

# FRANCHISE DISCLOSURE DOCUMENT



**U.S. LAWNS, INC.**  
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U.S. LAWNS franchisees will operate a business to provide landscape maintenance services to commercial and residential customers for landscaping, lawns, flowers, shrubs and trees.

The total investment necessary to begin operation of a U.S. LAWNS Standard Franchise is \$ 51,500 to \$79,300. This includes \$32,000 that must be paid to us or our affiliates. For honorably discharged veterans the total is \$46,500 to \$74,300 including \$27,000 that must be paid to us or our affiliates. The total investment necessary to begin operation of a U.S. LAWNS Conversion Franchise is \$32,800 to \$69,300. This includes \$22,000 that must be paid to us or our affiliates. The total investment necessary to begin operation of a U.S. LAWNS Small Conversion Franchise is \$37,800 to \$74,300. This includes \$27,000 that must be paid to us or our affiliates.

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

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 Pam Dolan at the above address and telephone number.

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, D.C.20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information on franchising.

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

Issuance Date: August 22, 2014

## 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 THIS FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN FLORIDA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN FLORIDA THAN IN YOUR HOME STATE. YOUR STATE LAW MAY SUPERSEDE THIS PROVISION AND IT MAY NOT BE ENFORCEABLE IN YOUR STATE. SEE SPECIAL STATE DISCLOSURES IN EXHIBIT E.
2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. YOUR STATE LAW MAY SUPERSEDE THIS PROVISION AND IT MAY NOT BE ENFORCEABLE IN YOUR STATE. SEE SPECIAL STATE DISCLOSURES IN EXHIBIT E.
3. YOUR SPOUSE MUST SIGN THE GUARANTEE OF THE FRANCHISE AGREEMENT, MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE AGREEMENT, WHICH ALSO PLACES THE SPOUSE'S PERSONAL ASSETS AT RISK.
4. OUR PARENT COMPANY AND ITS AFFILIATES RETAIN THE RIGHT WITHIN YOUR TERRITORY TO ESTABLISH BUSINESSES OFFERING COMPETING SERVICES AND PRODUCTS UNDER TRADEMARKS AND SERVICE MARKS DISTINCT FROM THE U.S. LAWNS MARKS.
5. FAILURE TO GENERATE MINIMUM LEVELS OF GROSS CONTRACT BILLINGS OF \$50,000 DURING THE FIRST YEAR, \$100,000 DURING THE SECOND YEAR AND \$200,000 DURING EVERY OTHER YEAR WILL BE CAUSE FOR TERMINATION OF THE FRANCHISE.

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.

Registration State Effective Dates: See following page.

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 registration and disclosure laws, with the following effective dates:

California	October 2, 2014
Hawaii	August 28, 2014
Illinois	August 28, 2014
Indiana	
Maryland	September 17, 2014
Michigan	February 22, 2014
Minnesota	September 2, 2014
Rhode Island	August 28, 2014
New York	September 8, 2014
North Dakota	August 28, 2014
South Dakota	August 29, 2014
Virginia	April 3, 2014, as amended September 18, 2014
Washington	August 28, 2014
Wisconsin	August 28, 2014

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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- A. FINANCIAL STATEMENTS
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**ITEM 1**  
**THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this Disclosure Document, "U.S. Lawns" or "we" mean U.S. Lawns, Inc., the franchisor. "You" means the franchisee or the person or business entity that buys the franchise. We conduct business under the name U.S. Lawns and maintain our principal place of business at 4700 Millenia Boulevard, Suite 240, Orlando, FL 32839. We do not have any predecessors. Our agents for service of process are identified in Exhibit **D**.

We were incorporated in the state of Florida on August 26, 1986 and have been offering franchises for landscape maintenance since 1986. We have not in the past and do not plan in the future to sell franchises in any other lines of business. We have not operated any other type of business.

Our parent is ValleyCrest Companies, Inc. In May 1996, Environmental Care, Inc., a subsidiary of Environmental Industries, Inc., acquired U.S. Lawns. In 1998 we became a subsidiary of Environmental Industries, Inc. In October 2002, Environmental Industries, Inc. changed its name to the ValleyCrest Companies. Valley Crest Companies is a subsidiary of Valley Crest Holding Co., which, in turn, became a subsidiary of the Brickman Group LTD on June 30, 2014. In October 2002, Environmental Care, Inc. changed its name to ValleyCrest Landscape Maintenance. ValleyCrest Landscape Maintenance and ValleyCrest Companies have their principal place of business at 24151 Ventura Boulevard, Calabasas, California 91302. We have no affiliates.

We franchise the right to operate a business (a "U.S. LAWNS Landscape Business") which provides, within a territory ("Territory"), certain landscape maintenance services identified in the Franchise Agreement (collectively, "Landscape Maintenance Services"). Such services include the following specific landscape maintenance and related services: (1) lawn mowing, edging, blowing, line trimming; (2) pruning, selective pruning, shearing, weeding, raking, and tree trimming of trees up to 15 feet in height; (3) fertilization; (4) lawn, shrub and tree insect and disease control, (5) pre-emergent and post-emergent weed control; (6) lawn and ornamental consultation; (7) irrigation installation, operation, inspection, consultation, repair, remedial installation and installation relating to landscape construction; (8) sales of authorized landscape products and the installation of living landscape materials such as plants, trees, flowers, timbers; (9) lawn seeding, overseeding, aerification, thatching and grading; (10) arborist services; and (11) snow management and other snow related services authorized by us. You will sign a Franchise Agreement in the form attached as Exhibit **B**.

In addition to our Standard Franchise, we offer a 2 types of conversion franchise opportunities to existing active, landscape businesses. A Conversion Franchise is offered to those with businesses with gross billings of more than \$250,000 per year; a Small Conversion Franchise is offered to those that produce at least \$75,000 but less than \$250,000 of gross billings per year.

The general market for and competition providing landscape maintenance services is widespread and includes national, regional and local, owner-operator firms as well as in-house operators. U.S. LAWNS franchises are regulated by federal, state and local laws regarding pesticide usage and storage, the Occupational Safety and Health Act, various state and local licensing requirements for contractors. You must operate your franchise in compliance with all of these laws as well as laws that apply to business in general.

Subsidiaries of the ValleyCrest Companies (VCC) have operated in the landscape construction and maintenance industry since 1949 and have never sold franchises. VCC is a full service landscape company providing horticultural services through its subsidiaries including ValleyCrest Landscape Development, Valley Crest Tree Company, ValleyCrest Landscape Maintenance, and ValleyCrest Golf Course Maintenance. Through these subsidiaries VCC offers landscape maintenance services, arborist services, irrigation and water management services, golf course maintenance and management, landscape engineering and construction, wholesale nursery and tree moving, and remedial landscape construction services. VCC operates in some of the same markets as U.S. LAWNS franchisees and offers competing services under a different name. The Brickman Group LTD also offers landscape maintenance services in some of the same markets as U.S. LAWNS franchisees and offers competing services under a different name.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Kenneth L. Hutcheson, President**

Ken Hutcheson joined our company in 1995 and has served as our President at our offices in Orlando, Florida since February 2005.

### **Michael Fitzpatrick – Vice President**

Michael Fitzpatrick has been with us since 1990 in Orlando, Florida. He was our Director of National Accounts from 2004 to 2010 and was promoted to Vice President in 2010.

### **Brandon Moxam, Director of Brand Development**

Brandon Moxam held the position of Director of Franchise Recruiting from 2010 to 2013 when he was promoted to Director of Brand Development. From 2007 to 2010 he was a U.S. Lawns Franchise Recruiter. He has been located in Orlando, Florida.

### **Richard A. Sperber, Director**

Richard Sperber has served as a Director since 2007. He has been Chairman of the Board of ValleyCrest Companies in Calabasas, California since October 2011. From July 2008 until October 2011 he was the President, Chief Operating Officer and Chief Executive Officer of ValleyCrest Companies, LLC in Calabasas, California.

### **Andrew Mandell, Vice President, Secretary, Treasurer and Director**

Andy Mandell has served as our Vice President, Secretary and Treasurer since 2001. In 2011 he became a Director of U.S. Lawns. He has also served as Chief Executive Officer and Chief Financial Officer of ValleyCrest Landscape Development, Inc. in Calabasas, California since October 2011. From 2001 to 2011 Andy was Chief Financial Officer with ValleyCrest Companies, LLC in Calabasas, California.

### **Anthony Garruto, Vice President, Assistant Secretary and Assistant Treasurer**

Tony Garruto has served as our Vice President, Assistant Secretary and Assistant Treasurer since 2001. He has also been Senior Vice President of ValleyCrest Companies since July 2006 in Calabasas, California.



### **Todd Chapman, Franchise Recruiting Manager**

Todd Chapman has been our Franchise Recruiting Manager in Orlando, Florida since January 2014. From June 2009 to November 2011 he was a Franchise Developer for Oxi Fresh Franchise Company, in Lakewood, CO before he was promoted to Director of Franchise Development in 2011 where he served until January 2014.

### **ITEM 3 LITIGATION**

U.S. Lawns, Inc. v. Rollins Landscape Enterprises, Inc. (American Arbitration Association Case No. 33 114 03311 06). On August 9, 2006, we filed an arbitration demand related to two Franchise Agreements between us and a former franchisee, Rollins Landscape Enterprises, Inc. (“Rollins”). We alleged that Rollins breached its two Franchise Agreements by failing to pay royalties and continuing to operate competing landscape businesses after the termination of the Franchise Agreements. The arbitration demand sought relief including: (1) ordering Rollins to comply with the non-compete provisions; (2) injunctive relief prohibiting Rollins from breaching the terms of the covenants not to compete contained in the two Franchise Agreements; (3) damages; and (4) our costs and attorneys’ fees incurred in prosecuting the arbitration.

On December 18, 2006, Rollins filed a counter-demand in the arbitration against us and our corporate parent, ValleyCrest Landscape Maintenance, Inc. (“ValleyCrest”) alleging breach of contract, breach of the implied covenant of good faith and fair dealing, promissory estoppel, and tortious interference with business relationships. All of Rollins’ claims were based on the allegation that we violated the Franchise Agreements by permitting ValleyCrest to compete with Rollins in the geographic areas covered by the Franchise Agreements.

On January 23, 2007, the parties participated in mediation and settled the dispute (“Settlement”). The Settlement terms included: (1) Rollins paying us \$65,000; (2) our agreement to allow Rollins to remain in the US LAWNS franchise system provided that it sign our then-current form of franchise agreement, and (3) the parties’ would execute a final agreement re-confirming all terms of the Settlement and modifying certain key provisions of the New Franchise Agreement (the “Final Agreement”). The Final Agreement was prepared, however, but was not fully executed by Rollins.

In an earlier related case, Rollins Landscape Enterprises, Inc. v. U.S. Lawns, Inc. (Circuit Court for the Seventeenth Judicial District for Broward County, Florida; Case Number CACE 06-1490, filed February 3, 2006), a Florida state court stayed the state court case on November 29, 2006, pending the arbitration described above. As noted above, claims asserted in the State Court action were resolved in the Settlement. In 2008, after Rollins failed to fully comply with all terms of the Settlement, we filed a motion to lift stay and enforce the terms of the Settlement resulting from the mediation. On April 8, 2008, the court granted our motion and enforced the terms of the Settlement. On January 30, 2009, Rollins filed for bankruptcy. We sought and received permission from the bankruptcy court to terminate Rollins’ franchise agreement.

Other than these actions, no litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

No bankruptcy information must be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

You pay us an initial franchise fee of \$32,000 when you sign the Franchise Agreement. The initial franchise fee is paid in a lump sum, but we may finance up to 70% of this fee. If you are an honorably discharged veteran your initial franchise fee is \$27,000, and we may finance 90% of this fee. You must pay an initial franchise fee of \$22,000 for a Conversion Franchise. We may finance up to 90% of this fee. You must pay an initial franchise fee of \$27,000 for a Small Conversion Franchise. We may finance up to 90% of this fee. The Initial is fully earned upon receipt and is not refundable. If you are an existing franchisee and you are approved as a purchaser of an additional franchise, you pay a \$15,000 lump sum franchise fee (for license only) when you sign the Franchise Agreement.

**ITEM 6  
OTHER FEES**

**Standard Franchise**

FEES <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
Royalty <sup>2</sup>	<p>The Royalty is based on a sliding scale:</p> <ul style="list-style-type: none"> <li>• If your Gross Billings in the calendar month are \$41,500 or less, you pay 6% of Gross Billings</li> <li>• If your Gross Billings in the calendar month are over \$41,500 but equal to or less than \$62,500, you pay 5% of Gross Billings</li> <li>• If your Gross Billings in the calendar month are over \$62,500 but equal to or less than \$83,250, you pay 4% of Gross Billings</li> <li>• If your Gross Billings in the calendar month are over \$83,250, you pay 3% of all Gross Billings</li> <li>• If your Gross Billings in the calendar month are over \$104,166, you pay 3% of all Gross Billings up to and including \$104,166, plus 1.5% of the Gross Billings in excess of \$104,166.</li> </ul>	15th of the each month for the Billings for the previous month	<p>We reserve the right to collect by electronic funds transfer (EFT).</p> <p>See Note 3.</p>
Marketing Contribution <sup>2</sup>	2% of Gross Billings up to a maximum of \$275 per month	15th of each month for the previous month	The Marketing Contribution may be increased up to a maximum of 3% of Gross Billings.

<b>FEES<sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Transfer	50% of the then-current Initial Franchise Fee	Upon transfer	Paid at closing of the transfer
Audit <sup>5</sup>	Cost of audit plus interest of 1-1/2% per month or the highest legal rate for open account business credit, whichever is greater on the unpaid amount at the rate.	15 days after invoiced	Payable only if audit shows understatement of at least 3% of Gross Billings for any month
Indemnification	Will vary under circumstances	As incurred	You must indemnify us, against all losses and claims arising from the operation of your Business.
Penalty, Late Fee and Interest	We may assess a \$5.00 per day penalty for late submission of reports or financial information. There is a minimum \$25 late fee for payments and reports plus the greater of 1-1/2% per month and the highest legal rate for open account business credit.	When billed	Payable on all overdue amounts and late reports
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	You must reimburse us for fees and costs we incur from your failure to make payments, submit reports or failure to comply with the Franchise Agreement.

<sup>1</sup> All fees are imposed by and payable to us. All fees are non-refundable.

<sup>2</sup> If you are a conversion franchisee you will not pay any royalties or marketing contributions for the first 180 days of the Franchise Agreement.

<sup>3</sup> "Gross Billings" means the gross amount billed by you during any calendar month, whether or not payment is received therefore, on account of Landscape Maintenance Services performed by or on behalf of you, directly or indirectly, and on account of any and all other related goods and services sold or rendered under or in connection with your use of the Marks (including the sale of unauthorized goods and services), and including work performed for or on behalf of persons or business entities which are customers of yours as of the Effective Date. Gross Billings exclude sales taxes collected and paid to the proper authorities.

<sup>4</sup> If you are a conversion franchisee you will not pay any Marketing Contributions for the first 180 days of the Franchise Agreement.

<sup>5</sup> Interest accrues from the date of underpayment.

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

YOUR ESTIMATED INITIAL INVESTMENT – Standard Franchise

FEES	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$32,000 (\$27,000 for veterans) (Note 1)	Lump sum or Financed (Note 1)	At signing of Franchise Agreement	Us
Training Expenses (Travel, Lodging, Meals, Incidentals) (Note 2)	\$2,000 to \$4,000	As arranged	As incurred	Hotels, Airlines, Restaurants
Real Estate (Note 3)	\$3,000 to \$6,000	As arranged	As agreed	Third Parties
Service Vehicle and Trailer (Note 4)	\$3,600 to \$5,600	Initial payment and monthly lease payments (Note 4)	As Agreed	Third Parties
Equipment (Note 5)	\$1,100 to \$14,000	Lump sum or leased	As agreed	Third Parties
Tools, Supplies, Office Equipment (Note 6)	\$1,000 to 5,000	Lump sum	Before opening	Vendors
Operating Expenses (Three Months) (Note 7)	\$5,800 to \$6,700	As incurred	As incurred	Employees, suppliers, utilities
Additional Funds (Three Months)	\$3,000 to \$6,000	As incurred	As incurred	Miscellaneous
<b>Total Estimated Initial Investment</b>	<b>\$51,500 to \$79,300</b> (\$46,500 to \$74,300 for veterans) (Notes 1 and 8)			

YOUR ESTIMATED INITIAL INVESTMENT – Conversion Franchise

FEES	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$22,000 (Note 1)	Lump sum or Financed	At signing of Franchise Agreement	Us
Training Expenses (Travel, Lodging, Meals, Incidentals) (Note 2)	\$2,000 to \$4,000	As arranged	As incurred	Hotels, Airlines, Restaurants

Real Estate (Note 3)	\$0 to \$6,000	As arranged	As agreed	Third Parties
Service Vehicle and Trailer (Note 4)	\$0 to \$5,600	Initial payment and monthly lease payments	As Agreed	Third Parties
Equipment (Note 5)	\$0 to \$14,000	Lump sum or leased	As agreed	Third Parties
Tools, Supplies, Office Equipment (Note 6)	\$0 to 5,000	Lump sum	Before opening	Vendors
Operating Expenses (Three Months) (Note 7)	\$5,800 to \$6,700	As incurred	As incurred	Employees, suppliers, utilities
Additional Funds (Three Months)	\$3,000 to \$6,000	As incurred	As incurred	Miscellaneous
<b>Total Estimated Initial Investment</b>	<b>\$32,800 to \$69,300</b>			

**YOUR ESTIMATED INITIAL INVESTMENT – Small Conversion Franchise**

<b>FEES</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee	\$27,000 (Note 1)	Lump sum or Financed	At signing of Franchise Agreement	Us
Training Expenses (Travel, Lodging, Meals, Incidentals) (Note 2)	\$2,000 to \$4,000	As arranged	As incurred	Hotels, Airlines, Restaurants
Real Estate (Note 3)	\$0 to \$6,000	As arranged	As agreed	Third Parties
Service Vehicle and Trailer (Note 4)	\$0 to \$5,600	Initial payment and monthly lease payments	As Agreed	Third Parties
Equipment (Note 5)	\$0 to \$14,000	Lump sum or leased	As agreed	Third Parties
Tools, Supplies, Office Equipment (Note 6)	\$0 to 5,000	Lump sum	Before opening	Vendors
Operating Expenses (Three Months) (Note 7)	\$5,800 to \$6,700	As incurred	As incurred	Employees, suppliers, utilities
Additional Funds (Three Months)	\$3,000 to \$6,000	As incurred	As incurred	Miscellaneous

<b>Total Estimated Initial Investment</b>	<b>\$37,800 to \$74,300</b> (Note 8)			
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- 1 For a Standard Franchise, up to 70% of this fee may be financed by us. For Conversion Franchises, or for a Franchisee who is an honorably discharged veteran, 90% of the fee may be financed by us. See Item 10. The Initial Franchise Fee is not payable if you are renewing an existing Franchise Agreement. All Initial Franchise Fees are non-refundable. If you are purchasing an additional franchise territory the Franchise Fee is reduced to \$15,000. If you are purchasing a Conversion Franchise the Franchise Fee is reduced to \$22,000. If you are purchasing a Small Conversion Franchise the Franchise Fee is reduced to \$27,000.
- 2 The expenses to attend training are for travel, lodging, meals, and incidental expenses incurred by you and your designees who attend training, for 6 days. There is no fee for the initial training.
- 3 You will need an office and shop/storage area for your U.S. LAWNS business. Some existing businesses (conversion franchises) choose to operate out of their current facilities therefore incur no additional cost for real estate. If this is not an option, you should budget \$500 to \$1,000 per month to rent a facility. The amount listed in the above chart assumes a security deposit and 3 months' rent. These are only estimates. You will need about 100 to 150 square feet of office and 200 square feet of shop/storage area. The amount of rent will vary depending upon the size, location and condition of the space as well as regional variations in rental values. Included in the estimate are the first and last month's rent and a deposit in an equal amount that you may be required to pay prior to occupying the space. This amount also includes business and occupational licenses. These expenses are variable depending on the size of the contract sold and the type and size of equipment required. If you obtain a contract for a large property, you may need additional equipment, supplies, and labor.
- 4 You are required to have a service vehicle(s) to operate your business. This includes a pick-up truck, trailer, and any vehicles used by you to make sales calls on, and provide services to, customers and prospective customers of the Business, which Service Vehicle(s) must conform to our standards and specifications. An existing vehicle may be converted to use in the business if it conforms to our standards. The estimated cost for the vehicle is based on the lease of a ¾ ton pickup truck, an eighteen foot enclosed trailer and any additional customization, such as graphics or snow plowing equipment necessary to begin operating the business. The estimated expenses include the first and last months lease payments and lease payments for the initial three month operating period. This amount includes the cost of one month security deposit and 3 monthly payments on a fully capitalized 4-year lease of a used service vehicle and trailer valued at \$38,000. (At 8% interest, the monthly payments on \$11,000 would be \$927.69 per month.) These numbers will vary based on your credit-worthiness, whether the vehicle is new or used, term of the lease, down payment; options installed, and market conditions.
- 5 You will need landscape industry equipment such as mowers, string trimmers, edgers, and blowers to operate your business. This equipment can be purchased outright, financed, or leased from third parties. In the event you have an existing business (conversion franchises) and your equipment meets our standards, you will not incur any additional cost for equipment. The estimated initial investment is based on the lease cost for this equipment over a three month period for the low range and the outright purchase of the equipment for the high range. The amount includes one month security deposit and 3 monthly payments on a fully capitalized 4-year lease at 8% interest for a commercial quality mower, string trimmer, edger, and blower, at a total value of \$9,500
- 6 You must have a computer system, office supplies and equipment such as a desk, chair, file cabinet, maps, shelves, and miscellaneous tools and equipment, including uniforms.
- 7 These are operating expenses, excluding your salary, required to be paid to third parties during the three month initial operating period. This includes insurance, telephone and communication expenses, utilities, fuel, and marketing/ advertising expenses.

<sup>8</sup> This table estimates your initial start up expenses. If you are buying a Conversion Franchise, you must make purchases of any equipment and tools that you do not already have, within 90 days of signing the Agreement. Signage is provided by us at no cost to you. 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 much you follow our procedures; your management experience; local economic conditions; the local market for the services; competition; and the sales level reached during the initial period. There are no additional costs associated with the Novation Program.

We relied on our years of experience in operating and franchising U.S. LAWNS businesses to compile these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise.

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

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

You must purchase for use in your business (the "Business") the following categories of goods, services, supplies, equipment and inventory according to specifications (including brand specifications) issued by us from time to time. These purchases include a vehicle, lawn mowers, string trimmers, blowers, hand tools. Items such as herbicides, insecticides, fertilizers, and other landscape related products may be used only if you provide extra services to your customers. We may require you to use, offer and/or promote, and maintain in stock in such quantities as are needed to meet reasonably anticipated consumer demand, certain proprietary products, materials or equipment ("Proprietary Products"). You may buy Proprietary Products only from us (if we sell them) or our designated manufacturer or supplier. Currently, there are no Proprietary Products that you must use. You are not required to purchase products which are not Proprietary Products from us or any other supplier, but the items you purchase must satisfy our specifications.

You may purchase promotional items such as stationery, marketing materials, uniforms, and other products from us but you are not required to make any purchases from us or our affiliates. For our fiscal year ending April 30, 2014 franchisee purchases from us or our affiliates was approximately \$1,117,526 or less than 3% of our total sales of \$42,967,579.

You must have a personal computer. All trucks, equipment and computer systems used in the operation of the Business must meet our specifications. We may offer to you standard equipment packages that meet our specifications. Currently, we do not offer any such packages. You may purchase equipment meeting our specifications from us or any other supplier.

All products utilized by the Business in providing Landscape Maintenance Services must meet our specifications. You may purchase approved brands of inventory from us or from any other supplier.

The other items used in the operation of the Business also may be subject to our specifications. These items may be purchased from us or from any other supplier.

Specifications are included in the Franchise Agreement and the Operations Manual and may be provided to you in other written communications from us.

You can expect items purchased or leased in accordance with our specifications will represent approximately 80% of total purchases you will make to begin operations of the business and 10% to 20% of the ongoing costs to operate the business.

You may wish to use products or equipment of a brand that is not currently approved by us. Before using a currently unapproved brand, you must first notify us of your intent to do so, submit to us information about the unapproved brand and obtain our written approval. We will let you know within 30 days if we do not approve. We will determine whether the brand is substantially the same as the brands then approved by us. In the future, we may require different procedures to be followed for requests for approval of brands.

We may charge you reasonable fees for evaluating proposed brands and may impose reasonable limits on the number of approved brands of any product or piece of equipment.

We have established purchasing arrangements through our parent company and its affiliates to provide better service and cost savings to our franchisees.

Franchisees may purchase on a voluntary basis items such as stationery, marketing materials, uniforms, and other products through us and ValleyCrest Companies national accounts. Some of these accounts are run through SilverStar Solutions. A mark-up ranging from 0 to 20% is applied to products and equipment purchased by franchisees through us. The amount of the mark-up is based upon amounts necessary to cover overhead, billing and stocking costs.

In order to anticipate the needs of our franchisees, if you purchase from us, we may request that you give notice of intent and a commitment to purchase through us. This notice and commitment must be given by you if requested by us.

