of this Agreement, an alleged breach or violation of this Agreement by the Company will be deemed to be "corrected" if both the Company and the Franchisee agree in writing that the alleged breach or violation has been corrected.

3. If the Company notices arbitration in accordance with this Agreement within 30 days after the date the Company receives written notice of any alleged breach of this Agreement from the Franchisee, then the Franchisee will not have the right to

terminate this Agreement until the facts of the alleged breach have been submitted to arbitration, the arbitrators determine that the Company has breached this Agreement, and the Company fails to timely correct the breach as set forth in this Agreement. If the arbitrators determine that the Company has violated or breached this Agreement as alleged by the Franchisee in the written notice given to the Company, then the Company will have 30 days after the date the Arbitrators issue a written determination on the matter to correct the specified breach or violation of this Agreement. If the Company timely corrects the specified breach or violation of this Agreement, then this Agreement will remain in full force and effect. If the Company does not correct the specified breach or violation of this Agreement, then the Franchisee will have the right to terminate this Agreement by giving the Company written notice that this Agreement is terminated and, in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by the Company. For the purpose of this Agreement, any controversy or dispute on the issue of whether the Company has timely corrected the specified breach or violation of this Agreement will also be subject to arbitration as provided for herein. The time limitation set forth in this Section within which the Company may demand arbitration of a dispute or controversy relating to the right of the Franchisee to terminate this Agreement for an alleged breach is mandatory.

4. The Franchisee must give the Company written notice of any alleged breach or violation of this Agreement immediately after the Franchisee has knowledge of, believes, determines, is of the opinion, or becomes aware of facts and circumstances reasonably indicating an alleged breach or violation of this Agreement by the Company. If the Franchisee fails to give written notice to the Company as provided for herein of any alleged breach or violation of this Agreement within one year after the date that the Franchisee has knowledge of, believes, determines, is of the opinion that, or becomes aware of facts and circumstances reasonably indicating that the Franchisee may have a claim under any state law, federal law or common law because there has been an alleged breach or violation by the Company, then the alleged breach or violation by the Company will be deemed to be condoned, approved and waived by the Franchisee, the alleged breach or violation by the Company will not be deemed to be a breach or violation of this Agreement by the Company, and the Franchisee will be barred from commencing any action against the Company for that specific alleged breach or violation.

**B. Termination by Company.** In addition to the other provisions of this Agreement allowing termination, the Company may terminate this Agreement effective upon delivery of notice of termination to Franchisee in the following circumstances:

1. Franchisee becomes insolvent; makes an assignment for the benefit of creditors; files a voluntary petition in bankruptcy; files any pleading seeking any reorganization, liquidation or dissolution under any law; admits or fails to contest the material allegations of any such pleading filed against Franchisee; is adjudicated a bankrupt; a receiver is appointed for a substantial part of Franchisee's assets; or the claims of creditors of Franchisee or the Franchised Business are abated or subject to a moratorium under any law;

2. If Franchisee fails to pass the training program for franchisees, or if Franchisee fails to commence operating the Franchised Business within 60 days after the date of this Agreement, or if Franchisee abandons, surrenders or transfers control of the operation of the Franchised Business without the Company's prior written consent;

3. If Franchisee submits to the Company on two or more separate occasions at any time during any two-year period during the term of this Agreement a report,



financial statement, tax return, schedule or other information or supporting record which understates the Gross Sales of the Franchised Business for any period by more than two percent;

4. If Franchisee is convicted of or pleads guilty to or no contest to a felony or other crime which substantially impairs the goodwill associated with the Marks or the System or engages in any misconduct which negatively affects the reputation of the Franchised Business or the goodwill associated with the Marks or the System, as determined by the Company;

5. If Franchisee loses any permit or license which is a prerequisite to the operation of the Franchised Business, or if Franchisee operates the Franchised Business in a manner that presents a health or safety hazard to customers, employees, or the public;

6. If Franchisee makes a transfer or assignment of this Agreement, the assets of the Franchised Business, or Franchisee's ownership interest, which is not authorized as provided in the transferability section of this Agreement;

7. If Franchisee has received three or more notices of default during any twelve-month period, whether or not such defaults were cured;

8. If Franchisee delivers to Company two or more non-sufficient funds checks within any twelve-month period, whether or not such checks were subsequently paid;

9. If Franchisee fails to pay any amount owed to the Company or its affiliates or to Franchisee's suppliers, providers or vendors, when the same is due and payable and does not correct such failure within five days after written notice of such failure to comply is delivered to the Franchisee;

10. If Franchisee fails to submit reports or financial data which Company requires under this Agreement, when the same are due and does not correct such failure within ten days after written notice of such failure to comply is delivered to Franchisee; or

11. If Franchisee uses equipment, chemicals or supplies not authorized by the Company for use in the Franchised Business.

12. If Franchisee fails to perform any of the terms and conditions in this Agreement not otherwise covered in Section 7.B. Paragraphs 1 through 10 above, or in the Operations Manual, or in other operational memoranda issued by the Company, or use bad faith in carrying out terms of these franchise provisions and does not correct such failure within thirty days after written notice of such failure to comply is delivered to Franchisee.

Upon the occurrence of any of the above events of default which would allow the Company to terminate this Agreement (which termination Company may or may not choose to do), Company may authorize its suppliers to withhold shipment to the Franchisee of the Company's proprietary products and services and approved products and services until such time as Franchisee has cured the event of default.

**C. Cross Default.** Any default by Franchisee of any other agreement between the Company and Franchisee shall be deemed a default under this Agreement, and

any default by Franchisee of this Agreement shall be deemed a default under any and all other agreements between Company and Franchisee. If the nature of such default under any other agreement would have permitted the Company to terminate this Agreement had said default occurred hereunder, the Company shall have the right to terminate this Agreement as if such default has occurred hereunder. For purposes of this Section, an agreement between the Company or an affiliate of the Company and Franchisee or Franchisee's partner, shareholder, member, manager, or executive officer or affiliate shall be deemed an agreement between the Company and Franchisee.

**D. Appointment of Manager.** Notwithstanding the provisions of Sections 7.B. and 7.C. above, in the event that Franchisee does not comply with any provision of this Agreement, the Company may, at its sole option, assign a manager to the Franchised Business on a daily basis, whose function will be to ensure compliance by Franchisee, Franchisee's employees and agents with the provisions of this Agreement, including without limitation, adherence to the standards, methods, procedures and specifications of the System and the rights and duties upon termination or expiration of this Agreement. Franchisee shall pay the Company for the services of such manager at such reasonable rate as may be established by the Company. Franchisee agrees to defend, indemnify and hold harmless the Company and its agents and employees who may act hereunder.

**E. Rights and Duties Upon Termination or Expiration.** Upon termination or expiration of this Agreement, all of Franchisee's rights hereunder shall terminate. Franchisee shall forthwith discontinue use of the name Renue®, the other Marks, the System, and all trade names, trademarks, service marks, trade dress, signs, colors, structures, interior and exterior decor, business methods, confidential information, printed goods and forms of advertising indicative of the Franchised Business and return the Operations Manual and the Software Program to the Company. Franchisee shall pay all amounts due the Company or its affiliates, cancel Franchisee's assumed name registration, provide to the Company any Renue® signs, and not represent that Franchisee formerly did business under the Renue name. Franchisee shall provide the Company with the names, addresses and telephone numbers of Franchisee's customers during the preceding three years. Franchisee shall promptly notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with the Marks and to authorize transfer of same to or at the direction of the Company. Franchisee acknowledges that as between the Company and Franchisee, the Company has the sole rights to and interest in all e-mail and internet addresses, websites, domain names and search engine identifiers, and all telephone and facsimile numbers and directory listings associated with the Marks, and Franchisee authorizes the Company, and hereby appoints the Company and any officer of the Company as Franchisee's attorney-in-fact, to direct the telephone company, internet service providers, domain name registrars, and all listing agencies to transfer same to the Company or at its direction, should Franchisee fail or refuse to do so, and the telephone company, internet service providers, domain name registrars, and all listing agencies may accept such direction or this Agreement as conclusive of the exclusive rights of the Company in such e-mail and internet addresses, websites, domain names and search engine identifiers, and all telephone and facsimile numbers and directory listings and its authority to direct their transfer. Franchisee shall furnish to the Company within thirty days after the effective date of the termination or expiration evidence satisfactory to the Company of Franchisee's compliance with the foregoing obligations. The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

**F. Option to Purchase Assets.** Upon the termination or expiration of this Agreement, the Company shall have a ninety-day option to purchase from Franchisee some or all of the equipment, supplies, inventory, advertising materials and any items with Company's Marks for cash at fair market value, which value shall not include any value associated with the name Renue®, the other Marks or any associated goodwill. If the Company and Franchisee do not agree upon the amount of the fair market value, then a business appraiser selected by Company shall determine the fair market value. The cost of the business appraiser shall be borne equally by the Company and Franchisee. The Company has an unrestricted right to assign this option to a third party.

