



85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
mn.gov/commerce/
651.296.4026 FAX 651.297.1959
An equal opportunity employer

May 2, 2013

PAMELA N MERKLE
LARKIN HOFFMAN DALY & LINDGREN LTD
1500 WELLS FARGO PLAZA 7900 XERXES AVE S
MINNEAPOLIS, MN 55431-1194

Re: F-6551
ROSHE ENTERPRISES INC
HEITS BUILDING SERVICES (COMMERCIAL CLEANING BUSINESS) F/A

Dear Ms. Merkle:

The Annual Report has been reviewed and is in compliance with Minnesota Statute Chapter 80C and Minnesota Rules Chapter 2860.

This means that there continues to be an effective registration statement on file and that the franchisor may offer and sell the above-referenced franchise in Minnesota.

The franchisor is not required to escrow franchise fees, post a Franchise Surety Bond or defer receipt of franchise fees during this registration period.

As a reminder, the next annual report is due within 120 days after the franchisor's fiscal year end, which is December 31, 2013.

Sincerely,

MIKE ROTHMAN
Commissioner

By:

Daniel Sexton
Commerce Analyst Supervisor
Registration Division
(651) 296-4520

MR:DES:dlw

F-6551

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
REGISTRATION DIVISION
(651) 296-2211

IN THE MATTER OF THE REGISTRATION OF:
HEITS BUILDING SERVICES (COMMERCIAL CLEANING BUSINESS) F/A
HEITS F/A
By ROSHE ENTERPRISES INC

ORDER AMENDING
REGISTRATION

WHEREAS, an application to amend the registration and
amendment fee have been filed,

IT IS HEREBY ORDERED that the registration dated
January 4, 2011, is amended as of the date set forth below.



MIKE ROTHMAN
Commissioner
Department of Commerce
85 7th Place East, Suite 500
St Paul, MN 55101

Date: May 2, 2013

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UNIFORM FRANCHISE REGISTRATION APPLICATION

State of Minnesota
Dept. of Commerce

APR 30 2013

File No. F-6551

Rec'd \$ 300

(Insert file number of immediately preceding filing of Applicant)

State: Minnesota

Fee: \$300

APPLICATION FOR (Check only one):

 INITIAL REGISTRATION OF AN OFFER AND SALE OF FRANCHISES

 X RENEWAL APPLICATION OR ANNUAL REPORT

 PRE-EFFECTIVE AMENDMENT

 X POST-EFFECTIVE MATERIAL AMENDMENT

1. Full legal name of Franchisor:

Roshe Enterprises, Inc., a Minnesota corporation (Subfranchisor) under license from
Heits Building Services, Inc., a New Jersey corporation (Franchisor)

2. Name of the franchise offering:

HEITS Building Services® (commercial cleaning business) and HEITS®

3. Franchisor's principal business address:

Roshe Enterprises, Inc. (Subfranchisor)
7575 Golden Valley Road, Suite 378
Minneapolis, MN 55427

Principal business address of Heits Building Services, Inc. (Franchisor)
777 Terrace Avenue, Third Floor
Hasbrouck Heights, New Jersey 07604

4. Name and address of franchisor's agent in this State authorized to receive service of process:

Commissioner of Securities
Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198

5-2-13

A/R

Ames

12/31

1-4-11

MN

5. The states in which this application is or will be shortly on file:

Minnesota

6. Name, address, telephone and facsimile numbers, and e-mail address of person to whom communications regarding this application should be directed:

Pamela N. Merkle, Esq.
Larkin Hoffman Daly & Lindgren Ltd.
1500 Wells Fargo Plaza
7900 Xerxes Avenue South
Minneapolis, MN 55431-1194
Phone: (952) 896-3337
Fax: (952) 896-1511
Email: pmerkle@larkinhoffman.com



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Larkin Hoffman Daly & Lindgren Ltd.

1500 Wells Fargo Plaza
7900 Xerxes Avenue South
Minneapolis, Minnesota 55431-1194

GENERAL: 952-835-3800
FAX: 952-896-3333
WEB: www.larkinhoffman.com

April 29, 2013

Mr. Dan Sexton
Registration Division
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198

VIA FEDERAL EXPRESS

Re: Roshe Enterprises, Inc., a Minnesota corporation ("Subfranchisor") under license from
Heits Building Services, Inc., a New Jersey corporation ("Franchisor")
Renewal of Franchise Registration; File No.: F-6551

Dear Mr. Sexton:

Enclosed on behalf of our client, the Subfranchisor, are the following items in connection with the Subfranchisor's application for franchise registration renewal in the State of Minnesota:

1. \$300 check in payment of the filing fee;
2. Uniform Franchise Application facing page;
3. Certification Page;
4. Franchisor's (Subfranchisor's) Costs and Source of Funds;
5. Uniform Consent to Service of Process;
6. Corporate Acknowledgement;
7. Auditor's Consent;
8. Franchise Seller Disclosure Form; and
9. One blacklined copy of the Franchise Disclosure Document.

If you have any questions regarding the enclosed items, please contact me at (952) 896-3337.
Thank you.

Sincerely,

Pamela N. Merkle, for
Larkin Hoffman Daly & Lindgren Ltd.

Direct Dial: 952-896-3337
Direct Fax: 952-896-1511
Email: pmerkle@larkinhoffman.com

Enclosures
1438736.1

CERTIFICATION

I certify and swear under penalty of law that I have read and know the contents of this application, including the Franchise Disclosure Document with an issuance date of April 29, 2013, attached as an exhibit, and that all material facts stated in all those documents are accurate and those documents do not contain any material omissions with respect to the franchise being offered and the undersigned company. I further certify that I am duly authorized to make this certification on behalf of the Subfranchisor and that I do so upon my personal knowledge.

Signed at Minneapolis, Minnesota, April 26, 2013.

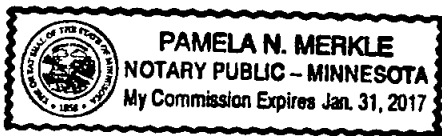
ROSHE ENTERPRISES, INC.

By: *Robin Handy*
Robin Handy
Its: President

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Personally appeared before me this 26th day of April, 2013, the above-named Robin Handy, to me known to be the person who executed the foregoing application as President of the above-named applicant and being first duly sworn, stated upon oath that said application, and all exhibits submitted herewith, are true and correct.

Pamela N. Merkle
Notary Public



FRANCHISOR'S (SUBFRANCHISOR'S) COSTS AND SOURCE OF FUNDS

1. Disclose the Franchisor's (Subfranchisor's) total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training and other items stated in the offering:

Category	Costs
Real Estate	\$0
Improvements	\$0
Equipment	\$750 - \$1,500 (Based on Franchise Package)
Inventory (Cleaning Supplies)	\$250 - \$500 (Based on Franchise Package)
Training	\$200
Other (describe)	
Totals	\$1,200 - \$2,200

2. State separately the sources of all required funds:

Working capital

UNIFORM CONSENT TO SERVICE OF PROCESS

Roshe Enterprises, Inc., a corporation organized under the laws of the State of Minnesota (the "Subfranchisor"), irrevocably appoints the officers of the States designated below and their successors in those offices, its attorney in those States for service of notice, process or pleading in an action or proceeding against it arising out of or in connection with the sale of franchises, or a violation of the franchise laws of that State, and consents that an action or proceeding against it may be commenced in a court of competent jurisdiction and proper venue within that State by service of process upon this officer with the same effect as if the undersigned was organized or created under the laws of that State and had lawfully been served with process in that State. We have checked below each state in which this application is or will be shortly on file, and provided a duplicate original bearing an original signature to each state.

_____ California: Commissioner of Corporations	_____ North Dakota: Securities Commissioner
_____ Hawaii: Commissioner of Securities	_____ Rhode Island: Director, Department of Business Regulation
_____ Illinois: Attorney General	_____ South Dakota: Director of the Division of Securities
_____ Indiana: Secretary of State	_____ Virginia: Clerk, Virginia State Corporation Commission
_____ Maryland: Securities Commissioner	_____ Washington: Director of Financial Institutions
X _____ Minnesota: Commissioner of Commerce	_____ Wisconsin: Administrator, Division of Securities, Department of Financial Institutions
_____ New York: Secretary of State	


Please mail or send a copy of any notice, process or pleading served under this consent to:

Roshe Enterprises, Inc.
7575 Golden Valley Road, Suite 378
Minneapolis, MN 55427

Pamela N. Merkle, Esq.
Larkin Hoffman Daly & Lindgren Ltd.
1500 Wells Fargo Plaza
7900 Xerxes Avenue South
Minneapolis, MN 55431-1194

Dated: April 26, 2013

ROSHE ENTERPRISES, INC.

By: 
Robin Handy
Its: President

CORPORATE ACKNOWLEDGMENT

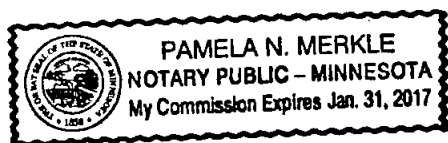
STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

On this 26th day of April, 2013, before me Pamela N. Merkle, the undersigned officer, personally appeared Robin Handy, known personally to me to be the President of the above-named corporation, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Pamela N. Merkle

Notary Public





Bomberg Roach & Hanson PLLC
Certified Public Accountants And Business Advisors

INDEPENDENT AUDITOR'S CONSENT

Stockholders

Roshe Enterprises, Inc. d/b/a Heits Building Services of Minnesota

The undersigned, Bomberg, Roach & Hanson, PLLC, hereby consents to the use in the Franchise Disclosure Document issued by Roshe Enterprises, Inc., as Subfranchisor under a Master License from Heits Building Services, Inc., with an issuance date of April 29, 2013, of our report dated March 25, 2013, relating to the financial statements of Roshe Enterprises, Inc. as of and for the year ending December 31, 2012.

Bomberg, Roach & Hanson, PLLC

FRANCHISE DISCLOSURE DOCUMENT**HEITS****BUILDING SERVICES ®****FRANCHISOR**

HEITS BUILDING SERVICES, INC.
A New Jersey Corporation
777 Terrace Avenue, Third Floor
Hasbrouck Heights, New Jersey 07604
(201) 288-7708
www.heits.com

MASTER FRANCHISEE

ROSHE ENTERPRISES, INC.,
a Minnesota corporation
d/b/a HEITS BUILDING SERVICES OF
MINNESOTA
7575 Golden Valley Road, Suite 378,
Minneapolis, MN 55427
763-253-4700
www.heitsofminnesota.com
rhandy@heits.com

The franchise being offered is for a HEITS Building Services® ("HEITS®") janitorial business. HEITS® janitorial businesses purchase a certain dollar volume of commercial and multi-unit residential janitorial accounts to service, and operate a commercial cleaning and other building services business in accordance with our business system and standards (referred to hereafter as a "Janitorial Business" or "Janitorial Businesses"). As the Master Franchisee of Heits Building Services, Inc. for the State of Minnesota, we offer HEITS® Janitorial Business franchises for the right to develop and operate a single Janitorial Business located within Minnesota and to receive a specified dollar volume of accounts to service.

The total investment necessary to begin operation of a HEITS® Janitorial Business franchise is approximately \$8,263 to \$71,950 (the lower end of the range assumes a 5% cash discount for the lump sum payment of the initial franchise fee and a \$350 cash discount if the franchisee is a corporation or limited liability company). This includes between approximately \$7,488 and \$55,750 depending upon the account dollar volume you purchase that must be paid to the Master Franchisee or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us 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 Robin Handy of Heits Building Services of Minnesota at 7575 Golden Valley Road, Suite 378, Minneapolis, MN 55427, Phone: 763-253-4700.

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

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

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

Issuance Date: April 29, 2013~~24, 2012~~

STATE COVER PAGE

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

Call the state franchise administrator, if any, for the state listed in EXHIBIT A for information about the franchisor, about other franchisors, or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT PERMITS YOU TO SUE US ONLY IN HENNEPIN COUNTY, STATE OF MINNESOTA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN MINNESOTA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT MINNESOTA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE(S), AND/OR EACH SPOUSE OF YOUR OWNERS/PARTNERS/MEMBERS, ETC. IF YOU ARE A LEGAL ENTITY, MUST SIGN A PERSONAL GUARANTY AND PERSONALLY GUARANTEE ALL OBLIGATIONS OF THE FRANCHISED BUSINESS, WHETHER OR NOT YOUR SPOUSE(S) IS/ARE INVOLVED IN THE OPERATION OF THE BUSINESS. THIS REQUIREMENT PLACES AT RISK THE PERSONAL ASSETS OF YOU, THE OWNERS/PARTNERS/MEMBERS OF YOU IF YOU ARE A LEGAL ENTITY, AND/OR YOUR SPOUSE(S).
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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.

STATE EFFECTIVE DATES

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

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

Minnesota

2013,
~~May 4, 2012~~

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EXHIBITS

Exhibit A	Agent for Service of Process
Exhibit B	Franchise Agreement
Exhibit C	Guaranty
Exhibit D	Promissory Note
Exhibit E	Security Agreement
Exhibit F	Form of UCC-1 Financing Statement
Exhibit G	General Release Agreement
Exhibit H	Transfer Agreement
Exhibit I	Equipment Lease Agreement
Exhibit J	List of HEITS® Franchisees
Exhibit K	Financial Statements
Exhibit L	State-Specific Disclosures

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchisor is Heits Building Services, Inc. The master franchisee (or subfranchisor) for Minnesota is Roshe Enterprises, Inc. d/b/a Heits Building Services of Minnesota or Heits of Minnesota. For ease of reference in this Disclosure Document, Heits Building Services, Inc. will be referred to as "Heits" or "Franchisor." The terms "we," "us," or "Master Franchisee" will refer to Roshe Enterprises, Inc. d/b/a Heits Building Services of Minnesota or Heits of Minnesota, the Master Franchisee for Janitorial Business franchises in Minnesota, acting as Heits' subfranchisor in fulfilling the obligations under the franchise agreement for your franchise. "You" means the franchisee, person, or legal business entity, including a corporation, partnership, limited liability company, or other legal entity (collectively, "legal entity") that is buying the franchise and its owners, officers, and directors. If a legal entity is the franchisee, the owners of the legal entity are required to sign a personal guaranty of the performance of all obligations of the Franchise Agreement.

Franchisor's Business Form, Predecessors and Affiliates

The Franchisor, Heits Building Services, Inc., is a New Jersey corporation incorporated in October 2003. Its principal business address is 777 Terrace Avenue, Third Floor, Hasbrouck Heights, New Jersey 07604. It operates under ~~its~~the corporate name **and its trade names**, "Heits Building Services" ~~, Inc., and~~ "Heits." The Franchisor has offered and sold Master Franchises since 2005. Since its formation, it has also provided commercial cleaning and janitorial services similar to those performed by the Janitorial Businesses described in this Disclosure Document. It previously offered and granted franchises to own and operate Janitorial Businesses from 2003 through 2010, but it does not currently offer this type of franchise.