Except as described in this Item 8, neither we nor our affiliates receive any payments from any suppliers because of their transactions with our franchisees. We may negotiate other purchase arrangements with suppliers for your benefit for uniforms, forms and marketing services. We do not provide any material benefits to you based on your use of designated or approved sources. There are no purchasing or distribution cooperatives. In certain instances, purchases made by our franchisees will be aggregated with purchases made by the ValleyCrest Companies and may contribute to the achievement by the ValleyCrest Companies of rebate levels that typically range from 0% to 3% of aggregate purchases. In addition to offering a preferred service and/or price to the franchisee suppliers may offer a rebate or other consideration to us ranging from 0% to 10%. No officer of ours owns any interest in any of our approved suppliers.

You may not use any promotional materials and advertising until it has been submitted to and approved by us. If we have not notified you of disapproval within 30 days after your submission for approval, the materials will be considered approved. You may not, without our express written consent, directly or indirectly create or maintain any internet site, or publish or display any advertising or other materials on or in connection with the internet.



**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 FRANCHISE AGREEMENT</b>	<b>ITEM IN DISCLOSURE DOCUMENT</b>
a. Site selection and acquisition/lease	Sections 2.A, 2.B and 5.A	Items 7 and 11
b. Pre-opening purchases/leases	Sections 5.A and 5.B	Item 7
c. Site development and other pre-opening requirements	Sections 2 and 5	Item 11
d. Initial and ongoing training	Sections 6.B and 6.C	Item 7 and 11
e. Opening	Section 2	Item 11
f. Fees	Sections 8 and 10.C	Items 5, 6, and 7
g. Compliance with standards and policies/Operations Manual	Section 5	Item 11
h. Trademarks and proprietary information	Section 3	Item 13
i. Restrictions on products/services offered	Section 5	Item 16
j. Warranty and customer service requirements	Section 5.G	None
k. Territorial development and sales quotas	Section 2.B	Item 12
l. Ongoing product/service purchases	Section 5	Item 8
m. Maintenance, appearance and remodeling requirements	Section 5	Item 11
n. Insurance	Section 9.C	Item 7
o. Advertising	Section 7	Items 6 and 11
p. Indemnification	Section 9.B	Item 6
q. Owner's participation/management/staffing	Sections 6.A and 6.D	Items 11 and 15
r. Records/reports	Section 8.I	Items 6 and 11
s. Inspections/audits	Section 8.I	Items 6 and 11
t. Transfer	Section 10	Item 17
u. Renewal	Section 4.B	Item 17
v. Post-termination obligations	Sections 9.D and 13	Item 17
w. Non-competition covenants	Section 9.D	Item 17
x. Dispute resolution	Section 11	Item 17
x. Other	None	Not Applicable

**ITEM 10  
FINANCING**

*Summary of Financing Offered*

<b>Item Financed [Source]</b>	<b>Amount Financed (70%)</b>	<b>Down Payment (30%)</b>	<b>Term (Yrs.)</b>	<b>Apr %</b>	<b>Monthly Payment</b>	<b>Prepay Penalty</b>	<b>Security Required</b>	<b>Liability Upon Default</b>	<b>Loss Of Legal Right On Default</b>
Initial Franchise Fee	\$22,400	\$9,600	5	Prime plus 5%	456.88 (See Note 1)	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon Default/ Attorneys' Fees and court costs in collection action	Note 2
<b>Item Financed [Source]</b>	<b>Amount Financed (60%)</b>	<b>Down Payment (40%)</b>	<b>Term (Yrs.)</b>	<b>Apr %</b>	<b>Monthly Payment</b>	<b>Prepay Penalty</b>	<b>Security Required</b>	<b>Liability Upon Default</b>	<b>Loss Of Legal Right On Default</b>
Initial Franchise Fee	\$19,200	\$12,800	5	Prime plus 4%	\$391.61	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon Default/ Attorneys' Fees and court costs in collection action	Note 2
<b>Item Financed [Source]</b>	<b>Amount Financed (50%)</b>	<b>Down Payment (50%)</b>	<b>Term (Yrs.)</b>	<b>Apr %</b>	<b>Monthly Payment</b>	<b>Prepay Penalty</b>	<b>Security Required</b>	<b>Liability Upon Default</b>	<b>Loss Of Legal Right On Default</b>
Initial Franchise Fee	\$16,000	\$16,000	5	Prime plus 3%	\$326.34	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon Default/ Attorneys' Fees and court costs in collection action	Note 2

**Summary of Financing Offered- Small Conversion Franchise or Veterans Initiative Franchise**

<b>Item Financed [Source]</b>	<b>Amount Financed (90%)</b>	<b>Down Payment (10%)</b>	<b>Term (Yrs.)</b>	<b>Apr %</b>	<b>Monthly Payment</b>	<b>Prepay Penalty</b>	<b>Security Required</b>	<b>Liability Upon Default</b>	<b>Loss Of Legal Right On Default</b>
Initial Franchise Fee	\$24,300	\$2,700	5	Prime plus 5%	\$495.63 (See Note 1)	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon Default/ Attorneys' Fees and court costs in collection action	Note 2

**Summary of Financing Offered- Conversion Franchise**

<b>Item Financed [Source]</b>	<b>Amount Financed (90%)</b>	<b>Down Payment (10%)</b>	<b>Term (Yrs.)</b>	<b>Apr %</b>	<b>Monthly Payment</b>	<b>Prepay Penalty</b>	<b>Security Required</b>	<b>Liability Upon Default</b>	<b>Loss Of Legal Right On Default</b>
Initial Franchise Fee	\$19,800	\$2,200	5	Prime plus 5%	\$403.85 (See Note 1)	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon Default/ Attorneys' Fees and court costs in collection action	Note 2

Note 1 - Equal monthly payments are based on prime rate plus 3-5% per annum fixed at the time of sale for five years with the adjustments for prime rate quarterly. Illustration: On May 1, 2014, prime rate = 3.25%; finance rate = 8.25%. Monthly payment on \$22,400 = \$456.88. Monthly payment on \$24,300 = \$495.63. Monthly payment on \$19,800 = \$403.85.

Note 2 - With your approved credit, we may finance up to 70% of the Initial Franchise Fee for a Standard Franchise or 90% of the fee for a Conversion Franchise or a Veterans Initiative Franchise. The loan will be fully amortized over a five-year period. If you are purchasing a Conversion Franchise, a Small Conversion Franchise, or a Veterans Initiative Franchise, your first payment will be due on the start date in operations as a U.S. LAWNS franchisee. We charge annual interest on the outstanding principal balance at the prime interest rate, plus 3-5% per annum, with the prime rate adjusted quarterly. You are required to execute a Business Note and Security Agreement substantially in the form of Schedule C of the Franchise Agreement ("Business Note") in our favor. The required security for the loan is all of the assets of the franchise business and a personal guarantee of the Business Note (substantially in the form attached to the Business Note) by you and your spouse or by all of the shareholders of your corporation. The Business Note can be prepaid at any time without penalty. If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys'

fees if a collection action is necessary. We also have the right to terminate your Franchise if you do not make your note payments on time. You waive your rights to notice of a collection action and to assert any defenses to collection against us. We may discount the Business Note to a third party who may be immune under the law to any defenses to payment you may have against us. All franchisees approved for financing agree to the same financing terms for the portion of the Initial Franchise Fee that is financed.

We presently do not guarantee any notes, leases or other obligations of our franchisees.

Currently, we have no practice or intent of selling, assigning or discounting to a third party any note, contract or other instrument that you execute. We and our affiliates do not receive any direct or indirect payments from any person for the placement of financing.

Our franchisees are eligible for expedited and streamlined SBA loan processing through the SBA's franchise registry program, [www.franchiseregistry.com](http://www.franchiseregistry.com).

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

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

### Pre-Opening Assistance

Before you commence operating the U.S. LAWNS Business, we will:

1. Designate your Territory (Section 2.B of the Franchise Agreement).
2. Provide initial training as described in more detail in this Item 11 (Section 6.A of the Franchise Agreement).
3. Provide you with lists of approved supplies and approved suppliers (Section 5.C of the Franchise Agreement).
4. Loan you either a written copy or electronic copy of the Operations Manual, the current table of contents of which is in Exhibit H. As of the date of this Disclosure Document, the Operations Manual contains 88 pages (Section 5.H of the Franchise Agreement).

### Post-Opening Assistance

During the operation of your U.S. LAWNS business, we will:

1. Maintain the Marketing Fund (Section 7.A of the Franchise Agreement).
2. Provide updates to the lists of approved supplies and approved suppliers (Section 5.C of the Franchise Agreement).
3. Provide updates to the Operations Manual (Section 5.H of the Franchise Agreement).

4. Periodically inspect or review your Business to insure compliance with the Franchise Agreement (Section 8.I of the Franchise Agreement).

### Computer System

You must purchase, use and maintain a personal computer system (the “Computer System”) as specified in the Manual or otherwise by us in writing for use in connection with your Business. We will designate, and you must use certain computer software. We estimate the cost to be \$1,000 to \$2,000. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software that we may require, for which we estimate the annualized cost to be \$100 to \$200. We will have access to the Computer System and the information and data stored on and produced by the Computer System. At your cost and expense, you must subscribe to the U.S. LAWNS intranet web site, or successor system established. You must also maintain membership in a third party internet service provider and/or network (“ISP”), which may be designated by us for the purpose of implementing, transmitting, collecting and maintaining any information or data exchange system.

We strongly encourage you to use HindSite software in your business. The initial cost is \$600 plus \$200 per truck and \$49 per month per truck. You will also use QuickBooks Pro which costs between \$215 and \$400.

You must have Internet access with a form of high speed connection as we require and you must maintain a dedicated email account for the U.S. LAWNS Business, separate from any personal or other email account. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software that we may from time to time require.

### Advertising

As of the date of this Disclosure Document, you make a Marketing Contribution of 2% of your Gross Billings to a marketing fund (the “Fund”) established by us. We have the right to increase the amount of the Marketing Contribution not to exceed 3% of Gross Billings.

We administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. If all of the Marketing Fees are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Fund for use in the following years. We may use the Fund for various purposes, including, but not limited to: (1) salaries, benefits and any other payments made to employees/team members or any other individual or entity providing services to the Fund; (2) broadcast or print advertising; (3) the creation, development and production of advertising and promotional materials; (4) any marketing or related research and development; and (5) advertising and marketing expenses, including services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, menu designs, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, Internet access provider costs, subscriptions to industry newsletters or magazines, and administrative costs and salaries for marketing support personnel.

We determine the use of the monies in the Fund. We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Business is located. We oversee the advertising program and use the Fund to create marketing materials and conduct national, regional or local advertising as we determine appropriate. We will contribute to the Fund amounts equal to your

required percentage for each similarly situated company-owned businesses in the same local marketing area. From time to time we may contribute to the Fund some amounts paid to us by outside suppliers. We will prepare an annual unaudited accounting of the Fund and will make it available for your review upon your written request. We may use an outside national, regional, or local advertising agency. We may be reimbursed for administrative costs and overhead incurred in administering the Fund. No portion of the Marketing Fund will be used primarily for the solicitation of franchise sales.

During our last fiscal year ending April 30, 2014, Fund income was spent in the following approximate amounts: 30% on production, 25% on brand marketing research and development, 20% on media, 15% on tradeshows and 10% on administration and miscellaneous expenses.

In addition to the Marketing Contribution, you also must use your best efforts to promote and advertise your U.S. LAWNS Business. You may only use your own marketing material if we have approved it before its use. We will notify you of our approval within 30 days after the marketing material is submitted. If we do not notify you of our approval within 30 days of the marketing material being submitted then the marketing material will be deemed unapproved.

You must obtain our written approval of all promotional and marketing materials prior to their use.

Although we do not currently do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged in our sole determination.

Site Selection

You will select the site for your Business, subject to our reasonable approval. The factors in our approval process are central location, appropriate zoning, amount of competition, and accessibility for employees. A site must be identified before you pay any fees and before an Agreement is signed. We generally decide on proposed sites within ten business days. Failure to agree on a site will prevent the signing of the Franchise Agreement.

Time of Opening

The typical length of time between the signing of the Franchise Agreement and the opening of the franchise business is 30 days. You must complete the initial training before opening your Business.

**TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON THE JOB TRAINING</b>	<b>LOCATION</b>
Franchise System	1	*	Orlando, FL and your location
Support Programs	4	*	Orlando, FL and your location

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON THE JOB TRAINING</b>	<b>LOCATION</b>
Products/ Services	4	*	Orlando, FL and your location
Marketing and Sales	8	*	Orlando, FL and your location
Customer Service	6	*	Orlando, FL and your location
Personnel	2	*	Orlando, FL and your location
Financial Management	2	*	Orlando, FL and your location
Office Administration	3	*	Orlando, FL and your location
Computer Operations	3	*	Orlando, FL and your location
Safety	2	*	Orlando, FL and your location
Equipment Operations	6	*	Orlando, FL and your location

\*In addition to 40 hours of classroom training in our headquarters and at your location, we conduct on-the-job training of at least 10 hours as follow-up, in the above subjects in which we determine it is most needed.

Instructors are Ken Hutcheson, David Reist, Kim Gubera, Mike Fitzpatrick and Darvy Peden. Ken Hutcheson has 25 years' experience in the industry and 19 years' experience with the U.S. Lawns System. David Reist has 34 years' experience in the industry and 16 years' experience with the U.S. Lawns System. Kim Gubera has 27 years' experience in the industry and 14 years' experience with the U.S. Lawns System. Mike Fitzpatrick has 34 years' experience in the industry and 16 years with the U.S. Lawns System. Darvy Peden has 24 years' experience in the industry and 2 years' experience with us.

In addition to the initial training program, you must attend, at your expense, all annual franchise conventions and all meetings relating to new services or products, new operational procedures or programs, training, business management, sales or sales promotion, or similar topics, including any system-wide teleconferences or web-conferences. We reserve the right to charge you a fee to attend any franchise conventions, meetings, programs or other trainings we require.

## **ITEM 12 TERRITORY**

A geographic territory (the "Territory") will be identified in Schedule A to the Franchise Agreement when you sign it. The location of your Territory will be decided on by discussions between you and us. The size of your Territory will be based upon the opportunities within the Territory to provide landscape maintenance services. The minimum territory will be a ten mile radius from the center point. You will have the exclusive right within your Territory to provide "Landscape Maintenance Services" (as

defined in the Franchise Agreement) under the U.S. Lawns marks. During the term of the Franchise Agreement, we will not, without your consent, offer or provide Landscape Maintenance Services using the “U.S. LAWNS” mark within your Territory, and we will not license others to do so. We do retain the right to use other channels of distribution (e.g. the Internet, catalog, telemarketing, direct marketing) inside your Territory using our Marks or other trademarks. We do not have to pay you for exercising our rights

Continuation of your franchise rights and Territory do not depend on the achievement of a certain sales volume, market penetration or other contingency. However, if you do not meet minimum annual Gross Billings, we have the right to terminate the Franchise Agreement, the minimum annual Gross Billings are: 1) \$50,000 for the first year of operation; 2) \$100,000 for the second year of operation; and 3) \$200,000 for the third year of operation and each subsequent year. You do not receive the option to acquire additional franchises unless you sign another franchise agreement with us.

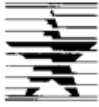



We and our affiliates expressly reserve the exclusive, unrestricted right, directly and indirectly and through licenses and franchisees to: (i) solicit and provide Landscape Maintenance Services under the U.S. LAWNS Mark at any location outside of your Territory; (ii) provide Landscape Maintenance Services under service marks, trade names and other commercial symbols other than the U.S. LAWNS Mark, at any location, within or outside your Territory, and to solicit prospective customers for such services wherever they may be located; and (iii) use alternative marketing media including the Internet within your Territory. You may not solicit or accept orders from outside your Territory without our prior consent, or use other channels of distribution such as the Internet, catalog sales, telemarketing, or direct marketing to make sales outside your Territory with our consent or without adherence to our policies and procedures.

We have the right to solicit Strategic Accounts wherever located. In order to enable us to negotiate special arrangements involving Strategic Accounts, including responding to requests for proposals (“RFP”) involving locations which are both within and outside your Territory, at our request, you must promptly evaluate the applicable Strategic Account location(s) located within your Territory and prepare a bid package for each such location in accordance with such formats, procedures and specifications as we may establish, including any supplemental or modified bid package which we may require in order to satisfy the requirements of the Regional Account (each a “Bid Package”). If your Bid Package is accepted by the Strategic Account, you must honor your proposal and sign all agreements and other documents and instruments as we and the Strategic Account may require to fulfill the agreed on contract terms (“Strategic Account Agreement”). We will give you the first opportunity to submit a Bid Package on each proposed Strategic Account location which is within your Territory and to perform Landscape Maintenance Services to Strategic Account locations located in your Territory; provided, however, that we may, as applicable, submit Bid Packages and perform such Landscape Maintenance Services or cause other owners or contractors to do so, if: (a) you fail to timely submit a Bid Package in accordance with our request, or if we determine that the Bid Package submitted by you is likely to be rejected by the Strategic Account; (b) the Strategic Account rejects your Bid Package or notifies you or us that it does not wish to be served by you; (c) you for any reason fail or refuse to perform in accordance with the Bid Package and Strategic Account Agreement; (d) you, at the time of the issuance of the RFP or submission of the Bid Package, are in default of your obligations or under any other agreement with us, or under any other Strategic Account Agreement to which you are party; or (e) you are, in our judgment exercised in good faith, not qualified, equipped or otherwise capable to satisfy the RFP or Strategic Account Agreement requirements or to perform the services as required. We may charge a management fee to offset the sales and administrative expenses of processing and managing regional accounts.



## ITEM 13 TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the Marks in connection with the operation of your Business. The following Marks are registered upon the principle registry of the United States Patent and Trademark Office:

Mark	Registration No.	Date of Registration
	1,596,756	May 15, 1990
US LAWN	1,980,654	June 18, 1996
	2,904,609	November 23, 2004
	2,937,423	April 5, 2005
U.S. LAWNS	3,047,863	January 24, 2006
	3,152,508	October 10, 2006
NATIONAL STRENGTH, LOCAL COMMITMENT	3,219,575	March 20, 2007
YOUR IMAGE IS EVERYTHING TO US	3,751,579	February 23, 2010

We claim common law trademark rights for all of the Marks. We have filed or intend to file all required affidavits and renewals for the Marks noted above.

You must follow our rules when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Mark in your corporate or legal business name; with modifying words, terms, designs, or symbols (except for those we license to you); in selling any unauthorized services or products; or as part of any domain name, homepage, electronic address, or otherwise in connection with a Web site.

Your use of the Marks and any goodwill is to our exclusive benefit, and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks, including the adoption of new Marks, new products, new services, or new techniques, and you must adopt the changes in the System as if they were part of the Franchise Agreement at the time of its execution. You must comply within a reasonable time, at your expense, if we notify you to discontinue or modify

your use of any Mark.

There are currently no material determinations of the U.S. Patent and Trademark Office (“USPTO”), the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceedings involving the principal Marks. There is no pending material federal or state court litigation regarding our use or ownership rights in any trademark.

There are no currently effective agreements that significantly limit our rights to use or license the use of these trademarks.

We will protect your right to use the Marks against claims of infringement or unfair competition arising out of your proper use of the Marks. You must notify us of the use of, or claim of rights to, a trademark identical or confusingly similar to our Marks. We have the right to determine whether or not we will take affirmative action when notified of these uses or claims and the right to exclusively control any litigation or proceedings. You are required to assist us in the prosecution of such litigation or proceedings. We will reimburse you for all actual damages (other than loss of income) and out-of-pocket expenses incurred by you in connection with any claim by any third party for infringement or unfair competition arising out of your use of the Marks; however, our obligations to reimburse you will exist only if you have used the name or Mark that is the subject of the controversy in strict accordance with the provisions of this Agreement and our rules, regulations, procedures, requirements, and instructions, and have notified us of the challenge as stated above and have otherwise fully cooperated with us in the defense of any action.

We know of no superior prior rights or infringing uses that could materially affect your use of the trademarks in the state where your franchise business will be located.

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

As of the date of this Disclosure Document, we do not own any rights in or to any patents, patent applications or copyrights that are material to the franchise. We claim copyright protection for our Operations Manual and other publications and promotional materials, although we have not registered any of the materials with the U.S. Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement, Operations Manual, and other communications that we provide to you. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), USPTO, Board of Patent Appeals & Interferences, or any court, or any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any patents or copyrights.

There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

We know of no superior prior rights or infringing uses that could materially affect your use of the copyrights in the state where your franchise business will be located.

All ideas, concepts, techniques, or materials concerning the operation of a U.S. Lawns business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent improper disclosure to others and use non-disclosure and non-competition agreements with those having access. We may regulate the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

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

You do not have to participate personally in the direct operation of the franchise, even though we recommend that you do. You or one or more of your employees must successfully complete the initial training program. You must keep the Business under the direct full-time supervision of you or of a trained and competent manager who has completed our training program or equivalent training to our satisfaction. You must keep us informed at all times of the identity of any supervisory employee acting as regular manager of the Business. Certain of your employees will be required by us to sign our confidentiality/non-competition agreement (Schedule E to the Franchise Agreement). You and your spouse must sign the Guaranty.

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

You may provide Landscape Maintenance Services to any customer in your Territory. You must meet our requirements when operating your business. You may not sell any product or service which we have not approved in advance. You may not use the Business office or warehouse for any purpose other than the operation of the U.S. LAWNS business. During each season of the year, you must offer all products and services which we have authorized. We may change the types of authorized products and services, and there is no limit on our ability to make these changes. You do not have to offer services which we have classified as "optional services." You must purchase only materials and supplies which meet our requirements.

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

**THE FRANCHISE RELATIONSHIP**

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
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PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 4.A	10 years
b. Renewal or extension	Section 4.B	Two renewal terms of 10 years each.
c. Requirements for you to renew or extend	Section 4.B	You give us written notice of your decision to renew at least 120 days but not more than 180 days before the end of the expiring term; you sign our then current form of franchise agreement; you are not in default and have satisfied your obligations on a timely basis; you comply with our training requirements; and you sign a release.
d. Termination by you	Section 12.C	If we have materially failed to comply and do not cure within 30 days of notice.
e. Termination by us without cause	None	Not applicable
f. Termination by us with cause	Section 12.B	We can terminate only if you default or fail to comply with your obligations.
g. "Cause" defined-curable defaults	Section 12.B	<p>You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing; and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in (h) below.</p> <p>You have 30 days to cure defaults not listed in (h) below.</p>
h. "Cause" defined-non-curable defaults	Section 12.B	Non-curable defaults include: any material misrepresentation or omission in your franchise application for a franchise or other reports or information, abandonment, unauthorized use of confidential information, your insolvency, unapproved assignments or transfers, defaults that materially impair the goodwill associated with any of the Marks, criminal convictions, intentionally understating or underreporting Gross Sales or other fees, multiple defaults or failure to cure within 24 hours of notice a default which violates any health, safety or sanitation law.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i. Your obligations on termination/nonrenewal	Section 13	Cease operating Business, cease use of system and Marks, cancel assumed or similar name registrations, return materials, change telephone number or de-identify, and pay outstanding amounts.
j. Assignment of contract by us	Section 10.G	No restriction on our right to assign.
k. "Transfer" by you-defined	Section 10.A	Includes transfer of any right or interest in the Agreement or you, the franchisee entity.
l. Our approval of transfer by franchisee	Sections 10.B, 10.C and 10.D	We have the right to approve all transfers.
m. Our approval of transfer by you	Section 10.C and 10.D	Transferee meets all of our then-current requirements for new franchisees, transfer fee and any applicable training fee paid, all amounts owed by prior franchisee paid, training completed, transferee executes then current form of franchise agreement (modified to reflect that agreement relates to a transfer), required guarantees signed, necessary financial reports and other data on franchise business is prepared, release signed by you, full compliance of your obligations under all Franchise Agreements executed between you and us, and other conditions that we may reasonably require from time to time as part of our transfer policies.
n. Our right of first refusal to acquire your business	Section 10.F	We have right to match offer.
o. Our option to purchase your business	Section 13.B	Upon termination, we have the right (but not the obligation) to purchase or designate a third party that will purchase all or any portion of the assets of your Business, including the equipment, fixtures, signs, supplies, and inventory.
p. Your death or disability	Section 10.E	You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person satisfies our training requirements and other transfer conditions.
q. Non-competition covenants during the term of the franchise	Sections 9.D	No involvement in any lawn care business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Section 9.D	No interest for 2 years in lawn care business within the Territory, within 50 mile radius of Territory, or inside territory of other U.S. LAWNS business

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
s. Modification of the agreement	Sections 14.B	No modifications without writing, but the Operations Manual, specifications and procedures can be changed.
t. Integration/merger clause	Section 14.B	Only terms of Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Franchise Agreement or this Disclosure Document may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 20	Except for certain claims, all disputes must be mediated and arbitrated.
v. Choice of forum	Section 22	Litigation must be in the applicable federal or state court where our headquarters are located (currently, Orlando, Florida) (subject to state law).
w. Choice of law	Section 21	Except for claims under federal trademark law, and the parties' rights under the Federal Arbitration Act, the laws of the state of Florida will govern (subject to state law).

**ITEM 18  
PUBLIC FIGURES**

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

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

**STATEMENT OF AVERAGE GROSS SALES**

The following table presents unaudited information about the average Gross Sales of the 214 Franchised Territories that were open and continuously operating from January 1, 2013, through December 31, 2013 (the "Accounting Period"). As used in this Item 19, the term "Gross Sales" means all revenue and income from any source derived or received by the Franchised Territories from, through, by

or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes. We obtained this Gross Sales information from unaudited franchisee reports submitted to us consistent with our reporting requirements. We have not audited or otherwise reviewed the Gross Sales information submitted to us.