**G. Covenant Not to Compete.**

1. The Franchisee and the owners acknowledge that the Franchisee, its partners or officers and employees will receive specialized training, marketing and advertising plans, business strategies, confidential information, and trade secrets from the Company pertaining to the System and the operation of the Franchised Business. In consideration for this information, the Franchisee and the owners will comply in all respects with the provisions of this Section and any other Sections of this Agreement pertaining to non-competition and unfair business practices. The Company has advised the Franchisee that this is a material provision of this Agreement and that the Company will not sell a franchise to any person or entity that owns or intends to own, operate or be involved in any competitive business; however, the Company may, under certain circumstances, exclude from the coverage of this Section existing operational business(es) owned and operated by the Franchisee on the date of this Agreement, and the Franchisee may, with the written consent of the Company, continue to own and operate such businesses during the term of this Agreement and thereafter. The Franchisee warrants and represents that it does not own, operate or have any involvement with or interest in any business that is competitive to a Renue® Franchised Business.

2. The Franchisee and its owners will not, for a period of two years after the termination or expiration of this Agreement on their own account or as an employee, principal, agent, independent contractor, consultant, affiliate, licensee, partner, officer, director or owner of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any Competitive Business, which is located (i) within ten miles of the Franchisee's former Protected Area; or (ii) within any other protected area granted by the Company or an affiliate to another franchisee or licensee; or (iii) within the territory served by any Company or affiliate-owned Renue® business. The Franchisee and the owners expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect the Company and its other franchisee and licensee if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to give the Company the opportunity to resell and/or develop a new Renue® business at or in the area near the Protected Area. In addition, for a period of two years following the expiration or termination of this Agreement, the Franchisee shall not solicit or accept business from former customers of the Franchised Business. The two year period referred to above shall be tolled during any period of Franchisee's noncompliance with the terms of this Agreement. In the event the duration, scope and/or geographic area set forth in this paragraph and Agreement are held to be unreasonable and therefore unenforceable by any court of competent jurisdiction, then the duration, scope and/or geographic area of the foregoing restrictions and agreements shall remain in full force and effect as to such maximum duration, scope and/or geographic area as the court shall allow.

**H. Confidential Information.** Franchisee acknowledges that if Franchisee discloses any aspect of the System or the Operations Manual or any other aspect of the Renue franchise system that it could substantially harm the Company, Franchisee and other Renue franchisees, and that such information is proprietary and confidential. Franchisee agrees to secure, keep secret, and lock away the Operations Manual and any other System confidential materials. Franchisee agrees that Franchisee will maintain the absolute confidentiality of all, and not disclose any, such information during and after the term of this Agreement and that Franchisee will not use any such information in any other business or in any manner not specifically authorized or approved in writing by the Company. Franchisee agrees to require all of Franchisee's personnel to sign a confidentiality and non-competition agreement in the form prescribed by the Company.

**I. Continuing Obligations.** All obligations of the Company and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

**8. Transferability of Interest.**

**A. Transfer by the Company.** The Company shall have the right, in its sole discretion, to transfer or assign this Agreement and all or any part of its rights or obligations to any person or legal entity, and any designated assignee of Company shall become solely responsible for all obligations of Company under this Agreement from the date of assignment. Franchisee shall execute such documents consenting to such a transfer as Company shall request.

**B. Transfer by Franchisee.** Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Company has granted this franchise in reliance on Franchisee's business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in Franchisee or in the Franchised Business shall sell, assign, transfer, convey, pledge, encumber, merge, or give (collectively "transfer") away any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business without the prior written consent, as set forth below, of Company. Any purported assignment or transfer not having the written consent of Company required by this Section shall be null and void and shall constitute a material breach of this Agreement, for which Company may immediately terminate without opportunity to cure pursuant to the terms of this Agreement. The Company shall not unreasonably withhold its written approval of an assignment or transfer, provided: (1) Franchisee has properly offered the Company the opportunity to exercise the right of first refusal as provided in the right of first refusal section of this Agreement, and the Company declined to exercise it; (2) The assignee or transferee has sufficient business experience, aptitude, financial resources, meets the Company's then applicable standards for franchisees; is of good moral character; will comply with the Company's standard training requirements; has received the required disclosure documents in accordance with law; and executes the then current form of franchise agreement and other agreements (which may contain materially different terms than those set forth herein) being used by the Company; (3) Upon Company's request, the assignee or transferee agrees in a form approved by the Company to be personally bound jointly and severally by all the provisions of this Agreement and assume and guarantee all of Franchisee's obligations hereunder and all other agreements

between Franchisee and the Company or its affiliates to the same extent as if they had been original parties to the original agreements; (4) Upon Company's request, Franchisee shall enter into an agreement with the Company, in a form satisfactory to Company, guaranteeing full payment and performance of the obligations of Franchisee's transferee; (5) All of Franchisee's money obligations owed to the Company and its affiliates are fully paid and Franchisee is not otherwise in default under this Agreement; (6) The assets of the Franchised Business must be refurbished, remodeled or replaced in order to be in compliance with the then current standards and specification utilized in the granting of Renue franchises; (7) Franchisee pays the Company a transfer fee in an amount equal to thirty percent of the difference between the total price of the sale and purchase transaction less the fair market value of the fixed assets; and (8) Franchisee (and each of Franchisee's shareholders or partners or members, if Franchisee is a corporation or a partnership or limited liability company) shall execute general releases of all claims against the Company, its affiliates, and their officers, directors, shareholders, members, employees and agents.

**C. Assignment to Partnership, Corporation or Limited Liability Company.** If Franchisee is in full compliance with this Agreement, the Company shall not unreasonably withhold its consent to a transfer of this Agreement and the assets of the Franchised Business to a partnership or corporation or limited liability company, provided: (1) the partnership or corporation or limited liability company name does not include the word "NATIONAL" or "APPEAL" and its activities are confined exclusively to operating Franchisee's Franchised Business; (2) Franchisee owns and controls all of the general partnership interests, stock, membership interests, or the equity and voting power, and provided that, in a form approved by the Company, the partnership or corporation or limited liability company assumes all of Franchisee's obligations hereunder and the partners or shareholders or members agree to be personally bound jointly and severally by all the provisions of this Agreement and assume and guarantee all of Franchisee's obligations hereunder and all other agreements to the same extent as if they had been parties to the original agreements; (3) any subsequent transfer or issuance of partnerships interests or of shares of the corporation or membership interests in the limited liability company shall be subject to Company's consent and agreement; (4) the partnership's Partnership Agreement and each partnership interest certificate, or the corporation's Articles of Incorporation and Bylaws and each stock certificate, or the limited liability company's Articles of Organization and Operating Agreement and each membership certificate shall clearly indicate that any transfer of partnership interests, shares of stock or membership interests is restricted and may be transferred subject to Company's consent and agreement only in accordance with the terms of this Agreement; and (5) Franchisee shall pay to the Company all legal expenses and other charges incurred by the Company in connection with such transfer.

**D. Right of First Refusal.** If Franchisee shall at any time determine to sell Franchisee's rights under this Agreement, or the assets of the Franchised Business, or Franchisee's ownership interest, in whole or part, Franchisee shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to the Company. The Company or its designee shall, for a period of thirty days from the date of delivery of such offer to the Company, have the right, exercisable by written notice to Franchisee, to purchase the interest for the price and on the terms and conditions contained in the offer, provided that any brokers', agents', or finders' fees shall be deducted from the purchase price and the Company or its designee may substitute cash for any form of payment proposed in such offer. If the Company or its designee does not exercise this right of first refusal, Franchisee may, subject to the same conditions for transfers contained in this Agreement, complete the sale to such purchaser on the terms of the bona fide offer. If the sale

to such purchaser is not completed within one hundred twenty days after delivery of such offer to the Company, or if there is a material change in the terms of the sale, the Company or its designee shall again have the right of first refusal herein provided.