Through its Master Franchisees, Heits offers janitorial businesses, which provide commercial and multi-unit residential cleaning and other building services to accounts. Heits also sells certain cleaning equipment and supplies to the janitorial businesses. Heits has no predecessor as franchisor of the Heits Building Services® concept and no parent company. Neither Heits nor any affiliate has ever offered franchises in any other line of business.

Master Franchisee's Business Form, Predecessors and Affiliates

We are a Minnesota corporation formed on August 10, 2010. Our principal place of business is 7575 Golden Valley Road, Suite 378, Minneapolis, MN 55427. Our corporate name is Roshe Enterprises, Inc., but we do business primarily under the names "Heits Building Services of Minnesota" and "Heits of Minnesota." See Exhibit A for our agent for service of process.

We offer and sell the franchises described in this Disclosure Document as Master Franchisee of Heits Building Services, Inc. for the State of Minnesota. We have not in the past operated or offered, nor do we currently operate or offer, any franchises in any other line of

business. We have no parent company or predecessors. We have no affiliates who currently offer, or have ever offered, franchises or sold goods or services to franchisees. We are Heits Building Services, Inc.'s Master Franchisee for the State of Minnesota pursuant to a Master License Agreement between us and the Franchisor executed in November, 2010.

The Business

HEITS® cleaning and janitorial businesses (individually, a “Janitorial Business” or “Business,” and collectively, “Janitorial Businesses” or “Businesses”) receive from us a certain dollar volume of commercial cleaning and janitorial accounts to service in a designated geographic area. Your Janitorial Business will operate under the “HEITS”® and “HEITS® BUILDING SERVICES®” names and marks and other authorized names and marks (the “Marks”) using a system of distinctive operating procedures, methods, and standards that Heits has developed (the “System”). Janitorial Businesses may also advertise for and service additional accounts that are not being serviced by us or other HEITS® franchisees, and we will do the billing and collections for those accounts.

You will perform complete daily cleaning and/or maintenance services, including trash disposal, window washing, wall cleaning, and other general cleaning services for commercial properties and some multi-unit residential properties. You may also obtain certification from us to perform specialty cleaning services, such as carpet shampooing, hard floor care, ~~and~~ wax removal, **painting and power washing, granite and marble restoration, housekeeping and such other services as we may designate from time to time, which are also part of our Approved Products and Services.**

The Franchise Offered

We currently offer Janitorial Business franchises in Minnesota. We began offering Janitorial Businesses in January 2011. The Franchisor has been offering Janitorial Businesses since 2003, and Master Franchises, like ours, since October 2005.

We franchise the right to operate a single Janitorial Business under the Marks and using the System in a designated geographic area (see Item 12). Based on which package you select, you will receive a certain dollar volume of commercial janitorial accounts to service (the “Franchise Package”). You will sign our standard franchise agreement attached as Exhibit B (the “Franchise Agreement”) when you purchase your Janitorial Business.

The Market and Competition

Your Janitorial Business will compete with other national and local businesses offering commercial cleaning and janitorial services. The cleaning service sector is fairly well developed and highly competitive in most markets. Despite this competition, we believe that your HEITS® Janitorial Business will appeal to customers because of the quality of services offered, the pricing model, and other distinctive characteristics. While your Janitorial Business will offer your cleaning services to the general public, your target market will include owners and

operators of business and professional offices and commercial, industrial, and medical facilities. Most Janitorial Businesses operate from personal residences located in areas allowing home based-businesses, but you may operate your Janitorial Business from a general office.

Industry-Specific Regulations

There are no laws or regulations specific to the operation of your HEITS® Janitorial Business other than those affecting businesses generally, including laws relating to operating home businesses, labor laws and the Fair Labor Standards Act, workers' compensation laws, business licensing laws, tax regulations and the Americans with Disabilities Act. You should investigate these laws, and consult with a legal advisor about whether these and/or other requirements apply to your Janitorial Business.

Item 2

BUSINESS EXPERIENCE

Heits Building Services, Inc.

David Heitner – President

David Heitner has served as President of the Franchisor since its formation in October 2003, and since 2007, Mr. Heitner has also served as a managing member of Heits Property Management, LLC. Mr. Heitner performs his duties from Hasbrouck Heights, New Jersey.

Master Franchisee – Roshe Enterprises, Inc.

Robin Handy – President and Director

Mr. Handy has been our President and Director since our incorporation in August 2010. From January 2007 to February 2010, he was a district manager for Schering Plough Pharmaceutical Corporation in Minneapolis, Minnesota. From May 2003 through April 2006, he was a district manager for Pfizer Pharmaceuticals in Minneapolis, Minnesota. From February 2010 to August 2010, he was exploring business opportunities and developing Roshe Enterprises, Inc.

Sheila Handy – Secretary and Director

Ms. Handy has been our Secretary and Director since our incorporation in August 2010. She has been employed by Upsher-Smith Pharmaceutical, Inc. in Maple Grove, Minnesota in their Human Resources Department since February 2002 and is currently Vice President of Human Resources, a position she has held since September 2006.

Item 3

LITIGATION

For Heits Building Services, Inc.

Except for the 1 action listed below, there is no litigation that must be disclosed in this Item.

Concluded Actions

Diniz v. Heits Building Services, Inc. (Superior Court of New Jersey, Law Division-Special Civil Part, Bergen County, Docket No. DC-1198-05). On January 7, 2005, HEITS® franchisee, Juliana Diniz, sought to cancel her franchise agreement for a Janitorial Business and recover her initial franchise fee. Diniz alleged that Heits violated the New Jersey Consumer Fraud Act and New Jersey franchising laws, alleging that she was tricked into purchasing the franchise and had unanticipated expenses, work locations, and time of work, due to her lack of knowledge of the English language. Heits counterclaimed against Diniz, alleging that her substandard servicing of janitorial accounts assigned to her under her franchise agreement caused Heits to lose those accounts as clients of the HEITS® System. The court ruled in favor of Diniz on her claim and on the counterclaim. The court awarded Diniz restitution of her franchise fee, and the costs and expenses of the litigation, totaling \$17,500. Heits appealed this result in Diniz v. Heits Building Services, Inc. (Superior Court of New Jersey, Appellate Division, Docket No. A-4554-04T24554-04T2). The Appellate Division upheld the trial court's findings and judgment without issuing a published opinion, and the Court recorded Heits satisfaction of this judgment on June 22, 2006.

Other than this 1 action, there is no litigation that must be disclosed in this Item.

For Master Franchisee:

There is no litigation that must be disclosed in this Item.

Item 4

BANKRUPTCY

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

Item 5

INITIAL FEES

Initial Franchise Fee

You must pay to us an initial franchise fee to purchase your Janitorial Business franchise. As shown by the following table, the amount of your fee depends on the dollar volume of commercial janitorial accounts (the "Franchise Package") that you desire to purchase:

Franchise Package	Account Volume (Gross Monthly Revenue)	Initial Franchise Fee	Initial Franchise Fee-5% Discount for Cash Payment	Initial Franchise Fee Financing Payment Options				Fulfillment Period
				Down Payment	Monthly Payment —12 Months	Monthly Payment —24 Months	Monthly Payment —36 Months	
FP 1	\$1,000	\$ 8,250	\$ 7,837.50	\$2,000	\$549.47	\$294.21	\$213.61	120 days
FP 2	\$2,000	\$ 11,000	\$ 10,450.00	\$4,400	\$580.24	\$310.68	\$225.57	120 days
FP 3	\$3,000	\$ 13,700	\$ 13,015.00	\$6,850	\$602.22	\$322.45	\$234.12	150 days
FP 5	\$5,000	\$ 18,950	\$ 18,002.50	\$9475	\$833.00	\$446.02	\$323.83	210 days
FP 7	\$7,000	\$ 24,000	\$ 22,800.00	\$14,400	\$843.99	\$451.91	\$328.11	270 days
FP 10	\$10,000	\$ 31,500	\$ 29,925.00	\$18,900	\$1107.74	\$593.13	\$430.64	360 days
FP 15	\$15,000	\$ 43,750	\$ 41,562.50	\$26,250	\$1538.53	\$823.79	\$598.11	510 days
FP 20	\$20,000	\$ 55,750	\$ 52,962.50	\$33,450	\$1960.52	\$1049.74	\$726.16	660 days

We currently offer a program that discounts the initial franchise fees shown above by \$350, if the party that signs your Franchise Agreement as franchisee is a duly organized corporation or limited liability company. We are not obligated under the terms of the Franchise Agreement to offer this program and we reserve the right to discontinue it at any time.

While you generally will pay your initial franchise fee in a lump sum upon signing your Franchise Agreement, we may—but do not have to—agree for you to pay part of your initial franchise fee, plus interest, over a 12-month, 24-month or 36-month term. If you pay over a 12-month term, we charge an annual interest rate of 10%. If you pay over a 24-month term, the annual interest rate is 12%, and if you pay over a 36-month term, the annual interest rate is 14%. If we agree to let you pay part of your initial franchise fee plus interest over one of these terms, you must (1) pay the specified deposit amount for your Franchise Package upon signing your Franchise Agreement, (2) sign a promissory note and related documents memorializing your payment obligation (see Item 10), and (3) pay off the balance of your initial franchise fee by timely making the monthly payments specified for your Franchise Package and payment term. The above table lists the amounts of the deposit and monthly payments for each Franchise Package with a 12-month, 24-month, or 36-month payment term. Except as provided below, the initial franchise fee is fully earned by us when paid, and is not refundable in whole or in part under any circumstances.

We will provide to you the account volume (“Account Volume”) projected to produce the Gross Monthly Revenues (as defined in Item 6) for your Franchise Package within a specified time (the “Fulfillment Period”) after you pay your initial franchise fee (or the deposit for your initial franchise fee and each monthly payment that comes due during the Fulfillment Period, if we agree to provide financing), complete our initial training for Janitorial Businesses, and sign our certificate of completion of initial training. See the above table for the Fulfillment Period for each Franchise Package. If we fail to provide the promised initial Account Volume within the Fulfillment Period for your Franchise Package, then you may receive, upon written request made within 30 days after your Fulfillment Period ends, a credit or refund of a portion of your initial franchise fee. This credit or refund will be an amount equal to 2.5 times the amount of the initial Account Volume not provided to you during the Fulfillment Period, less any amount you owe us (including any portion of your initial franchise fee that we finance) or our affiliates. Any credit or refund fulfills our obligation to offer you any remaining portion of the initial Account Volume for your Franchise Package. If you fail to timely make your request for a refund, then you will be deemed to have waived your right to a refund, but we will remain obligated to provide to you the remaining portion of your initial Account Volume. You may refuse an account that we offer you, but it will still be credited against our obligation to provide you with your initial Account Volume. If you lose an account through no fault of your own within 1 year, we will replace that account volume; however, if you lose an account due to customer dissatisfaction or for failure to accurately report your services or otherwise as a result of your actions, we have no responsibility to replace that account..

Equipment and Supply Purchases

You must also obtain all required commercial cleaning equipment and supplies before servicing any accounts as a HEITS® Janitorial Business. We will provide you with a starter kit including a vacuum cleaner, wringing mop, and other basic equipment and supplies (“Starter Kit”). If you wish to purchase additional vacuum cleaners and cleaning chemicals and/or a floor machine, then you must purchase these items from approved suppliers. The cost of these purchases will vary depending what items are purchased, and whether any negotiated price arrangements are then in effect. See Item 8 for additional information.

We may offer lease financing for qualified franchisees for certain purchases of additional equipment (like larger-scale vacuum cleaners, janitorial carts and floor scrubbers) for amounts ranging from approximately \$1,000 to \$6,000. See Item 10 for additional information.

Item 6

OTHER FEES

<u>Fee (Note 1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalty	5% of Gross Revenues (Note 2)	Due on the 28th day of each month following the month services are performed (Note 3)	We deduct this amount from your monthly statement.
Management Fee	11% of Gross Revenues	Due on the 28th day of each month following the month services are performed (Note 3)	Payable to cover our costs incurred in providing accounting and other services to you. We deduct this amount from your monthly statement.
Finder's Fee	10 – 20 % of additional services	As incurred	Payable if any customer orders extra services because of any action by us. We deduct this amount from your monthly statement.
Complaint Fee	\$50	Due on the 28th day of the month following the complaint	Payable if any customer complaint is not resolved within 24 hours.
Customer Service Fee	\$50 per hour	Due on the 28th day of the month following the month of the customer complaint	Payable if we must resolve any customer complaint not resolved by you.
Interest	1.5% per month	Accrues from the date payments are due, and continues until outstanding balance and accrued interest are paid in full	Charged on any late payments of any fees, amounts due for product purchases, or any other amounts owed to us.
Inspection Fee	Cost of inspection	As incurred	Payable if any inspection by us discloses a major violation of your Franchise Agreement (Note 3).

<u>Fee (Note 1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Audit Fee	Amount of understated Gross Revenues, plus interest of 1.5% per month, plus cost of audit, plus \$10,000	As incurred	Interest is payable if you understate Gross Revenues by any amount. Cost of audit and fine payable only if you understate your Gross Revenues by 2% or more.
Equipment and Supply Purchases	Varies by type and number of items purchased (see Item 8)	Upon purchase	See Item 8 for additional information.
Advertising Fees	1% of Gross Revenues	Not currently collected	Although we don't currently collect this fee, we reserve the right to do so in the future.
Insurance Premiums	Amount of unpaid premiums and related costs	As incurred	Payable if you fail to maintain required insurance coverage, and we obtain coverage for you (see Item 7).
Sales and Marketing Fee (Note 4)	Varies depending on amounts of initial account volume and additional account volume being purchased and when upgrading occurs (Note 4)	As incurred	Payable if you upgrade your Franchise Package and purchase additional dollar volume of commercial accounts (Note 3).
Transfer Fee	\$1,000	Upon or before transfer	Applies to any transfer of the Franchise Agreement, the franchise, or a controlling interest in the franchisee; must be paid by you or the transferee.

<u>Fee (Note 1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Legal Costs and Attorney's Fees	All legal costs and attorneys' fees incurred by us	As incurred	Payable if we must enforce the Franchise Agreement, or defend our actions related to, or against your breach of, the Franchise Agreement.
Indemnification	All amounts (including attorneys' fees) incurred by us or otherwise required to be paid	As incurred	Payable to indemnify us, our affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns against all claims, liabilities, costs, and expenses related to your ownership and operation of your franchise.
Termination Fee	An amount equal to the greater of (i) \$27,000, and (ii) 2 times the highest total Royalties paid during any year after you sign the Franchise Agreement	On demand	Payable if your franchise terminates for any reason other than expiration of the franchise term.
Termination Non-Compliance Fee	\$1,000 per day	On demand	Payable for each day you fail to fully comply with your post termination obligations.