**GROSS SALES<sup>(1)</sup> BY “TIME PERIOD” OF THE 214 FRANCHISED TERRITORIES  
OPEN THE ENTIRE ACCOUNTING PERIOD**

# of Full Calendar Years	Average Gross Sales	High	Low	Number Ter. Above Average	Number Ter. Below Average	% Above Average	% Below Average
<b>1-2</b>	<b>\$324,220</b>	<b>\$1,416,270</b>	<b>\$15,000</b>	<b>19</b>	<b>34</b>	<b>36%</b>	<b>64%</b>
<b>3-4</b>	<b>\$491,375</b>	<b>\$1,832,911</b>	<b>\$5,934</b>	<b>14</b>	<b>32</b>	<b>30%</b>	<b>70%</b>
<b>5+</b>	<b>\$771,067</b>	<b>\$3,878,419</b>	<b>\$5,625</b>	<b>36</b>	<b>79</b>	<b>31%</b>	<b>69%</b>
<b>ALL</b>	<b>\$600,279</b>	<b>\$3,878,419</b>	<b>\$5,625</b>	<b>63</b>	<b>151</b>	<b>29%</b>	<b>71%</b>

- (1) Number of Full Calendar Years- The term “Number of Full Calendar Years” refers to the relative performance of the Franchised Territories included in this Item 19 by their length of time in operation, also referred to as the “time period”. Specifically, “1-2” full calendar years refers to Franchised Territories in operation between 12 months and 35 months; “3-4” full calendar years refers to Franchised Territories in operation between 36 months and 59 months; and “5+” full calendar years refers to Franchised Territories in operation 60 months or longer. “ALL” refers to all 214 Franchised Territories that were in operation for the entire Accounting Period.
- (2) Gross Sales- As referenced above, “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territory from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes.
- (3) Average Gross Sales- In the above chart, Average Gross Sales is defined by the total Gross Sales of each time period divided by the number of Franchised Territories in each time period as referenced in the “Number of Full Calendar Years” description. As noted above, information relating to the Franchised Territories is based on unaudited franchisee reports submitted to us.
- (4) High- Discloses the highest Gross Sales from a Franchised Territory within each time period.
- (5) Low- Discloses the lowest Gross Sales from a Franchised Territory within each time period.
- (6) Number Ter. Above Average- Refers to the number of Franchised Territories for each time period whose Gross Sales exceeded the Average Gross Sales.
- (7) Number Ter. Below Average- Refers to the number of Franchised Territories for each time period whose Gross Sales were less than the Average Gross Sales.

(8) % Above Average- Refers to the percentage of Franchised Territories for each time period whose Gross Sales exceeded Average Gross Sales.

(9) % Below Average- Refers to the percentage of Franchised Territories for each time period whose Gross Sales were less than the Average Gross Sales.

**STATEMENT OF AVERAGE GROSS PROFITS**

The following table presents unaudited information about the average Gross Profit of the 214 Franchised Territories that were open and continuously operating from January 1, 2013, through December 31, 2013 (the “Accounting Period”). As used in this Item 19, the term “Gross Profit” means all revenue and income from any source derived or received by the Franchised Territories from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the cost of providing the service, including; direct costs (labor, materials, supplies, royalties), equipment overheads (payments, insurance, repairs & maintenance, gas & oil) and indirect costs (supervisory salaries, waste disposal, uniforms). We obtained this Gross Profit information from unaudited franchisee reports submitted to us consistent with our reporting requirements. We have not audited or otherwise reviewed the Gross Profit information submitted to us.

**GROSS PROFITS <sup>(1)</sup> BY “TIME PERIOD” OF THE 214 FRANCHISED TERRITORIES  
OPEN THE ENTIRE ACCOUNTING PERIOD**

# of Full Calendar Years	Average Gross Profit	High	Low	Number Ter. Above Average	Number Ter. Below Average	% Above Average	% Below Average
1-2	\$126,957	\$532,248	\$389	19	34	36%	64%
3-4	\$161,042	\$874,555	(\$399,106)	15	31	33%	67%
5+	\$281,183	\$2,055,468	(\$38,241)	40	75	35%	65%
ALL	\$217,162	\$2,055,468	(\$399,106)	66	148	31%	69%

(1) Number of Full Calendar Years- The term “Number of Full Calendar Years” refers to the relative performance of the Franchised Territories included in this Item 19 by their length of time in operation, also referred to as the “time period”. Specifically, “1-2” full calendar years refers to Franchised Territories in operation between 12 months and 35 months; “3-4” full calendar years refers to Franchised Territories in operation between 36 months and 59 months; and “5+” full calendar years refers to Franchised Territories in operation 60 months or longer. “ALL” refers to all 214 Franchised Territories that were in operation for the entire Accounting Period.

(2) Gross Profit- As referenced above, “Gross Profit” means all revenue and income from any source derived or received by the Franchised Territory from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the cost of providing the service, including; direct costs (labor, materials, supplies, royalties), equipment overheads (payments, insurance, repairs & maintenance, gas & oil) and indirect costs (supervisory salaries, waste disposal, uniforms).



- (3) Average Gross Profit- In the above chart, Average Gross Profit is defined by the total Gross Profits of each time period divided by the number of Franchised Territories in each time period as referenced in the “Number of Full Calendar Years” description. As noted above, information relating to the Franchised Territories is based on unaudited franchisee reports submitted to us.
- (4) High- Discloses the highest Gross Profits from a Franchised Territory within each time period.
- (5) Low- Discloses the lowest Gross Profits from a Franchised Territory within each time period.
- (6) Number Ter. Above Average- Refers to the number of Franchised Territories for each time period whose Gross Profits exceeded the Average Gross Profits.
- (7) Number Ter. Below Average- Refers to the number of Franchised Territories for each time period whose Gross Profits were less than the Average Gross Profits.
- (8) % Above Average- Refers to the percentage of Franchised Territories for each time period whose Gross Profits exceeded Average Gross Profits.
- (9) % Below Average- Refers to the percentage of Franchised Territories for each time period whose Gross Profits were less than the Average Gross Profits.

#### **STATEMENT OF GROSS SALES OF MILLION DOLLAR TERRITORIES**

The following table presents unaudited information about the 40 Franchised Territories Sales that were open and continuously operating from January 1, 2013, through December 31, 2013 (the “Accounting Period”), that achieved in excess of \$1,000,000+ in Gross Sales. As used in this Item 19, the term “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territories from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes. We obtained this Gross Sales information from unaudited franchisee reports submitted to us consistent with our reporting requirements. We have not audited or otherwise reviewed the Gross Sales information submitted to us.

#### **GROSS SALES OF THE 40 FRANCHISED TERRITORIES THAT EXCEEDED \$1,000,000 IN GROSS SALES**

# of Full Calendar Years	2013 Gross Sales
16	\$3,878,419
7	\$2,959,266
9	\$2,940,631
8	\$2,897,308
14	\$2,644,557
15	\$2,605,752
8	\$2,393,493
13	\$2,330,338

8	\$2,125,068
8	\$2,074,623
13	\$2,053,252
8	\$2,048,793
11	\$1,884,134
13	\$1,835,566
4	\$1,832,911
14	\$1,819,995
14	\$1,816,166
17	\$1,741,795
3	\$1,737,064
3	\$1,720,900
17	\$1,714,362
6	\$1,640,419
11	\$1,508,764
13	\$1,487,473
8	\$1,462,615
1	\$1,416,270
1	\$1,400,667
9	\$1,360,563
15	\$1,344,154
9	\$1,337,297
8	\$1,330,124
13	\$1,302,103
3	\$1,275,036
4	\$1,253,882
4	\$1,185,826
1	\$1,107,495
13	\$1,075,997
12	\$1,056,688
3	\$1,036,410
4	\$1,025,428

- (1) Number of Full Calendar Years- The term “Number of Full Calendar Years” refers to the relative performance of the Franchised Territories included in this table by their length of time in operation. Specifically, “1” full calendar year refers to Franchised Territories in operation between 12 months and 23 months; “2” full calendar years refers to Franchised Territories in operation between 24 months and 35 months; and continuing this methodology for the remainder of the full calendar years listed.
- (2) Gross Sales- As referenced above, “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territory from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on

credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes.

Notes to Item 19:

1. The Gross Sales and Gross Profit information included in this Item 19 relates only to the 214 Franchised Territories that were continuously open and operating during the entire Accounting Period (i.e., January 1, 2013, through December 31, 2013). It does not include Gross Sales information for Franchised Territories open less than the entire Accounting Period. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised U.S. LAWNS Territory. Current and former franchisees listed in this Disclosure Document may be one source of this information.
2. **Some territories have earned or sold these amounts. Your individual results may differ. There is no assurance you will sell or earn as much.**
3. The information provided in this Item 19, including statements of Average Gross Sales and Average Gross Profit, is based on historical results. The information is based on economic conditions as they existed during the Accounting Period (January 1, 2013, through December 31, 2013). No consideration has been made in any category for inflation-related adjustments or weakness in general conditions.
4. The revenues and expenses of a franchised U.S. LAWNS Territory will be directly affected by many factors, such as: (a) the region and market area in which the territory is located; (b) the competitive environment; (c) population density of the market; (d) whether the franchisee assumes the position of manager or hires a manager; (e) product prices and general market conditions; (f) Employee personnel benefits (life and health insurance, and so on); (g) individual skills and business acumen of the franchisees; (h) employment conditions in the market; and (i) other factors. Certain markets have substantially higher labor costs than others and you are urged to investigate local labor costs prior to making any assumptions about what your costs will be.
5. We recommend that you make your own independent investigation to determine whether the franchise may be profitable to you. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a U.S. LAWNS Franchised Territory.
6. You are responsible for developing your own business plan for your business. We encourage you to consult with your own accounting, business, and legal advisors in doing so. In developing the business plan, you are cautioned to make necessary allowance for changes in financial results to income, expenses, or both, that may result from operation of your business in different geographic areas or new market areas, or during any periods of, or in areas suffering from, economic downturns, inflation, unemployment, or other negative economic influences.

Written substantiation of all data presented in this Item 19 will be made available to you on reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such

representations either orally or in writing. If you are purchasing an existing franchise territory, however, we may provide you with the actual records of that territory. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Brandon Moxam, our Franchise Recruiting Director at U.S. Lawns, Inc. (4700 Millenia Boulevard, Suite 240, Orlando, FL 32839, 407-246-1630), the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table #1  
Systemwide Outlet Summary  
For years 2012 to 2014**

<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>	2012	239	251	12
	2013	251	262	11
	2014	262	264	2
<b>Company-Owned</b>	2012	0	0	0
	2013	0	0	0
	2014	0	0	0
<b>Total Outlets</b>	2012	239	251	+12
	2013	251	265	+11
	2014	262	264	+2

**Table #2  
Transfers of Outlets from Franchisees to New Owners  
(other than the Franchisor)  
For years 2012 to 2014**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Arkansas	2012	0
	2013	1
	2014	0
Florida	2012	0
	2013	0
	2014	1
Georgia	2012	1
	2013	0
	2014	0
Maryland	2012	0
	2013	0
	2014	2
North Carolina	2012	0

State	Year	Number of Transfers
	2013	2
	2014	2
South Carolina	2012	1
	2013	1
	2014	0
Texas	2012	2
	2013	0
	2014	0
Total	2012	4
	2013	4
	2014	5

There were no transfers in states not listed in the table above.

**Table #3  
Status of Franchised Outlets  
For years 2012 to 2014**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at end of Year
AK	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
	2014	1	0	0	0	0	0	1
AL	2012	8	1	0	0	1	0	8
	2013	8	1	3	0	0	0	6
	2014	6	1	0	0	0	0	7
AR	2012	3	0	0	0	0	0	3
	2013	3	1	0	0	0	0	4
	2014	4	3	1	0	0	0	6
AZ	2012	4	0	0	0	0	0	4
	2013	4	0	0	0	0	0	4
	2014	4	0	0	0	0	0	4
CA	2012	3	2	1	0	0	0	4
	2013	4	5	0	0	0	0	9
	2014	9	0	3	0	0	0	6
CO	2012	3	2	0	0	0	0	5
	2013	5	0	0	0	0	0	5
	2014	5	0	1	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at end of Year
CT	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
	2014	2	0	0	0	0	0	2
DE	2012	1	1	0	0	0	0	2
	2013	2		0	0	0	0	2
	2014	2	0	0	0	0	0	2
FL	2012	53	0	2	0	3	0	48
	2013	48	0	1	0	0	0	47
	2014	47	1	0	0	0	0	48
GA	2012	14	1	2	0	0	0	13
	2013	13	2	0	0	0	0	15
	2014	15	3	2	0	0	0	16
IA	2012	2	1	1	0	0	0	2
	2013	2	1	0	0	0	0	3
	2014	3	0	0	0	0	0	3
ID	2012	1	0	0	0	0	0	1
	2013	1	1	1	0	0	0	1
	2014	1	2	1	0	0	0	2
IL	2012	6	0	0	0	0	0	6
	2013	6	1	0	0	0	0	7
	2014	7	0	0	0	0	0	7
IN	2012	4	2	0	0	0	0	6
	2013	6	0	0	0	0	0	6
	2014	6	0	0	0	0	0	6
KS	2012	1	1	0	0	0	0	2
	2013	2	0	1	0	0	0	1
	2014	1	1	0	0	0	0	2
KY	2012	4	2	0	0	0	0	6
	2013	6	0	0	0	0	0	6
	2014	6	0	1	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at end of Year
LA	2012	8	0	0	0	0	0	8
	2013	8	2	1	0	0	0	9
	2014	9	0	1	0	0	0	8
MA	2012	2	2	0	0	0	0	4
	2013	4	1	0	0	0	0	5
	2014	5	0	3	0	0	0	2
MD	2012	7	0	0	0	0	0	7
	2013	7	0	1	0	0	0	6
	2014	6	0	0	0	0	0	6
ME	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
MI	2012	4	0	0	0	0	0	4
	2013	4	2	0	0	0	0	6
	2014	6	1	0	0	0	0	7
MN	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
MO	2012	6	1	0	0	0	0	7
	2013	7	1	2	0	1	0	5
	2014	5	1	0	0	0	0	6
MS	2012	8	0	0	0	0	0	8
	2013	8	0	0	0	0	0	8
	2014	8	1	0	0	0	0	9
NC	2012	14	3	0	0	0	0	17
	2013	17	2	0	0	2	0	17
	2014	17	2	2	0	0	0	17
ND	2012	1	0	0	0	0	0	1
	2013	1	1	1	0	0	0	1
	2014	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at end of Year
NE	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	1	1	0	0	0	1
NH	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	1	0	0	0	0	2
NJ	2012	6	0	0	0	0	0	6
	2013	6	0	0	0	0	0	6
	2014	6	1	0	0	0	0	7
NM	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
	2014	1	0	0	0	0	0	1
NV	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
	2014	0	1	0	0	0	0	1
NY	2012	2	2	0	0	0	0	4
	2013	4	0	1	0	0	0	3
	2014	3	0	0	0	0	0	3
OH	2012	5	3	0	0	0	0	8
	2013	8	0	0	0	0	0	8
	2014	8	0	0	0	0	0	8
OK	2012	3	0	0	0	0	0	3
	2013	3	1	0	0	0	0	4
	2014	4	0	0	0	0	0	4
OR	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	1	0	0	0	0	2
PA	2012	10	0	2	0	0	0	8
	2013	8	1	2	0	0	0	7
	2014	7	0	0	0	0	0	7



State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at end of Year
RI	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
	2014	0	1	0	0	0	0	1
SC	2012	10	0	0	0	0	0	10
	2013	10	1	0	0	1	0	10
	2014	10	0	0	0	0	0	10
TN	2012	9	0	0	0	0	0	9
	2013	9	0	0	0	0	0	9
	2014	9	0	4	0	0	0	5
TX	2012	17	1	3	0	0	0	15
	2013	15	2	1	0	0	0	16
	2014	16	2	1	0	0	0	17
UT	2012	3	1	1	0	0	0	3
	2013	3	0	0	0	0	0	3
	2014	3	0	0	0	0	0	3
VA	2012	9	1	0	0	0	0	10
	2013	10	2	0	0	0	0	12
	2014	12	0	0	0	0	0	12
WA	2012	1	1	0	0	0	0	2
	2013	2	1	1	0	0	0	2
	2014	2	0	1	0	0	0	1
WI	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
WV	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
Total	2012	239	28	12	0	4	0	251
	2013	251	31	16	0	4	0	262
	2014	262	24	22	0	0	0	264

**Table #4**  
**Status of Company-Owned Outlets**  
**For years 2012 to 2014**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0
<b>Total</b>	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0

**Table #5**  
**Projected Openings**  
**As of April 30, 2014**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
AL	0	1	0
AK	0	1	0
AR	0	1	0
AZ	0	1	0
CA	0	1	0
CO	0	1	0
CT	0	1	0
DE	0	1	0
FL	0	1	0
GA	0	1	0
HI	0	1	0
IA	0	1	0
ID	0	1	0
IL	0	1	0
IN	0	1	0
KS	0	1	0
KY	0	1	0
LA	0	1	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
MA	0	1	0
MD	0	1	0
ME	0	1	0
MI	0	1	0
MN	0	1	0
MO	0	1	0
MS	0	1	0
MT	0	1	0
NC	0	1	0
ND	0	1	0
NE	0	1	0
NH	0	1	0
NJ	0	1	0
NM	0	1	0
NV	0	1	0
NY	0	1	0
OH	0	1	0
OK	0	1	0
OR	0	1	0
PA	0	1	0
RI	0	1	0
SC	0	1	0
SD	0	1	0
TN	0	1	0
TX	0	1	0
UT	0	1	0
VA	0	1	0
VT	0	1	0
WA	0	1	0
WI	0	1	0
WY	0	1	0
WV	0	1	0
Total	0	50	0

A list of the name of all franchisees and the addresses and telephone number of their Businesses is attached as Exhibit C to this Disclosure Document. Exhibit C also discloses the names, cities and last known telephone numbers of franchisee who had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our last fiscal year on who has not communicated with us within the ten weeks of the application. None has signed confidentiality agreements in the past three years. There are no trademark-specific organizations associated with this franchise. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached hereto as Exhibit A are audited financial statements for fiscal years ending April 30, 2014, 2013, and 2012.

## **ITEM 22 CONTRACTS**

The following agreements are attached as Exhibits and Schedules to this disclosure document:

Franchise Agreement - Including:

Schedule A	Data Sheet
Schedule B	Conversion Addendum
Schedule C	Business Note and Security Agreement
Schedule D	Electronic Transfer of Fund Authorization
Schedule E	Confidentiality and Non-Compete Agreement
Schedule F	SBA Addendum

## **ITEM 23 RECEIPT**

At the end of this Disclosure Document are the Receipt pages which are prepared in duplicate. You must sign both copies of the Receipt. Please keep one copy for your records and return the other copy to us.

**EXHIBIT A**  
**FINANCIAL STATEMENTS**



# U.S. Lawns, Inc.

## FINANCIAL STATEMENTS

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest  
Companies, LLC)  
Year Ended April 30, 2012  
With Report of Independent Auditors

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Financial Statements

Year Ended April 30, 2012

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## Report of Independent Auditors

The Board of Directors and Stockholder  
U.S. Lawns, Inc.

We have audited the accompanying balance sheet of U.S. Lawns, Inc. (a wholly owned subsidiary of ValleyCrest Companies, LLC) as of April 30, 2012, and the related statements of operations and retained earnings, and cash flows for the year 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 on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 U.S. Lawns, Inc. at April 30, 2012, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

July 23, 2012



U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Balance Sheet

April 30, 2012

**Assets**

Current assets:

Cash	\$ 400
Accounts receivable, less allowance for doubtful accounts of \$197,000	2,386,515
Current portion of notes receivable	290,296
Prepaid expenses and other assets	214,663
Deferred tax assets, net	52,285
Due from Parent, net	6,805,462
Total current assets	<u>9,749,621</u>

Property and equipment, at cost:

Office equipment and furniture	149,588
Less accumulated depreciation	<u>(130,322)</u>
Property and equipment, net	19,266

Notes receivable, less current portion	794,712
Other assets	8,611
Total assets	<u><u>\$ 10,572,210</u></u>

**Liabilities and stockholder's equity**

Current liabilities:

Accounts payable	\$ 1,747,611
Accrued liabilities	1,979,733
Income taxes payable	141,500
Total current liabilities	<u>3,868,844</u>

Deferred tax liabilities, non-current	2,043
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Stockholder's equity:

Common stock, par value of \$0.01 per share, authorized 50,000 shares; issued and outstanding 7,500 shares	75
Additional paid-in capital	1,230,005
Retained earnings	5,471,243
Total stockholder's equity	<u>6,701,323</u>
Total liabilities and stockholder's equity	<u><u>\$ 10,572,210</u></u>

*See accompanying notes.*

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Statement of Operations and Retained Earnings

Year Ended April 30, 2012

Revenues:	
Landscape maintenance	\$ 25,829,926
Royalty fees	3,152,634
Franchise fees	536,137
Other	<u>1,718,880</u>
Total revenues	<u>31,237,577</u>
Expenses:	
Cost of revenue	24,451,003
Franchise support, selling, and administrative	<u>5,910,057</u>
Total expenses	<u>30,361,060</u>
Income before income taxes	876,517
Income tax expense	<u>(308,806)</u>
Net income	567,711
Retained earnings, beginning of the year	<u>4,903,532</u>
Retained earnings, end of the year	<u><u>\$ 5,471,243</u></u>

*See accompanying notes.*

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Statement of Cash Flows

Year Ended April 30, 2012

**Operating activities**

Net income	\$ 567,711
Adjustments to reconcile net income to net cash provided by operating activities:	
Allowance for doubtful accounts	(38,852)
Depreciation and amortization	38,965
Deferred taxes	271,353
Changes in net operating assets and liabilities:	
Accounts receivable	3,013,864
Prepaid expenses and other assets	(90,252)
Due from Parent, net	(3,286,844)
Accounts payable	1,023,961
Accrued liabilities	(598,978)
Income taxes payable	(730,627)
Other liabilities	(152,438)
Net cash provided by operating activities	<u>17,863</u>

**Financing activities**

Issuance of notes receivable	(451,580)
Collection of notes receivable	433,717
Net cash used in financing activities	<u>(17,863)</u>

Net change in cash	-
Cash at beginning of year	400
Cash at end of year	<u>\$ 400</u>

*See accompanying notes.*

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements

April 30, 2012

**1. Description of Business**

U.S. Lawns, Inc. (the Company) is a Florida corporation and a wholly owned subsidiary of ValleyCrest Companies, LLC (the Parent). The Company is engaged in selling franchise rights for landscape maintenance services and also provides landscape maintenance services directly to customers throughout the United States of America.

The Company sold 27 franchises during the year ended April 30, 2012. The Company terminated 15 franchises during the year ended April 30, 2012, to bring the total number of franchises in operation to 251 as of April 30, 2012.

The Company's obligation under the franchise agreement is to train and assist franchise owners with the setup of the franchise business. The Company provides the franchise owner with sales materials and sample maintenance contracts. The Company also provides continuing training as necessary, and protects any and all rights of the franchise owner as it relates to claims of infringement or unfair competition regarding the use of its trademarks.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements include the accounts of the Company on a historical cost basis, and do not reflect the use of business combination (i.e., pushdown) accounting from the Parent.

**Operating Cycle**

Balance sheet accounts expected to be paid or received within one year are classified as current. Assets and liabilities relating to long-term contracts are included in current assets and current liabilities in the accompanying balance sheets, since they will be realized or liquidated in the normal course of contract completion, although completion may require more than one year.

**Concentration of Credit Risk**

During year ended April 30, 2012, one customer accounted for approximately 31.2% of the Company's gross revenues but only 18.0% of gross margins.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Account Receivables**

Account receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing trade receivables. The Company determines the allowance based on historical experience of expected collections. The Company reviews its allowance for doubtful accounts on a quarterly basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Parent charges the Company interest of 1% per month on past due account receivables greater than 90 days. This amount is included in administrative expense, net in the accompanying statement of operations and retained earnings, and in Due from Parent, net in the accompanying balance sheet.

**Depreciation and Amortization**

Depreciation of property and equipment with estimated useful lives has been provided principally by use of the straight-line method over the assets' economic lives. Lives used are generally as follows:

Office equipment and furniture	3 to 7 years
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**Long-Lived Assets**

In accordance with Accounting Standards Codification (ASC) 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Income Taxes**

The Company files a consolidated federal income tax return and multiple combined state tax returns with its Parent. The Company uses a blended state rate to account for its share of state tax liability.

The Company uses the asset and liability method of accounting for income taxes pursuant to ASC 740, *Income Taxes*. Under this approach, differences between the financial statement and the tax basis of assets and liabilities are determined annually, and deferred income tax assets and liabilities are recorded for those differences that have future tax consequences. Valuation allowances are established, if necessary, to reduce the deferred tax assets to an amount that will “more likely than not” be realized in future periods. Income tax expense or benefit is composed of the current tax payable or receivable for the period plus or minus the net change in deferred tax assets and liabilities.

Additionally, ASC 740-10 requires companies to determine whether it is “more likely than not” that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements.

**Revenue Recognition**

The Company recognizes revenues as follows.