**E. Death or Disability.** Upon the death or permanent disability of Franchisee (or Franchisee's managing shareholder, partner or member, if Franchisee is a corporation, partnership or limited liability company), the executor, administrator, conservator, or other personal representative of such person shall transfer his interest to the heirs or beneficiaries of such person or to a third party approved by the Company within a period of one hundred eighty days, so long as arrangements satisfactory to the Company are made for the continued active management of the Franchised Business. Such transfers, including without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for transfers contained in this Agreement. Franchisee shall be deemed to have a "permanent disability" if Franchisee's ability to operate or oversee the operation of the Franchised Business on a regular basis is for any reason curtailed for a continuous period of six months. In addition to the foregoing, in order to prevent any interruption of the Franchised Business and to protect the goodwill associated with the Marks and System, if Franchisee dies or becomes disabled so that Franchisee is not able to operate or oversee the operation of the Franchised Business on a regular basis, the Company may at its option operate the Franchised Business on Franchisee's behalf for so long as the Company deems necessary under the circumstances. All revenues received from the operation of the Franchised Business during such period of operation by the Company shall be kept in a separate account by the Company and the expenses of the Franchised Business including, without limitation, reasonable compensation and expenses of the Company and its agents and employees in operating the Franchised Business, shall be charged to such account. Franchisee agrees to defend, indemnify and hold harmless the Company and its agents and employees who may act hereunder.

## **9. ENFORCEMENT.**

**A. INJUNCTIONS. IN ANY COURT OF COMPETENT JURISDICTION: (1) THE COMPANY SHALL HAVE THE RIGHT TO ENFORCE BY JUDICIAL PROCESS ANY RIGHTS IT MAY HAVE PURSUANT TO COVENANT NOT TO COMPETE PROVISIONS OF THIS AGREEMENT; AND (2) THE COMPANY SHALL BE ENTITLED WITHOUT BOND TO THE ENTRY OF TEMPORARY, PRELIMINARY, AND PERMANENT INJUNCTIONS AND ORDERS OF SPECIFIC PERFORMANCE ENFORCING THE PROVISIONS OF THIS AGREEMENT OR ANY OTHER RELATED AGREEMENT RELATING TO FRANCHISEE'S USE OF THE MARKS, FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT AND ASSIGNMENTS OR ATTEMPTED ASSIGNMENTS OF THE FRANCHISE AND FRANCHISEE'S OWNERSHIP INTEREST. IF THE COMPANY SECURES ANY SUCH INJUNCTION OR ORDER OF SPECIFIC PERFORMANCE, FRANCHISEE AGREES TO PAY TO THE COMPANY AN AMOUNT EQUAL TO THE AGGREGATE OF ITS COSTS OF OBTAINING SUCH RELIEF, INCLUDING WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES, COSTS, AND EXPENSES AS PROVIDED IN THIS SECTION, AND ANY DAMAGES INCURRED BY THE COMPANY AS A RESULT OF THE BREACH OF ANY SUCH PROVISION.**

**B. ARBITRATION. EXCEPT INSOFAR AS THE COMPANY AS PROVIDED IN THE PARAGRAPH ABOVE OF THIS SECTION ELECTS TO ENFORCE THIS AGREEMENT OR ANY OTHER RELATED AGREEMENT, ALL CONTROVERSIES, DISPUTES, OR CLAIMS ARISING BETWEEN THE COMPANY, ITS AFFILIATES, AND**

THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, SHAREHOLDERS, MEMBERS, EMPLOYEES AND ATTORNEYS (IN THEIR REPRESENTATIVE CAPACITY) AND FRANCHISEE (FRANCHISEE'S OWNERS, GUARANTORS, AFFILIATES AND EMPLOYEES, IF APPLICABLE) ARISING OUT OF OR RELATED TO: (1) THIS AGREEMENT OR ANY PROVISION THEREOF OR ANY RELATED AGREEMENT; (2) THE RELATIONSHIP OF THE PARTIES HERETO; (3) THE VALIDITY OF THIS AGREEMENT OR ANY RELATED AGREEMENT, OR ANY PROVISION THEREOF; OR (4) ANY SPECIFICATION, STANDARD, OR OPERATING PROCEDURE RELATING TO THE ESTABLISHMENT OR OPERATION OF THE FRANCHISE SHALL BE SUBMITTED FOR ARBITRATION TO BE ADMINISTERED BY THE CHICAGO, ILLINOIS OFFICE OF THE AMERICAN ARBITRATION ASSOCIATION ON DEMAND OF EITHER PARTY. SUCH ARBITRATION PROCEEDINGS SHALL BE CONDUCTED IN THE CITY WHERE COMPANY'S HEADQUARTERS ARE LOCATED WHEN THE PROCEEDINGS ARE CONDUCTED, AND, EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, WILL BE HEARD BY THREE (3) ARBITRATORS IN ACCORDANCE WITH THE THEN CURRENT COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION. EACH PARTY SHALL SELECT ONE ARBITRATOR, AND THE TWO SO DESIGNATED SHALL SELECT A THIRD ARBITRATOR. IF EITHER PARTY SHALL FAIL TO DESIGNATE AN ARBITRATOR WITHIN SEVEN (7) DAYS AFTER ARBITRATION IS REQUESTED, OR IF THE TWO ARBITRATORS SHALL FAIL TO SELECT A THIRD ARBITRATOR WITHIN FOURTEEN (14) DAYS AFTER ARBITRATION IS REQUESTED, THEN AN ARBITRATOR SHALL BE SELECTED BY THE AMERICAN ARBITRATION ASSOCIATION UPON APPLICATION OF EITHER PARTY.

EXCEPT AS LIMITED BY THIS AGREEMENT, THE ARBITRATORS SHALL HAVE THE RIGHT TO AWARD OR INCLUDE IN THE AWARD ANY RELIEF WHICH THEY DEEM PROPER IN THE CIRCUMSTANCES, INCLUDING, WITHOUT LIMITATION, MONEY DAMAGES (WITH INTEREST ON UNPAID AMOUNTS FROM DATE DUE), SPECIFIC PERFORMANCE, INJUNCTIVE RELIEF, ATTORNEYS' FEES AND COSTS IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT, PROVIDED THAT THE ARBITRATORS WILL NOT HAVE THE RIGHT TO DECLARE ANY MARK GENERIC OR OTHERWISE INVALID OR TO AWARD EXEMPLARY OR PUNITIVE DAMAGES. THE AWARD AND DECISION OF THE MAJORITY OF THE ARBITRATORS SHALL BE CONCLUSIVE AND BINDING UPON ALL PARTIES HERETO AND JUDGMENT UPON THE AWARD MAY BE ENTERED IN ANY COURT OF COMPETENT JURISDICTION, AND EACH PARTY HERETO WAIVES ANY RIGHT TO CONTEST THE VALIDITY OR ENFORCEABILITY OF SUCH AWARD.

THE PARTIES FURTHER AGREE TO BE BOUND BY THE PROVISIONS OF ANY APPLICABLE LIMITATION ON THE PERIOD OF TIME IN WHICH CLAIMS MUST BE BROUGHT UNDER APPLICABLE LAW OR THIS AGREEMENT, WHICHEVER EXPIRES EARLIER. THE PARTIES FURTHER AGREE THAT IN CONNECTION WITH ANY SUCH ARBITRATION PROCEEDING EACH SHALL FILE ANY COMPULSORY COUNTERCLAIM (AS DEFINED BY RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES WITHIN THIRTY DAYS OF THE DATE OF THE FILING OF THE CLAIM TO WHICH IT RELATES. ANY SUCH CLAIM WHICH IS NOT SUBMITTED OR FILED AS DESCRIBED ABOVE WILL BE FOREVER BARRED. THIS PROVISION SHALL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING EXPIRATION OR TERMINATION OF THIS AGREEMENT.

THE COMPANY AND FRANCHISEE AGREE THAT ARBITRATION SHALL BE CONDUCTED ON AN INDIVIDUAL, NOT CLASS-WIDE BASIS, AND THAT AN ARBITRATION PROCEEDING BETWEEN THE COMPANY AND ITS AFFILIATES AND THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES AND FRANCHISEE (AND/OR FRANCHISEE'S OWNERS, GUARANTORS, AFFILIATES AND EMPLOYEES, IF APPLICABLE) MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING BETWEEN THE COMPANY AND ITS AFFILIATES AND ANY OTHER PERSON, NOR SHALL THE ARBITRATOR OR COURT BE EMPOWERED TO ORDER SUCH CONSOLIDATION.