Explanatory Notes:

- (1) Except for some product and service purchases (see Items 5 and 8), all fees are uniform, and are imposed by, collected by, and payable to us. All fees are non-refundable.
- (2) "Gross Revenues" means the total of all revenue received from all accounts you service, including any and all amounts for services, goods or additional services or products and receipts you receive from the operation of the franchise, including all amounts received at or away from your franchise location, or through the business the franchise conducts. Gross Revenues does not include any sales taxes or other amounts collected from customers and paid to the appropriate taxing authority.
- (3) We have the right to bill and collect all amounts due to you from all your accounts, even if you originated the account. We send invoices monthly unless our agreement with the account calls for a different billing period. We collect all payments made by the accounts

during the month, deduct all the Fees as indicated above, any payment you owe us under a Note for the initial franchise fee, and any other amounts you owe us, and then pay you the balance. Both the Royalty and the Management Fee will be deducted on the 28th day of each month following the month you performed the services from the monies collected from your accounts. Other fees will be deducted as incurred. You pay us the Management Fee for us handling the billing, accounts receivable and accounts payable and collection.

- (4) If you desire to purchase additional account volume ("Additional Volume") from us after opening your franchise, then you must pay a Sales and Marketing Fee calculated as follows:

- (i) If your then-current HEITS® franchise dollar volume is less than \$3,000, then your Fee will be an amount equal to (a) the amount of Additional Volume being purchased needed to increase your total then-current account volume to \$3,000, multiplied by 5; plus (b) the balance of your Additional Volume (if any), multiplied by 3.

Example: You purchase the FP 2 Franchise Package, giving you an initial account volume of \$2,000 per month. 3 months later, you want to increase your Franchise Package by purchasing an Additional Volume of \$2,000 per month. Your Sales and Marketing Fee would be:

The first \$1,000 of Additional Volume:	$\$1,000 \times 5$	=	\$5,000
<u>The second \$1,000 of Additional Volume:</u>	<u>$\\$1,000 \times 3$</u>	=	<u>\$3,000</u>
Total Sales and Marketing Fee:			\$8,000

- (ii) If your then-current HEITS® franchise dollar volume is \$3,000 or more, then your Fee will be equal to the Additional Volume being purchased, multiplied by 3.
- (iii) Instead of the Sales and Marketing Fees computed as described in subparagraphs (i) and (ii), if you are a new franchisee and you upgrade your Franchise Package from either an FP-1 or an FP-2 to an FP-3 or higher within 1 calendar year of signing your Franchise Agreement, we currently offer a program that allows you to pay a Sales and Marketing Fee equal to the difference between the initial fee paid for the initial Franchise Package you purchased and the initial franchise fee which you would have paid if you had purchased the upgraded Franchise Package at the time of signing the Franchise Agreement. We are not obligated under the terms of the Franchise Agreement to offer this program and we reserve the right to discontinue it at any time.

Item 7

YOUR ESTIMATED INITIAL INVESTMENT

The following chart and accompanying notes describe the estimated total initial investment expenses to obtain and commence business for a single Janitorial Business (Note 1):

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
	Low	High			
Initial Franchise Fee (Note 2)	\$7,488(2)	\$55,750	Lump sum or installments (Note 1)	When you sign the Franchise Agreement (Note 2)	Us
Real Estate (Note 3)	\$0	\$1,500	As arranged	Before opening	Landlord
Equipment (Note 4)	\$0	\$2,500	As arranged	Before opening	Suppliers
Opening Inventory (Note 5)	\$0	\$200	As arranged	Before opening	Suppliers
Initial Training Expenses (Note 6)	\$0	\$500	As arranged	Before opening	Third parties
Business Licenses	\$25	\$500	Lump sum	Before opening	Government agencies
Insurance (includes bonding) (Note 7)	\$700	\$2,400	As arranged	As arranged	Third-party insurer
Professional Fees (Note 8)	\$0	\$1,500	As arranged	As arranged	Third parties
Signage (Note 9)	\$0	\$100	As arranged	As arranged	Suppliers
Additional Funds-3 Months	\$50	\$7,000	As arranged	As incurred	Third parties, employees
TOTAL ESTIMATED INITIAL INVESTMENT (Note 10)	\$8,263	\$71,950			

Explanatory Notes:

- (1) These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Janitorial Business. Our estimates are based on the experience of HEITS® franchisees in operating their Janitorial Business franchises, our competitors' experience, and our current requirements for Janitorial Businesses. The availability and terms of financing from third parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the

lending policies of financial institutions from which you request a loan. The factors underlying our estimates may vary depending on a number of variables, and the actual investment you make in developing and opening your HEITS® Janitorial Business may be greater or less than the estimates given depending upon the location of your franchise and current relevant market conditions.

Except as described in Items 5 and 10, we do not finance your initial franchise fee, or any other fees or expenses payable to us. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

- (2) The low end estimate assumes that you pay your initial franchise fee in a lump sum and receive a 5% discount, and do not participate in any financing we offer. It also assumes that the party who signs your Franchise Agreement as franchisee is a duly organized corporation or limited liability company and, therefore, you receive a discount of \$350 against the initial franchise fee under our current program described in Item 5. If you do not take advantage of the 5% cash discount, the range for the initial franchise fee is \$8,250 to \$55,750. See Item 5 for additional information about your initial franchise fee and financing. (Numbers have been rounded here to whole dollar amounts.)
- (3) We do not require you to purchase or lease any real estate. While some Janitorial Businesses rent or own general office space, most others operate from home. If you purchase or lease an office, then you must improve, furnish, and maintain it in accordance with any specifications we may provide. The low estimate assumes you operate out of your home, and the high estimate includes 3-months' rent, security and other deposits, lease improvements, and basic furnishings for a small office. We may, but do not have to, require that you obtain our prior approval of your office site and lease. The size of your office would depend on the size of your business operation. The total cost for security deposits, improvements, and monthly rent would depend on the size, condition, and location of the office premises.
- (4) This estimate includes the estimated cost to purchase any additional vacuum cleaners, floor machines, and other equipment not included as part of our starter kit. See Items 5 and 8 for additional information. We may finance a portion of these additional purchases. See Item 10 for additional information.
- (5) This estimate includes the estimated cost to purchase any additional cleaning supplies not included as part of our starter kit. See Items 5 and 8 for additional information.
- (6) This estimate includes the travel and living expenses that you will incur for 1 person to attend the initial training program for Janitorial Businesses described in Item 11. It does not include any wages or salary for you or your employees during this training.
- (7) This amount does not include your workers' compensation obligations, which will depend on your state law. You must obtain and maintain, at your own expense, the insurance coverage that we periodically require, and satisfy other insurance-related

obligations. Before you may open your franchise, you must obtain the following insurance coverage from a carrier rated A or better by A.M. Best and Company, Inc. (or similar criteria as we periodically specify):

<u>Type of Coverage</u>	<u>Limits</u>
Janitorial bond or Crime insurance	\$25,000 (if bond) or \$25,000 liability coverage (if crime insurance)
Comprehensive general liability	\$1,000,000 per occurrence/\$2,000,000 aggregate (maximum deductible of \$1,000)
Owned, non-owned and hired automobile	\$1,000,000 per occurrence (if owned vehicles, coverage must include \$1,000,000 for both Uninsured and Underinsured Motorist and Statutory Personal Injury Protection or \$5,000 Medical Payments)
Workers' compensation/Employer's Liability	Statutory limit with \$500,000 Employer's Liability limits of protection and your waiver of subrogation in our favor)
	\$1,000,000 in excess liability coverage
Umbrella	

All insurance policies you purchase must name the Franchisor, us and our officers and directors as additional insureds, and provide for 30 days' prior written notice to us of a policy's material modification or cancellation. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. If you fail to obtain or maintain the insurance we specify, then we may (but need not) obtain the insurance on your behalf (see Item 6). The cost of your premiums will depend on the insurance carrier's charges, terms of payment, and your insurance and payment histories.

- (8) You should review these figures with a business advisor before making any decision to purchase the franchise.
- (9) This estimate assumes you purchase your signage. The type and size of the signage you actually install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where signage is not permitted because of zoning or use restrictions.
- (10) This estimate includes your initial start-up expenses (other than the items identified separately in the table) during your Janitorial Business's first 3 months of operation. These expenses include payroll costs during the Business's operation, but not any draw or

salary for you. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your actual costs for initial start-up expenses during this 3-month period will depend on how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your services; the prevailing wage rate; your competition; and the sales level you reach during the initial period.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Lease and Purchase Specifications and Requirements

Though we do not require you to lease or purchase an office, we may—but do not have to—require you to obtain our prior approval of your office site and lease (see Item 11).

You must purchase or lease your cleaning equipment, cleaning chemicals and supplies, advertising and marketing materials, and insurance under our specifications as set forth in the HEITS® Operations Manual for Janitorial Businesses (“Manual”). These specifications include standards for performance and quality control.

You must lease or purchase your cleaning chemicals, vacuum cleaners, and floor machines only from suppliers that we approve. The Manual lists our approved suppliers or we may provide you with a separate written list of approved suppliers. There may be items for which we or the Franchisor or an affiliate are approved suppliers or the only approved supplier (see below).

We estimate that your total expenditures in leasing or purchasing cleaning equipment and chemicals from our approved suppliers will represent approximately 85-95% of your total purchases and expenses in connection with your establishment and continuing operation of your Janitorial Business. Virtually all of the goods and services that you must lease or purchase in establishing and operating your franchise must comply with our standards and specifications.

Issuance and Modification of our Specifications

The Manual sets forth our specifications, standards, and guidelines for all goods and services that we require you to obtain in establishing and operating your franchise, and additional guidelines and requirements for operating your franchise. We will notify you of new or modified specifications, standards, and guidelines through periodic amendments or supplements to the Manual or other written materials. See Items 11 and 14 for additional information about the Manual.

We may issue written copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information (see Item 14).

Approved Products, Distributors and Suppliers

We and the Franchisor have developed standards and specifications for the equipment, chemicals, insurance, and other supplies that HEITS® franchisees must obtain and use in operating their franchises. We have approved, and will continue to periodically approve, specifications and/or suppliers and distributors of the above items—which may include the Franchisor and/or us—that meet our standards and requirements. These specifications include standards and requirements relating to product quality, prices, consistency, reliability, financial capability, and customer relations.

We and the Franchisor may approve a single distributor or other supplier (collectively, “supplier”) for any product, and may approve a supplier only as to certain products. We or the Franchisor may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Janitorial Businesses and/or Master Franchisees. Our approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), pricing considerations, compliance with local, state and federal guidelines relating to green cleaning standards, and other similar criteria, and may be temporary, pending our continued evaluation of the supplier.

If you would like to purchase or lease any items from any unapproved supplier, then you or the proposed supplier must submit to us a written request for approval of the proposed supplier. We or the Franchisor may inspect the proposed supplier’s facilities, and require that product samples from the proposed supplier be delivered for testing either directly to us or any independent certified laboratory that we designate. We will approve or disapprove your proposed supplier within 30 days of receiving all of the information that we require for the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria. We currently do not charge a fee to evaluate a proposed supplier, but reserve the right to do so in the future.

Franchisor and Master Franchisee as Approved Suppliers

We may designate us and/or the Franchisor or an affiliate as approved suppliers, or the only approved suppliers, from which you may or must lease or purchase certain products or services in developing and operating your HEITS® franchise. We and the Franchisor or an affiliate may derive revenue from these sales, and may sell these items at prices exceeding our or their costs in order to make a profit on the sale, at a profit margin of 15%-35%.

At this time, there are no products or services for which we and the Franchisor are currently the only approved supplier. However, we reserve the right to designate us and/or Heits to be an approved supplier or the exclusive supplier(s) from which you may purchase or lease certain categories of products, services, and equipment in the future.

The only interests that the officers of either the Master Franchisee or the Franchisor have in approved suppliers are their ownership interests in their respective companies.

Our Involvement with Suppliers

In the Heits' most recent fiscal year ending December 31, 2012, ~~Heits received \$1,669.34 in rebates, which was based on percentage of total revenue generated from purchases made from one approved supplier by System Master Franchisees. Other than these rebates, neither we nor the Franchisor or its affiliates has received any revenue or other consideration from required purchases made by our or other System Master franchisees. third party suppliers in consideration for goods or services that we require you to obtain from approved suppliers; H~~however, we and the Franchisor reserve the right for us to do so in the future, **including the right to receive rebates based on percentages of overall sales or a flat fee.** If we get any rebates, we may pass them on to you, but are not required to do so.

We and the Franchisor may negotiate price terms and other purchase arrangements with suppliers for you for some items that we require you to lease or purchase in developing and operating your HEITS® franchise. The Franchisor allows, but does not require, us and other Master Franchisees to join any purchasing or distribution cooperatives to which it belongs in order to obtain group discounts on items to be purchased by the Heits® master franchisees and subfranchisees.

Effects of Compliance and Noncompliance

You must comply with our requirements to purchase or lease specified goods and services according to our specifications and/or from approved suppliers to be eligible to renew your franchise. Your failure to comply with these requirements will render you ineligible for renewal, and may be a default allowing us to terminate your franchise. We do not provide any other benefits to you because of your use of designated or approved services and product, or suppliers.

Item 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Sections I(C) and VIII of Franchise Agreement ("FA")	Items 7, 8, and 11
b. Pre-opening purchases/leases	Sections IX and XVII of FA	Items 5, 7, 8, and 11
c. Site development and other pre-opening requirements	Sections I(D), IV and VIII of FA	Items 7 and 11
d. Initial and ongoing training	Sections I(D), IV, XVIII(B), and XIX(A)(i) of FA	Items 6, 7, and 11
e. Opening	Section II of FA	Items 7 and 11
f. Fees	Sections IV, VIII(D), XIII, XIV, XX(A)(ix), XXI(C)(vi), and XXII of FA	Items 5, 6, 7, 8, and 11
g. Compliance with standards and policies/Operating Manual	Sections VII, VIII, IX, X, XII, XIII, XV, and XVI of FA	Items 8, 11, and 12
h. Trademarks and proprietary information	Sections I, III, V, X, and XIII of FA	Items 13 and 14
i. Restrictions on products/services offered	Section X(A) of FA	Item 16
j. Warranty and customer service requirements	Section XVI	Item 6
k. Territorial development and sales quotas	Not applicable	Item 12
l. On-going product/service purchases	Sections IX, X(A), XII, and XIII of FA	Items 8 and 11

Obligation	Section in Agreement	Item in Disclosure Document
m. Maintenance, appearance, and remodeling requirements	Sections X(A) and XV of FA	Items 7 and 11
n. Insurance	Section XVII of FA	Items 6, 7, and 8
o. Advertising/Marketing	Sections XIII of FA	Items 6 and 11
p. Indemnification	Sections XVII and XXII of FA	Item 6
q. Owner's participation/management and staffing	Section VII(A) and (B) of FA	Item 15
r. Records/reports	Section XIV of FA	Item 6
s. Inspections/audits	Sections VIII and XIV(E) of FA	Item 6
t. Transfer	Section XXI of FA	Items 6 and 17
u. Renewal	Section XVIII of FA	Item 17
v. Post-termination obligations	Section XX of FA	Item 17
w. Non-competition covenants	Section VII(E), (F), and (G) of FA	Item 17
x. Dispute resolution	Not applicable	Not applicable
y. Other—generate accounts to be serviced by Subfranchisees	Section IV of FA	Items 5 and 11
Guaranty	Section XXXV	Items 1 and 15

Item 10

FINANCING

We may agree to allow you to pay part of your initial franchise fee, together with interest, in equal payments over a specified term as explained in Item 5. The interest rate on the part of the initial franchise fee that we finance will be at the annual rate of 10% if you pay over a 12-month period, 12% if you pay over a 24-month period and 14% if you pay over a 36-month period. If we agree to finance part of your initial franchise fee, you must sign a promissory note

("Note"), security agreement ("Security Agreement"), and authorize a UCC-1 financing statement to be executed and filed in the forms attached to this Disclosure Document as Exhibits D, E and F, respectively. If you are a legal entity, then your principal owner(s) must sign the Note as a co-maker(s). The Note and Security Agreement give us a security interest in your accounts receivable, contract rights, notes receivable, cash and cash equivalents, inventory, and equipment (Note – Section 4; Security Agreement – Section 1).