*Maintenance Contracts* – Revenues are recognized in equal monthly amounts over the life of the contract as services are performed.

*Royalty Fees* – Royalty fees are based on a percentage of the franchisee’s gross sales from landscape maintenance contracts. The Company recognizes these fees as revenues when earned.

*Franchise Fees* – The Company recognizes franchise fees upon the execution of the franchise agreement, management’s determination that the sale price is fully collectible, training is completed, and other obligations under the franchise agreement have been substantially satisfied.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Use of Estimates**

The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates made.

**Fair Values of Financial Instruments**

The carrying value of all financial instruments of the Company approximates their fair value due to the nature of the instruments. Financial instruments include accounts receivable, notes receivable, accounts payable and accrued liabilities.

**3. Notes Receivable**

Notes receivable represent amounts due from third-party franchisees for the purchase of franchise rights. These notes bear interest at rates varying from 4.25% to 13.25%, and have various maturities through January 2018. In general, notes receivable are collateralized by the underlying business assets (inventory, accounts receivable, equipment, and other assets) of the franchisee.

Aggregate maturities of notes receivable are as follows:

Year ending April 30:	
2013	\$ 290,296
2014	274,798
2015	251,381
2016	160,664
2017	94,749
2018	13,120
	<u>\$ 1,085,008</u>

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**4. Income Taxes**

Components of income tax expense for fiscal year 2012 are as follows:

	Current	Deferred	Total
Federal	\$ 92,741	\$ 150,871	\$ 243,612
State	63,173	2,021	65,194
	\$ 155,914	\$ 152,892	\$ 308,806

Total income tax expense differs from the amount computed by applying the U.S. federal income tax rate of 35% for 2012 to earnings before income taxes as follows:

	April 30, 2012
Computed "expected" tax expense	\$ 306,781
State income tax expense, net of federal income tax benefit	83,610
Permanent differences	7,170
Provision to return	86,098
Change in unrecognized tax benefits	(152,438)
Other, net	(22,415)
	\$ 308,806

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

Deferred tax assets:	
Allowance for doubtful accounts	\$ 71,830
Total gross deferred tax assets	71,830
Deferred tax liabilities:	
Prepaid and recurring expenses	(19,545)
Property and equipment	(2,043)
Total gross deferred tax liabilities	(21,588)
Net deferred tax assets	\$ 50,242



U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**4. Income Taxes (continued)**

In assessing the valuation of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the turnaround of deferred tax liabilities and the projection of future income. Management has concluded that, more likely than not, all deferred tax assets as of April 30, 2012, will be realized.

As of April 30, 2012, the Company does not have any liabilities for gross unrecognized tax benefits.

**5. Employee Benefit Plans**

Employees of the Company participate in a 401(k) defined contribution plan (the Plan) adopted by the Company for all employees. After a specified period of service, employees become eligible to participate in the Plan and may contribute 2% through 50% of their compensation to the Plan, which is tax deferred. The Company at its sole discretion may contribute a matching contribution equal to a uniform percentage of each participant's contribution, the exact percentage, if any, is to be determined each year by the Company. The Company contributed \$20,357 to the Plan in 2012.

**6. Related-Party Transactions**

The Parent, at its discretion, can charge the Company an operating and administrative services fee. The Company was charged \$240,000 by the Parent in 2012. The fees are included in franchise support, selling, and administrative expenses in the accompanying statement of operations and retained earnings.

In the normal course of business, cash receipts and disbursements are managed by the Parent who in turn reconciles such cash activity with the Company on a periodic basis through an intercompany account. Amounts Due from Parent, net included in the accompanying balance sheet are non-interest bearing and are due upon demand.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**7. Commitments**

The Company leases office space and equipment under operating leases with nonrelated parties, which expire on various dates through January 2014. Minimum annual operating lease commitments are as follows:

Year ending April 30:	
2013	\$ 159,947
2014	119,884
	<u>\$ 279,831</u>

Aggregate rent and equipment rental lease expense was \$172,924 for the year ended April 30, 2012.

**8. Contingencies**

The Company is involved in litigation and various claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial statements.

**9. Subsequent Event**

The Company has performed an evaluation of subsequent events through July 23, 2012, for the financial statements for the fiscal year ended April 30, 2012.



# U.S. Lawns, Inc.

## FINANCIAL STATEMENTS

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest  
Companies, LLC)  
Year Ended April 30, 2013  
With Report of Independent Auditors

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Financial Statements

Year Ended April 30, 2013

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## Report of Independent Auditors

The Board of Directors and Stockholder  
U.S. Lawns, Inc.

We have audited the accompanying financial statements of U.S. Lawns, Inc., which comprise the balance sheet as of April 30, 2013, and the related statements of operations and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U.S. Lawns, Inc. at April 30, 2013, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

*Ernst + Young LLP*

July 31, 2013

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Balance Sheet

April 30, 2013

**Assets**

Current assets:

Cash	\$ 400
Accounts receivable, less allowance for doubtful accounts of \$355,000	4,536,880
Current portion of notes receivable	383,489
Prepaid expenses and other assets	163,038
Deferred tax assets	136,133
Due from Parent, net	2,612,088
Total current assets	<u>7,832,028</u>

Property and equipment, at cost:

Office equipment and furniture	186,912
Less accumulated depreciation	(131,541)
Property and equipment, net	<u>55,371</u>

Notes receivable, less current portion	863,109
Other assets	32,034
Due from Parent, net (non-current)	549,461
Total assets	<u><u>\$ 9,332,003</u></u>

**Liabilities and stockholder's equity**

Current liabilities:

Accounts payable	\$ 746,976
Accrued liabilities	1,047,689
Total current liabilities	<u>1,794,665</u>

Deferred tax liabilities, non-current	18,592
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Stockholder's equity:

Common stock, par value of \$0.01 per share, authorized 50,000 shares; issued and outstanding 7,500 shares	75
Additional paid-in capital	1,230,005
Retained earnings	6,288,666
Total stockholder's equity	<u>7,518,746</u>
Total liabilities and stockholder's equity	<u><u>\$ 9,332,003</u></u>

*See accompanying notes.*

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Statement of Operations and Retained Earnings

Year Ended April 30, 2013

Revenues:	
Landscape maintenance	\$ 30,625,780
Royalty fees	3,585,707
Franchise fees	579,000
Other	<u>1,552,634</u>
Total revenues	36,343,121
Expenses:	
Cost of revenue	28,356,342
Franchise support, selling, and administrative	<u>6,564,493</u>
Total expenses	<u>34,920,835</u>
Income before income taxes	1,422,286
Income tax expense	<u>604,863</u>
Net income	817,423
Retained earnings, beginning of the year	<u>5,471,243</u>
Retained earnings, end of the year	<u><u>\$ 6,288,666</u></u>

*See accompanying notes.*



U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Statement of Cash Flows

Year Ended April 30, 2013

**Operating activities**

Net income	\$ 817,423
Adjustments to reconcile net income to net cash provided by operating activities:	
Allowance for doubtful accounts	169,736
Depreciation and amortization	23,666
Deferred taxes	(67,298)
Changes in net operating assets and liabilities:	
Accounts receivable	(2,320,102)
Prepaid expenses and other assets	17,465
Due from Parent, net	3,502,413
Accounts payable	(1,000,635)
Accrued liabilities	(932,044)
Net cash provided by operating activities	<u>210,624</u>

**Investing activities**

Purchases of property and equipment, net	<u>(49,034)</u>
Net cash used in investing activities	(49,034)

**Financing activities**

Issuance of notes receivable	(614,505)
Collection of notes receivable	<u>452,915</u>
Net cash used in financing activities	<u>(161,590)</u>

Net change in cash	-
Cash at beginning of year	400
Cash at end of year	<u><u>\$ 400</u></u>

*See accompanying notes.*

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements

April 30, 2013

**1. Description of Business**

U.S. Lawns, Inc. (the Company) is a Florida corporation and a wholly owned subsidiary of ValleyCrest Companies, LLC (the Parent). The Company is engaged in selling franchise rights for landscape maintenance services and also provides landscape maintenance services directly to customers throughout the United States of America.

The Company sold 27 franchises during the year ended April 30, 2013. The Company terminated 16 franchises during the year ended April 30, 2013, to bring the total number of franchises in operation to 262 as of April 30, 2013.

The Company's obligation under the franchise agreement is to train and assist franchise owners with the setup of the franchise business. The Company provides the franchise owner with sales materials and sample maintenance contracts. The Company also provides continuing training as necessary, and protects any and all rights of the franchise owner as it relates to claims of infringement or unfair competition regarding the use of its trademarks.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements include the accounts of the Company on a historical cost basis reported in accordance with the U.S. generally accepted accounting principles, and do not reflect the use of business combination (i.e., pushdown) accounting from the Parent.

**Operating Cycle**

Balance sheet accounts expected to be paid or received within one year are classified as current. Assets and liabilities relating to long-term contracts are included in current assets and current liabilities in the accompanying balance sheet, since they will be realized or liquidated in the normal course of contract completion, although completion may require more than one year.

**Concentration of Credit Risk**

During year ended April 30, 2013, one customer accounted for approximately 21.9% of the Company's gross revenues but only 13.6% of gross margins.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Account Receivables**

Account receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing trade receivables. The Company determines the allowance based on historical experience of expected collections. The Company reviews its allowance for doubtful accounts on a quarterly basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Parent charges the Company interest of 1% per month on past due account receivables greater than 90 days. This amount is included in administrative expense, net in the accompanying statement of operations and retained earnings, and in Due from Parent, net in the accompanying balance sheet.

**Depreciation and Amortization**

Depreciation of property and equipment with estimated useful lives has been provided principally by use of the straight-line method over the assets' economic lives. Lives used are generally as follows:

Office equipment and furniture	3 to 7 years
--------------------------------	--------------

Depreciation and amortization expense pertaining to property and equipment was \$12,929 for fiscal year 2013.

**Long-Lived Assets**

In accordance with Accounting Standards Codification (ASC) 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

fair value less costs to sell, and no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

**Income Taxes**

The Company files a consolidated federal income tax return and multiple combined state tax returns with its Parent. The Company uses a blended state rate to account for its share of state tax liability.

The Company uses the asset and liability method of accounting for income taxes pursuant to ASC 740, *Income Taxes*. Under this approach, differences between the financial statement and the tax basis of assets and liabilities are determined annually, and deferred income tax assets and liabilities are recorded for those differences that have future tax consequences. Valuation allowances are established, if necessary, to reduce the deferred tax assets to an amount that will “more likely than not” be realized in future periods. Income tax expense or benefit is composed of the current tax payable or receivable for the period plus or minus the net change in deferred tax assets and liabilities.

Additionally, ASC 740-10 requires companies to determine whether it is “more likely than not” that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements.

**Revenue Recognition**

The Company recognizes revenues as follows.

*Maintenance Contracts* – Revenues are recognized in equal monthly amounts over the life of the contract as services are performed.

*Royalty Fees* – Royalty fees are based on a percentage of the franchisee’s gross sales from landscape maintenance contracts. The Company recognizes these fees as revenues when earned.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

*Franchise Fees* – The Company recognizes franchise fees upon the execution of the franchise agreement, management’s determination that the sale price is fully collectible, training is completed, and other obligations under the franchise agreement have been substantially satisfied.

**Use of Estimates**

The preparation of the Company’s financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates made.

**Fair Values of Financial Instruments**

The carrying value of all financial instruments of the Company approximates their fair value due to the nature of the instruments. Financial instruments include accounts receivable, notes receivable, accounts payable and accrued liabilities.

**3. Notes Receivable**

Notes receivable represent amounts due from third-party franchisees for the purchase of franchise rights. These notes bear interest at rates varying from 4.25% to 13.25%, and have various maturities through June 2019. In general, notes receivable are collateralized by the underlying business assets (inventory, accounts receivable, equipment, and other assets) of the franchisee.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**3. Notes Receivable (continued)**

Aggregate maturities of notes receivable are as follows:

Year ending April 30:		
2014	\$	382,912
2015		324,252
2016		233,065
2017		179,367
2018		103,773
2019		21,563
2020		1,666
		<u>\$ 1,246,598</u>

**4. Income Taxes**

Components of income tax expense (benefit) for fiscal year 2013 are as follows:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 516,661	\$ (57,636)	\$ 459,025
State	151,998	(6,160)	145,838
	<u>\$ 668,659</u>	<u>\$ (63,796)</u>	<u>\$ 604,863</u>

Total income tax expense differs from the amount computed by applying the U.S. federal income tax rate of 35% for 2013 to earnings before income taxes due to state income taxes, nondeductible expenses and other provision to return adjustments.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**4. Income Taxes (continued)**

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

Deferred tax assets:	
Allowance for doubtful accounts	\$ 136,133
Total gross deferred tax assets	<u>136,133</u>
Deferred tax liabilities:	
Change in accounting methods	(5,067)
Property, equipment and other	<u>(13,525)</u>
Total gross deferred tax liabilities	<u>(18,592)</u>
Net deferred tax assets	<u>\$ 117,541</u>

In assessing the valuation of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the turnaround of deferred tax liabilities and the projection of future income. Management has concluded that, more likely than not, all deferred tax assets as of April 30, 2013, will be realized.

As of April 30, 2013, the Company does not have any significant liabilities for gross unrecognized tax benefits.

**5. Employee Benefit Plans**

Employees of the Company participate in a 401(k) defined contribution plan (the Plan) adopted by the Company for all employees. After a specified period of service, employees become eligible to participate in the Plan and may contribute 2% through 50% of their compensation to the Plan, which is tax deferred. The Company at its sole discretion may contribute a matching contribution equal to a uniform percentage of each participant's contribution, the exact percentage, if any, is to be determined each year by the Company. The Company contributed \$20,500 to the Plan in 2013.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**6. Related-Party Transactions**

The Parent, at its discretion, can charge the Company an operating and administrative services fee. The Company was charged \$276,859 by the Parent in 2013. The fees are included in franchise support, selling, and administrative expenses in the accompanying statement of operations and retained earnings.

In the normal course of business, cash receipts and disbursements are managed by the Parent who in turn reconciles such cash activity with the Company on a periodic basis through an intercompany account. Amounts Due from Parent, net included in the accompanying balance sheet are non-interest bearing and are due upon demand.

**7. Commitments**

The Company leases office space and equipment under operating leases with nonrelated parties, which expire on various dates through January 2015. Minimum annual operating lease commitments are as follows:

Year ending April 30:	
2014	\$ 108,600
2015	<u>21,142</u>
	<u>\$ 129,742</u>

Aggregate rent and equipment rental lease expense was \$174,547 for the year ended April 30, 2013.

**8. Contingencies**

The Company is involved in litigation and various claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial statements.

**9. Subsequent Events**

The Company has performed an evaluation of subsequent events through July 31, 2013, for the financial statements for the fiscal year ended April 30, 2013.



Ernst & Young LLP

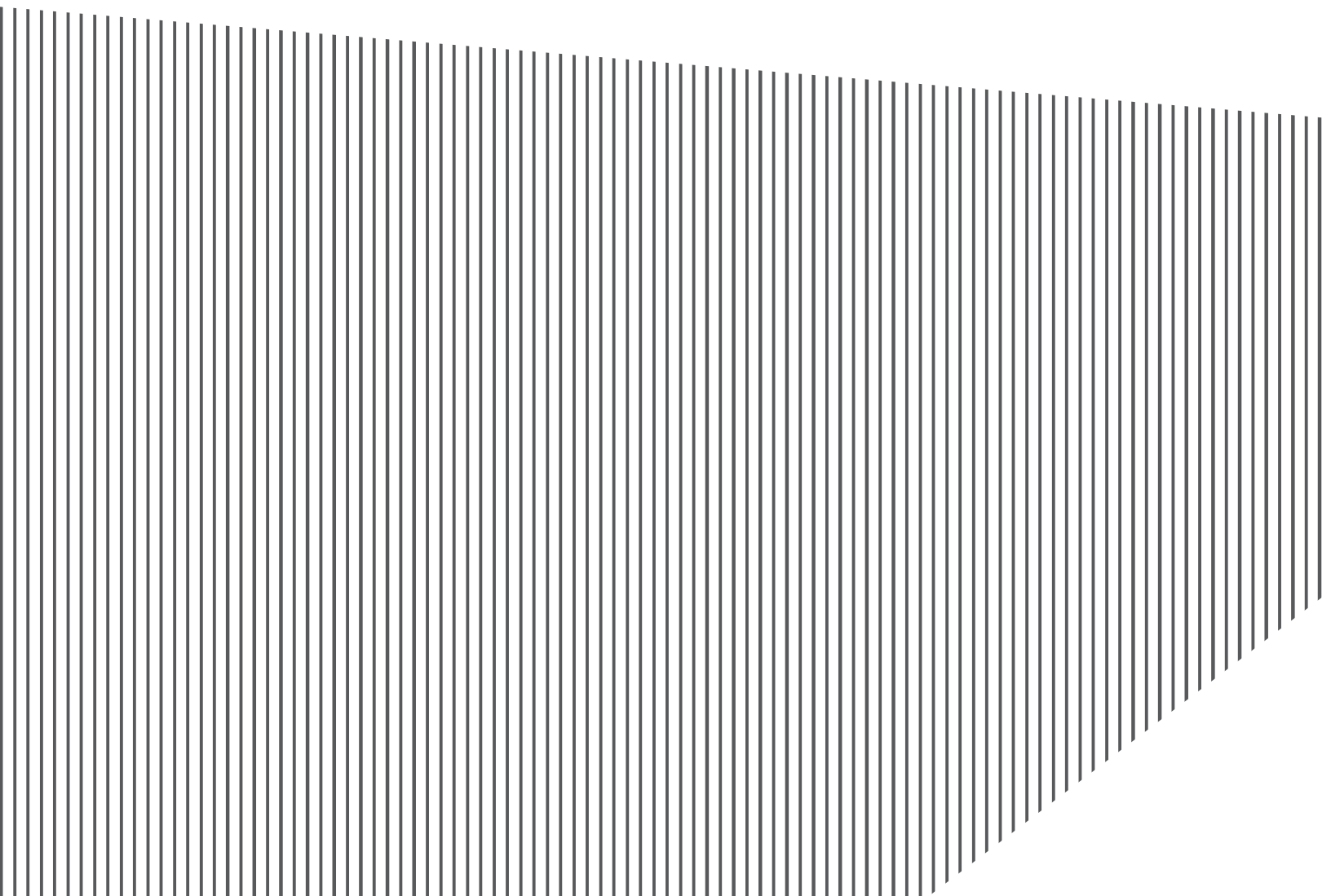
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# U.S. Lawns, Inc.

## FINANCIAL STATEMENTS

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest  
Companies, LLC)  
Year Ended April 30, 2014  
With Report of Independent Auditors

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Financial Statements

Year Ended April 30, 2014

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## Report of Independent Auditors

The Board of Directors and Stockholder  
U.S. Lawns, Inc.

We have audited the accompanying financial statements of U.S. Lawns, Inc., which comprise the balance sheet as of April 30, 2014, and the related statements of operations and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U.S. Lawns, Inc. at April 30, 2014, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

*Ernst + Young LLP*

August 22, 2014

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Balance Sheet

April 30, 2014

**Assets**

Current assets:

Cash	\$ 400
Accounts receivable, less allowance for doubtful accounts of \$415,000	6,381,448
Current portion of notes receivable	451,401
Prepaid expenses and other assets	70,401
Deferred tax assets	158,391
Due from Parent, net	4,481,941
Total current assets	<u>11,543,982</u>
Property and equipment, at cost:	
Office equipment and furniture	132,893
Building and improvements	110,384
Autos and equipment under cap lease	28,246
Total property and equipment, at cost	<u>271,523</u>
Less accumulated depreciation	(24,219)
Property and equipment, net	<u>247,304</u>
Notes receivable, non-current portion	715,665
Other assets	20,411
Total assets	<u><u>\$ 12,527,362</u></u>

**Liabilities and stockholder's equity**

Current liabilities:

Accounts payable	\$ 2,500,742
Accrued liabilities	1,220,525
Capital lease obligation - short-term	6,779
Total current liabilities	<u>3,728,046</u>
Capital lease obligation - long-term	20,337
Deferred tax liabilities, non-current	19,707
Stockholder's equity:	
Common stock, par value of \$0.01 per share, authorized 50,000 shares; issued and outstanding 7,500 shares	75
Additional paid-in capital	1,230,005
Retained earnings	7,529,192
Total stockholder's equity	<u>8,759,272</u>
Total liabilities and stockholder's equity	<u><u>\$ 12,527,362</u></u>

*See accompanying notes.*

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Statement of Operations and Retained Earnings

Year Ended April 30, 2014

Revenues:	
Landscape maintenance	\$ 37,184,279
Royalty fees	4,123,081
Franchise fees	605,000
Other	<u>1,476,057</u>
Total revenues	43,388,417
Expenses:	
Cost of revenue	34,060,453
Franchise support, selling, and administrative	<u>7,157,368</u>
Total expenses	<u>41,217,821</u>
Income before income taxes	2,170,596
Income tax expense	<u>930,070</u>
Net income	1,240,526
Retained earnings, beginning of the year	<u>6,288,666</u>
Retained earnings, end of the year	<u><u>\$ 7,529,192</u></u>

*See accompanying notes.*

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Statement of Cash Flows

Year Ended April 30, 2014

**Operating activities**

Net income	\$ 1,240,526
Adjustments to reconcile net income to net cash provided by operating activities:	
Allowance for doubtful accounts	166,058
Depreciation and amortization	34,090
Gain on sale of equipment	(12,352)
Deferred taxes	(21,143)
Changes in net operating assets and liabilities:	
Accounts receivable	(2,010,626)
Prepaid expenses and other assets	92,637
Due from Parent, net	(1,320,392)
Accounts payable	1,753,766
Accrued liabilities	172,836
Other liabilities	27,116
Net cash provided by operating activities	<u>122,516</u>

**Investing activities**

Purchases of property and equipment	(219,793)
Proceeds from sale of property and equipment	17,745
Net cash used in investing activities	<u>(202,048)</u>

**Financing activities**

Issuance of notes receivable	(428,853)
Collection of notes receivable	508,385
Net cash provided by financing activities	<u>79,532</u>

Net change in cash	—
Cash at beginning of year	400
Cash at end of year	<u><u>\$ 400</u></u>

*See accompanying notes.*



U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements

April 30, 2014

**1. Description of Business**

U.S. Lawns, Inc. (the Company) is a Florida corporation and a wholly owned subsidiary of ValleyCrest Companies, LLC (the Parent), and the Parent is a subsidiary of ValleyCrest Holding Co. The Company is engaged in selling franchise rights for landscape maintenance services and also provides landscape maintenance services directly to customers throughout the United States of America.

The Company sold 24 franchises during the year ended April 30, 2014. The Company terminated 22 franchises during the year ended April 30, 2014, to bring the total number of franchises in operation to 264 as of April 30, 2014.

The Company's obligation under the franchise agreement is to train and assist franchise owners with the setup of the franchise business. The Company provides the franchise owner with sales materials and sample maintenance contracts. The Company also provides continuing training as necessary, and protects any and all rights of the franchise owner as it relates to claims of infringement or unfair competition regarding the use of its trademarks.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements include the accounts of the Company on a historical cost basis reported in accordance with the U.S. generally accepted accounting principles, and do not reflect the use of business combination (i.e., pushdown) accounting from the Parent.

**Operating Cycle**

Balance sheet accounts expected to be paid or received within one year are classified as current. Assets and liabilities relating to long-term contracts are included in current assets and current liabilities in the accompanying balance sheet, since they will be realized or liquidated in the normal course of contract completion, although completion may require more than one year.

**Concentration of Credit Risk**

During the year ended April 30, 2014, one customer accounted for approximately 15.0% of the Company's gross revenues, but only 7.1% of gross margins and another customer accounted for approximately 13.9% of the Company's gross revenues, but only 8.5% of gross margins.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Account Receivables**

Account receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing trade receivables. The Company determines the allowance based on historical experience of expected collections. The Company reviews its allowance for doubtful accounts on a quarterly basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Parent charges the Company interest of 1% per month on past due account receivables greater than 90 days. This amount is included in administrative expense, net in the accompanying statement of operations and retained earnings, and in Due from Parent, net in the accompanying balance sheet.

**Depreciation and Amortization**

Depreciation of property and equipment with estimated useful lives has been provided principally by use of the straight-line method over the assets' economic lives. Lives used are generally as follows:

Buildings and improvements	5 to 33 years
Landscape equipment	3 to 5 years
Office equipment and furniture	3 to 7 years
Autos and equipment under capital leases	4 to 5 years
Software	3 years

Depreciation and amortization expense pertaining to property and equipment was \$34,090 for fiscal year 2014.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Long-Lived Assets**

In accordance with Accounting Standards Codification (ASC) 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

**Income Taxes**

The Company files a consolidated federal income tax return and multiple combined state tax returns with its Parent. The Company uses a blended state rate to account for its share of state tax liability.

The Company uses the asset and liability method of accounting for income taxes pursuant to ASC 740, *Income Taxes*. Under this approach, differences between the financial statement and the tax basis of assets and liabilities are determined annually, and deferred income tax assets and liabilities are recorded for those differences that have future tax consequences. Valuation allowances are established, if necessary, to reduce the deferred tax assets to an amount that will “more likely than not” be realized in future periods. Income tax expense or benefit is composed of the current tax payable or receivable for the period plus or minus the net change in deferred tax assets and liabilities.