C. COSTS AND ATTORNEYS FEES. IF A CLAIM FOR AMOUNTS OWED BY FRANCHISEE TO THE COMPANY OR ITS AFFILIATES IS ASSERTED IN ANY LEGAL PROCEEDING BEFORE A COURT OF COMPETENT JURISDICTION OR AN ARBITRATOR, OR IF THE COMPANY OR FRANCHISEE IS REQUIRED TO ENFORCE THIS AGREEMENT IN A JUDICIAL OR ARBITRATION PROCEEDING, THE PARTY PREVAILING IN SUCH PROCEEDING SHALL BE ENTITLED TO RECOVER FROM THE OTHER ITS COSTS AND EXPENSES, INCLUDING WITHOUT LIMITATION, ARBITRATION FEES, COURT COSTS, FEES FOR IN-HOUSE OR OUTSIDE ATTORNEYS AND PARALEGALS, MANAGEMENT PREPARATION TIME, WITNESS FEES, COLLECTION AGENCY FEES, ACCOUNTING FEES AND ARBITRATOR FEES, WHETHER INCURRED PRIOR TO, IN PREPARATION FOR OR IN CONTEMPLATION OF THE FILING OF SUCH PROCEEDING. IF THE COMPANY IS REQUIRED TO ENGAGE A COLLECTION AGENCY OR LEGAL COUNSEL IN CONNECTION WITH ANY FAILURE BY FRANCHISEE TO PAY WHEN DUE AMOUNTS DUE THE COMPANY, OR TO SUBMIT WHEN DUE ANY REPORTS, INFORMATION, OR SUPPORTING RECORDS, OR IN CONNECTION WITH ANY FAILURE TO OTHERWISE COMPLY WITH THIS AGREEMENT, FRANCHISEE SHALL REIMBURSE THE COMPANY FOR ANY OF THE ABOVE LISTED COSTS AND EXPENSES INCURRED BY IT.

D. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. THE COMPANY AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY (I) ACTUAL DAMAGES SUSTAINED BY IT AND (II) TRADEMARK LAW TREBLE DAMAGES. THE COMPANY AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM.

E. LIMITATION OF CLAIMS. EXCEPT FOR CLAIMS ARISING FROM UNDERREPORTING OF GROSS SALES BY FRANCHISEE OR NONPAYMENT OF AMOUNTS OWED BY FRANCHISEE TO THE COMPANY OR ITS AFFILIATES PURSUANT TO THIS AGREEMENT, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP OF THE COMPANY AND FRANCHISEE IN CONNECTION WITH FRANCHISEE'S OPERATION OF THE BUSINESS SHALL BE BARRED UNLESS AN ACTION OR PROCEEDING IS COMMENCED WITHIN ONE YEAR FROM THE DATE OF THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIMS.

F. GOVERNING LAW/CONSENT TO JURISDICTION. EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 ET SEQ.), THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE COMPANY AND THE FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE



**STATE IN WHICH THE PROTECTED AREA IS LOCATED. THE PROVISIONS OF THIS AGREEMENT WHICH CONFLICT WITH OR ARE INCONSISTENT WITH APPLICABLE GOVERNING LAW WILL BE SUPERSEDED AND/OR MODIFIED BY SUCH APPLICABLE LAW ONLY TO THE EXTENT SUCH PROVISIONS ARE INCONSISTENT. ALL OTHER PROVISIONS OF THIS AGREEMENT WILL BE ENFORCEABLE AS ORIGINALLY MADE AND ENTERED INTO UPON THE EXECUTION OF THIS AGREEMENT BY THE FRANCHISEE AND THE COMPANY.**

**10. Independent Contractor.**

A. The Company and the Franchisee are each independent contractors and, as a consequence, there is no employer-employee or principal-agent relationship between the Company and the Franchisee. The Franchisee will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of the Company or represent that their relationship is other than that of franchisor and franchisee. Neither the Company nor the Franchisee will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties.

B. Franchisee shall conspicuously identify himself at the Franchised Business and on the vehicles of the Franchised Business and in all dealings with suppliers and customers, as the owner of the Franchised Business. No representations shall be made or acts taken by Franchisee which could establish any apparent relationship of agency, joint venture, partnership or employment, and the Company shall not be bound in any manner whatsoever by any agreements, warranties or representations made by Franchisee to any other person nor with respect to any other action of Franchisee.

C. The Company shall have no liability for any sales, use, excise, income, employment, property or other taxes levied upon the Franchised Business or its assets or in connection with the sales made or business conducted by the Franchised Business. All Royalty Fees and other charges referred to in this Agreement are quoted exclusive of any value added, sales, income, or other tax chargeable thereon, and Franchisee shall pay any such tax, even if the taxing authority imposes the tax on the Company based on the Franchisee's presence or operations in a particular jurisdiction. The Company shall not be obligated or liable for any injury or death of any person or damage to any property caused by Franchisee's action, failure to act, negligence or willful conduct, nor for any liability of Franchisee.

D. Franchisee shall defend, indemnify and save the Company and its affiliates and their shareholders, members, managers, directors, officers, employees and agents harmless from all fines, taxes, suits, proceedings, claims, demands or actions of any nature or kind whatsoever, directly or indirectly arising out of, or in any manner whatsoever associated or connected with Franchisee's operation of the Franchised Business and against any and all damages, costs, expenses and fees (including without limitation, attorneys', accountants', and experts' fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) incurred by or on behalf of any of the foregoing in the investigation or defense of any and all such fines, taxes, suits, proceedings, claims, demands or actions. The Company shall have the option to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

**11. General Provisions.**

A. This Agreement shall be binding upon the parties and their respective executors, administrators, heirs, assigns and successors in interest. All notices, requests, demands, and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when tendered for delivery if delivered by hand, or one day after the date of deposit if deposited with a commercial delivery service which guarantees next day delivery, or two days after deposit if mailed certified mail, return receipt requested, postage prepaid, addressed to the appropriate party at their respective addresses above or at such other place as the party entitled to notice may designate by notice given in the same manner to the other. Time is of the essence of this Agreement and all provisions shall be so interpreted. If any applicable law or rule requires a greater prior notice of the termination of or election not to renew this Agreement, or the taking of some other action than is required under this Agreement, the prior notice or other requirements required by this law or rule shall be substituted for the requirements of this Agreement. The obligations and authorizations hereunder shall be joint and several. The invalidity of any provision of this Agreement shall not impair the validity of any other provision. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable, that provision will be deemed severable and this Agreement may be enforced with that provision severed or as modified by the court. In the case of any questions of ambiguity relating to any provisions contained herein, there shall not be any construction against the drafter of the document. The preamble and recitals set forth above are hereby incorporated into and made a contractual part of the covenants of this Agreement. The exhibits referred to in this Agreement are attached hereto, made a part hereof, and are incorporated herein by reference.

B. The headings and captions in this Agreement are inserted for convenience only and shall not constitute a part hereof or affect the construction or interpretation of any provision of this Agreement. Whenever required by context, the masculine pronouns shall include the feminine and neuter genders and the singular shall include the plural and vice versa. No waiver of or failure to enforce any of the provisions, terms, conditions, or obligations herein by any party shall be construed as a waiver of any subsequent breach of such provision, term, condition, or obligation of this Agreement or of any other provision, term, condition, or obligation hereunder, whether the same or different nature. Subsequent acceptance by the Company of the payments due it hereunder shall not be deemed to be a waiver by the Company of a preceding breach by Franchisee. If there develops a custom or practice which is at variance with the terms of this Agreement, the Company will not be deemed to have waived its right to demand exact compliance with any of the terms of this Agreement at a later time. Franchisee acknowledges that the Company has, and will in the future enter into license or franchise agreements with third parties pursuant to which such third parties are licensed to use the Marks and otherwise receive the benefits of the System (the "Other Agreements"). Franchisee acknowledges that the provisions of the Other Agreements have or may vary substantially from those contained in this Agreement. No action taken by Company with respect to any one or more of the Other Agreements or any party thereto shall create a course of conduct which may be relied upon or asserted by Franchisee under this Agreement as a modification to this Agreement or otherwise. Company shall not bear any liability whatsoever to Franchisee under this Agreement by reason of Company's failure to waive any of the provisions of this Agreement, or to give a consent or approval hereunder even though Company may have waived such provisions or similar provisions or given similar consents or approvals under any one or more of the Other Agreements. The rights of the Company and Franchisee hereunder are cumulative and no exercise or enforcement by the Company or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by the Company or

Franchisee of any other right or remedy hereunder or which the Company or Franchisee are entitled by law to enforce. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement. The parties agree to do or cause to be done all acts or things necessary to implement and carry into effect this Agreement to its full extent.