You may prepay the balance of the Note without penalty (Note, Section 2). Under the Note and Security Agreement, your potential liabilities upon default include an accelerated obligation to pay the entire amount due and our court costs and attorneys' fees, our taking possession and/or selling of your collateral, and termination of your franchise (Note – Section 3; Security Agreement – Section 8).

Under the Security Agreement, you waive notice of demand for performance, of default, and any other demand, advertisement, or notice except regarding the time and place of public sale or private sale of your collateral (Security Agreement – Section 8). Neither the Note nor the Security Agreement bar you from asserting any defense against us.

We may offer lease financing to qualified franchisees for the purchase of additional equipment (janitorial carts, large-scale vacuum cleaners, floor scrubbers, etc.) for amounts ranging from approximately \$1,000 to \$6,000. The amount financed depends on the cost of the equipment purchased, the term of the lease and lease rate factors. The annual payment factors include a 12-month lease rate of 10%, a 24-month lease rate of 12%, and a 36-month lease rate of 14%. Lease payments may be pre-paid without penalty. The franchisee must sign an equipment lease agreement in the form included in this disclosure document as Exhibit I. As with the initial franchise fee payments, the monthly lease payments will be deducted from the amount payable to the franchisee on the 28th day of each month. If there are insufficient funds, the franchisee must pay the difference no later than the 28th of the month. Under the terms of the lease, if the lessee is in default, the lessor without notice to the lessee can exercise all of its rights under the law to obtain compensation and repossess the equipment, and the lessee will have to pay costs of collection and attorneys' fees. The lease agreement does not require the lessee to waive defenses.

We do not, and currently do not intend to, sell or assign our rights under any Note, Security Agreement, financing statement or equipment lease signed by you, but we reserve the right to do so in the future under the terms and conditions we deem appropriate to the extent permitted by law.

While we currently do not receive direct or indirect payments or other consideration from third parties for placing financing by you, we reserve the right, in our sole and absolute discretion, to do so in the future.

Other than your initial franchisee fee and equipment leases described above, we do not provide any direct or indirect financing to you. We do not guarantee any note, lease, or other

obligation that you may incur to third parties in connection with the establishment or operation of your HEITS® Janitorial Business.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations:

Before you open your Janitorial Business for business, we will:

1. Grant you the right to operate a HEITS® Janitorial Business and a non-exclusive license to use the Marks in your specified, non-exclusive franchise area (Franchise Agreement – Section I). See Item 12 for additional information about your franchise area.
2. Lend to you 1 copy of the HEITS® Operations Manual for Janitorial Businesses, which contains our mandatory and suggested specifications, standards and procedures for operating your franchise (Franchise Agreement – Section IV(B)(i)) and Section X. The Manual may be composed of or include audiotapes, videotapes, computer disks, compact disks, and/or other written or intangible materials. We may make all or part of the Manual available to you through various means, including the Internet. The Manual contains our System standards and information about your other obligations under the Franchise Agreement. We may modify the Manual periodically to reflect changes in our specifications and requirements for Janitorial Businesses. You must keep your copy of the Manual current, and in a secure location at your franchise location. If you and we have a dispute over the contents of the Manual, then our master copy of the Manual will control. The Manual is confidential, and you may not copy, duplicate, record or otherwise reproduce any part of it. You may view our Manual at our offices before purchasing your franchise, but must first sign a nondisclosure agreement promising not to reveal any of the information contained in the Manual without our permission. See Item 14 for additional information about the Manual.
3. Provide to you our equipment and inventory Starter Kit, and any additional equipment, inventory, or other items that you purchase or lease from us (Franchise Agreement – Section IX(A)). See Items 5, 8 and 10 for additional information.
4. Before you open for business, provide to you our initial training program for Janitorial Businesses (Franchise Agreement – Section IV(B)(ii)). You (if you are an individual), at least one of your officers, directors, or principal owners (if you are a legal entity), or your designated manager (if we agree for you to have a designated manager; see Item 15) must complete this initial training program to our satisfaction. The training program includes online instruction and on-the-job training at our office in Minneapolis, or another location we designate. There will be no tuition charge for this training program for the persons we require to attend.

You must pay any wages or compensation owed to, and all travel, lodging, meal, and transportation expenses incurred by, all of your personnel who attend the training program.

Our initial training program currently includes the following:

TRAINING PROGRAM			
Subject	Hours of Classroom (Online Training) (Note 3)	Hours of On the Job Training	Location
Basic Cleaning	1.5 hours	1.0 hour	Our offices or another location approved by us
Slip & Fall Prevention	1.5 hours	0 hours	Our offices or another location approved by us
Floor Care (Hard & Wood)	3 hours	1.0 hour	Our offices or another location approved by us
Carpet Care	1.5 hours	1.0 hour	Our offices or another location approved by us
Restroom Sanitation	1.5 hours	1.0 hour	Our offices or another location approved by us
Green Cleaning	1.5 hours	1.0 hour	Our offices or another location approved by us
OSHA Bloodborne Pathogens	1.5 hours	0 hours	Our offices or another location approved by us
OSHA Hazard Communication	1.5 hours	0 hours	Our offices or another location approved by us
Education Facilities Disinfection	1.5 hours	0 hours	Our offices or another location approved by us
Patient Room Disinfection	1.5 hours	0 hours	Our offices or another location approved by us
Proper Hand Care	1.5 hours	0 hours	Our offices or another location approved by us
Proper Use of Equipment	2.0 hours	1.0 hour	Our offices or another location approved by us
Total Hours	20 hours	6.0 hours	

Explanatory Notes:

- (1) Most of the subjects are integrated into approximately 26 hours of training comprised of approximately 20 hours of online instruction, self-study using workbooks, and final review exams and 6 hours of on-the-job training. We may increase or decrease the number of subjects. On-the-job training will be provided after completion of the online training. We plan to be flexible in scheduling training. There currently are no fixed (i.e.,

monthly or bi-monthly) training schedules. You should be able to complete the training within a 2-week period. However the training may be completed faster or take longer, depending on the time it takes you to complete the training and pass all the final exams.

- (2) Robin Handy is in charge of our training program. Mr. Handy earned his MBA from the University of Minnesota, Carlson School of Management and has been involved in business for the past 13 years. He gained experience in the type of business conducted under the franchise by working with family members who have been involved in both commercial and residential cleaning for the last 20 years. Any other instructor for any on-site training we provide will depend on the subject(s) we deem appropriate for the training, and may include the management team personnel who provide the corresponding classroom instruction or trainers provided by third party suppliers.
- (3) The instruction materials for our training programs include in person or video presentations, self-study of workbooks, and an online final exam for each subject. You must complete the online training, workbooks, and pass the final exams for each subject prior to servicing any customer accounts.
- (4) We reserve the right to impose reasonable charges for training classes and materials in connection with such training courses. We will notify you of any additional charges before you or your employees enroll in a course. We currently do not require you to complete additional training or refresher courses, but reserve the right to do so in the future. You may request additional training, currently at no cost to you, for us to certify you to perform such specialty cleaning services as floor polishing, wax removal, and carpet shampooing.

Post-Opening Obligations:

After your Janitorial Business opens for business, we will:

1. Within the Fulfillment Date for your Franchise Package, provide to you the dollar volume of commercial accounts corresponding to your Franchise Package (Franchise Agreement, Section IV). If we fail to timely provide these accounts, you may request within 30 days after the Fulfillment Period ends a refund of the portion of the initial fee relating to the dollar volume not provided, and we will provide you a credit or refund of a part of your initial franchise fee. See Item 5 for additional information.
2. If we agree to your request to purchase additional commercial account volume from us, provide to you additional commercial cleaning accounts for you to service (Franchise Agreement – Section IV). See Item 6 for information about the Sales and Marketing Fee you must pay to purchase additional business from us.
3. Continue lending to you a copy of the Manual, and provide periodic updates and supplements to it (Franchise Agreement – Sections IV(B)(i) and X).

4. Allow you to use the Marks and confidential information in operating your Business (Franchise Agreement – Sections I, III, and V). You must use the Marks and confidential information only as authorized in the Franchise Agreement and Manual. See Items 13 and 14 for additional information.

5. Cooperate with you as we deem advisable in protecting against infringement of the Marks and proprietary rights (Section I(A)(iii)). However we will indemnify you against liability to a third party resulting from claims that your use of the marks infringes trademark rights of the third party, but your use must be in accordance with the requirements of the Franchise Agreement and the HEITS® System. See Item 13 for additional information.

6. Review and approve or disapprove your advertising, marketing, and promotional materials (Franchise Agreement – Section XIII). See Item 6, 8, and the rest of this Item 11 for additional information about our advertising-related requirements and approval process.

7. At our option, collect advertising and marketing fees, and provide advertising and marketing materials and promotions developed and paid for by these fees (Franchise Agreement – Section XIII(A)). See below in this Item 11 for additional information about advertising.

8. As we deem advisable, conduct inspections and/or audits of your Business (Franchise Agreement – Section VIII). We may provide you with additional guidance and advice based on the results of these inspections and/or audits.

9. Evaluate and approve or disapprove products and suppliers you would like to use (Franchise Agreement – Section IX). See Item 8 for additional information.

Advertising and Marketing

Advertising by You

You may develop, at your cost, advertising and promotional materials for your own use, but may not use them until after we approve them in writing (Franchise Agreement – Section XIII(B)). You must submit to us for approval samples of all advertising and promotional materials not prepared or previously approved by us that you wish to use.

Local Marketing Fees

Although we currently do not charge you for advertising fees, we reserve the right to charge you an advertising fee of 1% of Gross Revenues for local or regional advertising, promotion, and marketing. We may use this fee in our discretion for such advertising and promotions within or outside of your Territory as we deem appropriate.

Local and Regional Advertising Cooperatives

There are no local or regional advertising cooperatives for Janitorial Businesses at this time.

Advertising Councils

There are no advertising councils for Janitorial Businesses at this time.

Marketing Funds

We do not have a formal advertising program or marketing fund for our Janitorial Businesses, but we reserve the right to create one in the future.

Computer System

We do not require our Janitorial Business franchisees to purchase or use any electronic cash register or computer systems.

Office Location

We do not require you to have an office for your Janitorial Business, and may agree for you to operate your Business from your home. If you open an office, then we may, but do not have to, assist you in selecting your office site. We also may require you to obtain our prior written consent to your office site. Factors we consider in approving non-residential office locations include general location and neighborhood, whether any other businesses operate out of the same premises, and whether the location may result in damage to our image or reputation. While there is currently no time limit for the site (either your home or an office) to be selected and approved, we may terminate your franchise if your Janitorial Business does not open within 6 weeks after you sign the Franchise Agreement. You may not use any site we disapprove.

Time to Open

You may open your Janitorial Business after you sign your Franchise Agreement and pay your initial franchise fee (or your deposit, if we agree to provide financing as provided in Item 5), successfully complete our initial training program, acquire all required equipment and inventory, provide proof of required insurance, and receive our authorization to begin serving accounts. HEITS® Janitorial Businesses typically open within 4-6 weeks of signing the Franchise Agreement, but in any event must open within 6 weeks after signing the Franchise Agreement. Factors that may affect this length of time include completion of required training, acquiring required insurance and equipment, financing arrangements, locating and making any improvements to an office, and hiring and training of your staff.

Item 12

TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing sales, or from competitive brands that we control. Without having to pay any compensation to you, we may (1) establish additional HEITS® Janitorial Businesses in your Territory; (2) directly solicit and service commercial cleaning accounts in any part of your Territory; and/or (3) operate, franchise, or enter into other lines of business offering similar products or services under trademarks and services marks other than the Marks in any part of your Territory.

While you do not receive an exclusive territory as part of your Janitorial Business franchise, we grant you the right under your Franchise Agreement to service and solicit accounts located within a 30-mile radius of the franchise location identified in your Franchise Agreement (typically, your office or residence) (your "Territory"). You may operate your Janitorial Business only from your franchise location, and may not relocate your franchise location without obtaining our prior written consent. You may solicit and perform services throughout your Territory but may not solicit, perform services for, or contact any customer already serviced by us or another HEITS® franchisee. You may not solicit or sell authorized services to customers located outside of your Territory without our prior written approval.

If an account we have provided to you complains that the account is dissatisfied with your performance, we will report the problems to you. If the account continues to be dissatisfied, we may remove the account from those that you are authorized to service, and if in our sole judgment we believe it to be necessary in order to maintain the account, we may pull the account immediately and without advance notice to you. Either we or our designee may then service the account. The withdrawal of an account does not by itself terminate your Franchise Agreement, but if additional accounts are withdrawn under similar circumstances or if the grounds for withdrawal of any one account would be grounds for termination of your Franchise Agreement, then we also may terminate your Franchise Agreement in accordance with its terms.

You may upgrade your Franchise Package by purchasing additional commercial account dollar volume as provided in Items 6 and 11, but you have no options or rights of first refusal to purchase additional franchises outside of your Territory. You may apply to us for the right to operate additional Janitorial Businesses under separate agreements. The continuation of your rights to operate your Janitorial Business does not depend on your achievement of any specific sales volume. Your rights to operate your Franchised Business under your Franchise Agreement may not be modified under any circumstances unless you and we both agree to the change.