Additionally, ASC 740-10 requires companies to determine whether it is “more likely than not” that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Revenue Recognition**

The Company recognizes revenues as follows:

*Maintenance Contracts* – Revenues are recognized in equal monthly amounts over the life of the contract as services are performed.

*Royalty Fees* – Royalty fees are based on a percentage of the franchisee's gross sales from landscape maintenance contracts. The Company recognizes these fees as revenues when earned.

*Franchise Fees* – The Company recognizes franchise fees upon the execution of the franchise agreement, management's determination that the sale price is fully collectible, training is completed, and other obligations under the franchise agreement have been substantially satisfied.

**Use of Estimates**

The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates made.

**Fair Values of Financial Instruments**

The carrying value of all financial instruments of the Company approximates their fair value due to the nature of the instruments. Financial instruments include accounts receivable, notes receivable, accounts payable and accrued liabilities.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**3. Notes Receivable**

Notes receivable represent amounts due from third-party franchisees for the purchase of franchise rights. These notes bear interest at rates varying from 4.25% to 12.00%, and have various maturities through November 2019. In general, notes receivable are collateralized by the underlying business assets (inventory, accounts receivable, equipment, and other assets) of the franchisee.

Aggregate maturities of notes receivable are as follows:

Year ending April 30:	
2015	\$ 403,020
2016	276,944
2017	230,975
2018	166,896
2019	83,629
2020	5,602
	<u>\$ 1,167,066</u>

**4. Income Taxes**

Components of income tax expense (benefit) for fiscal year 2014 are as follows:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 782,139	\$ (17,710)	\$ 764,429
State	168,898	(3,252)	165,641
	<u>\$ 951,032</u>	<u>\$ (20,962)</u>	<u>\$ 930,070</u>

Total income tax expense differs from the amount computed by applying the U.S. federal income tax rate of 35% for 2014 to earnings before income taxes due to state income taxes, nondeductible expenses and other provision to return adjustments.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**4. Income Taxes (continued)**

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

Deferred tax assets:	
Allowance for doubtful accounts	\$ 160,953
Total gross deferred tax assets	<u>160,953</u>
Deferred tax liabilities:	
Change in accounting methods	(2,562)
Property, equipment, and other	<u>(19,707)</u>
Total gross deferred tax liabilities	<u>(22,269)</u>
Net deferred tax assets	<u>\$ 138,684</u>

In assessing the valuation of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the turnaround of deferred tax liabilities and the projection of future income. Management has concluded that, more likely than not, all deferred tax assets as of April 30, 2014, will be realized.

As of April 30, 2014, the Company does not have any significant liabilities for gross unrecognized tax benefits.

The Company's policy is to include net interest and penalties related to unrecognized tax benefits within the provision for taxes on the consolidated statements of operations. The Company had no interest and penalties accrued at April 30, 2014.

**5. Employee Benefit Plans**

Employees of the Company participate in a 401(k) defined contribution plan (the Plan) adopted by the Company for all employees. After a specified period of service, employees become eligible to participate in the Plan and may contribute 2% through 50% of their compensation to the Plan, which is tax deferred. The Company at its sole discretion may contribute a matching contribution equal to a uniform percentage of each participant's contribution, the exact percentage, if any, is to be determined each year by the Company. The Company contributed \$22,179 to the Plan in 2014.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**6. Related-Party Transactions**

The Parent, at its discretion, can charge the Company an operating and administrative services fee. The Company was charged \$300,000 by the Parent in 2014. The fees are included in franchise support, selling, and administrative expenses in the accompanying statement of operations and retained earnings.

In the normal course of business, cash receipts and disbursements are managed by the Parent who in turn reconciles such cash activity with the Company on a periodic basis through an intercompany account. Amounts Due from Parent, net included in the accompanying balance sheet are non-interest bearing and are due upon demand. The current portion of the Due from Parent balance is calculated by taking the working capital as of April 30, 2014 and adjusting it to exclude the Due from Parent balance and include the current year net income after taxes. Management believes this supports the Company's financial relationship with its Parent.

**7. Commitments**

The Company leases office space and equipment under operating leases with nonrelated parties, which expire on various dates through July 2016. Minimum annual operating lease commitments are as follows:

Year ending April 30:	
2015	\$ 229,019
2016	210,594
2017	41,605
	<u>\$ 481,218</u>

Aggregate rent and equipment rental lease expense was \$247,425 for the year ended April 30, 2014.

**8. Contingencies**

The Company is involved in litigation and various claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial statements.

U.S. Lawns, Inc.  
(A Wholly Owned Subsidiary of ValleyCrest Companies, LLC)

Notes to Financial Statements (continued)

**9. Subsequent Events**

A subsidiary of Brickman Parent L.P., the Maryland-based landscaping company, merged with ValleyCrest Holding Co., effective June 30, 2014, and the stockholders of ValleyCrest received, in exchange for their stock, cash and equity in Brickman Parent. An affiliate of KKR & Co. L.P., a leading global investment firm, owns a majority ownership of Brickman Parent and an affiliate of MSD Capital, L.P. retains a significant minority ownership interest in Brickman Parent.

The Company has performed an evaluation of subsequent events through August 22, 2014, for the consolidated financial statements for the fiscal year ended April 30, 2014.



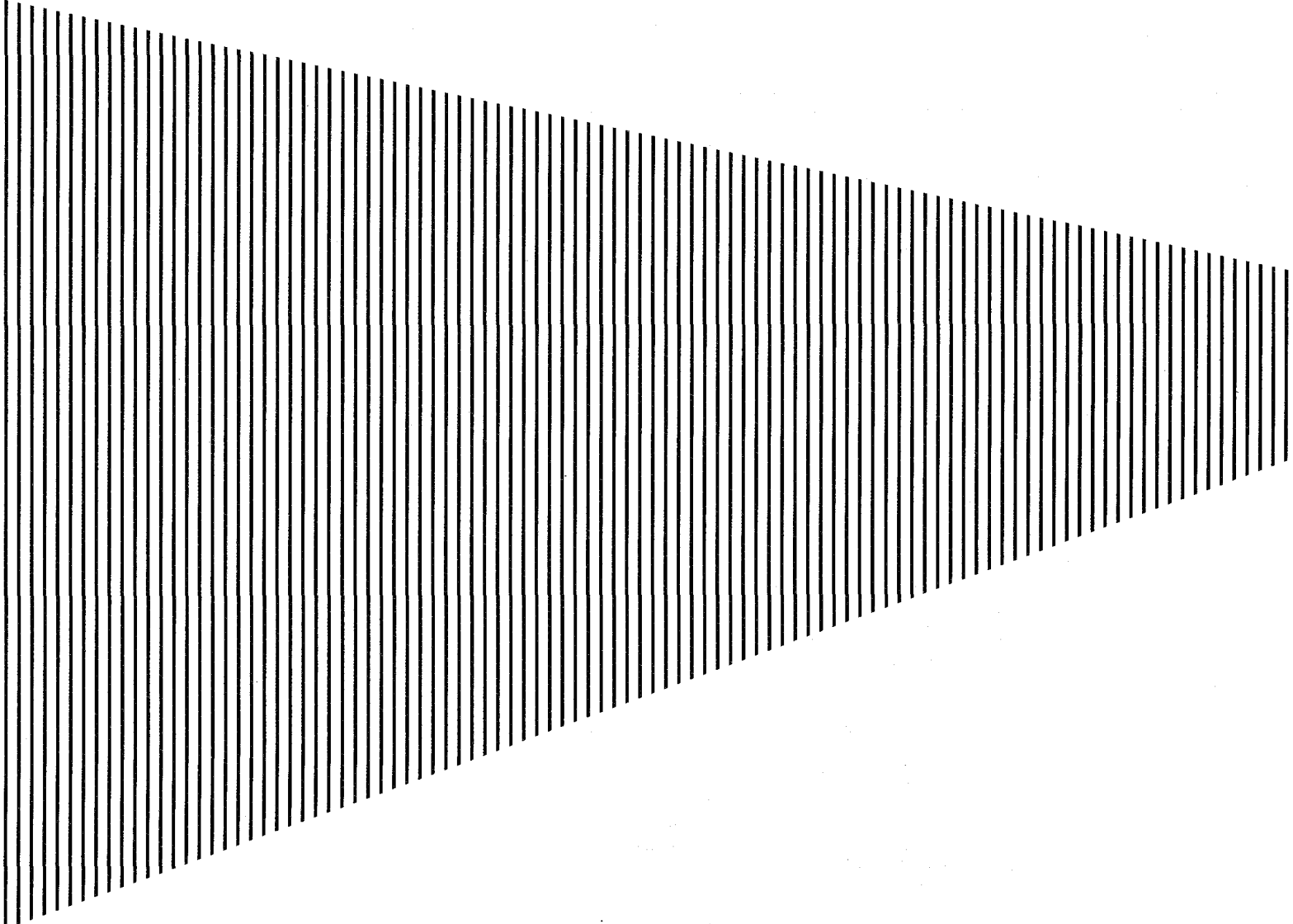
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## EXHIBIT B

# U.S. LAWNS FRANCHISE AGREEMENT

U.S. LAWNS FRANCHISE AGREEMENT

U.S. Lawns, Inc.

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U.S. LAWNS FRANCHISE AGREEMENT

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SCHEDULES

- A. Data Sheet
- B. Conversion Addendum
- C. Business Note and Security Agreement
- D. Electronic Transfer of Funds Authorization
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- F. SBA Addendum

Personal Guarantee  
Acknowledgement Addendum

## U.S. LAWNS FRANCHISE AGREEMENT

This Franchise Agreement (the “Agreement”) is made this \_\_\_\_ day of \_\_\_\_\_, 201\_\_ between U.S. Lawns, Inc. a Florida corporation with its principal business located at 4700 Millenia Blvd., Suite 240, Orlando, Florida 32839 (“we” or “us”), and “Franchisee” or “you” as identified on the Data Sheet attached as Schedule A (the “Data Sheet”). If the franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners.

### RECITALS

A. We have developed a unique system for opening and operating a business providing landscape maintenance services pursuant to certain standards and specifications (“U.S. LAWNS Business”);

B. We own the U.S. LAWNS service mark and other trademarks used in connection with the operation of a U.S. LAWNS Business;

C. You desire to develop and operate a U.S. LAWNS Business; and

D. We have agreed to grant you a franchise subject to the terms and conditions of this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

### DEFINITIONS

1. For purposes of this Agreement, the terms below have the following definitions:

A. “Business” means the U.S. LAWNS Business you develop and operate pursuant to this Agreement.

B. “Confidential Information” means any proprietary and confidential information owned by us relating to the development or operation of U.S. LAWNS Businesses whether contained in the Operations Manual or otherwise, including, but not limited to: (1) technical information and expertise; (2) data bases of potential customers; (3) sales and marketing programs and techniques for U.S. LAWNS Businesses; (4) Customer Information (as defined below); (5) knowledge of operating systems, results and financial performance of U.S. LAWNS Businesses other than U.S. LAWNS Businesses that you own; and (6) computer systems, technology and software programs.

C. “Conversion Franchise” means a franchise purchased by the owner of an existing active, landscape business that meets our criteria for conversion franchises.

D. “Conversion Sales” means Gross Billings received pursuant to the specific contract maintenance work agreements which are identified on Schedule B.

E. “Customer Information” means contact information (including name, address, phone and fax numbers, and e-mail addresses), sales and payment history, corporate background, and all other information about (1) any person or entity included on any marketing or customer list provided by us to you, (2) any person or entity who has purchased or purchases services from you during the term (even if you have solicited the person and/or established a relationship independent of us and without our assistance) or who you have solicited to purchase any goods and/or services, (3) any person or entity for whom you provide services on our behalf or at our direction; and (4) if customer is a corporation or limited liability company, all employees of such corporation or limited liability company.

F. “Gross Billings” means the gross amount billed by you during any calendar month, whether or not payment is received therefore, on account of Landscape Maintenance Services performed by or on behalf of you, directly or indirectly, and on account of any and all other related goods and services sold or rendered under or in connection with your use of the Marks (including the sale of unauthorized goods and services), and including work performed for or on behalf of persons or business entities which are customers of yours as of the Effective Date. Gross Billings exclude sales taxes collected and paid to the proper authorities.

G. “Internet” means all communications between computers and television, telephone, facsimile and any other communication or communication capable devices and another such device or machine, including the World Wide Web, proprietary online services, social media platforms, blogs, E-mail, news groups and electronic bulletin boards and forums.

H. “Landscape Maintenance Services” means the following specific landscape maintenance and related services: (1) lawn mowing, edging, blowing, line trimming; (2) pruning, selective pruning, shearing, weeding, raking, and tree trimming of trees up to 15 feet in height; (3) fertilization; (4) lawn, shrub and tree insect and disease control, (5) pre-emergent and post-emergent weed control; (6) lawn and ornamental consultation; (7) irrigation installation, operation, inspection, consultation, repair, remedial installation and installation relating to landscape construction; (8) sales of authorized landscape products and the installation of living landscape materials such as plants, trees, flowers, timbers; (9) lawn seeding, overseeding, aerification, thatching and grading; (10) arborist services; and (11) snow management and other snow related services authorized by us.

I. “Marks” means the “U.S. LAWNS” service mark, and such other trademarks, service marks, logo types and commercial symbols as we may from

time to time expressly authorize or direct you to use in connection with the operation of Business.

J. “Operations Manual” or “Manual” means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures and recommendations for operating U.S. LAWNS Businesses, all of which we may change from time to time. The term “Operations Manual” includes all means of communicating such information, including all written, digitized, computerized, and electronically formatted versions, such as an Extranet site, bulleting, e-mails, videotapes, audio tapes, compact discs, computer diskettes and CD Roms.

K. “Property Management Company” means a company which has been engaged by a property owner (or the owner’s representative) to provide property management and supervisory services with respect to such owner’s property, which may include a building, a building or office complex or industrial park; a homeowners, condominium or co-operative association; a hotel, motel, resort or other lodging facility; a shopping center; a campus; or other industrial, business or residential property.

L. “Service Vehicle(s)” means and include vans, pick-up trucks, service trailers and any vehicle used by you to make sales calls on, and provide services to, customers and prospective customers of the Business, which Service Vehicle(s) must conform to the standards, specifications and policies established from time to time by us.

M. “Strategic Account” means a customer or prospective customer who has more than one business location, at least one of which is outside of the Territory, and Property Management Companies who manage properties at more than one location, which locations may or may not be located in the Territory.

N. “System” means U.S. Lawn’s operating systems, methods, policies and procedures for providing Landscape Maintenance Services for commercial and residential customers, including, items of trade dress, specifications for equipment, operating and administrative procedures, management and technical training programs, landscape (including softscape and hardscape) maintenance and construction procedures and systems, all as the same may exist today or as the same may change from time to time, as specified in the Operations Manual or as otherwise reasonably directed by us from time to time.

O. “Territory” means the area designated in Section 3 of Schedule A.

P. “Year” or “Years” means the period beginning on the day and month of the Effective Date and ending on the day immediately preceding each subsequent anniversary of such date.

## GRANT OF LICENSE

2. The following provisions control with respect to the license granted hereunder:

A. Rights Granted. We hereby grant to you, subject to the terms and conditions of this Agreement, the right and license to engage in and conduct a U.S. LAWNS Business identified by the Marks that we authorize for your use hereunder (or such other marks as we may direct) for the territory consisting of the area set forth in Section 3 of Schedule A (the “Territory”).

You hereby accept said license and undertake the obligation to operate your Business faithfully, honestly and diligently, using the System in compliance with our standards and requirements for the System. You agree to maintain and operate your Business under your active and continuous supervision and management. You must begin operating your Business within three months of the date we sign this Agreement, although you may not commence operations of your Business until you successfully complete our training program and we have approved the commencement date of operations. The license granted herein is limited to the right to operate your Business only within the Territory and may not be used elsewhere or at any other location by you, except as we may authorize from time to time and under the terms and conditions set forth in the Operations Manual or otherwise in writing. If we do permit you to service clients outside the Territory, we reserve the right to require you to cease servicing those clients, and you agree to assist in transferring the service needs of those clients immediately to the entity that will continue to service those clients, all without compensation to you. You do not have the right to subfranchise, sublicense, assign or transfer your rights under this Agreement, except as specifically provided in this Agreement.

B. Territory Rights. During the term of this Agreement and provided that you are in compliance with the terms and conditions of this Agreement, we will not (i) modify the Territory without your written permission, or (ii) establish either a company-owned or franchised Landscape Maintenance Business within the Territory under the U.S. LAWNS Marks or any other trademark or name (except as noted below), although we or another franchisee may from time to time service particular customers in the Territory in the event you are unable or unwilling for whatever reason to meet the service needs of those customers, all as set forth in the Operations Manual.

C. Our Reservation of Rights. We retain all rights that are not expressly granted to you under this Agreement. We may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein:

- (i) establish and/or license others to establish franchised or company-owned U.S. LAWNS businesses at any location outside the Territory regardless of the proximity of such business to your Territory;



(ii) merge with, acquire or become acquired by (“Merger/Acquisition Activity”) any businesses, including competitive businesses, which businesses operate under trademarks other than the U.S. LAWNS Marks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your U.S. LAWNS Business, and which may be located anywhere inside or outside the Territory; and

(iii) sell and distribute for ourselves and/or license others to sell and distribute through alternate channels of distribution, including the Internet, within and outside the Territory, products or services the same as or different from the products and services offered from your U.S. LAWNS Business, and which are offered and distributed under marks the same as or different than the Marks.

D. Strategic Accounts. Without limiting the generality of Section 2.D, we expressly reserve the right to solicit Strategic Accounts wherever located. In order to enable us to negotiate special arrangements involving Strategic Accounts, including responding to requests for proposals (“RFP”) involving locations which are both within and outside the Territory, upon our request, you must promptly evaluate the applicable Strategic Account location(s) located within the Territory and prepare a bid package for each such location in accordance with such formats, procedures and specifications as we may establish, including any supplemental or modified bid package which we may require in order to satisfy the requirements of the Strategic Account (each a “Bid Package”). If the Bid Package is accepted by the Strategic Account, you shall honor the proposal and execute such agreements and other documents and instruments as we and the Strategic Account may require to fulfill the agreed upon contract terms (“Strategic Account Agreement”). We will afford you the first opportunity to submit a Bid Package on each proposed Strategic Account location which is within your Territory and to perform Landscape Maintenance Services to Strategic Account locations located in the Territory; provided, however, that we may, as applicable, submit Bid Packages and perform such Landscape Maintenance Services ourself or cause other franchisees or contractors to do so, if: (a) you fail to timely submit a Bid Package in accordance with our request; (b) the Strategic Account rejects your Bid Package or notifies you or us that it does not wish to be served by you; (c) you for any reason fail or refuse to perform in accordance with the Bid Package and Strategic Account Agreement; (d) you are, at the time of the issuance of the RFP or submission of the Bid Package, in default of your obligations or under any other agreement with us, or under any other Strategic Account Agreement to which you are a party; or (e) you are, in our judgment, exercised in good faith, not qualified, equipped or otherwise capable to satisfy the RFP or Strategic Account Agreement requirements or to perform the services as required.

## TRADEMARK STANDARDS AND REQUIREMENTS

3. You acknowledge and agree that the Marks are our property and we have licensed the use of the Marks to you and others. You further acknowledge that your right to use the Marks is specifically conditioned upon the following:

A. Mark Ownership. The Marks are our valuable property, and we are the owner of all right, title and interest in and to the Marks and all past, present or future goodwill of the U.S. LAWNS Business and of the business conducted that is associated with or attributable to the Marks. Your use of the Marks will inure to our benefit. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Use of Marks. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the U.S. LAWNS Business except those we authorize or direct in writing. You may use the Marks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Marks only in association with products and services approved by us and that meet our standards or requirements with respect to quality, production, installation and sale.

C. Business Identification. You must use the name U.S. LAWNS as the trade name of the Business and you may not use any other mark or words to identify the Business without our prior written consent. You may not use the words "U.S. LAWNS" or any of the other Marks as part of the name of your corporation, partnership, limited liability company or other business entity. You may use the Marks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Marks on the materials as we describe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Marks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Marks. You must post a prominent sign in your office identifying you as a U.S. LAWNS franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the U.S. LAWNS Business and that the U.S. LAWNS Mark is owned by us and your use is under a license we have issued to you.

D. Litigation. In the event any person or entity improperly uses or infringes the Marks or challenges your use or our use or ownership of the Marks,

we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Mark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Marks in violation of this Agreement, in which case you must pay us for our costs and expenses.

E. Changes. You may not make any changes or substitutions to the Marks unless we direct in writing. We reserve the right to change the Marks at any time.

F. Creative Works. All ideas, concepts, techniques, or materials concerning the U.S. LAWNS business, whether or not protectable intellectual property and whether created by or for you or one of your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

#### TERM AND RENEWAL

4. The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement is 10 years. The initial term commences upon the Effective Date (as defined in Section 14.P) of this Agreement.

B. Renewal Term and Conditions of Renewal. You may renew your license for two additional terms of 10 years each, provided that with respect to each renewal: (i) you have given us written notice of your decision to renew at least 120 days but not more than 180 days prior to the end of the expiring term; (ii) you sign our then-current form of franchise agreement (modified to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher fees; (iii) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing; (iv) you comply with our then-current training requirements; and (v) you and your guarantors execute a general release of claims in a form we prescribe.

C. Interim Period. If you do not exercise your right to renew this Franchise Agreement prior to the expiration of this Agreement and you continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option, this Agreement may be treated either as (i) expired as of the date of expiration with you then operating a franchise without the right to do so and in violation of our rights; or (ii) continued on a month-to-month basis (“Interim Period”) until one party provides the other with written notice of such party’s intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all of your obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

## PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

5. You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity. The following provisions control with respect to products and operations:

A. Facilities. Before commencing operation of the U.S. LAWNS Business you must have: i) a centrally located storage or warehouse facility in the Territory, ii) an office, the location of which is subject to our reasonable approval, iii) all designated equipment, supplies and uniforms for the operation of the U.S. LAWNS Business, and iv) at least one Service Vehicle identified and equipped in accordance with our standards and specifications.

B. Authorized Products and Supplies. You must use in the operation of the U.S. LAWNS Business and in the offer and sale of the products and services we approve only the techniques, equipment, procedures and supplies we specify in writing. You acknowledge and agree that we may change any of our requirements periodically and that you are obligated to conform to the requirements. All customer service materials and promotional items of all descriptions and types must meet our standards of uniformity and quality. You acknowledge that the U.S. LAWNS Business must at all times maintain an inventory of products, material and supplies that will permit operation of the U.S. LAWNS Business at sufficient capacity.

C. Approved Supplies and Suppliers. We may furnish to you from time to time lists of approved supplies or approved suppliers. We reserve the right to require that you only use approved products, inventory, equipment, signs, advertising materials, and other items (collectively “approved supplies”) in the U.S. LAWNS Business as set forth in the approved supplies and approved suppliers lists, as we may amend from time to time. We may develop and research new products as we determine necessary. Although we do not do so for every item, we have the right to approve the supplier of approved supplies. You acknowledge and agree that certain approved supplies may only be available from one approved

supplier source, and we or our affiliates may be that source. You will pay the then-current price in effect for any approved products and supplies you purchase from us or our affiliates. All inventory, products, materials and other items and supplies used in the operation of the U.S. LAWNS Business must conform to the specifications and standards we establish from time to time. **ALTHOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION AND ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS.**

D. Computer System. You must purchase a computer system, including all future updates, supplements and modifications (the “Computer System”) that meets our standards and requirements. The Computer System will be used to develop a database of your prospects and clients, schedule your appointments, generate bids and proposals, maintain communications over the Internet, and produce your accounting records. You may be required to license software from us, an affiliate, or a third party and you also may be required to pay an additional software licensing or user fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. You shall not use or download any software on your computer unless it has been authorized by us in writing. In the event that you use or download any unauthorized software, you shall be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement. You acknowledge and agree that we will have full and complete access to the information and data entered and produced by the Computer System. You must have Internet access with a form of high speed connection as we require and you must maintain a dedicated email account for the U.S. LAWNS Business, separate from any personal or other email account. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software that we may from time to time require. At your cost and expense, you must subscribe to the U.S. LAWNS Franchise Support internet web site, or successor system established by us (with access fees paid by you).

E. Promotional Items. All sales promotion materials, customer goodwill items and signage used in the sales promotion, sale and distribution of products or services covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Marks. We may require you to purchase these items from an approved supplier.

F. Evaluations. We or our authorized representative have the right to visit and inspect your U.S. LAWNS Business at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate

your building, land and equipment, and to test, sample, inspect and evaluate your supplies, products and services. Any failure of an inspection is a default under Section 12.A of this Agreement. Further, if we determine that any condition in the U.S. LAWNS Business presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the U.S. LAWNS Business until the situation is remedied to our satisfaction.