C. If by virtue of the community property laws of any state, Franchisee's spouse is deemed to have any property interest in this Agreement, Franchisee's ownership interest, or the Franchised Business, the Company will have the right to require Franchisee's spouse to consent and join in all of the terms and conditions of this Agreement, any related agreements and any amendments thereto.

D. This Agreement contains the sole and only agreement between the parties as to the matters, privileges, rights, titles, interests, duties, obligations, and performances herein set forth, except for those contained in the Franchise Disclosure Document provided to Franchisee; all prior negotiations, verbal or written, being integrated herein and hereby, and same shall only be changed, altered, modified, amended, supplemented or novated by a writing signed by all the parties hereto. This Agreement may be executed in more than one counterpart, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**12. Acknowledgments.** The Franchisee acknowledges that it received a copy of this Agreement with all material blanks fully completed at least seven days prior to the date the Franchisee executed this Agreement. The Franchisee further acknowledges that it received a copy of the Franchisor's Franchise Disclosure Document at least 14 days prior to the date on which this Agreement was executed. Franchisee acknowledges that Franchisee has read and understands the franchise disclosure document and this Agreement. Franchisee acknowledges that Franchisee has had the time and opportunity to obtain the advice and assistance of independent attorneys, accountants and other professional advisors and that all of Franchisee's questions regarding the Franchised Business have been answered to Franchisee's satisfaction prior to Franchisee's signing of this Agreement. Franchisee acknowledges that Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Company's high standards of quality and service and the uniformity of those standards at all Renue Franchised Businesses in order to protect and preserve the goodwill of the Marks. Franchisee acknowledges that Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognized that, like any other business, the nature of the business conducted by Renue franchises may evolve and change over time, that an investment in a Renue franchise involves business risks and that the success of the venture is largely dependent upon Franchisee's business abilities and efforts. Franchisee acknowledges that neither Company nor any of its agents has made any oral, written or visual representations or projections of actual or potential sales, earnings, income, gross or net profits or success of the business venture contemplated by this Agreement. Franchisee acknowledges that Franchisee has not received or relied on any representations about the franchise by Company, or its officers, directors, managers, members, employees or agents, that are contrary to the statements made in Company's franchise disclosure document or to the terms herein. Franchisee acknowledges that in all of Franchisee's dealings with Company, the officers, directors, managers, members, employees and agents of Company act only in a representative capacity, not in an individual capacity. Franchisee further acknowledges that this Agreement and all business dealings between Franchisee and such persons as a result of this Agreement are solely between Franchisee and Company. Franchisee acknowledges that Company reserves the right, without accountability to Franchisee, to receive and retain commissions, rebates, allowances and other similar amounts

received by Company from any supplier who has been approved by Company from time to time in connection with the supply of goods, fixtures, furnishings, equipment, signs, supplies, and other products or services for the Franchised Business. Franchisee acknowledges that the covenants not to compete set forth in this Agreement are fair, reasonable and will not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors. Franchisee affirms that all information set forth in any and all applications, financial statements and submissions to Company is true, complete and accurate in all respects, with Franchisee expressly acknowledging that Company is relying upon the truthfulness, completeness and accuracy of such information. Each party to this Agreement states that he has no legal claims against the Company or any of its affiliates and releases the Company and its affiliates and their respective officers, directors, managers, members, agents and employees from any damage, expense, claim or actions of the past.

### **13. State Modifications.**

If the laws of any state below are applicable to this Agreement, then the designated provisions of this Agreement will be amended and revised as follows:

A. California. If this Agreement is governed by the laws of the State of California, then: (1) the covenant not to compete upon termination or expiration of this Agreement contained in this Agreement may be unenforceable, except in certain circumstances provided by law; and (2) provisions of this Agreement giving the Company the right to terminate in the event of the Franchisee's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, et seq.).

B. Illinois. If this Agreement is governed by the laws of the State of Illinois, then: (1) the Illinois Franchise Disclosure Act of 1987 [815 ILCS 705/1-44] ("Illinois Act") will be applicable to this Agreement; (2) Section 19 of the Illinois Act will be applicable to the termination of this Agreement by the Company; (3) any provision of this Agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided that this Agreement may provide for arbitration in a forum outside of Illinois; (4) Section 27 of the Illinois Act will be applicable to any action maintained by the Franchisee to enforce any liability created by the Illinois Act; (5) any representations made by the Company in the Franchise Disclosure Document provided to the Franchisee will remain valid and enforceable by the Franchisee after the execution of this Agreement; (6) any condition, stipulation or provision of this Agreement requiring the Franchisee to waive compliance with any provision of the Illinois Act is void; and (7) the acknowledgments made by the Franchisee in this Agreement will not be construed to act as a release, estoppel or waiver of the Franchisee's rights under the Illinois Act.

C. Maryland. In accordance with the laws of the State of Maryland: (1) the provisions of this Agreement requiring jurisdiction and venue of lawsuits in the State of Illinois will be deleted from this Agreement, and the Franchisee will have the right to commence litigation, lawsuits and other court proceedings alleging claims arising under the Maryland Franchise Registration and Disclosure Law ("Maryland Law") or to enforce arbitration decisions in the State of Maryland; (2) the acknowledgments made by the Franchisee in this Agreement will not be construed to act as a release, estoppel or waiver of the Franchisee's rights under the Maryland Law and the release agreement required to be signed upon renewal, sale, or assignment/transfer shall not apply to any liability under the Maryland Law; and (3) any limitation on the period of time during which claims must be brought will not act to reduce the

three-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Law.

D. Minnesota. If this Agreement is governed by the laws of the State of Minnesota, then: (1) except in certain circumstances specified by Minnesota law, the Company must give the Franchisee at least 180 days' prior written notice of nonrenewal of the Franchise; (2) except in certain circumstances provided by Minnesota law, if the Company gives the Franchisee written notice that the Franchisee has breached this Agreement, such written notice will be given to the Franchisee at least 90 days prior to the date this Agreement is terminated by the Company, and the Franchisee will have 60 days after such written notice within which to correct the breach specified in the written notice; (3) notwithstanding any provisions of this Agreement to the contrary, a court of competent jurisdiction will determine whether the Company will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by the Company against the Franchisee or the Owners; and (4) notwithstanding any provisions of this Agreement to the contrary, the Franchisee will have up to three Years after the cause of action accrues to bring an action against the Company pursuant to Minn. Stat. §80C.17.

E. New York. If this Agreement is governed by the laws of the State of New York, then: (1) all rights enjoyed by the Franchisee and any cause of action arising in its favor from the laws of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this provision that the nonwaiver requirements of General Business Law §687.4 and §687.5 be satisfied; and (2) modifications to the Operations Manual by the Company will not unreasonably increase the Franchisee's obligations or place an excessive economic burden on the Franchisee's operations.

F. North Dakota. If this Agreement is governed by the laws of the State of North Dakota, then: (1) the covenant not to compete upon termination or expiration of this Agreement may be unenforceable, except in certain circumstances provided by law; (2) arbitration hearings will be conducted in Fargo, North Dakota or at a mutually agreed upon location; (3) the consent by the Franchisee to jurisdiction and venue in the State of Illinois contained in this Agreement will be inapplicable to the Franchisee; and (4) any provisions of this Agreement which limit the statute of limitations period for claims under the North Dakota Franchise Investment Law ("North Dakota Law") or the parties' rights or remedies under the North Dakota Law, such as the right to recover exemplary or punitive damages or to a jury trial, will not be enforceable.