Item 13

TRADEMARKS

As a Master Franchisee for the Franchisor, we grant you the right to operate your HEITS® franchise using the **following principal Marks that are registered by the Franchisor with the United States Patent and Trademark Office (“USPTO”),** ~~the name “HEITS®,” and the phrase “Let Us Bring Your Cleaning to New HEITS®.”~~ You may also use the name and mark **“Heits Building Services”** and as well as any other future trademarks, service marks, and logos we **may now or in the future designate in connection with** ~~approve to identify your HEITS® franchise:-~~

Registration No.	Mark Description	Register	Registration Date
3,526,830	HEITS®	Principal	November 4, 2008
4,073,655	HEITS BUILDING SERVICES®	Principal	December 20, 2011
2,918,960	LET US BRING YOUR CLEANING SERVICES TO NEW HEITS®	Principal	November 23, 2004

~~As a Master Franchisee for the Franchisor, we are authorized to use and sublicense the above Marks pursuant to our agreement with the Franchisor. The Franchisor acquired the right to use and sublicense the Marks “Heits Building Services, Inc.®” (and logo) and “Let Us Bring Your Cleaning to New Heits®” through an Assignment from their original owner, David Heitner (see Item 2). The Heits Building Services, Inc.® Mark and Logo was registered on the Principal Register of the U.S. Patent and Trademark Office (“PTO”) on November 23, 2004 (Registration No. 2,905,038). The Franchisor removed this registered mark because it did not wish to license its corporate name and on December 20, 2011, its mark “Heits Building Services®” was registered with the PTO (Registration number 4,073,655). The Mark “Let Us Bring Your Cleaning to New Heits”® was registered on the Principal Register of the PTO on January 18, 2005 (Registration No. 2,918,960). The “HEITS®” Mark was registered by Heits Buildings Services, Inc. on the Principal Register of the PTO on November 4, 2008 (Registration No. 3,526,830). All required affidavits have been filed with respect to these Marks.-~~

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks. No agreement significantly limits our right to use or license the Marks in a manner material to your franchise; however, our rights are subject to the Master Franchise Agreement between us and the Franchisor. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You derive your right to use the Marks solely from your Franchise Agreement. This right is limited to your conduct of business in compliance with the Franchise Agreement, the Manual for your franchise, and all applicable specifications, standards, and operating procedures we prescribe during the term of your franchise. Any unauthorized use of the Marks by you will constitute an infringement of the Franchisor's and our rights in the Marks. Your use of the Marks and any goodwill established by them will be for the Franchisor's exclusive benefit, and our benefit as a Master Franchisee of the Marks, and your Franchise Agreement does not confer any goodwill or other interests in the Marks upon you. All provisions of your Franchise Agreement applicable to the Marks will apply to any additional proprietary trade and service marks and commercial symbols authorized for use by, and licensed to, you under your Franchise Agreement. You may not, at any time during or after the term of your franchise, contest or assist any other person in contesting the validity or ownership of any of the Marks.

You may not use any Mark as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form. You also may not affix the Marks to any vehicle, equipment, or other item without obtaining our prior written approval. You may not license or authorize anyone else to use any Mark in any way.

You must immediately notify us of any apparent infringement of, or challenge to, your use of any Mark, or any claim by any person regarding any rights in any Mark. Though neither the Franchisor nor we have to take affirmative action in response to any infringement of the Marks, we intend to cooperate with you and take whatever action we or the Franchisor deem appropriate to protect the Marks, and will have the exclusive right to control any litigation or PTO or other proceeding arising out of any apparent infringement, challenge, or claim, or otherwise relating to any Mark. If we or the Franchisor undertake the prosecution or defense of any litigation involving the Marks, then you must sign any instruments and documents, and perform any acts, that our counsel deems necessary or advisable to protect and maintain our interests in the litigation, or otherwise protect and maintain our and Heits' interests in the Marks. In accordance with Minnesota law, we will indemnify you against liability to a third party resulting from claims that your use of the Marks infringes trademark rights of the third party, except that we will not indemnify you against the consequences of your use of the Marks unless that use is in accordance with the requirements of the Franchise Agreement and the System.

If we or the Franchisor decide to modify or discontinue use of any Mark and/or use one or more additional or substitute trade or service marks, then you must comply with our instructions to do so at your own expense.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright, but you can use the proprietary information in the Manual. See Item 11 for additional information about the Manual. Although the Franchisor has not filed an application for copyright registration of the Manual or marketing and advertising materials using the Marks, the Franchisor claims copyright

protection in them, and they are proprietary. Neither the Franchisor nor we have to take any action for unauthorized uses of the information in the copyrighted items, but may do so in circumstances we deem appropriate. Neither the Franchisor nor we have to indemnify you for losses brought by a third party concerning your use of this information, but intend to do so under circumstances we deem appropriate. We are not aware of any infringing uses of this information. There are no agreements in effect affecting our right to use this information.

We and the Franchisor also have developed proprietary rights and certain information that we consider confidential information, including information related to the System, operation of HEITS® franchises, our business plans and objectives, marketing methods, business methods and techniques, the contents of the Manual, and/or pricing methods and guidelines. We and the Franchisor reserve all rights we and the Franchisor may have in our proprietary rights and confidential information. You may use such proprietary and confidential information only in connection with the operation of your franchise, and may not reproduce or disclose it to anyone except as we expressly permit. You must implement any security measures we deem appropriate to protect our confidential information, including restrictions on disclosure to your employees and the use of nondisclosure clauses in employment agreements with your employees.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Unless we approve your employment of an on-site designated manager to operate your HEITS® franchise, you (if you are an individual) or one of your controlling owners, officers, directors, or employees approved by us (if you are a legal entity) must actively participate in the actual operation of the franchise, and unless otherwise approved by us, devote at least 40 hours per week to your Janitorial Business. If we agree to your employment of a Designated Manager, then the Designated Manager will supervise the day-to-day operation of your franchise. Each Designated Manager and successor Designated Manager must attend and complete our initial training program for your franchise (see Item 11). We do not require that the Designated Manager have an equity interest in your franchise, but he or she cannot have any interest in or business relationship with any business competitor of your franchise, and must sign a written agreement to maintain confidential the proprietary and confidential information described in Item 14 and comply with the covenants not to compete described in Item 17.

Obligations of Owners

You (if an individual) or each of your owners (if you are a legal entity) and your or each of your owners' spouses must personally guaranty your obligations under your Franchise Agreement and any other obligations you have with us. A copy of the form of Guaranty is attached as Exhibit C.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those services and products that we have approved for Janitorial Businesses.

You must offer all goods and services that we require. We may add new or additional products and services that you must offer. There are no restrictions in the Franchise Agreement on our right to do this.

Restrictions on Customers

See Item 12 for information regarding restrictions on your clients and customers.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the term of the franchise	Section II	10 years.
b. Renewal or extension of the term	Section XVIII	1 additional term of 10 years.
c. Requirements for you to renew or extend	Section XVIII	Give notice of renewal at least 6 but no more than 18 months before end of expiring term, be in good standing; and sign general release of claims (see Exhibit G). We may also require you or your designee to attend our then-current training program at your expense.
d. Termination by you	Not applicable	Not applicable.
e. Termination by us without cause	Not applicable	Not applicable.

Provision	Section in Franchise Agreement	Summary
f. Termination by us with cause	Section XIX	You must commit an act of default and if capable of being cured, you fail to cure within the specified cure period.
g. "Cause" defined –curable defaults	Section XIX	Failure to satisfactorily complete initial training; non-payment of fees or business debts; failure to offer all required services or performing unauthorized services or selling unauthorized products; failure to submit or falsification of reports; non-compliance with Franchise Agreement or other operational requirements; failure to timely open or maintain franchise; misuse of proprietary rights/information or injure goodwill; repeatedly failing to meet our customer satisfaction policies; operation of franchise endangers public health or safety; criminal conviction of you or controlling or related persons; bankruptcy of or appointment of receiver for you, controlling or related person, or guarantor; deceased person's heirs or legal representatives fail to comply with Franchise Agreement; guarantor terminates guaranty; and any other material violation of Franchise Agreement.
h. "Cause" defined – defaults which cannot be cured	Section XIX	Voluntary abandonment of the business, conviction of an offense relating to the business of the Franchise, failure to cure within 24 hours of notice, a default that threatens the goodwill of the Marks.

Provision	Section in Franchise Agreement	Summary
i. Your obligations on termination/non-renewal	Section XX	You must cease operating franchise; cease using Marks, advertising, and use of items used by franchise; remove signs and discontinue or assign telephone number, social media accounts and domain names, if any, provide inventory of supplies and comply with our instructions; pay all amounts owed to us and creditors; return Operations Manual; pay liquidated damages; de-identify franchise location if other than your home; and pay any noncompliance fee owed because of failure to meet above obligations.
j. Assignment of contract by us	Section XXI(E)	Fully transferable by us; however, no assignment will be made by us except to an assignee who, in our good faith and judgment, is willing and able to assume our obligations under the Franchise Agreement.
k. "Transfer" by you-defined	Section XXI(B)	Transfer includes any sale, devise, or other transfer of franchise; transfer of 49% or more of ownership in you to third person.
l. Our approval of transfer by you	Section XXI	Transferee must meet all requirements for HEITS® Janitorial Business franchisees.

Provision	Section in Franchise Agreement	Summary
m. Conditions for our approval of transfer by you	Section XXI	You give notice of intent to sell and we decline to purchase; transferee meets financial, moral, and business experience requirements for HEITS® Janitorial Business franchisees; upgrade franchise location if required by us, equipment, and signage to comply with then-current requirements; transferee signs then-current Franchise Agreement; you pay all outstanding fees and debts; you or transferee pays transfer fee; you sign general release and subordination and non-competition agreement (see Exhibit H); transferee completes initial training at your or transferee's expense; and you are in good standing.
n. Our right of first refusal to acquire your business	Section XXI(B)	We have 60 days to match any offer.
o. Our option to purchase your business	Not applicable	Not applicable.
p. Your death or disability	Section XXI(D)	All transfers are subject to transfer conditions, including approval of the heir as transferee. If we disapprove transferee, executor, administrator, or other personal representative must transfer interest within 12 months of our disapproval or we have the right to terminate the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section VII(E)(F)	You, your owners, and persons controlled by or under common control with you cannot have any involvement with competing business.
r. Non-competition covenants after the franchise is terminated or expires	Section VII(F)(G)	You, your owners, and persons controlled by or under common control with you cannot have any involvement with competing business within 100 miles of franchise location for 2 years.

Provision	Section in Franchise Agreement	Summary
s. Modification of the agreement	Section XXVI(C)	No modification of Franchise Agreement unless you and we agree in writing; we may amend our Manual at any time.
t. Integration/merger clause	Section XXVI(A)	Only the Franchise Agreement applies (subject to state law); any other representations or promises (other than the representations in this disclosure document) may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable.
v. Choice of forum	Section XXVII	Hennepin County, Minnesota (subject to state law).
w. Choice of law	Section XXVII	Minnesota law governs (subject to state law).

Additional Information

See Exhibit L for any state-specific disclosures required by or applicable to your state.

Item 18

PUBLIC FIGURES

We do not use any public figure to promote our franchises at this time.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets, except as disclosed below. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Robin Handy at (763) 253-4700, the Federal Trade Commission, and the appropriate state regulatory agencies.

We sell our franchises as packages (see Item 5). The Franchise Package is described as a specified amount of initial business which we must provide to you within a specified period of time. For convenience and to be consistent with business practices in the janitorial franchise industry, we describe these Franchise Packages in terms of monthly Account Volume projected to produce a certain Gross Monthly Revenue (i.e., FP 5 means \$5,000 in Account Volume or projected Gross Monthly Revenue). If we do not provide you the Account Volume associated with your Franchise Package within the specified time, you may request a refund of a portion of the initial franchise fee, as described in Item 5.

The Account Volume of the Franchise Package you purchase should not be considered as the actual or potential income or profit you will realize. The total Gross Monthly Revenues you achieve are affected by many factors including: the Fulfillment Period; decline in a janitorial account; loss of a janitorial account due to poor performance; cancellation of a janitorial account through no fault of your own; and the time lag before obtaining a replacement account for a lost or cancelled janitorial account. Other factors affecting your Gross Monthly Revenue are additional accounts originated by you, the quality and efficiency of your cleaning services; the degree to which you finance the purchase and operation of your franchise; and business expenses associated with operating your business, many of which you control, such as wages to employees.

During~~As of the end of~~ our last fiscal year **ended** (December 31, 2012~~4~~), we ~~had~~ sold 36 franchises. Of these franchises, we provided the Account Volume for the Franchise Package before the end of the Fulfillment Period in 25 of the 36 cases, and in the ~~third~~^{sixth} case, the franchisee **had one lost accounts decline services due to cost**~~provided to him~~ during the Fulfillment Period~~and had not developed the ability to handle additional accounts by the end of the Fulfillment Period.~~. Because we have complied with our obligations to provide the Account Volume for the Franchise Packages sold to these franchisees, we have not been required to make any refunds of any initial franchise fees paid by these franchisees. Therefore, ~~as of the date of this Amended Disclosure Document~~, we ~~had~~ complied with the amount, timeliness and refund obligations for 100% of the Franchise Packages sold to our franchisees **during that period**. Substantiation of the data used in preparing these statistics will be made available upon request.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

The Master Franchisee began offering and selling the franchise described in this Disclosure Document in January 2011. The following charts describe the Master Franchisee's franchise system as of December 31, 2012~~11~~. ~~No franchises have been transferred or terminated and no franchisee has failed to communicate with the Master Franchisee within 10 weeks of the date of this disclosure document. A list of franchisees as of the end of Master Franchisee's fiscal year is included in Exhibit J.~~

INFORMATION RELATING TO MINNESOTA (Master Franchisee began offering franchises in January 2011)

Table 1
Systemwide Outlet Summary for Minnesota
For Years Ending December 31, 2010~~09~~, 2011~~10~~ and 2012~~11~~

Outlet Type	Year	Outlets at Start of the Year	Outlets at End of the Year	Net Change
Franchised	2009	0	0	0
	2010	0	0	0
	2011	0	6	+6
	2012	6	8	+2
Company-Owned	2009	0	0	0
	2010	0	0	0
	2011	0	0	0
	2012	0	0	0
Total Outlets	2009	0	0	0
	2010	0	0	0
	2011	0	6	+6
	2012	6	8	+2

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years Ending December 31, 2010~~09~~, 2011~~10~~ and 2012~~11~~

State	Year	Number of Transfers
Minnesota	2009	0
	2010	0
	2011	0
	2012	1
Total	2009	0
	2010	0
	2011	0
	2012	1

Table 3
Status of Franchise Outlets
For Years Ending December 31, 2010~~09~~, 2011~~10~~ and 2012~~11~~

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
Minnesota	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	6	0	0	0	0	6
	2012	6	3	1	0	0	0	8
Totals	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	6	0	0	0	0	6
	2012	6	3	1	0	0	0	8

Table 4
Status of Company-Owned Outlets
For Years Ending December 31, 2010~~09~~, 2011~~10~~ and 2012~~11~~

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Minnesota	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
Totals	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0

Table 5
Projected New Franchised Outlets
As of December 31, 2012~~11~~

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Fiscal Year Ending 12/31/13 12	Projected New Company-Owned Outlets in the New Fiscal Year Ending 12/31/13 12
Minnesota	00	66	00
Total	00	66	00

Exhibit J to this Disclosure Document contains a list of the names of all franchisees and their address and telephone number as of December 31, 2012.