G. Strategic Accounts. We expressly reserve the right to solicit Strategic Accounts wherever located. In order to enable us to negotiate special arrangements involving Strategic Accounts, including responding to requests for proposals (“RFP”) involving locations which are both within and outside the Territory, upon our request, you must promptly evaluate the applicable Strategic Account location(s) located within your Territory and prepare a bid package for each such location in accordance with such formats, procedures and specifications as we may establish, including any supplemental or modified bid package which we may require in order to satisfy the requirements of the Strategic Account (each a “Bid Package”). If the Bid Package is accepted by the Strategic Account, you shall honor the proposal and execute such agreements and other documents and instruments as we and the Strategic Account may require to fulfill the agreed upon contract terms (“Strategic Account Agreement”). We will afford you the first opportunity to submit a Bid Package on each proposed Strategic Account location which is within your Territory and to perform Landscape Maintenance Services to Strategic Account locations located in the Territory; provided, however, that we may, as applicable, submit Bid Packages and perform such Landscape Maintenance Services ourselves or cause other franchisees or contractors to do so, if : (a) you fail to timely submit a Bid Package in accordance with our request; (b) the Strategic Account rejects your Bid Package or notifies you or us that it does not wish to be served by you; (c) you for any reason fail or refuse to perform in accordance with the Bid Package and Strategic Account Agreement; (d) you are, at the time of the issuance of the RFP or submission of the Bid Package, in default of your obligations hereunder or under any other agreement with you, or under any other Strategic Account Agreement to which you are a party; or (e) you are, in our judgment exercised in good faith, not qualified, equipped or otherwise capable to satisfy the RFP or Strategic Account Agreement requirements or to perform the services as required thereunder.

H. Operating Procedures. We will loan you a copy of our Operations Manual. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in our Operations Manual or other written materials relating to services, uniforms, financial management, equipment and facility requirements. We will revise the Operations Manual and these standards, procedures, techniques and management systems periodically to meet changing conditions in the best interest of the commercial U.S. LAWNS businesses. The Operations Manual will contain both mandatory standards and recommended standards. Any required standards exist to protect our interests in the System and the Marks and not for the purpose

of establishing any control or duty to take control over those matters that are reserved to you.

You acknowledge having received one copy of the Operations Manual on loan from us for the term of this Agreement. The Operations Manual is at all times our sole property. You must at all times treat the Operations Manual, and the information they contain, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. We may from time to time revise the contents of the Operations Manual and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the Operations Manual is kept current and up to date, and in the event of any dispute as to the contents of said Operations Manual, the terms of the master copy of the Operations Manual that we maintain are controlling. We will notify you of any updates or modifications to the Operations Manual and you acknowledge and agree that in the future the Operations Manual and other system communications may only be available on the Internet or other online or computer communications.

I. Confidential Information. You may not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity any Confidential Information, except to such employees as must have access to it in order to operate the U.S. LAWNS Business. Any and all Confidential Information, including, without limitation, methods, procedures, suggested pricing, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the U.S. LAWNS Business. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a minority interest in the franchisee, your manager and other key employees. You must provide executed copies of these agreements to us upon our request.

J. Compliance with Law; Licenses and Permits. You must at all times maintain and conduct your U.S. LAWNS Business operations in compliance with all applicable laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to your U.S. LAWNS Business.

You acknowledge that you are an independent business and responsible for control and management of your U.S. LAWNS Business, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters.

You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your U.S. LAWNS Business.

K. Participation in Internet Websites or Other Online Communications. We may require you, at your expense, to participate in our U.S. LAWNS website on the Internet, our intranet or extranet system or other online communications as we may require. We have the right to determine the content and use of our website and intranet or extranet system and will establish the rules under which franchisees may or must participate. We will post your U.S. LAWNS Business's contact information on our website. You may not separately register any domain name containing any of the Marks or operate a website for your U.S. LAWNS Business. We reserve the right to establish rules, procedures and policies relating to any website you create for the operation of your U.S. LAWNS Business. We may immediately terminate this Agreement if you register any domain name containing any of the Marks. We retain all rights relating to our website and intranet system and may alter or terminate our website, extranet system or intranet system. Your general conduct on our website and intranet or extranet system or other online communications and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our website, extranet system or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our website and intranet or extranet system, or otherwise use the Marks or System on the Internet or other online communications, will terminate when this Agreement expires or terminates. You acknowledge and agree that you do not have any right to use the Marks on any website except as expressly approved by us in writing.

L. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to any express limitations set forth in this Agreement.

M. Suggested Pricing Policies. We may, from time to time, make suggestions to you with regard to your pricing policies. In addition, we have the right to negotiate national or regional account arrangements, including pricing which will bind all U.S. LAWNS Businesses providing services to such accounts. Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law.

N. Minimum Performance Standards. During each year of operation, you must meet the following minimum annual Gross Billings: i) at least \$50,000 for the first year of operation; ii) at least \$100,000 for the second year of operation; and iii) at least \$200,000 for the third year of operation and each subsequent year.



## PERSONNEL AND SUPERVISION STANDARDS

6. The following provisions and conditions control with respect to personnel, training and supervision:

A. Supervision of the Business. You must devote full-time attention to your U.S. LAWNS Business, and it at all times must be under your direct supervision (or a designated owner in the event you are a corporation, partnership, or other business entity). Your owners must be those persons who are actively involved in the Business and they must be Personal Guarantors.

B. Training. You must comply with all of the training requirements we prescribe for the U.S. LAWNS Business to be developed under this Agreement. You (or if Franchisee is a legal entity, one of your owners) must attend our initial training program and complete the training program to our satisfaction. We will not charge you a fee for up to three persons to attend our initial training program. You, however, are responsible for paying all costs and expenses, including hotel and transportation costs, for the people to attend our initial training program. If you would like us to train more than the three people, or if it becomes necessary to re-train a certain individual, we reserve the right to charge you a training fee. You also will be responsible for paying all costs and other daily expenses for any additional person who attends our initial training program. The training requirements may vary depending on your experience and other factors specific to the U.S. LAWNS Business. In the event you are given notice of default and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require, as a condition of curing the default that you and your manager, at your expense, comply with the additional training requirements we prescribe. Any new manager you hire must comply with our training requirements within a reasonable time as we specify. Under no circumstances may you permit management of the U.S. LAWNS Business's operations on a regular basis by a person who has not successfully completed to our reasonable satisfaction all applicable training we require.

C. Ongoing Training. We may require you and other key employees of the U.S. LAWNS Business to attend ongoing training at our training facility or other location we designate. If you request training in addition to the initial training program identified above, we reserve the right to charge you a training fee, plus expenses.

D. Staffing. You will employ a sufficient number of competent and trained employees to ensure efficient service to your customers. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever.

E. Attendance at Meetings. You must attend, at your expense, all annual franchise conventions we may hold or sponsor and all meetings relating to new services or products, new operational procedures or programs, training, business management, sales or sales promotion, or similar topics, including any

system-wide teleconferences or web-conferences. We reserve the right to charge you a fee to attend any franchise conventions, meetings, programs or other trainings we require. If you are not able to attend a meeting or convention, you must so notify us prior to the meeting and must have a substitute person, acceptable to us attend the meeting.

## MARKETING

7. You agree to actively promote your U.S. LAWNS Business, to abide by all of our advertising requirements and to comply with the following provisions:

A. Marketing Fund. You must pay to us a Marketing Contribution as set forth in subparagraph 8.C. All Marketing Contributions will be placed in a Marketing Fund that we own and manage. On behalf of our company and affiliate owned U.S. LAWNS businesses, we will pay the same Marketing Contribution as similarly situated franchised commercial U.S. LAWNS businesses. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Marketing Fund; provided, however, we will make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each commercial U.S. LAWNS business or in each advertising market. We have the right to make disbursements from the Marketing Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. The disbursements may include payments to us for the expense of administering the Marketing Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions. If requested, we will provide you an annual unaudited statement of the financial condition of the Marketing Fund.

B. Local Advertising; Approved Materials. You must use your best efforts to promote and advertise your U.S. LAWNS Business and participate in any local marketing and promotional programs we establish from time to time. You must use only such marketing materials as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. We may, from time-to-time, provide sample advertising and marketing materials for your use and we reserve the right to charge you a fee for any additional copies of these advertising and marketing materials that you request. Furthermore, any promotional activities you conduct in connection with the U.S. LAWNS Business are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials and activities; provided that they are current, in good condition, in good taste and accurately depict the Marks.

## FEES, REPORTING AND AUDIT RIGHTS

8. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. You must pay to us an Initial Franchise Fee of \$\_\_\_\_\_. The Initial Franchise Fee must be paid at the time this Agreement is signed. The Initial Franchise Fee is earned upon receipt and is nonrefundable.

No Initial Franchise Fee is payable if you are executing this Agreement in connection with the purchase of an existing U.S. LAWNS Landscape Maintenance Business from an existing franchisee.

B. Royalty. You must pay to us in the manner specified in 8.D monthly Royalties (the "Royalties") calculated as follows:

- If your Gross Billings in the calendar month are \$41,500 or less, you pay 6% of Gross Billings.
- If your Gross Billings in the calendar month are over \$41,500 but equal to or less than \$62,500, you pay 5% of Gross Billings.
- If your Gross Billings in the calendar month are over \$62,500 but equal to or less than \$83,250, you pay 4% of Gross Billings.
- If your Gross Billings in the calendar month are over \$83,250, you pay 3% of all Gross Billings.
- If your Gross Billings in the calendar month are over \$104,166, you pay 3% of all Gross Billings up to and including \$104,166, plus 1.5% of the Gross Billings in excess of \$104,166.

The Royalties are due within 15 days following the end of each calendar month for the previous month.

C. Marketing Contribution. You must pay to us a monthly Marketing Contribution in an amount equal to the lesser of 2% of Gross Billings or \$275 per month. The Marketing Contribution is payable within 15 days of the end of each calendar month for the previous month. We reserve the right to increase the amount of the Marketing Contribution upon 60 days' notice, but in no event will the Marketing Contribution exceed 3% of Gross Billings.

D. Manner of Payment. All Royalties and Marketing Contributions must be paid to us within 15 days after the end of each and every calendar month based on Gross Billings during the preceding calendar month. A late payment fee (the "Late Payment Fee") must accompany all late payments and will be equal to

\$25.00 plus interest after the due date at the highest applicable legal rate for open account business credit in the state of your domicile, not to exceed 1.5% per month. You acknowledge and agree that this Section 8.D does not constitute our agreement to accept payments after they are due or a commitment by us to extend credit to you or to otherwise finance your operation of the Business. Further, you acknowledge and agree that your failure to pay all amounts when due will constitute grounds for termination of this Agreement, notwithstanding the provisions of this Section 8.D. We have the sole right to apply any payments by you to any of your past due indebtedness of you for Royalties, Program Contributions, or other amounts due to us or any affiliate. You will not, on grounds of the alleged nonperformance by us of any of our obligations under this Agreement, withhold payment of any Royalties, Marketing Contributions or any other amounts due us and you will not, on such grounds, discontinue providing services to customers of the Business in accordance with this Agreement.

E. Electronic Transfer of Funds. You must sign an electronic transfer of funds (“EFT”) authorization, attached as Schedule D, to authorize and direct your bank or financial institution to allow us to initiate a transfer of funds electronically, on the 15<sup>th</sup> day of each month, directly to our account and to charge to your account all amounts due to us. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subparagraph. If you fail to timely pay any Royalties, Marketing Contributions or other fees or payments due to us, we have the right to activate the EFT and from that point on collect all Royalties, Marketing Contributions and other amounts owing to us by means of EFT. We will give you 15 days notice of our intent to begin collecting by means of EFT.

F. Penalty; Late Charges; Interest. If you are delinquent in either submitting required reports or financial information, or are delinquent in paying any payments to us, we may assess a penalty equal to \$5.00 for each day that the failure to submit a required report or financial information continues and you must remit a Late Payment Fee as set forth in this subparagraph. If you fail to pay by the date payment is due any amount due to us or our affiliates under this Agreement or fails to submit any report when due, you will be obligated to pay late charges as set by us from time to time. As of the date of this Agreement, the amount of the late charge is \$25. You must also pay interest on all amounts outstanding at the rate of 1.5% per month (but not to exceed the maximum legal rate of interest) imposed from the date payment was due or the charge was imposed until the entire sum and late charge is paid in full.

G. Application of Fees. Notwithstanding any designation by you, we have the right apply any payments received from you to any past due indebtedness in such amounts and in such order as we determine.

H. Financial Planning and Management. You must keep books and records and submit reports as we periodically require, including but not limited to a monthly balance sheet and monthly statement of profit and loss. You must also retain check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, payroll records, cash disbursement journals and general ledgers, all of which accurately reflect the operations and condition of your U.S. LAWNS Business operations. You must compile, keep and submit to us the books, records and reports to us on the forms and using the methods of bookkeeping and accounting as we periodically may prescribe. The records that you are required to keep for your U.S. LAWNS Business must include detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media format and methodology we approve. You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time. You also must preserve and retain the books, records and reports for not less than 36 months. You must allow us electronic and manual access to any and all records relating to your U.S. LAWNS Business.

I. Reports and Audit. Within 15 days after the end of each month, you must submit to us a report of your Gross Billings with respect to the preceding month in the form and content as we periodically prescribe. The report must include, but not be limited to, the following information for the preceding month: (i) amount of Gross Billings and gross receipts of the U.S. LAWNS Business, and the computation of the Royalties and Marketing Contribution; (ii) copies of your most recent invoice listing and balance sheet and statement of profit and loss, including a summary of your costs for labor, rent and other material cost items; and (iii) if requested by us to verify your Gross Billings, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year. We may require that the annual financial statements be reviewed by a certified public accountant. You must certify all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the U.S. LAWNS Business are kept and to evaluate, copy and audit such books and records. We also have the right to request information from your suppliers, vendors, and customers. In the event that any such evaluation or audit reveals an understatement of 3% or more of your Gross Billings, you must pay for the audit, and in addition to any other rights we may have, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary for up to two years thereafter and any further audits and evaluations will be at your sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto.

Furthermore, if you intentionally understate or underreport Gross Billings at any time, or if a subsequent audit or evaluation conducted within the two-year period reveals any understatement of your Gross Billings of 3% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, we have the right to terminate this Agreement immediately. In order to verify the information that you supply, we have the right to reconstruct your sales through any reasonable method of analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance.

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding or in a manner as set forth in subparagraph 10.D.8 or where your information is grouped with similar information from other commercial U.S. LAWNS businesses to produce shared results like high-low ranges or average gross sales or expenses on a system-wide or regional basis.

#### YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS

9. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and our affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the U.S. LAWNS Business or business; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the U.S. LAWNS Business. In the event you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

You also will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as the result of our receipt or accrual of the Initial Franchise Fee, the Royalty Fee, the Marketing Contribution, or other fees that are referenced in this Agreement, whether assessed against you through withholding or other means or whether paid by us directly. In either case, you shall pay us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

B. Indemnification. You waive any and all claims against us for damages to property or injuries to persons arising in any way out of this

Agreement, your servicing of properties under this Agreement or any subcontracts, or the operation of your U.S. LAWNS Business. You agree to defend at your sole expense, fully protect, indemnify and hold harmless, us, our affiliates, our parent companies, our sister companies and our owners, directors, officers, successors and assigns, as well as our customers and the owners of each and every property you service, from any and all Claims as defined in this subparagraph. "Claims" in this subparagraph means any and all claims, demands, damages, assessments, violations, causes of action, lawsuits, liens, and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your U.S. LAWNS Business (regardless of cause or any concurrent, superseding or contributing fault, liability or negligence of us, our affiliates, our parent companies, our sister companies, and our customers and the owners of any property you service) or any breach by you or your failure to comply with any of the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you agree to reimburse us for our costs and attorneys' fees immediately upon our request as they are incurred.

C. Insurance. You must, and hereby agree to, purchase and maintain in full force and effect, at your sole expense and from a company we approve, insurance that insures both you and us, our affiliates our parent companies, our sister companies, and our customers and the owners of any property you service and any other persons or entities we designate by name. The insurance policies must include, at a minimum: (i) commercial general liability insurance covering claims for personal injuries and property damage with minimum limits of \$1,000,000 per occurrence, \$2,000,000 general aggregate, \$2,000,000 products/completed operations aggregate; (ii) employers liability insurance with minimum limits of \$1,000,000 for bodily injury caused by accident or disease, or the minimum required by state law (whichever is greater); (iii) vehicle liability for owner, leased, hired and non-owned vehicles with minimum limits of \$1,000,000 combined single limit for bodily injury and property damage per occurrence; (iv) umbrella liability insurance with minimum limits of \$1,000,000; (v) Worker's Compensation Insurance; (vi) any other such insurance coverages or amounts as required by law or agreement related to the U.S. LAWNS Business; and (vii) any other insurance we may require from time to time. Additional insurance requirements are set forth in the Manual. All liability insurance policies must name us (and our affiliates, officers, directors and employees), as well as any subcontractors on the particular property, and/or our customers and/or the owners of any property you service) as additional insureds, must provide that such insurance is primary insurance with respect to the interests of all additionally named insureds, and must provide that any other insurance maintained by us or by you and/or any subcontractor is excess and not contributing insurance with the insurance required under this Agreement. The policy must contain a waiver by the insurance carrier of all subrogation rights against us. You acknowledge and agree that Strategic Accounts may require additional types, limits and terms of insurance coverage.

You must deliver to us at commencement and annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show our status as an additional insured (as noted above) and provide that we will be given 30 days' prior written notice of material change in or termination or cancellation of the policy. We also may request copies of all policies. We may modify, upon written notice to you, the required minimum limits from time to time and by written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the U.S. LAWNS System, standards of liability and higher damage awards. In the event of such notification, you must immediately cause the modification of the policy, and evidence thereof, in accordance with our request. If at any time you do not procure or maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the same to you, together with a reasonable fee for the expenses we incur in doing so, payable by you immediately upon notice. We also have the right to terminate this Agreement for cause should you fail to comply with this provision.

D. Noncompete Covenants. You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:

1. Unless otherwise specified, the term "you" as used in this subparagraph includes, collectively and individually, all guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your manager and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this subparagraph.

2. You covenant that during the term of this Agreement, or during any Interim Period, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any Competitive Business (as defined below) other than one authorized by this Agreement or any other agreement between us and you.

3. You covenant that you will not, for a period of two years after the expiration or termination of this Agreement, or after the expiration of any Interim Period, regardless of the cause of termination, or within two years of the sale of the U.S. LAWNS Business or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in a Competitive Business (as defined below):



- a. In the Territory;
- b. Within a 50-mile radius of the outer boundary of the Territory; or
- c. Inside the protected territory of another U.S. LAWNS business, whether franchised or owned by us or our affiliates.

For purposes of this Section 10.D, a “Competitive Business” is any business which provides Landscape Maintenance Services.

4. You agree that the length of time in subpart (3) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

#### TRANSFER OF FRANCHISE

10. You agree that the following provisions govern any transfer or proposed transfer:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the U.S. LAWNS Business. Consequently, neither your interest in this Agreement nor in the U.S. LAWNS Business may be transferred or assigned to or assumed by any other person or entity (the “assignee”), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with subparagraph 10.F, and if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in subparagraph 10.C is paid, and the transfer conditions described in subparagraph 10.D are satisfied. Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer and you must comply with the right of first refusal, consent, transfer fee, and other transfer conditions in this Paragraph 10:

1. Any 20% or more change in the ownership percentage of the franchisee entity; or
2. Any change in the general partner of a franchisee that is a general, limited or other partnership entity.

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in subparagraph 10.F, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in subparagraph 10.C, and satisfy the transfer conditions described in subparagraph 10.D. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

You may not place in any communication media or any form of advertising, any information relating to the sale of the U.S. LAWNS Business or the rights under this Agreement, without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided we determine that all of the conditions described in this Paragraph 10 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in subparagraph 10.F must be made by submission on our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other required information. The application must indicate whether you or an owner proposes to retain an interest in the property to be transferred. No interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer shall be subject to our prior written approval, which approval will not be withheld unreasonably. You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void and will provide us with the right to elect either to default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in subparagraph 10.C.

C. Transfer Fee. You must pay to us a transfer fee in the amount of 50% of our then-current initial franchise fee. The transfer fee is nonrefundable even if, for any reason, the proposed transfer does not occur.

D. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following:

1. Assignee Requirements. The assignee must meet all of our then-current requirements for our U.S. LAWNS franchise program we are offering at the time of the proposed transfer and sign our then-current form of franchise agreement, modified to reflect the term remaining under this Agreement.

2. Payment of Amounts Owed. All amounts owed by you to us, or any of our affiliates or your suppliers, or upon which we or our affiliates have any contingent liability, must be paid in full.

3. Reports. You must have provided all required reports to us.

5. Non-Competition Agreement. You and your owner must execute a non-competition covenant in favor of us and the assignee, agreeing that for a period of not less than two years, commencing on the effective date of the assignment, you and your owner will not, directly or indirectly, within the Territory, solicit any person or Business Entity who is a customer of the Business at the time of the assignment, or offer, sell, or perform any Landscape Maintenance Services which are the same as or similar to those offered, sold or rendered by the U.S. LAWNS Business pursuant to this Agreement (except pursuant to other franchise agreements entered into with us) to any person or business entity which was at any time within 24 months immediately preceding the effective date of the assignment a customer of yours or of the U.S. LAWNS Landscape Maintenance Business.

5. Guarantee. In the case of an installment sale for which we have consented to you or any owner retaining an interest or other financial interest in this Agreement or the business operated thereunder, you or such owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

6. General Release. You and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your U.S. LAWNS Business or the parties' business relationship, in the form we designate, releasing us and our affiliates.

7. Training. The assignee must, at your or assignee's expense, comply with our training requirements.

8. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the U.S. LAWNS Business and its operations as we deem reasonably necessary or appropriate for assignee and/or us to evaluate the U.S. LAWNS Business and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the U.S. LAWNS Business and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the U.S. LAWNS Business and proposed transfer and must not be

construed in any manner or form whatsoever as earnings claims or claims of success or failure.

9. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies.

E. Death, Disability or Incapacity. If the event of a death, disability or incapacity of Franchisee (or, if Franchisee is a legal entity of Franchisee's principal owner) and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as the Franchisee or the principal owner of the Franchisee entity, such person or entity must apply for our consent under subparagraph 10.B, pay the applicable transfer fee under subparagraph 10.C, and satisfy the transfer conditions under subparagraph 10.D, as in any other case of a proposed transfer, all within 120 days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the U.S. LAWNS Business still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as set forth in subparagraph 10.F.

F. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by subparagraph 10.A or any transfer described in subparagraph 10.A, you first must offer to sell to us your interest. In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer. We then have 10 days from our receipt of the statement setting forth the third-party offer and other requested information to accept the offer by delivering written notice of acceptance to you. We will have an additional 45 days to complete the purchase if we elect to exercise our right of first refusal. Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us; provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 10-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Paragraph 10. You may effect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this subparagraph 10.F.

G. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement.

## DISPUTE RESOLUTION

11. The following provisions apply with respect to dispute resolution:

A. Mediation. Before any party may bring an action in court or against the other, or commence an arbitration proceeding (except as noted in Section 11.C below), the parties must first meet to mediate the dispute. The mediation will be held in the city in which our headquarters are located at the time of the mediation. Any such mediation shall be non-binding and shall be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. The mediator will be appointed in accordance with the Rules and Regulations of the American Arbitration Association unless the parties agree on a mediator in writing within ten days after either party gives written notice of mediation. The mediation hearing will be held within 20 days after the mediator has been appointed.

B. Arbitration. Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or your U.S. LAWNS Business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. The arbitration must take place in the city where our headquarters is located at the time of the dispute. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five years of significant experience in franchise law. A judgment may be entered upon the arbitration award by any state or federal court in the state where we maintain our headquarters or the state where your U.S. LAWNS Business is located. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set.

C. Exceptions to Arbitration. Notwithstanding Section 11.B, the parties agree that the following claims will not be subject to arbitration:

1. any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief,

specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder.

2. any action in ejectment or for possession of any interest in real or personal property.

D. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, or the business will be entitled to recover its reasonable attorneys' fees and costs.

### DEFAULT AND TERMINATION

12. The following provisions apply with respect to default and termination:

A. Defaults. You are in default if we determine that you or any guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes making any false report to us, intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us or any of our affiliates, conviction of you or a guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Marks or the U.S. LAWNS Business or any felony, filing of tax or other liens that may affect this Agreement, voluntary or involuntary bankruptcy by or against you or any guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise provided in this subparagraph 12.B: (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults; (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and (iv) the termination will be effective immediately upon our issuance of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occur, you will have no right or opportunity to cure the default and this Agreement will terminate effective

immediately on our issuance of written notice of termination: any material misrepresentation or omission in your franchise application or other reports or information provided to us, your voluntary abandonment of this Agreement, the closing of the U.S. LAWNS Business by any state or local authorities for health or public safety reasons, you register any domain name containing our Marks, any unauthorized use of the Confidential Information, insolvency of you or guarantor, you or a guarantor making an assignment or entering into any similar arrangement for the benefit of creditors, conviction of you or any guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of the Trademarks or the U.S. LAWNS Business or any felony, intentionally understating or underreporting Gross Billings, Royalty Fees or Advertising Contributions or any understatement or 3% variance on a subsequent audit within a 2-year period, any unauthorized transfer or assignment in violation of Paragraph 10 or any default by you that is the second default of any type within any 12-month consecutive period.

3. Immediate Termination After No More than 24 Hours to Cure. In the event that a default under this Agreement occurs that materially impairs the goodwill associated with any of the Marks, violates any health safety or sanitation law or regulation, violates any system standard as to cleanliness, health and sanitation, or if the operation of the U.S. LAWNS Business presents a health or safety hazard to the public: (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within 30 days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective 60 days after our receipt of your written notice of breach. Your termination of this Agreement under this Paragraph will not release or modify your post-term obligations under Paragraph 13 of this Agreement.