G. Rhode Island. If this Agreement is governed by the laws of the State of Rhode Island, then any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

H. South Dakota. If this Agreement is governed by the laws of the State of South Dakota, then: (1) if the Franchisee breaches the provisions of this Agreement, including the failure to meet performance or quality standards or to pay any fees or other payments payable to the Company pursuant to this Agreement, the Company will provide the Franchisee with at least 30 days' written notice and an opportunity to cure prior to the termination of this Agreement by the Company; (2) the covenant not to compete upon termination or expiration of this Agreement may be unenforceable, except in certain circumstances provided by law; (3) any provision of this Agreement which designates jurisdiction or venue outside of the State of South Dakota or requires the Franchisee to agree to jurisdiction or venue in a forum outside of the State of South Dakota is void with respect to any cause of action which is otherwise enforceable

in the State of South Dakota; (4) pursuant to SDCL §37-5A-86, any acknowledgment provision, disclaimer, integration clause or provision having a similar effect in this Agreement will not negate or act to remove from judicial review any statement, misrepresentation or action that violates Chapter 37-5A or a rule or order under Chapter 37-5A; (5) arbitration hearings will be conducted in Sioux Falls, South Dakota, or at a mutually agreed upon location; and (6) provisions of this Agreement which require that actions be commenced within one Year and that limit the parties' rights to recover punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

I. Washington. If this Agreement is governed by the laws of the State of Washington, then: (1) in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW ("Washington Act"), will prevail; (2) the arbitration site will be either in Washington, a place mutually agreed upon at the time of the arbitration, or as determined by the Arbitrators; (3) a release or waiver of rights executed by the Franchisee will not include rights under the Washington Act, except when executed pursuant to a negotiated settlement after this Agreement is in effect and where the parties are represented by independent counsel; (4) any provision of this Agreement which unreasonably restricts or limits the statute of limitations period for claims under the Washington Act, rights or remedies under the Washington Act, such as a right to a jury trial, may not be enforceable; and (5) the Assignment Fee is collectable by the Company to the extent that it reflects the Company's reasonable estimated or actual costs in effecting the Assignment.

J. Wisconsin. If this Agreement is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed on the date first above written.

**RENUE SYSTEMS  
DEVELOPMENT CORP., INC.**

**FRANCHISEE**

**FRANCHISEE**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT A**

TO THE RENUE FRANCHISE AGREEMENT  
DATED: \_\_\_\_\_  
BETWEEN THE UNDERSIGNED PARTIES

**PROTECTED AREA**

1. **Protected Area:** The Protected Area is the geographical area described as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

The centers of the respective streets (freeways, expressways, turnpikes, political boundaries) and other dividers shall be considered the boundaries. If political boundaries are used to describe the area, the political limits are those represented on the map provided by the Franchisee for this Franchise Agreement. Changes of political limits will have no effect on the boundaries as set forth in this description or on the referenced map.

**RENUE SYSTEMS  
DEVELOPMENT CORP., INC.**

**FRANCHISEE**

**FRANCHISEE**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT B**

TO THE RENUE FRANCHISE AGREEMENT  
DATED: \_\_\_\_\_  
BETWEEN THE UNDERSIGNED PARTIES

**EQUIPMENT PACKAGE AND SUPPLIES**

As provided in the franchise agreement, the following is the list of equipment and supplies which Company is providing to Franchisee.

1. One 500 psi extractor with hoses and floor wands.
2. One 500 psi extractor with heat with hoses and floor wands.
3. Castex Upholstery Tool.
4. HyDry Drapery Tool.
5. Two Air Movers/Blowers.
6. One Water Claw.
7. One Econo Stair Tool.
8. One Spotting Machine.
9. One Hydro-Sensor.
10. One Hand Vacuum.
11. One Double-Wheel Rolatape.
12. One Inspection Light.
13. One Iron.
14. One Fiberscope.
15. One Hand Gun Sprayer.
16. One PTAC Drip Pan.
17. One Respirator.



18. One Set of Respirator Cartridges.
19. Two 2 Gallon Tank Sprayers.
20. One 2 Quart Hand Held Viton Sprayer.
21. One Spray Master Sprayer.
22. Plastic Tabs & Styrofoam Blocks.
23. Plastic Styrene Jars & Lids.
24. Two Wet Floor Signs.
25. One Box of Latex Gloves.
26. Pairs of Booties.
27. Two 5 Gallon Pails.
28. One Box of Dust Masks.
29. One Measuring Cup.
30. Two Gum Getters.
31. One Pair of Goggles.
32. One Extra Sprayer Nozzle.
33. One Faucet to Hose Adapter & Hose.
34. One Vacuum Connector.
35. One Injectimate
36. One Immersion Heater
37. Two Tie-Downs for Machine.
38. Operation Manual.
39. Technical Procedure Manual.
40. MSDS Booklet.
41. 500 Business Cards for Owner.
42. 500 Work Order Forms.

43. 100 Door Key Cards.
44. 50 Brochures & 50 Folders & 50 Postcards.
45. Data Software (QuickBooks).
46. 4 Shirts per Owner (2 Polo Shirts & 2 Work Shirts).
47. Repair Kit (Tools)
  - a.) one pair carpet scissors (stainless)
  - b.) two carpet knives
  - c.) one box of knife blades (#.017)
  - d.) one bottle 3 in 1 oil
  - e.) one adhesive remover
  - f.) one hand vac.
  - g.) one box of band-aids
  - h.) one carpet roller
  - i.) one scraper
  - j.) one wire brush
  - k.) one stripper brush
  - l.) one carrying case
  - m.) one patented tool
  - n.) one roll carpet tape (seam)
  - o.) one bottle carpet seam sealer
  - p.) one flathead screwdriver
  - q.) one Phillips head screwdriver
48. Cleaning Kit (Spotting)
  - a.) one stain guide
  - b.) one pair small scissors
  - c.) one pack paper towels
  - d.) one deluxe brush
  - e.) one 8 oz. Desolv (coffee remover) - **Coffee Out\***
  - f.) one 8 oz. Nokimded (liquid deodorizer) - **Rescue\***
  - g.) one 8 oz. Trophy (solvent spotter)
  - h.) one 8 oz. Gentle (mild detergent)
  - i.) one 8 oz. Invade (paint & grease remover) - **T.O.P. Gum\***
  - j.) one 8 oz. Relief (enzyme pre-spray & grease cutter) - **Greasolv\***
  - k.) one 8 oz. Sure-Pass (heavy duty traffic spotter)
  - l.) one 8 oz. Rustle (Rust Remover) - **Rust Away\***
  - m.) one 8 oz. Restore (acid spotter & debrowning agent) - **Reverse\***
  - n.) one 8 oz. Press-It (dye stain remover) - **D.Q.\***
  - o.) one 8 oz. Exclude (gum remover)
  - p.) one 8 oz. Laser (ink remover) - **Ink Away\***
  - q.) one sponge
  - r.) one pH paper testing kit
  - s.) one Pro-case

**\*Bold Items are Renue products**
49. Deluxe Spot Dye Kit
  - a.) one color restoration guidebook

- b.) one brush
  - c.) three mixing containers
  - d.) three eye droppers
  - e.) one set rubber gloves
  - f.) one 8 oz. PH adjuster
  - g.) one 2 oz. F113er Id solution
  - h.) one 8 oz. Bleach neutralizer
  - i.) dye kit includes 24 pigments
  - j.) one dye prep
  - k.) one deluxe carrying case
50. Two Cases of Hotel Hygiene<sup>®</sup> K.O. (Knock Down) - Stop foam build-up inside the machine tanks or on carpets. Can be put into recovery tank of machine and sprayed on carpets.
  51. Two Cases of Hotel Hygiene<sup>®</sup> Rinse - Rinses the carpet clean of all previous chemical residue. Does not reverse browning effect from too high a pH level.
  52. Three - 40# Hotel Hygiene Greasolv - A high pH powder chemical used to pre-spot carpets in Hotels, Motels and all other commercial buildings.
  53. One Case of Micro-Ban<sup>®</sup> - An aggressive bacteria neutralizer used to disinfect infectious germs, human waste, bed mites and other bugs that are in or on carpets & bedspreads. Not to be used to mask the smell of cigarette or cigar smoke.
  54. Two Cases of Hotel Hygiene<sup>®</sup> Apple, Cherry or Lemon Appeal - A water-soluble deodorizer with a fresh scent. Not a disinfectant.
  55. Two Cases of Hotel Hygiene<sup>®</sup> Clear Guard - A carpet fiber sealant, creates a barrier or shield on each fiber of the carpet equivalent to 3M Scotch Guard.
  56. One Case of Hotel Hygiene<sup>®</sup> T.O.P. Gum - Paint, oil, ink, lipstick and grease remover. Also works on breaking down gum & tar clumps on carpet.
  57. One Case of Proliminator Sunshine - Smoking room deodorizer.
  58. One Case of Hotel Hygiene<sup>®</sup> Spotter – Dye stain remover.
  59. Two Gallons of Hotel Hygiene<sup>®</sup> Reverse - Browning Treatment reverses the effects of yellowing on carpet from too high of a pH level.
  60. Two Gallons of Neutral Appeal - A pre-spray or spotter.
  61. Two Gallons of Pet Appeal - A Urine pre-spray to help neutralize odors.
  62. Two Gallons of Pet Appeal Deodorizer - Enzyme used to clean up urine.
  63. One Gallon of Carefree - Low Moisture cleaning system.
  64. One Gallon of Spin Appeal – Bonnet Cleaning Spray.