The following is a list of all franchises who have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the 12-month period ending December 31, 2012, or who have not communicated with us within 10 weeks of our application date.

<u>Name</u>	<u>City</u>	<u>State</u>	<u>Telephone Number</u>
Gene Elling & Kalisa Smith	St. Paul	MN	(320) 894-6793

The following is a list of all franchises who transferred or assigned their Franchise Agreement during the 12-month period ending December 31, 2012.

<u>Name</u>	<u>City</u>	<u>State</u>	<u>Telephone Number</u>
John Soukhanouvong	Brooklyn Park	MN	(612) 408-9092

No other franchisees transferred their franchise or had their franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2012 or did not communicate with us within 10 weeks of our issuance date.

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

INFORMATION RELATING TO FRANCHISOR'S SYSTEM

The following charts shows the number of HEITS® Janitorial Businesses, which are primarily operated through Master Franchisees located in states and regions other than Minnesota, as of the end of Franchisor's last fiscal year (12/31/1244) and Master Franchise outlets, and Company or affiliate-owned Janitorial Businesses and Master Franchise outlets during the three calendar years 201009, 201140 and 201244, together with the Franchisor's projections for sales of franchises and openings of company-owned or affiliated-owned franchise outlets as of December 31, 201244.

All Janitorial Businesses:

Table No. 1
Systemwide Janitorial Business Outlet Summary
For Years 2010~~09~~ to 2012~~1~~

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2009	67	92	+25
	2010	92	1165	+243
	2011	1165	1387	+22
	2012	138	159	+21
Company-Owned	2010 08	0	0	0
	2011 09	0	0	0
	2012 0	0	0	0
Total Outlets	2009	67	92	+25
	2010	92	1165	+243
	2011	1165	1387	+22
	2012	138	159	+21

*Tables No. 1 and 3 of this section reflect the total number of Janitorial Businesses owned and operated by franchisees that have entered into a franchise agreement with one of Heits' Master Franchisees (as reported by the Master Franchisees to Heits) or with Heits directly.

Table No. 2
Transfers of Janitorial Business Outlets From Franchises to New Owners
(Other than the Franchisor)
For Years 2010~~09~~ to 2012~~1~~

State/Region	Year	Number of Transfers
Minnesota	2010	0
	2011	0
	2012	1
New Jersey New Jersey	2009	3
	2010	5
	2011	3
	2012	0
North Carolina	2009	0
	2010	0
	2011	0
Total	2010 09	53
	2011 0	35
	2012 1	13

Table No. 3
Status of Franchised Janitorial Business Outlets
For Years 201009 to 20121

State/ Region	Year	Outlets at Start of Year	Outlets Open- ed	Termin- -ations	Non- Renewals	Reacquir- ed by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arizona	2009	7	3	0	0	0	0	10
	2010	10	7	0	0	2	0	15
	2011	15	0	0	0	0	0	0
Connecticut	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	1	0	0	0	1	1
Georgia	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	3	0	0	0	0	3
Kentucky	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
Massachusetts	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	1	0
Minnesota	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	6	0	0	0	0	6
New Jersey	2009	44	7	1	0	0	0	50
	2010	50	11	2	0	0	0	59
	2011	59	7	2	0	0	0	64
New York	2009	3	1	0	0	0	0	4
	2010	4	0	0	0	0	1	3
	2011	3	0	0	0	0	0	3
North Carolina	2009	9	0	0	0	0	0	9
	2010	9	4	0	0	0	9	4
	2011	6	2	1	0	0	0	7
Ohio	2009	0	4	0	0	0	0	4
	2010	4	0	0	0	0	0	4
	2011	5	1	0	0	0	0	5
Pennsylvania	2009	4	14	0	0	0	0	18
	2010	18	8	0	0	0	1	25
	2011	25	12	0	0	0	5	32

State/ Region	Year	Outlets at Start of Year	Outlets Open- ed	Termin- ations	Non- Renewals	Reacquir- ed by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Texas	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Total	2009	67	26	1	0	0	0	92
	2010	92	38	2	0	0	13	115
	2011	115	33	3	0	0	8	137

State	Year	Outlets at Start of Year	Outlets Opened	Terminatio ns	Non- Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arizona	2010	10	7	0	0	0	2	15
	2011	15	0	0	0	0	0	15
	2012	15	0	0	0	0	6	9
Connecticut	2010	0	1	0	0	0	0	1
	2011	1	1	0	0	0	1	1
	2012	1	0	0	0	0	1	0
Georgia	2010	0	0	0	0	0	0	0
	2011	0	3	0	0	0	0	3
	2012	3	3	0	0	0	1	5
Kentucky	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
Massachusetts	2010	0	1	0	0	0	0	1
	2011	1	0	0	0	0	1	0
	2012	0	0	0	0	0	0	0
Minnesota	2010	0	0	0	0	0	0	0
	2011	0	6	0	0	0	0	6
	2012	6	3	1	0	0	0	8
New Jersey	2010	50	11	2	0	0	0	59
	2011	59	7	2	0	0	0	64
	2012	64	3	0	0	0	5	62
New York	2010	4	0	0	0	0	1	3
	2011	3	0	0	0	0	0	3
	2012	3	0	0	0	0	0	3
North Carolina	2010	9	6	0	0	0	9	6
	2011	6	2	1	0	0	0	7
	2012	7	4	0	0	0	0	11
Ohio	2010	1	4	0	0	0	0	5
	2011	5	1	0	0	0	1	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Pennsylvania	2012	5	2	0	0	0	0	7
	2010	18	8	0	0	0	1	25
	2011	25	12	0	0	0	5	32
	2012	32	13	0	0	0	0	45
Texas	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
	2012	1	5	0	0	0	1	5
Total	2010	92	39	2	0	0	13	116
	2011	116	33	3	0	0	8	138
	2012	138	33	1	0	0	14	156

* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4
Status of Company-Owned Janitorial Business Outlets
For Years 2010 to 2012

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Required from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Total	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0

Table No. 5
Projected Openings of Janitorial Businesses Outlets for 2013
as of December 31, 2012

State/Region	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Georgia	0	0	0
Minnesota	0	6	0
New Jersey	0	2	0
New York	0	0	0
Pennsylvania	1	6	0
Total*	0+	6+	0

* Information reported to HEITS® from master franchisees as of the date of this disclosure document (not all states reporting).

No trademark-specific franchisee organization is associated with the HEITS franchise system.

In some cases, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the HEITS system. You may wish to speak with current and former franchisees, but be aware that not all franchisees will be able to communicate with you.

Item 21

FINANCIAL STATEMENTS

Exhibit K contains the following financial statements required to be included with this Disclosure Document:

1. The Franchisor's audited financial statements for the years ending December 31, 2010~~09~~, December 31, 2011~~10~~ and December 31, 2012~~11~~ and unaudited interim statements as of March 31, 2013~~12~~.

2. Audited financial statements of the Master Franchisee as of December 31, 2010, and December 31, 2011 **and December 31, 2012**. Master Franchisee was incorporated in August 2010 and its first fiscal year ended on December 31, 2010. Also included are unaudited interim statements as of March 31, 2013~~12~~.

Item 22

CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Exhibit B	Franchise Agreement
Exhibit C	Guaranty
Exhibit D	Promissory Note
Exhibit E	Security Agreement
Exhibit F	Form of UCC-1 Financing Statement
Exhibit G	General Release Agreement
Exhibit H	Transfer Agreement
Exhibit I	Equipment Lease Agreement

Item 23

RECEIPTS

Following Exhibit L are 2 blank originals of a detachable Receipt form to be signed by you. Please sign both originals. We will keep one signed original, and you will keep the other.

1441467.1

EXHIBIT A

AGENT FOR SERVICE OF PROCESS

Minnesota Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198
(651) 296-4026

EXHIBIT B

FRANCHISE AGREEMENT

**FRANCHISE AGREEMENT
HEITS BUILDING SERVICES OF MINNESOTA
FRANCHISE AGREEMENT**

This Agreement executed on _____, 20__, ("the Effective Date") by and between **ROSHE ENTERPRISES, INC.**, a Minnesota corporation d/b/a **HEITS BUILDING SERVICES OF MINNESOTA OR HEITS OF MINNESOTA** ("We" or "Master Franchisee"), with an address at _____ as Master Franchisee for the state of Minnesota under license from **HEITS BUILDING SERVICES, INC.**, a New Jersey corporation ("Franchisor") and _____ with an address at _____, a
[] Sole Proprietorship, [] Partnership, [] Corporation, [] Limited Liability Company formed under the laws of the State of _____ (hereinafter referred to singularly or collectively as "You" or "Franchisee").

Telephone number _____, Social Security number _____ and/or Federal Tax Identification number _____.

THE INFORMATION IN "EXHIBIT 1" IS TO BE COMPLETED FOR THE SOLE PROPRIETOR, OR FOR EACH INDIVIDUAL PARTNER OF THE PARTNERSHIP, OR FOR EACH SHAREHOLDER OF THE CORPORATION, OR FOR EACH MEMBER OF THE LIMITED LIABILITY COMPANY, AS INDICATED ABOVE. BY SIGNING THIS AGREEMENT, THE FRANCHISEE REPRESENTS THAT THE INFORMATION IN "EXHIBIT 1" IS TRUE AND COMPLETE.

Designated Manager Name: _____

FRANCHISE SUMMARY

Franchise Package	_____	Down Payment	\$ _____
Territory	Within 30-mile radius of the franchise location identified in Section I	Amount Financed	\$ _____
Initial Monthly Account Volume	\$ _____	Term (years)	10 years
Fulfillment Period (Days)	_____	Monthly Installments	\$ _____

WITNESSETH:

WHEREAS, the Franchisor and the Master Franchisee are in the business of providing and franchising cleaning services;

WHEREAS, the above-mentioned cleaning services are marketed under the HEITS® trade names, trademarks and service marks (collectively, the "Trademarks");

WHEREAS, HEITS® residential and commercial cleaning and related services and products ("HEITS® Services") have a high reputation in the cleaning industry throughout Minnesota and other areas in the United States; and

WHEREAS, great amounts of time, effort and money have been expended to develop the outstanding reputation of HEITS® Services;

WHEREAS, you recognize and acknowledge the unique benefits to be derived from becoming a HEITS® franchisee;

WHEREAS, you recognize and acknowledge the necessity for any franchisee of HEITS® Services to maintain the high standards of quality commensurate with the reputation of HEITS® Trademarks; and

WHEREAS, you recognize and acknowledge that, as a HEITS® franchisee, you will have access to Proprietary Information (as hereafter defined); and

WHEREAS, you recognize and acknowledge the necessity for us and the Franchisor to impose certain reasonable restrictions as set forth herein to safeguard the Proprietary Information and our investment therein; and

WHEREAS, you desire to sell HEITS® Services, and we as the Master Franchisee for the state of Minnesota are willing to grant you the limited right to do so, but only in strict compliance with the terms and conditions of this Franchise Agreement and the system of operation prescribed by this Franchise Agreement and for franchisees authorized to operate under the HEITS® Marks ("HEITS® System"); and

WHEREAS, we and you desire to set forth in writing the complete understanding and agreement between the parties hereto,

NOW, THEREFORE, in consideration of mutual promises and covenants contained hereinafter, the parties have mutually agreed as follows:

I. FRANCHISE GRANT AND TRADEMARK LICENSE

A. We hereby grant to you a franchise to sell and perform HEITS® Services in accordance with the terms and conditions of this Agreement (the "Franchise").

B. We hereby grant you a non-exclusive license to use HEITS® Trademarks solely in connection with the operation of your HEITS® franchise in accordance with this Franchise Agreement. You may not use HEITS® Trademarks, alone or with any prefix, suffix, or other modifying words in your corporate name or in the name of any partnership, joint venture or other legal entity.

C. This license shall be limited to operations within the Territory identified above operating out of the following business location ("Location"):

Street _____

City _____ State _____ Zip Code _____

D. Satisfactory completion of the training program defined in Section IV is required before the grants and license given in this Franchise Agreement become effective.

E. The HEITS® name and the HEITS Building Services logo have been or will be registered with the United States Patent and Trademark office. In addition to the federal statutory rights arising from Franchisor's ownership of the above items, Franchisor owns common law rights to the above marks and other marks based on the licensed use by Franchisor, its master franchisees and their franchisees. We hold the right to license the Trademarks in the State of Minnesota pursuant to a Master Franchise Agreement between us and the Franchisor.

F. The Franchisor and we may unilaterally, and without notice, change the concept under which new franchises will be offered to prospective franchisees. Such change in concept will not operate to amend, modify, or change the current contractual arrangements with any franchisee that is then operating under a duly valid Franchise Agreement unless the parties mutually agree.

II. TERM OF GRANT AND LICENSE

This Agreement shall be for a period of ten (10) years from the date noted on the first page hereof, with provisions for renewal as set forth below in Section XVIII. You shall commence operations of the Franchise within six (6) weeks of the date noted on the first page hereof.

III. PROPRIETARY RIGHTS

A. You acknowledge that valuable goodwill is attached to HEITS® Trademarks, the aforesaid "HEITS® System," certain information deemed confidential by the Franchisor, and other proprietary rights owned by the Franchisor (collectively, the "Proprietary Rights") and that you will use the Proprietary Rights only in the manner and to the extent specifically licensed by this Agreement. You acknowledge by executing this Agreement that certain of the materials to be provided by us and/or the Franchisor contain confidential, trade secret, proprietary information, and you agree, upon request, to acknowledge the same in writing.

(i) You acknowledge the validity and ownership of the foregoing trademark and servicemark registrations, and also acknowledge the ownership by the Franchisor of common law rights in and to the "Proprietary Rights" and our rights thereto as the Master Franchisee for the State of Minnesota. You acknowledge that the license granted by us to you under this Agreement is non-exclusive, and that we, in our sole discretion, have the right ourselves, or through subsidiaries or affiliates, to operate businesses under the Proprietary Rights, and to grant other licenses in, to and under the Proprietary Rights on any terms and conditions we deem appropriate and to sell services under the Proprietary Rights in any manner subject to our Master Franchise Agreement with the Franchisor.

(ii) You expressly covenant that during the term of this Agreement, and after the expiration or termination hereof, you shall not directly or indirectly contest or aid in contesting the validity or ownership of any of the Proprietary Rights or our rights to license the Trademarks and Proprietary Rights to you.