## POST-TERM OBLIGATIONS

13. Upon the expiration or termination of this Agreement, or the expiration of any Interim Period:

A. Reversion of Rights; Discontinuation of Trademark Use. All of your rights to the use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct business under the Marks will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. Upon our demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the U.S. LAWNS Business (although we will not assume any past due obligations). You must immediately comply with the post-term noncompete obligations under subparagraph 9.D, cease all use and display of the Marks and of any proprietary material (including the Operations Manual) and of all or any portion of point-of-sale materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the U.S. LAWNS Business and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You must pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates. You must immediately return to us, at your expense, all copies of the Operations Manual, customer lists and ongoing contracts then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of subparagraph 5.G. You must promptly at your expense, remove or obliterate all U.S. LAWNS Business signage, displays or other materials in your possession that bear any of the Marks or names or material confusingly similar to the Trademarks and so alter the appearance of the U.S. LAWNS Business as to differentiate the U.S. LAWNS Business unmistakably from duly licensed commercial U.S. LAWNS businesses identified by the Trademarks. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement (or the expiration of any Interim Period), you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement.

B. Purchase Option. We have the right to purchase or designate a third party that will purchase all or any portion of the assets of your U.S. LAWNS Business that are owned by you or any of your affiliates including, without limitation, the equipment, fixtures, inventory, supplies, and customer agreements ("Accounts") of your U.S. LAWNS Business. We have the right to select the assets of the Business we desire to purchase, including, without limitation, any individual Account. The purchase price for any Account to be purchased by us shall be an amount equal to the Average Monthly Revenue (as defined below) derived by you from such Account for ordinary Landscape Maintenance Services, which were reported to us during the 12 months immediately prior to the purchase. "Average Monthly Revenue" means the monthly average of all normal revenue (excluding extras and extraordinary services) derived from the Account



for ordinary Landscape Maintenance Services during such 12 month period. The purchase price for inventory and supplies to be purchased shall be the lesser of cost or market value, and the purchase price for equipment to be purchased shall be mutually agreed upon by the parties. If the parties are unable to agree on the market value of any inventory or supplies or the purchase price of any equipment, we shall have the right to appoint an independent appraiser whose decision shall be final and whose fee shall be shared equally by the parties. Notwithstanding anything to the contrary in this Agreement, we have the right to set off against and reduce the purchase price by any and all amounts owed by you to us or our affiliates

C. Claims. You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or your U.S. LAWNS Business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement; provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

#### GENERAL PROVISIONS

14. The parties agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Operations Manual and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the addenda and appendices hereto and any application form or similar document executed by you requesting us to enter into this Agreement constitute the entire agreement between the parties and supersede any

and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Disclosure Document we furnished to you. You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and if such notice is a notice of default or of termination, by registered or certified mail, and addressed as follows:

1. If intended for us, addressed to U.S. Lawns, Inc., 4700 Millenia Blvd., Suite 240, Orlando, FL 32839, Facsimile (407) 246-1623;
2. If intended for you, addressed to you at the address set forth on the Data Sheet; or,

in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

D. Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents.

E. References. If the franchisee is two or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement includes all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Guarantee. All persons having a 5% or more ownership interest in a franchisee that is a corporation, partnership, limited liability company or partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes an owner must execute the form of undertaking and guarantee at the end of this Agreement.

G. Successors/Assigns. Subject to the terms of Paragraph 10 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

H. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Paragraph 11 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of Florida.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of subparagraph 5.E and other express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

I. Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Paragraph 12, must be brought in the state or federal district court located in the county or district encompassing our headquarters. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subparagraph will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding thereof, agree to be bound in the manner set forth.

J. Jury Waiver. ALL PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR BREACH OF THIS AGREEMENT.

K. Waiver of Punitive Damages. YOU AND US AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED.

L. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

M. Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, strikes, wars, riots and acts of government except as may be specifically provided for elsewhere in this Agreement.

N. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the standards, specifications, and requirements for any franchised business or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such business, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard inventory items, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

O. Notice of Potential Profit. We and/or our affiliates may from time to time make available to you goods, products and/or services for use in your U.S. LAWNS Business on the sale of which we and/or our affiliates may make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

P. Effective Date. We will designate the “Effective Date” of this Agreement in the space provided on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement. However, you do not have the right to, and may not, commence operation of a U.S. LAWNS Business until we notify you that you have satisfied all of the pre-opening conditions set forth in this Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Franchise Agreement as of the dates written below.

FRANCHISEE: (For an Entity)

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

\_\_\_\_\_,  
a \_\_\_\_\_  
(Please type or print name and type of entity)

By: \_\_\_\_\_  
(Signature of person signing on behalf of entity)

\_\_\_\_\_  
(Please type or print name of person  
signing on behalf of entity)

Its: \_\_\_\_\_  
(Please type or print title of person  
signing on behalf of entity)

FRANCHISEE: (For an Individual)

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

Name: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

Witness: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

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

Name: \_\_\_\_\_  
(Please type or print)

Signature: \_\_\_\_\_

US: U.S. LAWNS, INC.

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

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

Its: \_\_\_\_\_

Schedule A to the Franchise Agreement

**Data Sheet**

1. **Franchisee:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. **Owners.** You represent and warrant to us that the following persons are the only owners of Franchisee:

Name	Home Address	Percentage of Ownership

The foregoing owners will be devoting their full time to the U.S. LAWNS Business:

3. **Territory.** As stated in Paragraph 2 of the Franchise Agreement, and subject to the terms and conditions of the Franchise Agreement, the Territory under this Agreement is as follows: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. **Effective Date:** \_\_\_\_\_

YOU: \_\_\_\_\_

WE: U.S. LAWNS, INC.

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

Schedule B to the Franchise Agreement

Conversion Addendum

This Addendum is entered into on this \_\_\_ day of \_\_\_\_\_, 20\_\_ between U.S. Lawns, Inc. (“we” or “us”) and \_\_\_\_\_ (“you”).

BACKGROUND:

- A. You own and operate an existing landscape maintenance business.
- B. You desire to convert your existing business to a U.S. LAWNS Business and you and we are entering into a U.S. LAWNS Franchise Agreement (“Franchise Agreement”) on this date.
- C. Because of your experience and existing client base, we have agreed to make certain modifications to the Franchise Agreement as set forth below.

AGREEMENT:

- 1. The parties acknowledge and agree that Attachment 1 to this Addendum sets forth the complete listing of your existing customers.
- 2. Section 8.B. of the Franchise Agreement is revised to provide that you will not pay any royalties on “Conversion Gross Billings” for the first 180 days of the initial term of this Agreement. Thereafter, you will pay the applicable rate specified in Section 8.B. For purposes of this Addendum, Conversion Gross Billings are Gross Billings received from existing customers under contract with you on the date the Franchise Agreement is signed as listed on Attachment 1 to this Addendum.
- 3. 8.C. of the Franchise Agreement is revised to provide that you will not pay any Marketing Contribution for the first 180 days of the initial term of this Agreement. Thereafter, you will pay the standard percentage as provided in Section 8.C.
- 4. In all other respects, the Franchise Agreement shall remain the same and be enforceable according to its terms and conditions.

U.S. LAWNS, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_  
Title: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_



Schedule 1

List of Existing Clients

Schedule C to the Franchise Agreement

Business Note and Security Agreement

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

Principal Amount: \$ \_\_\_\_\_

FOR VALUE RECEIVED, the Undersigned ("Borrower"), jointly and severally, promise to pay to the order of U.S. Lawns, Inc., a Florida corporation ("U.S. LAWNS"), the principal sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), together with interest on the unpaid principal balance equal to the Prime Rate (as defined below) plus \_\_\_% ("Interest Rate"). "Prime Rate" means the U.S. prime interest rate as published in The Wall Street Journal on the date immediately preceding the date of this Business Note, or if not published on such date, the most recent such rate previously published in The Wall Street Journal. The Interest Rate will be adjusted at the end of the first business day after January 1, April 1, July 1, and October 1 of each year for which amounts are outstanding and owed under this Business Note to reflect the U.S. prime interest rate plus \_\_\_% on such date. Principal and interest shall be payable hereunder in consecutive equal monthly installments of \_\_\_\_\_ dollars (\$ \_\_\_\_\_) on the 1<sup>st</sup> day of each month beginning \_\_\_\_\_, 2013. The entire principal balance together with accrued but unpaid interest thereon shall be due and payable hereunder on \_\_\_\_\_.

If Borrower fails to make any required monthly payment by the tenth day of the month in which such payment is due, in addition to the principal and interest outstanding and owed under this Business Note, Borrower shall pay to U.S. LAWNS a late payment fee equal to twenty five dollars (\$25.00) per month for each month until the required monthly payment is paid in full. In addition, if Borrower fails twice in any consecutive 12-month period to make required monthly payments by the tenth day of the month in which such payment is due, any and all amounts outstanding hereunder shall automatically bear interest from the date due until the principal and all accrued but unpaid interest and late fees are paid in full at the rate equal to the Prime Interest Rate plus \_\_\_%, with such rate not to exceed 18% ("Default Interest Rate"), without notice to Borrower. All amounts received by U.S. LAWNS shall be applied first to late payment charges and expenses, then to accrued interest, and then to principal or in any other order as determined by U.S. LAWNS, in U.S. LAWNS' sole discretion, as permitted by law.

Payment of both principal and interest shall be made at 4700 Millenia Blvd, Suite 240, Orlando, Florida 32839, or at such other place as U.S. LAWNS or the holder of this Business Note shall designate. Borrower shall make payments of all amounts due under this Business Note by check, but such payments shall be accepted subject to collection and, at U.S. LAWNS' option, shall be deemed received only when collected.

This Business Note may be prepaid in whole or in part, without premium, from time to time on the date that any installment comes due, with minimum partial payments of \$100.00 or any multiple thereof. No prepayments of this Business Note shall affect the obligation of Borrower to make the payments of installments of the principal and interest required by the first paragraph hereof until this Business Note shall have been paid in full. After the maturity of this Business Note (whether by acceleration or otherwise), interest shall accrue on the principal balance at the rate of 18% per annum or the maximum rate permitted by applicable law.

To secure payment of this Business Note, Borrower grants and pledges to U.S. LAWNS a security interest in the following property with standard attachments and all additions and accessions thereto and any proceeds there from (hereinafter called the "collateral"): any and all assets of the business known as \_\_

dba U.S. LAWNS presently existing or hereafter acquired, including, but not limited to, equipment, inventory, fixtures, accounts receivable, contracts, checking and savings accounts, leasehold interests, products and all proceeds of any thereof until this Business Note is satisfied in full.

On default hereunder and at any time thereafter, U.S. LAWNS may declare all of the obligations under this Business Note immediately due and payable and shall have the remedies of a secured party under the provisions of the Uniform Commercial Code. U.S. LAWNS shall give to Borrower reasonable notice of the time and place of any public sale thereof or of the time at which any private sale or any other intended disposition is to be made. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Borrower shown on this Business Note at least 30 days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling, or the like shall include reasonable attorneys' fees and legal expenses incurred by U.S. LAWNS or holder.

The occurrence of any one or more of the following shall be deemed to be an event of default hereunder:

- (a) Failure of Borrower to pay any installment of principal or interest when due; or
- (b) The filing of any petition by Borrower or against Borrower under the Federal Bankruptcy Act as now or hereafter in force for any relief based upon an allegation of Borrower's insolvency, or the adjudication of Borrower as a bankrupt under such Act; or
- (c) The filing of a petition against Borrower for reorganization of Borrower under the Federal Bankruptcy Act as now or hereafter in force, and the approval of such petition by any United States District Court or United States Bankruptcy Court; or
- (d) The execution and delivery by Borrower of a general assignment for the benefit of creditors; or
- (e) The appointment of a receiver for Borrower by a court of competent jurisdiction, which appointment shall not have been vacated within a period of 30 days after the date of the appointment of such receiver; or
- (f) Insolvency of Borrower. Insolvency shall be defined as, when the current liabilities, less payables due U.S. LAWNS, exceed the current assets of Borrower, as determined by generally accepted accounting principles; or
- (g) Failure of Borrower to maintain on a current basis Borrower's account with U.S. LAWNS. A current basis is maintained when (1) payments are made within 30 days after charges are billed, where applicable, and (2) a monthly report is submitted and fees paid thereon in the calendar month following the month for which the report is filed; or
- (h) Failure to cure, within applicable grace periods, any breach of Borrower's Franchise Agreement(s) with U.S. LAWNS.

Borrower shall submit to U.S. LAWNS, until this Business Note be paid in full, an annual Balance Sheet(s) and Profit & Loss Statement(s).

No waiver by U.S. LAWNS of any default on the part of Borrower, and no practice of the parties at variance with the terms hereof shall constitute a waiver of any subsequent default of the same or different terms, covenants or conditions hereof.

It is the intention of Borrower and U.S. LAWNS to conform strictly to all applicable usury laws now or hereafter in force, and any interest payable under this Business Note shall be subject to reduction to the amount not in excess of the maximum legal amount allowed under the applicable usury laws as now or hereafter construed by the courts having jurisdiction over such matters. Interest, as defined by applicable law, may never include more than the maximum amount permitted by applicable law, statute, rule or regulation, computed from the date hereof until payment, and any interest in excess of the

maximum amount permitted by applicable law, statute, rule or regulation shall be canceled automatically and, if theretofore paid, shall at the option of U.S. LAWNS hereof either to be rebated to Borrower or credited on the principal amount of this Business Note, or if this Business Note has been paid, then the excess shall be rebated to Borrower.

U.S. LAWNS shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred or paid by U.S. LAWNS in enforcing or defending any action relating to this Business Note, whether or not suit is filed.

Wherever "U.S. LAWNS" is referred to herein, it shall be deemed to refer to U.S. LAWNS or any other assignee or subsequent holder of this Business Note.

The laws of the State of Florida shall govern the construction of this Business Note. Notwithstanding anything to the contrary contained herein, it is agreed that, if a court of competent jurisdiction determines that the payment of interest or other charges pursuant to this Business Note shall require the payment of an amount in excess interest shall at the election of U.S. LAWNS, be either applied as a credit against the principal balance or refunded to the Borrower; it being the intention of the Parties that this Business Note comply with applicable usury laws. This Business Note is dated as of the date first set forth above.

**BORROWER:**

\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Individual, Partner, or Officer

\_\_\_\_\_  
Second Partner

Home Phone #(\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

Home Phone #(\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

Name of Franchise U.S. LAWNS

Street Address:  
\_\_\_\_\_  
\_\_\_\_\_

**PERSONAL GUARANTY**

For value received, the undersigned, jointly and severally, guarantee payment of the Business Note set forth above. If Borrower is in default in payment of the Business Note, or any installment thereof, according to its terms, the undersigned agree to pay the amount due upon demand. Notice of acceptance, nonpayment, and protest is waived with respect to the obligation covered hereunder.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Spouse

\_\_\_\_\_  
Spouse

(\_\_\_\_\_) \_\_\_\_\_  
Home Phone #

(\_\_\_\_\_) \_\_\_\_\_  
Home Phone #

Schedule D to the Franchise Agreement

**Electronic Transfer of Funds Authorization**

Franchisee: \_\_\_\_\_

Location: \_\_\_\_\_

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

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes U.S. Lawns, Inc. or any affiliated entity (collectively, "Franchisor") to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Marketing Contribution or other amounts that become payable by the undersigned to Franchisor. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Franchisor.

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

Sincerely yours,

\*\*\* We also need a VOIDED Check \*\*\*

Account Name \_\_\_\_\_

Bank Name \_\_\_\_\_

Street Address \_\_\_\_\_

Branch \_\_\_\_\_ City \_\_\_\_\_

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

Street Address \_\_\_\_\_

Telephone Number \_\_\_\_\_

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

By \_\_\_\_\_

Bank Telephone Number \_\_\_\_\_

Its \_\_\_\_\_

Bank's Account Number \_\_\_\_\_

Date \_\_\_\_\_

Customer's Account Number \_\_\_\_\_

Schedule E to the Franchise Agreement

**CONFIDENTIALITY AND NON-COMPETE AGREEMENT**

**TO BE EXECUTED BY FRANCHISE OWNERS AND CERTAIN EMPLOYEES OR PARTIES ASSOCIATED WITH FRANCHISEE.**

**NAME:** \_\_\_\_\_

**OWNER:** \_\_\_\_\_

**HOME ADDRESS:** \_\_\_\_\_

\_\_\_\_\_

**HOME TELEPHONE:** \_\_\_\_\_

**RELATIONSHIP:** \_\_\_\_\_

**(Owner, Spouse, Officer, Director, Employee, Etc.)**

I do hereby agree that during the term of my employment by, ownership participation in, association with or service to \_\_\_\_\_ ("Owner"), a franchise of U.S. Lawns, Inc. ("U.S. LAWNS"), or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, customers or prospective customers, or practices of Owner and/or U.S. LAWNS which may be communicated to me, nor shall I divert any business to competitors of Owner and/or U.S. LAWNS.

For purposes of this Agreement, "Confidential Information" means any proprietary and confidential information owned by U.S. LAWNS relating to the development or operation of U.S. LAWNS Businesses whether contained in the Operations Manual or otherwise, including, but not limited to: (1) technical information and expertise; (2) data bases of potential customers; (3) sales and marketing programs and techniques for U.S. LAWNS Businesses; (4) Customer Information (as defined below); (5) knowledge of operating systems, results and financial performance of U.S. LAWNS Businesses other than U.S. LAWNS Businesses that you own; and (6) computer systems, technology and software programs. Confidential Information does not include information which I can demonstrate came to my attention prior to disclosure thereof or which had become or becomes a part of the public domain through publication or communication by others but in no event by or through any act of mine.

I specifically understand that, without limitation, the following have been deemed to constitute confidential information of U.S. LAWNS: all services and procedures relating to landscape maintenance services and any and all landscape – related services; all systems of operation, services, programs, products, procedures, policies, standards, techniques, specifications and criteria which now comprise or in the future may comprise a part of the U.S. LAWNS' system of performing landscape maintenance services; U.S. LAWNS' operating manuals and any and all

Supplements and/or amendments thereto; services, techniques and systems for landscape maintenance services; customer service systems and techniques; brochures, sales kits, form contracts and/or forms; business systems; customer and prospective customer lists; records pertaining to clients or billings; computer software and processing technologies; methods of advertising and promotion; instructional materials; staff composition and organization quality assurance programs; supervision systems; recommended services; methods and techniques for cost control; record keeping systems and materials; bookkeeping systems and materials; business forms; product and service order forms; general operations materials; revenue reports; activity schedules; job descriptions; advertising, promotional and public relations materials, campaigns, guidelines and philosophy; specifications, systems, standards, techniques, philosophies and materials, guidelines, policies and procedures concerning U.S. LAWNS' system of performing landscape maintenance services; additions to, deletions from, and modifications and variations of the components constituting U.S. LAWNS' system of performing landscape maintenance services; or the systems and methods of operations which are now, or may in the future, be employed by U.S. LAWNS, including all standards and specifications relating thereto and the means and manner of soliciting customers for same; and, all other components, specifications, standards, requirements and duties imposed by U.S. LAWNS or its affiliates.

I will not at any time copy, duplicate, record or otherwise reproduce any of the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I will return to U.S. LAWNS or Owner (as applicable) all materials, books, records and manuals deemed to be confidential herein which are in my possession.

I agree that I have received or will receive valuable training and Confidential Information that I otherwise would not receive or have access to but for my association with the U.S. LAWNS system. I therefore agree to the following noncompetition covenants:

1. I covenant that during the term of my employment/service/association/ownership/participation, I will not, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any Competitive Business (as defined below) other than the U.S. LAWNS Business operated pursuant to a franchise agreement with U.S. Lawns, Inc.

2. I covenant that I will not, for a period of two years after the expiration or termination of my employment/service/association/ownership/participation, regardless of the cause of termination, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in a Competitive Business (as defined below):

- a. In the Owner's Territory;
- b. Within a 50-mile radius of the outer boundary of the Owner's Territory; or



- c. Inside the protected territory of another U.S. LAWNS business.

For purposes of this Agreement, a “Competitive Business” is any business which provides landscape maintenance services.

3. I agree that the length of time in subpart (2) above will be tolled for any period during which I am in breach of the covenants.

It is the intention of this Agreement to prohibit not only direct competition but also forms of indirect competition, such as consultation for competitive businesses, service as an independent contractor for such competitive businesses, or any assistance or transmission of information of any kind or nature whatsoever which would be of any material assistance to a competitor. Nothing herein shall prevent me from owning for investment purposes up to an aggregate of five (5%) per cent of the capital stock for any competitive business, provided that said business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and provided that Owner does not control any such company.

It is the intention of this provision that any person or entity having any legal or beneficial interest in or traceable to, down or through me to be bound by the provisions of this covenant, including (without limitation) my spouse, parents, siblings and in-laws; any direct or indirect beneficiary; any partner (general or limited) or proprietor of mine; and, any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me. I further agree that upon the expiration or termination of my term of employment/service/association, I shall immediately refrain from any and all contacts with customers, for any purpose whatsoever.

**I acknowledge that violation of the covenants not to compete contained herein would result in immediate and irreparable injury to U.S. LAWNS and Owner for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by U.S. LAWNS or Owner (or both) prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of confidential information set forth herein. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of said covenants not to compete was accomplished by and through my unlawful utilization of U.S. LAWNS' confidential information, know-how, methods and procedures. Further, I expressly agree that the existence of any claims I may have against U.S. LAWNS will not constitute a defense to the enforcement by U.S. LAWNS of the covenants not to compete set forth herein. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by U.S. LAWNS in connection with the enforcement of those covenants not to compete set forth herein.**

If all or any portion of this covenant not to use confidential information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Owner and/or U.S. LAWNS is a party, the court or agency shall be empowered to revise and/or construe said covenant so as to fall within

permissible legal limits and shall not by necessity invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part hereof.

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

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

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

Schedule F to the Franchise Agreement

**ADDENDUM RELATING TO U.S. LAWNS  
FRANCHISE AGREEMENT**

THIS ADDENDUM (Addendum) is made and entered into on \_\_\_\_\_ by U.S. Lawns, Inc., located at 700 Millenia Blvd., Suite 240, Orlando, Florida (Franchisor), and \_\_\_\_\_, located at \_\_\_\_\_ (Franchisee).

**Recitals.** Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_ (Franchise Agreement). The Franchisee agreed among other things to operate and maintain a franchise located at \_\_\_\_\_ designated by Franchisor as Unit # \_\_\_\_\_ (Unit). Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

2. Notwithstanding anything to the contrary in Section 5.M of the Franchise Agreement, the franchisee shall have the discretion to set pricing for its products and services provided that, subject to applicable antitrust laws, such pricing: (1) is at or below any maximum price cap programs established by the franchisor for its franchise system; or (2) is at or above any minimum price threshold programs established by the franchisor for its franchise system; or (3) conforms to any bona fide promotional programs or national or regional accounts programs established from time to time by the franchisor for its franchise system.

3. Section 10.F of the Franchise Agreement provides that the Franchisor (or any third party assignee of the Franchisor) may elect pursuant to its Right of First Refusal to exercise said option when the Franchisee decides to sell partial interest(s) in the business. This section is hereby amended to reflect that the Franchisor (or any third party assignee of the Franchisor) will not exercise the option for any partial sale of the Franchisee's business. The Franchisor (or any third party assignee of the Franchisor) may not become a partial owner of any SBA financed franchises.

4. If the Franchise Agreement is terminated and the Franchised Site or its contents are to be sold under Section 13.B of the Franchise Agreement and the parties are unable to agree as to a purchase price and terms, the fair market value of such premises and property shall be determined by three Appraisers chosen in the following manner. Franchisee shall select one and Franchisor shall select one, and the two appraisers so chosen shall select a third appraiser. The

decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.

5. This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

**FRANCHISOR:**

**FRANCHISEE:**

**U.S. LAWN**

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

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

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

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

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

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

PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND  
PERSONALLY BY THE TERMS AND CONDITIONS  
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the non-compete provisions in subparagraph 10.D, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of our successors and assigns.

FRANCHISEE: \_\_\_\_\_

PERSONAL GUARANTORS:

_____		
Individually		
_____		
Print Name		
_____		
Address		
_____	_____	_____
City	State	Zip Code
_____		
Telephone		

_____		
Individually		
_____		
Print Name		
_____		
Address		
_____	_____	_____
City	State	Zip Code
_____		
Telephone		

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Individually

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Print Name

---

Address

---

City                      State                      Zip Code

---

Telephone

---

Individually

---

Print Name

---

Address

---

City                      State                      Zip Code

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Telephone

**ACKNOWLEDGMENT ADDENDUM TO  
U.S. LAWNS FRANCHISE AGREEMENT**

As you know, you and we are entering into a Franchise Agreement for the operation of a U.S. LAWNS franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

**Acknowledgments and Representations.**

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least fourteen calendar days prior to signing the Franchise Agreement? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
  
2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
  
3. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
  
4. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document? Check one:  No  Yes. If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_  
\_\_\_\_\_
  
5. Did any employee or other person speaking on behalf of U.S. Lawns, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any U.S. LAWNS location or business, or the likelihood of success at your franchised business? Check one:  No  Yes. If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_  
\_\_\_\_\_
  
6. Did any employee or other person speaking on behalf of U.S. Lawns, Inc. make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document? Check one:  Yes  No. If yes, please comment: \_\_\_\_\_  
\_\_\_\_\_

7. Except as stated in Item 19, did any employee or other person speaking on behalf of U.S. Lawns, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any U.S. LAWNS business, or the likelihood of success at your franchised business? Check one:  Yes  No. If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_  
\_\_\_\_\_
8. Do you understand that that the franchise granted is for the right to operate a U.S. LAWNS Business within the Territory only and that we and our affiliates have the right to issue franchises or operate competing businesses for or at locations, as we determine, outside your Territory and engage in certain activities inside your Territory? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
9. Do you understand that the Franchise Agreement and Disclosure Document contain the entire agreement between you and us concerning the franchise for the U.S. LAWNS Business, meaning that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
10. Do you understand that the success or failure of your U.S. LAWNS Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the U.S. LAWNS trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your U.S. LAWNS Business may change? Check one  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
11. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) and that an injunction is an appropriate remedy to protect the interest of the U.S. LAWNS system if you violate the covenant(s)? Further, do you understand that the term “you” for purposes of the non-compete covenants is defined broadly, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_



12. On the receipt pages of your Disclosure Document you identified \_\_\_\_\_

as the franchise sellers involved in this franchise sales process. Are the franchise sellers identified above the only franchise sellers involved with this transaction? Check one ( ) Yes ( ) No. If no, please identify any additional franchise sellers involved with this transaction: \_\_\_\_\_

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

**NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.**

Signed: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signed: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

APPROVED ON BEHALF U.S. LAWN,  
INC.