- 65. One Gallon of Ammonia.
- 66. One Container of Bleach Neutralizer.
- 67. One Container of Blue N-R-G – Powdered Prespray (Greasolve Extreme).
- 68. One Container of Nitro Boost – Booster to Add to Prespray.
- 69. One Container of CR2.
- 70. One Stain Magic Kit.
- 71. One Stain Magic for Wool Kit.
- 72. One Bottle of Red One.
- 73. One Bottle of Dye Remover.
- 74. One Dye Pen Remover.
- 75. 4 Dye Dropper.
- 76. 2 Dye Syringes.
- 77. One 5-gal pail of OMS - Odorless Mineral Spirits.
- 78. Three Quarts of Hotel Hygiene<sup>®</sup> Coffee-Out - Coffee stain remover, a sort of tannin product.
- 79. Six Pints of Hotel Hygiene<sup>®</sup> Ink Away - Removes Ink.
- 80. Six Pints of Hotel Hygiene<sup>®</sup> Rust Away - Removes Rust Stains.
- 81. Natures Appeal
  - a.) Three Cases of ½ Lb. Containers (24 Tubs Per Case).
  - b.) Two Cases of 1 lb. Containers (12 Tubs Per Case).
  - c.) One Case of 4 lb. Containers (4 Tubs Per Case).

**RENUE SYSTEMS  
DEVELOPMENT CORP., INC.**

**FRANCHISEE**

**FRANCHISEE**

**By: \_\_\_\_\_**  
**Print Name: \_\_\_\_\_**  
**Title: \_\_\_\_\_**

**By: \_\_\_\_\_**  
**Print Name: \_\_\_\_\_**  
**Title: \_\_\_\_\_**

**By: \_\_\_\_\_**  
**Print Name: \_\_\_\_\_**  
**Title: \_\_\_\_\_**

## Personal Guaranty

**THIS PERSONAL GUARANTY** (this "Personal Guaranty") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between RENUÉ SYSTEMS DEVELOPMENT CORP., INC. (the "Company"), and the undersigned personal guarantors (the "Personal Guarantors").

The Company and \_\_\_\_\_, a \_\_\_\_\_ (the "Franchisee") have entered into a Franchise Agreement, dated the same date as set forth above, for the operation of a franchised Renue® business (the "Franchise Agreement").

It is the desire of the undersigned Personal Guarantors to personally guaranty the obligations of the Franchisee under the Franchise Agreement and to be individually, jointly and severally bound by the terms and conditions of the Franchise Agreement.

In consideration of the execution of the Franchise Agreement by the Company, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Franchise Agreement, including the covenants not to compete.

1. **Obligations under Agreement.** The undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including the covenants not to compete, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Franchise Agreement.
2. **Default of Franchisee.** If any default should at any time be made therein by the Franchisee, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to the Company any amounts due and payable to the Company under the Franchise Agreement.
3. **Non-Compliance by Franchisee.** If the Franchisee fails to comply with any other terms and conditions of the Franchise Agreement, then the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Franchise Agreement for and on behalf of the Franchisee.
4. **Obligations to the Company.** If the Franchisee is at any time in default on any obligation to pay monies to the Company or any affiliate of the Company, whether for amounts due under the Franchise Agreement, other fees, merchandise, products, supplies, or other products purchased by the Franchisee from the Company or an affiliate of the Company or for any other indebtedness of the Franchisee to the Company any affiliate of the Company, then the Personal Guarantors, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay all such monies due and payable from the Franchisee to the Company and any affiliate of the Company upon default by the Franchisee.
5. **Binding Agreement.** The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of the Company.

6. **Jurisdiction and Venue.** Except as precluded by applicable law, all litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with the Franchise Agreement.

[the balance of this page is blank; signature page follows]

The Personal Guarantors are signing this Personal Guaranty as of the date first stated above.

\_\_\_\_\_  
Individually

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Individually

\_\_\_\_\_  
Print Name

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City State Zip Code

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Individually

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Print Name

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Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Telephone

**RECEIPT OF FRANCHISE-RELATED DOCUMENTS**

**Renue® FRANCHISE SYSTEM**

The undersigned does hereby acknowledge receipt of the following documents, in form for execution, relating to a Renue® franchise of Renue Systems Development Corp., Inc.

THE PROPOSED FRANCHISEE MUST INITIAL ON THE LINE  
NEXT TO THE FOLLOWING APPLICABLE DOCUMENT(S):

\_\_\_\_\_  Franchise Agreement.  
\_\_\_\_\_  Other, Specify \_\_\_\_\_.

I further acknowledge that it is my responsibility to review all such documents personally or to have my attorney review such documents so that I am fully familiar with the transaction contemplated by these documents prior to the execution of any document.

A FEDERAL TRADE COMMISSION RULE REQUIRES THAT WE PROVIDE FRANCHISEE WITH THE FRANCHISE-RELATED DOCUMENTS NOTED ABOVE AT LEAST SEVEN CALENDAR DAYS PRIOR TO THE DATE THEY ARE TO BE EXECUTED. PLEASE DO NOT SIGN OR RETURN THESE DOCUMENTS UNTIL SEVEN CALENDAR DAYS HAVE ELAPSED FROM THE DATE OF THIS RECEIPT.

Signed \_\_\_\_\_  
Print Name \_\_\_\_\_  
Date Received \_\_\_\_\_

Signed \_\_\_\_\_  
Print Name \_\_\_\_\_  
Date Received \_\_\_\_\_



**ADDENDUM TO  
RENUÉ SYSETMS DEVELOPMENT CORP., INC  
FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT is made, entered into, and effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between Renue Systems Development Corp., Inc. ("Company") and \_\_\_\_\_ (the "Franchisee") to amend and revise certain provisions of the Franchise Agreement between Company and the Franchisee, dated the same date as this Addendum (the "Franchise Agreement"), as follows:

Articles 1.1 and 1.2 of the Franchise Agreement are hereby amended in their entirety to read as follows:

**1.1 Initial Franchise Fee.** Check either A or B below:

\_\_\_\_\_ **A. Mid-Impact Market Area.** Franchisee shall pay to Company a non-refundable Initial Franchise Fee of \$37,500 on the date that the Franchisee commences operating the Franchised Business.

\_\_\_\_\_ **B. High-Impact Market Area.** Franchisee shall pay to Company a non-refundable Initial Franchise Fee of \$57,500 on the date that the Franchisee commences operating the Franchised Business.

If this Agreement is terminated in accordance with its provisions prior to the commencement of business at the Franchised Business, the Franchisee will reimburse Company for the costs and expenses incurred by Company prior to the termination of this Agreement within 10 days after receipt of an invoice from Company indicating the amount owed.

**1.2. Equipment Package and Supplies Fee.** Franchisee shall pay to Renue Systems, Inc. a non-refundable Equipment Package and Supplies Fee of \$17,500 on the date that the Franchisee receives the Equipment and Supplies. This fee is in addition to any other amounts owed under this Agreement.

To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain the same.

[signature page follows]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

“Company”

“Franchisee”

**RENUE SYSTEMS  
DEVELOPMENT CORP., INC.**

\_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_

MMB: 4837-5893-9400, v. 1

**RENUUE SYSTEMS DEVELOPMENT CORP., INC.**

**FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT F:**

**SAMPLE FORM OF GENERAL RELEASE**

## EXHIBIT F

### RENUE SYSTEMS DEVELOPMENT CORP., INC. FRANCHISE DISCLOSURE DOCUMENT

#### SAMPLE RELEASE

Unless precluded by applicable state law, if you sell, assign or transfer your Franchise Agreement to a third party, or you renew your franchise, you will sign an agreement containing joint and mutual release language substantially similar to the following:

This Joint and Mutual Release is made, entered into and effective this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between RENUE SYSTEMS DEVELOPMENT CORP., INC. (the "Franchisor") and \_\_\_\_\_ (the "Franchisee").

The Franchisee entered into a Franchise Agreement, dated \_\_\_\_\_, 20\_\_ with the Franchisor (the "Agreement") authorizing the Franchisee to open and operate a franchised Renue® business in the protected area described in the Agreement.

The Franchisee desires to transfer, sell and assign the Agreement to a third party (the "Assignee").