(iii) If you receive notice or are informed or learn that any third party, which you believe to be unauthorized to use the Proprietary Rights, is using the Proprietary Rights or any variant of them, you shall promptly notify us of the facts relating to such alleged infringing use. Thereupon, we and the Franchisor, in our sole discretion, shall determine whether or not to take any action against such third person on account of such alleged infringement. You shall have no right to make any demand against any such alleged infringer or to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of such infringement. In the event we and/or the Franchisor undertake the defense or prosecution of any litigation involving you or any litigation involving the Proprietary Rights, you agree to execute any and all documents and to do such acts and things as, in the opinion of counsel for us or the Franchisor, may be necessary or advisable to carry out such defense or prosecution, either in our name or in the name of the Franchisor or in your name as we may elect. We will indemnify you against liability to a third party resulting from claims that your use of the Trademarks infringes the trademark rights of the third party, provided your use is in accordance with the requirements of this Agreement and the HEITS® System.

(iv) We reserve the right to discontinue the sale of any services or to substitute other products and services under different trade names without your consent.

B. Any and all goodwill associated with the Proprietary Rights, including any goodwill, which might be deemed to have arisen through your activities, shall inure directly and exclusively to the benefit of the Franchisor and to our benefit as the Master Franchisee of the Franchisor in Minnesota.

C. You understand and acknowledge that each and every detail of HEITS® Franchise business is important to the Franchisor, us and to other licensed HEITS® franchisees in order to develop and maintain uniformity of services and services and, therefore, to maintain and enhance the goodwill associated with the Proprietary Rights, you covenant:

(i) To advertise and sell your services under the Trademarks without prefix or suffix or other modifying words; and

(ii) To adopt and use the Proprietary Rights licensed hereunder solely in the manner prescribed by us and the Franchisor; and

(iii) To operate your HEITS® franchise under said Proprietary Rights in accordance with operational standards established by the Franchisor and us and as set forth in the confidential HEITS® Operating Manual (the "Operations Manual") as it now exists or may be amended from time to time and other documents provided to you by us.

IV. FRANCHISE FEE

You are required to pay us in cashier's check or certified check payable to us or other form of payment acceptable to us, an initial fee determined in accordance with the schedule below:

Franchise Package	Account Volume (Gross Monthly Revenue)	Initial Franchise Fee	Initial Franchise Fee-5% Discount for Cash Payment	Initial Franchise Fee Financing Payment Options				Fulfillment Period
				Down Payment	Monthly Payment —12 Months	Monthly Payment —24 Months	Monthly Payment —36 Months	
FP 1	\$1,000	\$ 8,250	\$ 7,837.50	\$2,000	\$549.47	\$294.21	\$213.61	120 days
FP 2	\$2,000	\$ 11,000	\$ 10,450.00	\$4,400	\$580.24	\$310.68	\$225.57	120 days
FP 3	\$3,000	\$ 13,700	\$ 13,015.00	\$6,850	\$602.22	\$322.45	\$234.12	150 days
FP 5	\$5,000	\$ 18,950	\$ 18,002.50	\$9475	\$833.00	\$446.02	\$323.83	210 days
FP 7	\$7,000	\$ 24,000	\$ 22,800.00	\$14,400	\$843.99	\$451.91	\$328.11	270 days
FP 10	\$10,000	\$ 31,500	\$ 29,925.00	\$18,900	\$1107.74	\$593.13	\$430.64	360 days
FP 15	\$15,000	\$ 43,750	\$ 41,562.50	\$26,250	\$1538.53	\$823.79	\$598.11	510 days
FP 20	\$20,000	\$ 55,750	\$ 52,962.50	\$33,450	\$1960.52	\$1049.74	\$726.16	660 days

"Gross Revenue" means all amounts received from any and all accounts you service. Gross revenue includes, but is not limited to, all income for any contract services, one-time cleans, special project work, extra work, the sales of supplies, equipment, or goods, all revenue for work performed or goods sold by you or your employees, and all revenue received by you or paid to another person for your benefit in connection with the franchise. However, Gross Revenue does not include any amount, including sales taxes, that is collected from accounts and paid to the appropriate taxing authority. "Gross Monthly Revenue" is the Gross Revenue for a one-month period in accordance with Section XIII.

If you wish to finance a portion of the franchise fee, we may, but are not required to, offer financing over a one- to three-year period. If we offer financing and you pay over a 12-month term, we charge an annual interest rate of 10%. If you pay over a 24-month period, the annual interest rate currently is 12%, and if you pay over a 36-month period, the annual interest rate is 14%. The loan will be memorialized by a promissory note, which will be secured by a security agreement granting us a security interest in the Franchise and its assets. You agree to file any UCC-1 financing statements required by us in connection with such security agreement.

The above table lists the amounts of the deposit and monthly payments for each Franchise Package and payment term.

Except as described below, the initial franchise fee is fully earned by us when paid and is not refundable in whole or in part under any circumstances.

A. You must pay us a Sales & Marketing Fee for us locating additional business for you. The Sales & Marketing Fee schedule is determined as follows and summarized in the chart below:

- (i) If prior to the provision of additional accounts your Gross Monthly Revenue provided by us is less than \$3,000, the Sales and Marketing Fee shall be five times one month's Gross Monthly Revenue for the additional accounts.
- (ii) If prior to the provision of additional accounts your Gross Monthly Revenue provided by us is \$3,000 or more, the Sales and Marketing Fee shall be equal to three times one month's Gross Monthly Revenue for additional accounts.

Example:

You buy the FP - 2 which is \$2,000 per month. 3 months later you want to increase it by another \$2,000 the calculation would be as follows:

The First \$1,000 would be at the rate of $5 \times = \$5,000$

The second \$1,000 would be at $3 \times = \$3,000$

Total investment of \$8,000 for the additional \$2,000 in monthly business

If an examination or audit by us discloses that you have directly billed accounts or provided services to accounts without reporting them to us, or that you have underreported your Gross Monthly Revenues to us in any other manner, the total amount of all fees and charges due hereunder as a percentage of such Gross Monthly Revenues shall be immediately due and payable to us, together with interest on late payments. In addition, you must pay us all reasonable costs, expenses and overhead incurred by us in connection with our examination and/or audit plus a fee of ten thousand dollars (\$10,000), if you understate your Gross Monthly Revenues by more than two percent (2%).

In addition, if a customer orders extra services as a result of any action by us, then you will pay to us a one-time Finder's Fee of 20% of the amount of the billed services in addition to all other fees to be paid to us.

After you have successfully completed initial training, signed our certificate of completion of initial training and paid the initial franchise fee, we will offer you the initial Account Volume (Gross Monthly Revenue) promised in the attachment to this Franchise Agreement within the fulfillment period for the franchise package you purchase. Our fulfillment periods are as follows for each franchise package:

Package		Initial Gross Monthly Revenue ("Account Volume")	Fulfillment Period (Days)
FP	1	1,000	120
FP	2	2,000	120
FP	3	3,000	150
FP	5	5,000	210
FP	7	7,000	270
FP	10	10,000	360
FP	15	15,000	510
FP	20	20,000	660

If we do not offer the promised initial Account Volume, you will be entitled, upon written request (given within 30 days after the end of the fulfillment period), to a credit or refund of a portion of your initial franchise fee. This credit or refund will be an amount equal to 2.5 times the amount of the initial Account Volume not provided to you during the fulfillment period, less any amount you owe to us (including any portion of your initial franchise fee that we finance), or our affiliates. Such a credit or refund will fulfill our obligation to offer the remaining portion of the initial Account Volume. If you do not make a written request for a refund within 30 days after the end of the fulfillment period, you will be deemed to have waived your right to a refund, but we will remain obligated to offer you the remaining portion of the initial Account Volume for the Franchise Package you selected. No initial Account Volume is provided to existing franchisees who renew their franchises. If we offer you an account toward your initial Account Volume, you may refuse the account, however, the amount of the account will still be credited against the initial Account Volume. If you lose an account, which counts as part of your initial Account Volume for a Franchise Package through no fault of your own within one year of our offering it to you, we will replace the account as part of our obligation to meet our Franchise Package obligations.

- B. Upon payment of the initial franchise fee, we agree:
- (i) To provide you the Operations Manual that will be updated from time to time.
 - (ii) To provide to you, or your designee, a training program for the Franchise.

V. CONFIDENTIAL INFORMATION

Upon entering this Agreement, you will become privy to certain trade secret, confidential and proprietary information concerning HEITS®, services and operations (the "Proprietary Information"). Proprietary Information includes, without limitation, any information disclosed by us or the Franchisor to you, either directly or indirectly, in writing, orally or by inspection of tangible objects such as documents, prototypes, samples, plants, and equipment, and includes but is not limited to information regarding our or the Franchisor's business plans and objectives, marketing methods; business methods and techniques, System, Operations Manuals and their

contents, any proprietary computer system or program, and pricing methods and guidelines; as well as any other information which is designated as "confidential." Proprietary Information shall not include any information which: (i) was publicly known and made generally available in the public domain prior to the time of disclosure by us or the Franchisor; (ii) becomes publicly known and made generally available after disclosure by us or the Franchisor to you through no action or inaction of yours; (iii) is already in your possession at the time of disclosure by us or the Franchisor as shown by your files and records immediately prior to the time of disclosure; (iv) is obtained by you from a third party without a breach of such third party's obligations of confidentiality; or (v) is independently developed by you without use of or reference to the Proprietary Information, as shown by documents and other competent evidence in your possession. Notwithstanding the foregoing limitations, publicly known information shall constitute Proprietary Information when, despite its elements being publically known, such information is collected, compiled, or presented in a manner related to the HEITS® business enterprise such that it gains specific value for the Franchisor or us. You agree to maintain secret and confidential all such information including, but not limited to, the entire contents of the Operations Manual unless released from this obligation of secrecy by us in writing. The obligation to keep secret and confidential all such Proprietary Information shall continue until such time as the said information becomes public knowledge through no fault of you regardless of the expiration or termination of this Franchise Agreement for any reason.

VI. NON-EXCLUSIVITY OF LICENSE

You understand and agree that you are not receiving an exclusive area or territory. We can sell other franchises (either HEITS® or other franchises) that will directly compete with you, or do so ourselves.

VII. OPERATION OF FRANCHISE

A. You recognize and agree that a principal consideration of ours in granting this license is your pledge to supervise and control the operation of the Franchise. Failure of you to exercise full and complete supervision and control of the day-to-day operation of the Franchise will constitute a breach of this Agreement.

B. You or, if approved by us, your designated manager, shall devote all the time, energy and effort required for the day-to-day management and operation of your HEITS® Franchise and shall exercise full and complete supervision and control over such business, including determining the timing and staffing for the performance of the cleaning services, subject to any customer specifications. You or, if approved by us, your designated manager, shall operate your Franchise only out of the Location specified in this Agreement. You and/or your designated manager shall use commercially reasonable efforts to ensure that sufficient time is dedicated to performing all franchise services to customer accounts in accordance with HEITS® standards. We may require that you and/or your designated manager work a minimum of forty hours per week, depending upon the size of the Franchise Package you purchase from us.

C. You shall operate the Franchise in strict accordance with the specifications and procedures contained in the Operations Manual and other manuals and materials provided by us as each may be amended from time to time.

D. You shall operate the Franchise twelve (12) months in each year on the days and at the hours specified by us, and in all cases, for such time as is reasonably necessary to operate the Franchise in accordance with HEITS® standards.

E. During the Term and any extensions and/or renewals thereof, you and persons controlling, controlled by or under common control with you, shall not, either directly or indirectly, for yourself or on behalf of or in conjunction with any other person, persons, partnership, corporation or other entity, own, maintain, operate, engage in, be employed by, participate or have any interest in the operation of any other business engaged, in whole or in part, in the production, distribution or sale of cleaning or other services either at retail or wholesale sold at HEITS® franchises; provided, however, that the above provisions relating to interests in other businesses shall not apply to any interest in additional franchises granted by us to you.

F. During the Term and any extensions and/or renewals thereof, and for a period of two (2) years after the termination of this Agreement, including any renewals thereof, whether by expiration of its term or otherwise, you, and persons controlling, controlled by or under control with you, shall not:

(i) Solicit, contact, call upon, communicate with or attempt to communicate with any past, present, or prospective customer of the Franchise, or any representative thereof, in relation to the sale or provision by any person except for us, the Franchisor or a current HEITS® franchisee, of any services provided by the Franchise; provided, however, that, following the termination of this Agreement, the restrictions set forth in this provision shall apply only to customers or prospective customers of the Franchise with which you had Material Contact during the two (2) year period immediately prior to the termination of this Agreement. "Material Contact" shall exist between you and a customer or potential customer with whom you had actual interaction during the term of this Agreement if undertaken with the intent to further or to effect furthering of a business relationship with the Franchise.

(ii) Employ, or seek to employ, any person employed by us, any other person who is at that time operating or employed by or at any other HEITS® franchise in a management position (including assistant manager or management trainee), any personnel of yours, or otherwise directly or indirectly induce or seek to induce such persons to leave their employment;

G. For a period of two (2) years after the termination of this Agreement, whether by expiration of its term or otherwise, you, and any person controlling, controlled by or under common control with you, shall not, either directly or indirectly, for itself or themselves, or on behalf of or in conjunction with any other person, persons, partnership, corporation or other entity, own, maintain, operate, engage in, be employed by, or participate in the operation of any type of business within a radius of one hundred (100) miles of the Location, which is engaged, in whole or in part, in the performance or sale of multi-unit residential or commercial cleaning and building services that are competitive with the business operated under the Franchise.

H. You agree to participate in and be bound by any related HEITS® associations or of the franchisees that are approved and/or required by us or the Franchisors existing now and in

the future, including all of their rules, regulations and By-Laws as they presently exist and as they are amended from time to time.

I. You agree to operate the Franchise such that you (i) do not employ illegal aliens, (ii) comply with any state and federal regulations, including but not limited to, the regulations of the Social Security Administration and the Department of Homeland Security, and (iii) retain appropriate documentation and verification of your employees' legal status.

J. You agree that all Material Safety Data Sheets (MSDS) required by law shall be maintained in accordance with the Operations Manual.

VIII. BUSINESS OUTLET ESTABLISHMENT

A. You covenant and agree to establish a business outlet at the Location set forth in Section I hereof and to maintain and operate the same as a going concern in compliance with the terms of this Agreement and in accordance with the Operations Manual. With our permission, you may operate the franchise out of your house.

B. If the Location is not your house and you are using the Marks in any manner that associates the Location with the Marks, then to ensure that you are complying with the provisions of this Franchise Agreement, our duly authorized agents and designees shall have the right to enter and inspect the Location at all reasonable times. Any deviation from the cleanliness, safety, health and other standards set out in the Operations Manual shall constitute a material breach of this Franchise Agreement.

C. The refusal of you to admit our duly authorized agents to such Location for such an inspection will constitute a material breach of this Agreement.