Signed \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## EXHIBIT C

### LIST OF CURRENT AND FORMER FRANCHISE OWNERS

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

### **Current Standard Franchisees as of 4/30/2014**

#### **ALASKA**

##### ***USL Anchorage***

Jeffrey Schneider  
Anchorage, AK 99502  
Tel: 907-230-2872

#### **ALABAMA**

##### ***USL Anniston***

Tony & Carmen Diaz  
Jacksonville, AL 36265  
Tel: 256-240-2386 ext  
2617

##### ***USL Birmingham East***

Patsy Gay  
Pelham, AL 35124  
Tel: 205-621-2884

##### ***USL Birmingham West***

Patsy Gay  
Pelham, AL 35124  
Tel: 205-621-2884

##### ***USL Dothan***

Billy Clark  
Dothan, AL 36301  
Tel: 254-681-0549

##### ***USL Madison***

James Schaffer  
Madison, AL 35758  
Tel: 256-656-0411  
Tel: 334-514-1767

##### ***USL Mobile***

Chad & Leigh Blake  
Mobile, AL 36691  
Tel: 251-662-5805

##### ***USL Tuscaloosa***

Patsy Gay  
Northport, AL 35475  
Tel: 205-333-1171

#### **ARIZONA**

##### ***USL Chandler***

Tim and Kim Fingleton  
Chandler, AZ 8246-7102  
Tel: 480-792-9222

##### ***USL Phoenix Central***

Jack Hallenbeck  
Christopher Hallenbeck  
Phoenix, AZ 85008  
Tel: 602-768-5296

##### ***USL Scottsdale***

Jack Hallenbeck  
Christopher Hallenbeck  
Phoenix, AZ 85008  
Tel: 602-768-5296

##### ***USL West Valley***

Jack Hallenbeck  
Christopher Hallenbeck  
Phoenix, AZ 85008  
Tel: 602-768-5296

#### **ARKANSAS**

##### ***USL Fort Smith***

Michael Merle  
Fort Smith, AR 72903  
Tel: 479-461-7329

##### ***USL Hot Springs***

Jason and Jennifer  
Blankenship  
Crossett, AR 71635  
Tel: 870-304-7289

##### ***USL Little Rock North***

Billy Stain  
Conway, AR 72032  
Tel: 501-803-4447

##### ***USL Little Rock South***

Billy Stain  
Conway, AR 72032  
Tel: 501-803-4447

##### ***USL Northwest Arkansas***

Bennett Harrell  
Bethel Heights, AR 72764  
Tel: 888-862-5296

##### ***USL Texarkana***

Dwight Mowery  
Texarkana, AR 71854  
Tel: 903-278-7629

**CALIFORNIA*****USL Corona***

Luis Camacho  
Eastvale, CA 92880  
Tel: 909-837-4398

***USL Riverside***

Timothy Marquez  
Perris, CA 92570  
Tel: 951-906-7009

***USL Sacramento East***

Owen Smith & Michael  
Benge  
Carmichael, CA 95608  
Tel: 916-862-0071

***USL San Diego***

Greg Weiland  
El Cajon, CA 92020  
Tel: 619-588-6463

***USL Simi Valley***

Paul Fredericks  
Simi Valley, CA 93094  
Tel: 805-584-9591

***USL Torrance***

Bruce Browne  
Los Angeles, CA 90015-  
2193  
Tel: 972-655-6609

**COLORADO*****USL Colorado Springs***

Jeff & Marlene Weinzierl  
Manitou Springs, CO  
80829  
Tel: 719-685-5201

***USL Denver North***

Mark Ander  
Fort Lupton, CO 80621  
Tel: 303-857-1147

***USL Denver South***

Mark Ander  
Fort Lupton, CO 80621  
Tel: 303-857-1147

***USL Parker***

Michael & Leigh Cundiff  
Highlands Ranch, CO  
80126  
Tel: 303-470-0118

**CONNECTICUT*****USL Danbury***

Michael Cianciullo  
Danbury, CT 06811  
Tel: 203-204-9958

***USL Hartford***

David Cichocki  
Bloomfield, CT 06002  
Tel: 860-243-2826

**DELAWARE*****USL Dover***

Bruce Maloomian  
Lewes, DE 19958  
Tel: 302-448-1363

***USL Wilmington***

Fred Gaylord  
Clayton, DE 19938  
Tel: 302-653-9188

**FLORIDA*****USL Bradenton***

Michael Carlo  
Sarasota, FL 34232  
Tel: 941-379-0272

***USL Brandon***

Todd Moerchen  
Oldsmar, FL 34677  
Tel: 813-855-9002

***USL Brevard County***

Michael Silverstein  
Indian Harbor Beach, FL  
32937  
Tel: 321-636-0655

***USL Broward East***

Joshua Gamez &  
Raymond Walsh  
Hollywood, FL 33023  
Tel: 954-536-7511

***USL Broward North***

Joshua Gamez &  
Raymond Walsh  
Hollywood, FL 33023

***USL Citrus County***

Rick & Carolyn  
MacMeeken  
Lecanto, FL 34461

***USL Clearwater***

Todd Moerchen  
Oldsmar, FL 34677

***USL Clermont***

Jose & Anjelica Ramirez  
Clermont, FL 34712

Tel: 954-536-7511

**USL Daytona Beach**  
Matthew & Heather  
Vedder

Palm Coast, FL 32164  
Tel: 386-316-6048

**USL Haines City**

Kristin Swinburne  
Haines City, FL 33844  
Tel: 863-421-2320

**USL Jacksonville West**

Andy Matykiewicz  
Orange Park, FL 32003  
Tel: 904-284-1010

**USL Martin County**

Eric Masse  
Delray Beach FL 33446  
Tel: 561-495-7784

**USL Naples**

Gustavo Rivero  
Naples, FL 34116  
Tel: 239-348-2707

**USL Orlando Northwest**

Tim McCarthy  
Plymouth, FL 32768  
Tel: 407-464-2163

**USL Palm Beach South**

Eric Masse  
Delray Beach FL 33446  
Tel: 561-495-7784

Tel: 352-628-6223

**USL Fort Myers**

Michael Carlo  
Sarasota, FL 34232  
Tel: 941-379-0272

**USL Hernando County**

David Gray  
Clearwater, FL 33761  
Tel: 727-243-7731

**USL Kissimmee**

Jessica Subh  
Kissimmee, FL 34744  
Tel: 407-344-0279

**USL Miami Dade West**

Marissa Rabbat  
Sunny Isles Beach, FL  
33160  
Tel: 305-692-8978

**USL Ocala**

Rick McCroan  
Micanopy, FL 32667  
Tel: 352-266-3199

**USL Orlando Southeast**

Jessica Subh  
Kissimmee, FL 34744  
Tel: 407-344-0279

**USL Panama City**

Greg Littlefield  
Ft. Walton Beach, FL  
32547  
Tel: 800-431-7364

Tel: 813-855-9002

**USL Ft. Walton Beach**

Greg Littlefield  
Ft. Walton Beach, FL  
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### **CALIFORNIA**

#### ***USL Chico***

Majdi Ahmed  
  
Gridley, CA 95948  
Tel: 530-301-9517

#### ***USL Santa Barbara***

William Kehoe  
Santa Barbara, CA  
93103  
Tel: 805-245-7649

#### ***USL San Jose***

Larry & Celine Scott  
  
San Jose, CA 95121  
Tel: 408-687-1104

### **COLORADO**

#### ***USL Northern Colorado***

Kent Anderson  
Windsor, CO 80550  
Tel: 970-686-9000

### **GEORGIA**

#### ***USL Columbus***

David Osbahr  
LaGrange, GA 30241  
Tel: 706-637-5353

#### ***USL LaGrange***

David Osbahr  
LaGrange, GA 30241  
Tel: 706-637-5353

### **IDAHO**

#### ***USL Boise***

Marc & Christine Radsma  
Beamsville, ON L0R 1B1  
Tel: 905-563-9822

### **KENTUCKY**

#### ***USL Frankfort***

Ron Gordon  
Crestwood, KY 40014  
Tel: 502-797-5124

### **LOUISIANA**

#### ***USL Shreveport***

Keith O'Neal  
Shreveport, LA 71115  
Tel: 318-564-6098

**NEBRASKA*****USL Omaha***

Douglas Bernier  
Omaha, NE 98144  
Tel: 402-215-8267

**MASSACHUSETTS*****USL Central Massachusetts***

Skip Quinn  
Sterling, MA 01564  
Tel: 978-422-9952

***USL Plymouth***

Nathaniel Powell  
Marshfield, MA 02050  
Tel: 339-793-0086

***USL Taunton***

Bennett Smith & Patricia  
Mojzak  
Taunton, MA 02780  
Tel: 508-642-8873

**NORTH CAROLINA*****USL Lexington***

John & Jonathan Sparks  
  
Mocksville, NC 27028  
Tel: 336-492-2221

***USL Rocky Mount***

James & Tammy Bulluck  
Rocky Mount, NC  
27803  
Tel: 252-972-7800

**TENNESSEE*****USL Jackson***

James Smith  
McKenzie, TN 38201  
Tel: 731-694-6596

***USL Murfreesboro***

Gene Roberston &  
Charlie Anderson  
Nashville, TN 37216  
Tel: 615-883-1122

***USL Nashville***

Gene Roberston  
Nashville, TN 37216  
Tel: 615-883-1122

***USL Nashville South***

Gene Roberston  
Nashville, TN 37216  
Tel: 615-883-1122

**TEXAS*****USL San Antonio***

Ruben & Paige Losoya  
San Antonio, TX 78217  
Tel: 210-699-9990

**WASHINGTON*****USL Bremerton***

Matthew Ward  
Sequim, WA 98382  
Tel: 360-670-5596

EXHIBIT D

LIST OF STATE ADMINISTRATORS/AGENTS

FOR SERVICE OF PROCESS

**LIST OF STATE ADMINISTRATORS,  
AGENTS FOR SERVICE OF PROCESS**

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b><u>CALIFORNIA</u></b>	Department of Business Oversight 1515 K Street Suite 200 Sacramento, CA 95814 (866) 275-2677	Business Oversight Commissioner 1515 K Street Suite 200 Sacramento, CA 95814
<b><u>ILLINOIS</u></b>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, IL 62706
<b><u>INDIANA</u></b>	Securities Commissioner Indiana Securities Division Room E 111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
<b><u>MARYLAND</u></b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020
<b><u>MICHIGAN</u></b>	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau 670 Law Building Lansing, MI 48913
<b><u>MINNESOTA</u></b>	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101 (651) 296-4026	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101
<b><u>NEW YORK</u></b>	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23 <sup>rd</sup> Floor New York, NY 10271 (212) 416-8222	Secretary of State of New York 41 State Street Albany, NY 12231-0001
<b><u>NORTH DAKOTA</u></b>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5 <sup>th</sup> Floor Bismarck, ND 58505-0510 (701) 328-2910	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5 <sup>th</sup> Floor Bismarck, ND 58505-0510

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b><u>RHODE ISLAND</u></b>	Division of Securities Department of Business Registration 1511 Pontiac Avenue John O. Pastore Center, Building 69-1 Cranston, RI 02920	Director of Department of Business Registration 1511 Pontiac Avenue John O. Pastore Center, Building 69-1 Cranston, RI 02920
<b><u>SOUTH DAKOTA</u></b>	Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501 (605) 773-4823	Director of South Dakota Division of Securities 445 E. Capitol Avenue Pierre, SD 57501-3185
<b><u>VIRGINIA</u></b>	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 E. Main Street, First Floor Richmond, VA 23219
<b><u>WASHINGTON</u></b>	Department of Financial Institutions Securities Division P. O. Box 41200 Olympia, WA 98504 (360) 902-8700	Administrator of Securities Department of Financial Institutions Securities Division P. O. Box 41200 Olympia, WA 98507 (360) 902-8700 OR 150 Israel Road SW Tumwater, WA 98501
<b><u>WISCONSIN</u></b>	Commission of Securities 345 West Washington Ave. Madison, WI 53703 (608) 266-1365	Wisconsin Commissioner of Securities 345 West Washington Ave. Madison, WI 53703

EXHIBIT E  
STATE ADDENDA

**ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF  
CALIFORNIA**

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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec101 et seq.).

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

The franchise agreement requires binding arbitration. The arbitration will occur at Orlando, Florida with the costs being borne by you. Prospective franchisees 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 a franchise agreement restricting venue to a forum outside the state of California.

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

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).

**ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF  
ILLINOIS**

The Franchise Agreement and the Disclosure Document are hereby amended to the effect that in the State of Illinois, Illinois law, jurisdiction, and venue shall apply.

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

In Illinois, the period of limitation for litigation is three years.

In Illinois, per Section 41 of the Illinois Franchise Disclosure Act, waiver imposed on you by franchise documents, including integration clauses, releases, and jury trial waivers, are void.

In the state of Illinois, we must provide a Disclosure Document to you at least 14 calendar days before you sign an agreement or make a payment.

\_\_\_\_\_  
Franchisor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Date



**ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF  
INDIANA**

We must comply with Indiana Code (23-2-2.7-1(4) and (23-2-2.7-2(6) which set limitations on third part suppliers.

You may not be required to indemnify us for liability when caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.

**ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF  
MARYLAND**

The Franchise Agreement and Item 17 of the Disclosure Document are amended as follows:

A franchise may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration & Disclosure Law must be brought within 3 years after the grant of this Franchise.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11U.S.C. Section 101 et seq.)

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

FRANCHISOR:  
U.S. LAWNS, INC.

Franchise Owner:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Date

**ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF  
MINNESOTA**

1. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws or the jurisdiction.
  
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.
  
3. In compliance with Minnesota Stat. Sec. 80C.12 Subd. 1(g) and notwithstanding any provision in our Franchise License Agreement, we agree that we will, and you will permit us to, protect your rights to use the trademarks, service marks, trade names logo types or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or damage regarding the use of our name.

**ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF  
NEW YORK**

1. Item 3 of the Disclosure Document is supplemented by the following language:

Neither we nor any person identified in Item 2 has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither we nor any person identified in Item 2 has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the date of this disclosure document, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment.

Neither we nor any person identified in Item 2 is subject to any injunctive or restrictive order or decree relating to franchises or under any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling this person from membership in this association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

2. Item 4 of the Disclosure Document is supplemented by the following language:

Neither we, nor any of our affiliates, predecessors, officers, or general partners have within the 10-year period immediately before the date of this Disclosure Document: (a) filed as a debtor (or had filed against it) a petition to start an action under U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; (c) or was a principal officer of a company or general partner in a partnership that either filed as a debtor (or that had filed against it) a petition to start an action under U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner held the position with the company or partnership.

3. Item 5, “Initial Franchise Fee”, shall be supplemented by the following language which shall be deemed an integral part thereof:

The initial fee will be made part of our general operating revenue and used to pay for any and all expenses of operation, including, among other things, training and other services provided to the franchisees.

4. Item 17, “Renewal, Termination, Transfer and Dispute Resolution”, shall be supplemented under the categories entitled “Termination by You”, “Assignment of Contract by Us” and “Choice of Law” respectively, by the following language which shall be deemed an integral part thereof:

Although the Franchise Agreement does not contain any provision permitting you to terminate the Franchise Agreement, you have whatever rights you may have under applicable law to

terminate the Franchise Agreement.

The staff of the New York Office of the Attorney General has interpreted Article 33 of the General Business Law (“GBL”) of the State of New York to prohibit us from making an assignment unless we, in our good faith judgment, believe that the Assignee is willing and able to assume our obligations under the Franchise Agreement.

Any general release required under the Franchise Agreement shall be limited by the following, “all rights arising in your favor from the provisions of Article 33 of the GBL of the State of New York and regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of the GBL, Sections 687.4 and 687.5 be satisfied.”

The Franchise Agreement requires the application of Massachusetts Law. However, the choice of law provision should not be considered a waiver of any right conferred on the franchisee by Article 33 of the GBL.

5. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Franchise Agreement, the Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

**ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF THE STATE OF  
NORTH DAKOTA**

This addendum to the Franchise Agreement is agreed to this \_\_\_\_\_ day of \_\_\_\_\_, between \_\_\_\_\_ (Franchisor) and \_\_\_\_\_, (Franchisee) to amend and revise said Franchise Agreement as follows:

**THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (SECTION 51-19-09, N.D.C.C.):**

(1) Restrictive Covenants: Franchise offering circulars which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to the statute. Therefore, Item 17(r) of the Disclosure Document and Section 10 of the Franchise Agreement are amended to state that Covenants not to compete such as those mentioned herein are generally considered unenforceable in the State of North Dakota.

(2) Site of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business. Item 17(u) of the Disclosure Document and Section 20 of the Franchise Agreement are amended to provide the site of arbitration or mediation be agreeable to all parties.

(3) Restrictions on Forum: Regarding North Dakota franchisees to consent to jurisdiction of courts outside of North Dakota. Item 17(v) of the Disclosure Document and the Franchise Agreement are amended to state that franchisees are not required to consent to jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties. Therefore, Item 17(i) of the Disclosure Document and Section 13 of the Franchise Agreement are amended to delete the provision requiring the franchisee to consent to termination or liquidated damages.

(5) Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota. Item 17(w) of the Disclosure Document and the Franchise Agreement are therefore amended to delete the provision requiring governance by the state of Florida.

(6) Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury. Therefore, the Franchise Agreement, and the Disclosure Document, are amended to delete any provisions requiring the franchisee to consent to a waiver of trial by jury.

(7) Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages. Therefore, Section 23 of the Franchise

Agreement is amended to delete the requirement that the franchisee consent to a waiver of exemplary and punitive damages.

(8) Requirement to sign a general release upon renewal of Agreement. Therefore, Item 17(c) of the Disclosure Document and Section 11 of the Franchise Agreement are amended to delete the provision requiring the franchisee to sign a general release upon renewal of the Agreement.

Section 25 of the Franchise Agreement is amended to state that the stature of limitations under North Dakota Law will apply.

Section 19 of the Franchise Agreement is amended to state that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

In witness thereof, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
(NAME OF FRANCHISOR)

BY: \_\_\_\_\_

Authorized Officer, Franchisor

FRANCHISEE: \_\_\_\_\_

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

**ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF THE STATE OF  
WASHINGTON**

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

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

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

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

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

FRANCHISOR:  
U.S. LAWNS, INC.

Prospective Franchisee:

\_\_\_\_\_

\_\_\_\_\_



# EXHIBIT F

## TABLE OF CONTENTS OF OPERATIONS MANUAL

U.S. LAWNS  
OPERATIONS MANUAL

**TABLE OF CONTENTS**  
(Tab Labels)

- 1. Introduction (1 Page)**
- 2. About Your Franchise (1 Page)**
- 3. Management Policy (6 Pages)**
- 4. Summary of Franchisee Obligations (2 Pages)**
- 5. Summary of Franchisor Services (1 Page)**
- 6. U.S. Lawns Concept (2 Pages)**
- 7. The Organization (2 Pages)**
- 8. Our Image (4 Pages)**
- 9. Landscape Maintenance Industry (3 Pages)**
- 10. Consumer Guide to Landscape Maintenance (11 Pages)**
- 11. Field Operations (10 Pages)**
- 12. Hiring Techniques (8 Pages)**
- 13. Horticulture Practices Manual (20 Pages)**
- 14. QuickBooks (9 Pages)**
- 15. Risk Management (8 Pages)**

EXHIBIT G  
SAMPLE RELEASE

**SAMPLE  
RELEASE OF CLAIMS**

For and in consideration of the Agreements and covenants described below, U.S. Lawns, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) enter into this Release of Claims (“Agreement”).

**RECITALS**

- A. Franchisor and Franchisee entered into a U.S. Lawns Franchise Agreement dated \_\_\_\_\_, \_\_\_\_.
- B. [NOTE: Describe the circumstances relating to the release.]
- C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

**AGREEMENTS**

1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
4. **Release of Claims by Franchisor.** Except as noted in this Section 4, and subject to your compliance with the terms and conditions of this Agreement, including the payment of \$\_\_\_\_\_ to Franchisor, Franchisor, for itself, its predecessors, successors, assigns, affiliates, directors, officers, shareholders, and employees (collectively and individually referred to as the “Franchisor Parties”), hereby release and forever discharge Franchisee, its heirs, successors and assigns, affiliates, directors, officers and shareholders, and any other party claiming an interest through them (collectively and individually referred to as the “Franchisee Parties”) from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Franchise Agreement (collectively, “Claims”), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisor Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and the Franchisee Parties’ failure to comply with those obligations. Further, the Franchisor Parties do not release the Franchisee Parties from any Claims related to Franchisee’s (i) indemnification obligations under Section \_\_\_ of the Franchise Agreement, (ii) non-disclosure obligations under Section \_\_\_ of the Franchise Agreement, and (iii) post-termination non-compete obligations under Section \_\_ of the Franchise Agreement, each of which remain in full force and effect and are incorporated by reference in this Agreement.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, the Franchisee Parties release and forever discharge the Franchisor Parties of and from any and all Claims, for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisee Parties do not release the Franchisor Parties from any obligations arising by virtue of this Agreement and the Franchisor Parties' failure to comply with those obligations. Further, the Franchisee Parties and the Franchisor Parties acknowledge that the release set forth in this Section 5 does not release the Franchisor Parties from any liability under the Maryland Franchise Registration and Disclosure Law.

6. **Acknowledgement.** The releases of Claims set forth in Section 4 and Section 5 are intended by the Franchisor Parties and the Franchisee Parties (collectively, the "Parties") to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Parties against the other Party regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Parties' respective intentions to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. The Parties further acknowledge and agree that no violation of this Agreement shall void the releases set forth in this Agreement.

7. **Reservation of Claims Against Non-Settling Parties.** Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

8. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

9. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

10. **Governing Law and Jurisdiction.** This Agreement will be construed and

enforced in accordance with the law of the state of \_\_\_\_\_.

11. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

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

U.S. LAWN, INC.

By \_\_\_\_\_

Its \_\_\_\_\_

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

FRANCHISEE: \_\_\_\_\_

By \_\_\_\_\_

**EXHIBIT H**  
**RECEIPT PAGES**

## RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If U.S. Lawns, Inc. offers you a franchise, U.S. Lawns, Inc. must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale or grant. Under Iowa, New York, Oklahoma and Rhode Island law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise.

If U.S. Lawns, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Todd Chapman, Brandon Moxam and Gregory Ryan Powell, all three of which are at U.S. Lawns, Inc., 4700 Millenia Blvd., Suite 240, Orlando, Florida 32839, telephone (407) 246-1630 and \_\_\_\_\_

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Issuance Date: August 22, 2014

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document with effective date of August 22, 2014 (see state effective dates on State Cover page) that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement (including Schedules)
- C. List of Current and Former Franchisees
- D. List of State Administrators and Agents for Service of Process
- E. State Addenda
- F. Table of Contents of Operations Manual
- G. Sample Release
- H. Receipts

Date	Signature	Printed Name
------	-----------	--------------

Date	Signature	Printed Name
------	-----------	--------------

Please sign this copy of the receipt, date your signature, and return it to Pam Dolan, U.S. Lawns, Inc., 4700 Millenia Blvd., Suite 240, Orlando, Florida 32839.

Prospective Franchisee's Copy



**RECEIPT**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If U.S. Lawns, Inc. offers you a franchise, U.S. Lawns, Inc. must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale or grant. Under Iowa, New York, Oklahoma and Rhode Island law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise.

If U.S. Lawns, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Todd Chapman, Brandon Moxam and Gregory Ryan Powell, all three of which are at U.S. Lawns, Inc., 4700 Millenia Blvd., Suite 240, Orlando, Florida 32839, telephone (407) 246-1630 and \_\_\_\_\_

Issuance Date: August 22, 2014

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Disclosure Document with effective date of August 22, 2014 (see state effective dates on State Cover page) that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement (including Schedules)
- C. List of Current and Former Franchisees
- D. List of State Administrators and Agents for Service of Process
- E. State Addenda
- F. Table of Contents of Operations Manual
- G. Sample Release
- H. Receipts

Date	Signature	Printed Name
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Date	Signature	Printed Name
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Please sign this copy of the receipt, date your signature, and return it to Pam Dolan, U.S. Lawns, Inc., 4700 Millenia Blvd., Suite 240, Orlando, Florida 32839.

Franchisor's Copy