The Franchisor has agreed to consent to the transfer, sale and assignment of the Agreement by the Franchisee to the Assignee, a condition of which is the execution of the following joint and mutual release by the Franchisor and the Franchisee:

1. Release of Franchisor by Franchisee. For and in consideration of the execution of this Joint and Mutual Release, the Franchisee and its affiliates hereby release and forever discharge the Franchisor and its affiliates from any and all claims which the Franchisee and its affiliates have had or now have against the Franchisor and its affiliates or any of them, for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through and including the date of this Joint and Mutual Release including, but not limited to, any alleged violations of the Federal Trade Commission's Trade Regulation Rule relating to Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, "mini" FTC laws, deceptive or unfair trade practices laws, franchise laws or securities laws, and all other local, municipal, state, federal or other laws, statutes, rules or regulations, and any alleged breaches or violations of the Agreement and/or any other agreements between the Franchisee and its affiliates and any of them, and the Franchisor and its affiliates and any of them; provided, however, that this provision will not apply to any claims specifically excluded by terms of this Joint and Mutual Release.

2. Release of Franchisee by Franchisor. For and in consideration of the execution of this Joint and Mutual Release, the Franchisor and its affiliates hereby release and forever discharge the Franchisee and its affiliates from any and all claims which the Franchisor and its affiliates have had or now have against the Franchisee and its affiliates for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through, up to and including the date of this Joint and Mutual Release including, but not limited to, any local, municipal, state, federal or other laws, statutes, rules or regulations, and any alleged violations of the Agreement, and/or any other agreements between the Franchisee and its affiliates and any of them, and the

Franchisor and its affiliates and any of them; provided, however, that this provision will not apply to any claims specifically excluded by terms of this Joint and Mutual Release.

3. Maryland. If Maryland law is applicable to the transaction between the Franchisee and the Assignee, this Joint and Mutual Release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

“Franchisee”

\_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

“Franchisor”

RENUE SYSTEMS DEVELOPMENT  
CORP., INC.

By \_\_\_\_\_

Its \_\_\_\_\_

The above language may be modified or supplemented to address issues specific to the transfer of your Franchise Agreement to a third party, the renewal of your franchise, or to comply with applicable law (see Item 17 of the Franchise Disclosure Document).

MMB: 4826-0177-0248, v. 1

**RENUÉ SYSTEMS DEVELOPMENT CORP., INC.**

**FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT G:**

**FRANCHISE QUESTIONNAIRE**

## **FRANCHISEE QUESTIONNAIRE**

As you know, Renue Systems Development Corp., Inc. (the “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of a franchised Renue® business (the “Franchise”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

<b>QUESTION</b>	<b>YES</b>	<b>NO</b>
1. Have you received and personally reviewed the Franchisor’s Franchise Disclosure Document (the “Disclosure Document”) provided to you?		
2. Did you sign a receipt for the Disclosure Document indicating the date you received it?		
3. Do you understand all of the information contained in the Disclosure Document?		
4. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
5. Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: _____		
6. Do you understand the terms of and your obligations under the Franchise Agreement?		
7. Have you discussed the benefits and risks of operating the Franchise with an attorney, accountant or other professional advisor?		
8. Do you understand the risks associated with operating the Franchise?		
9. Do you understand that the success or failure of the Franchise will depend in large part upon your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		
10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchise will generate that is contrary to, or different from, the information contained in the Disclosure Document?		

QUESTION	YES	NO
12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs involved in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
13. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
14. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		

If you answered "Yes" to any of questions ten (10) through fourteen (14), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

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You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. No representations contained herein are intended to or will act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

\_\_\_\_\_  
FRANCHISE APPLICANT

\_\_\_\_\_  
FRANCHISE APPLICANT

Dated: \_\_\_\_\_, 20\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_\_\_

MMB: 4844-8075-2904, V. 1



**RENUE SYSTEMS DEVELOPMENT CORP., INC.**

**FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT H:**

**RECEIPTS**

**RECEIPT**  
**RENUE SYSTEMS DEVELOPMENT CORP., INC.**

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 Renue Systems Development Corp., 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, Renue Systems Development Corp., Inc. or an affiliate in connection with the proposed franchise sale.

Under Washington law, Renue Systems Development Corp., Inc. must provide this Disclosure Document to you at the earlier of the first personal meeting or ten business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

If Renue Systems Development Corp., 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 in the State Agency Exhibit.

The Issuance Date of the Franchise Disclosure Document is March 8, 2011 (with the state effective dates as noted on page 3 of this Franchise Disclosure Document)

The franchise seller(s) for this offering is/are: \_\_\_\_\_  
\_\_\_\_\_.

Renue Systems Development Corp., Inc. authorizes the respective state agencies identified in the State Agency Exhibit to receive service of process for it in the particular state.

I received this Disclosure Document, dated March 8, 2011, that included the following exhibits: Exhibit A-State Administrators; Exhibit B-Agents for Service of Process; Exhibit C-Franchisee Information; Exhibit D-Financial Statements; Exhibit E-Franchise Agreement; Exhibit F-Sample Form of General Release; Exhibit G-Questionnaire; and Exhibit H-Receipts.

Signed: _____	Signed: _____
Print Name: _____	Print Name: _____
Address: _____	Address: _____
City/State/Zip: _____	City/State/Zip: _____
Telephone: _____	Telephone: _____
Dated: _____	Dated: _____

Copy To:  
Renue Systems Development Corp., Inc.  
1732 Armitage Court  
Addison, IL 60101

**RECEIPT**  
**RENUÉ SYSTEMS DEVELOPMENT CORP., INC.**

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 Renue Systems Development Corp., 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, Renue Systems Development Corp., Inc. or an affiliate in connection with the proposed franchise sale.

Under Washington law, Renue Systems Development Corp., Inc. must provide this Disclosure Document to you at the earlier of the first personal meeting or ten business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

If Renue Systems Development Corp., 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 in the State Agency Exhibit.

The Issuance Date of the Franchise Disclosure Document is March 9, 2011 (with the state effective dates as noted on page 3 of this Franchise Disclosure Document)

The franchise seller(s) for this offering is/are: \_\_\_\_\_  
\_\_\_\_\_.

Renue Systems Development Corp., Inc. authorizes the respective state agencies identified in the State Agency Exhibit to receive service of process for it in the particular state.

I received this Disclosure Document, dated March 8, 2011, that included the following exhibits: Exhibit A-State Administrators; Exhibit B-Agents for Service of Process; Exhibit C-Franchisee Information; Exhibit D-Financial Statements; Exhibit E-Franchise Agreement; Exhibit F-Sample Form of General Release; Exhibit G-Questionnaire; and Exhibit H-Receipts.

Signed: _____	Signed: _____
Print Name: _____	Print Name: _____
Address: _____	Address: _____
City/State/Zip: _____	City/State/Zip: _____
Telephone: _____	Telephone: _____
Dated: _____	Dated: _____

Copy To:  
Franchisee

**RECEIPT**  
**RENUE SYSTEMS DEVELOPMENT CORP., INC.**

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 Renue Systems Development Corp., 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, Renue Systems Development Corp., Inc. or an affiliate in connection with the proposed franchise sale.

Under Washington law, Renue Systems Development Corp., Inc. must provide this Disclosure Document to you at the earlier of the first personal meeting or ten business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

If Renue Systems Development Corp., 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 in the State Agency Exhibit.

The Issuance Date of the Franchise Disclosure Document is March 8, 2011 (with the state effective dates as noted on page 3 of this Franchise Disclosure Document)

The franchise seller(s) for this offering is/are: \_\_\_\_\_  
\_\_\_\_\_.

Renue Systems Development Corp., Inc. authorizes the respective state agencies identified in the State Agency Exhibit to receive service of process for it in the particular state.

I received this Disclosure Document, dated March 8, 2011, that included the following exhibits: Exhibit A-State Administrators; Exhibit B-Agents for Service of Process; Exhibit C-Franchisee Information; Exhibit D-Financial Statements; Exhibit E-Franchise Agreement; Exhibit F-Sample Form of General Release; Exhibit G-Questionnaire; and Exhibit H-Receipts.

Signed: _____	Signed: _____
Print Name: _____	Print Name: _____
Address: _____	Address: _____
City/State/Zip: _____	City/State/Zip: _____
Telephone: _____	Telephone: _____
Dated: _____	Dated: _____

Copy To:  
Ryan R. Palmer, Esq.  
Monroe Moxness Berg PA  
8000 Norman Center Drive, Suite 1000  
Minneapolis, Minnesota 55437-1178

MMB: 4848-1616-6152, v. 2