D. You shall reimburse us for all expenses incurred in making any such inspection which discloses a violation.

IX. SOURCE OF SERVICES AND SUPPLIES

A. You shall only perform services, use supplies and sell such products as authorized by us. You must obtain all required commercial cleaning equipment and supplies before servicing any accounts as a HEITS® franchisee. After you sign the Franchise Agreement, we will provide you with a starter kit including a vacuum cleaner, mop, and other basic equipment and supplies. If you wish to purchase additional vacuum cleaners and cleaning chemicals and/or a floor machine, then you must purchase these items in accordance with the terms of this Agreement. You must obtain all cleaning equipment, cleaning chemicals and supplies, advertising and marketing materials, and insurance in accordance with standards and specifications as set forth in the Operations Manual or other written materials we give you. You must lease or purchase your cleaning chemicals, vacuum cleaners, and floor machines only from suppliers that we approve, which may include us, the Franchisor or any affiliate of ours or another HEITS® franchisee. We may approve a single distributor or other supplier (collectively, "supplier") for any product, and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising

support or services for any group of HEITS® franchisees. Our approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and other similar criteria, and may be temporary, pending our continued evaluation of the supplier. We will issue you a list of approved and proposed suppliers. If you would like to purchase or lease any items from any unapproved supplier, then you or the proposed supplier must submit to us or our designee a written request for approval of the proposed supplier. We may inspect the proposed supplier's facilities, and require that product samples from the proposed supplier be delivered for testing directly to us or our designee. We will approve or disapprove your proposed supplier within 30 days of receiving all of the information that we require for the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria. We currently do not charge a fee to evaluate a proposed supplier, but reserve the right to do so in the future.

B. We may designate us, the Franchisor and/or any affiliate or franchisee of either as approved suppliers, or the only approved suppliers, from which you may or must lease or purchase certain products or services in developing and operating your HEITS® franchise. We, the Franchisor and any affiliate or franchisee that is an approved or designated supplier may derive revenue from such sales, and may sell such items at prices exceeding cost in order to make a profit on the sale, at a profit margin of 15%-35%.

X. OPERATIONS MANUAL AND YOUR REQUIREMENTS

A. In order to protect the reputation and goodwill associated with the Proprietary Rights and Proprietary Information, and to maintain the uniform standards of operation with respect thereto, you are required to conduct your Franchise in strict accordance with the Operations Manual as it now exists or may be amended from time to time. The Operations Manual may be composed of or include audiotapes, videotapes, computer disks, compact disks, and/or other written or intangible materials. We may make all or part of the Operations Manual available to you through various means, including the Internet. The Operations Manual contains HEITS® System standards and information about your other obligations under the Franchise Agreement. We or the Franchisor may modify the Operations Manual periodically to reflect changes in HEITS® specifications and requirements for your Franchise. You will strictly comply with all instructions, standards, specifications, quality control criteria and procedures which are set forth in the Operations Manual, sell no services which do not comply with the quality standards or specifications developed pursuant to the procedures described in the Operations Manual, operate and maintain the Franchise in strict compliance at all times with all applicable laws, regulations, and ordinances pertaining to the operation of the Franchise, follow and comply with our standards of operation, including but not limited to all safety procedures, and maintain a level of general quality of services and service which is consistent with the existing high reputation of services sold under HEITS® Trademarks.

B. You shall at all times treat as confidential, and shall not at any time disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available to any unauthorized person or source, the contents of the Operations Manual or other materials and manuals delivered by us or the Franchisor to you.

C. The Operations Manual and other manuals and materials delivered by us shall at all times remain our property and shall promptly be returned by you upon the expiration or other termination of this Agreement. You must keep your copy of the Operations Manual current, and in a secure location at your franchise Location. If there is a dispute over the contents of the Operations Manual, the HEITS® master copy of the Operations Manual will control.

XI. PRICE OF SERVICES AND PRODUCTS SOLD

You may sell your services and authorized products to new business customers within your Territory at any price determined by you. However, you must not solicit business from an account who is currently our account or that of another franchisee. Any account you obtain on your own is still subject to the billing and accounting and payment procedures set forth in this Agreement. You may request that we bid and market an account on your behalf, and if we do so and are successful in obtaining the account, the account will be applied against any unfulfilled Account Volume and you will be required to pay the Sales and Marketing Fee on any excess amount of that account as provided in this Agreement.

XII. BEST EFFORTS/ACCOUNT DISSATISFACTION

You hereby agree to use your best efforts in operating and promoting the Franchise. If an account which we have provided to you complains to us that the account is dissatisfied with your performance, we will report the problems to you. If the account continues to be dissatisfied, we have the right to remove the account from those that you are authorized to service, and if in our sole judgment we believe it to be necessary in order to maintain the account as a HEITS® customer, we may pull the account immediately and without advance notice to you. Either we or our designee can service an account that has been so withdrawn, and we are not obligated to offer you an alternative account. The withdrawal of an account does not by itself terminate this Agreement; however, if additional accounts are withdrawn under similar circumstances or if the grounds for withdrawal of any one account would constitute grounds for termination of this Agreement, then we also have the right to terminate this Agreement in accordance with its terms.

XIII. ADVERTISING

A. We have the right to charge you an amount equal to one (1%) percent of Gross Monthly Revenues for Local Franchise Marketing ("LFM") for advertising in local newspapers and on radio and television programs, outdoor advertising, yellow pages, fliers, local and regional magazines and direct mail and other advertising forms, including local, regional or national promotions, as we deem appropriate. We may not charge this LFM fee at the time you sign your Franchise Agreement; however, we may at any time during the term of the Franchise Agreement begin collecting it and we may use the fee in our discretion for such advertising and promotion as we deem appropriate within or outside the Territory.

B. You agree to submit to us or our designated agent for prior approval, all sales promotion materials and advertising to be used by you, including, but not limited to, newspapers, fliers, local and regional magazines, radio and television advertising copy and promotional, specialty and novelty items, media plans, research proposals and public relations. You do not have the right to establish a website, web page or social media or networking site without our

prior written consent and if we consent to the use of such social media or site, you must comply with all of our instructions as to its use (including the termination of any use) and with all applicable laws, rules and regulations. This submission of advertising and promotional items to us for approval shall not affect your right to determine the prices at which you sell your services and products.

XIV. ROYALTY AND OTHER FEES

A. You agree to pay us monthly the following Royalty Fee, Management Fee, Finder's Fee and such other Fees as incurred as set forth below (all continuing and other fees are herein referred to collectively as "Fees"):

- i. Management Fee calculated as 11% of Gross Monthly Revenue (continuing);
- ii. Royalty Fee calculated as 5% of Gross Monthly Revenue (continuing);
- iii. Finder's Fee, calculated as 20% of all sales of additional services provided by you to a current customer or non-current customer obtained by us when such services were obtained through our efforts (continuing);
- iv. Complaint Fee of \$50, payable to us if a customer of yours contacts us or Franchisor and states a complaint with respect to your service and you do not resolve the complaint to the customer's satisfaction within 24 hours of notice to you of such complaint;
- v. Remedial Services Fee, payable at the rate of \$50 per hour for services rendered to your customer by us or our designee if we, in our sole discretion, take action to remedy a customer complaint.

B. You agree that we have the exclusive right to bill all accounts that you service, whether we originated the account or you solicited the account directly. We will invoice accounts on a monthly basis unless we agree to a different invoice date with the account. You agree not to invoice or collect any amounts on accounts that you service and accordingly agree to remit to us any payments that may be made to you by accounts. You are required to pay us the continuing Fees for each month on the 28th day of the month. We will deduct the Fees and any other amounts you owe us (including any amounts then owing for the month under any promissory note for fees financed by us) from the amounts collected by us from your customers for the month and pay you the balance by the 28th day of the month following the month in which we have collected the payment. Our first payment to you will be on the 28th day of the month after you start servicing accounts. We will show you how we computed the payment.

C. You shall retain for a period of at least three (3) years purchase orders, shift reports, monthly operating summaries, tax returns and such other records as we may from time to time require. All such records shall be available for inspection and reproduction at all reasonable times by us, our accountants, or other duly authorized agents and representatives.

D. In addition, you will provide us with copies of purchase orders, such periodic accounting and bookkeeping analyses and other information as we may request from time to time.

E. We, in our sole discretion, shall have the right to examine and/or audit, or cause to be examined and/or audited, tax returns and such other records of yours as we may require you to maintain. If an examination and/or audit discloses an underpayment of royalty or any fees due hereunder due to an understatement of Gross Revenue by 2% or more, you shall reimburse us for the cost of such examination and/or audit, including, without limitation, the charges of any independent accountant and the travel costs and hotel expenses of our representatives, and shall pay to us interest of 1.5% per month on such unpaid amount, plus a fee of ten thousand dollars (\$10,000.00), which shall not be construed as a penalty but represents the agreed liquidated value of the ongoing additional burden incurred by us for additional monitoring and scrutiny of your operation.

F. We shall have the right to disclose to third parties any information contained in any report, financial statement or other record submitted by you to us. We agree, however, to use reasonable efforts (in our sole opinion) to de-identify the data and address privacy issues.

G. All Royalty and other Fees, advertising fees, amounts due from you for purchases from us or our affiliates, and other amounts which you owe us or our affiliates (unless otherwise provided for in a separate agreement between us or our affiliates) will begin to accrue interest after their respective due dates at the highest applicable legal rate for open account business credit, or if there is no maximum, at the rate of 1.5% per month. (You acknowledge that the inclusion of this paragraph in this Agreement does not mean we agree to accept or condone late payments, nor does it indicate that we have any intention to extend credit to, or otherwise finance your operation of the Franchise.) We will have the right to require that any payments due us or our affiliates be made by certified or cashier's check in the event that any payment by check is not honored by the bank upon which the check is drawn. Payments due us or our affiliates shall not be deemed received until such time as funds from the deposit of any check by us or our affiliates is collected from your account.

H. When we receive or apply a payment from you, we have the right in our sole discretion to apply it as we see fit to any past due indebtedness of yours due to us or our affiliates, whether for Royalty, advertising contributions, purchases, interest, fees, or for any other reason, regardless of how you may designate a particular payment to be applied.

XV. HEALTH LAWS

You agree to comply with all applicable local, county, state and federal health, safety and related statutes, laws, rules and regulations and ordinances.

XVI. REQUIREMENT OF CONFORMANCE

You acknowledge that Franchisor and its master franchisees are endeavoring to establish and maintain a nationwide chain of franchised HEITS® businesses. You recognize that the similarity of appearance and method of doing business is paramount to attaining this goal.

You appreciate that any deviation from the terms of this Franchise Agreement may and can cause irreparable damage to the Franchisor, us and other HEITS® franchisees. We can interview your customers and can conduct inspections from time to time in order to determine if

you are performing services in accordance with the HEITS® standards and specifications and the terms of this Agreement.

We may establish guarantees in connection with performance of HEITS® Services from time to time and you agree to honor all warranties and guarantees of HEITS® Services that we may give to accounts from time to time.

XVII. INSURANCE AND INDEMNIFICATION

A. You shall purchase and maintain at your own expense at all times during the Term of this Agreement such insurance and bonding coverage meeting at least the following minimum standards or such other standards as we may establish from time to time:

<u>Type of Coverage</u>	<u>Limits</u>
Janitorial bond or Crime insurance	\$25,000 (if bond) or \$25,000 liability coverage (if insurance)
Comprehensive general liability	\$1,000,000 per occurrence/\$2,000,000 aggregate (maximum deductible of \$1,000)
Owned, non-owned and hired automobile	\$1,000,000 per occurrence (if owned vehicles, coverage must include \$1,000,000 for both Uninsured and Underinsured Motorist and Statutory Personal Injury Protection or \$5,000 Medical Payments)
Workers' compensation/Employer's Liability	Statutory limit with \$500,000 Employer's Liability limits of protection (with waiver of subrogation in our favor)
Umbrella	\$1,000,000 in excess liability coverage

For each insurance policy listed above, we and the Franchisor and our respective officers, directors, and employees must be named as additional insured parties, and must hold the Franchisor and us and our respective officers, directors, and employees harmless from any and all claims, causes of action, damages, losses, penalties and costs, including attorneys' fees and expenses, arising from any claim by any person or governmental authority relating, directly or indirectly, to the ownership, maintenance and operation of the Franchise at its Location. You must also maintain any worker's compensation insurance coverage as required by law. All insurance must be provided by an insurance company having an Alfred M. Best rating of tA or better rated insurance company approved by us. Such insurance will be primary and non-contributory with respect to any insurance carried by the Franchisor or us. As proof of such insurance, a fully paid certificate of insurance must be submitted to us by you before the Franchise commences operation and upon each renewal of the policy. Such insurance coverage must be initially effective as of a date no later than the date the Franchise commences operation. Any proposed change in the insurance policy(ies) affecting coverage as described above must be submitted to us for prior approval. We will be entitled, throughout the term of this Agreement,

to a copy of the prevailing policy(ies) of insurance, which you will furnish to us. The policy(ies) of insurance must be non-cancelable except after thirty (30) days' prior written notice to us and the Franchisor. If you do not obtain and maintain the required insurance, we may purchase it on your behalf in which case you will reimburse us for the cost of doing so upon demand. We may reasonably increase the minimum liability protection requirement annually and require different or additional types of insurance, as we deem necessary.

XVIII. RENEWAL OF AGREEMENT

A. Unless previously terminated, this Agreement may be renewed by you for one (1) additional ten (10) year term, subject to our approval, by providing written notice to us, at least six (6) months, but no more than eighteen (18) months, prior to the expiration date of this Agreement, of your desire to renew the Agreement; provided, however, that, upon renewal of the Agreement, all terms and conditions of the then current form of the Franchise Agreement for franchisees shall govern.

B. You shall not be required to pay a fee for the renewal of this Agreement if you are in good standing with us, current with all amounts payable to us, and certify that you have not violated any term, condition or covenant of this Agreement. Upon renewal, we may require that you or your designee attend, at your expense, our then current training program at a location designated by us. Upon renewal, to the extent permitted under applicable state law (if any), you and your spouse (if you are an individual) or each of your owners and their spouses (if you are other than an individual) (collectively, the "Releasing Entities") must sign a general release from liability of all claims against us, the Franchisor, our affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns and their spouses (collectively, the "Released Entities"). The then current Operations Manual shall become part of the Agreement at the beginning of the renewal term. The renewal term of this Agreement shall apply solely to the right to operate your HEITS® Franchise at the Location. You shall not be permitted to move your HEITS® Franchise to another location without our consent.

C. We may, in our sole discretion, decline to accept your request to renew the Franchise.

XIX. TERMINATION OF AGREEMENT

A. The occurrence of any of the following shall constitute a default under this Agreement and shall be cause whereby we may terminate this Agreement as provided herein:

- (i) You fail to complete the training program in a manner satisfactory to us; or
- (ii) You fail, refuse, or neglect to promptly pay any monies owing to us when due or fail to satisfy any other obligation of a third party with respect to the operation of the Franchise, including obligations to suppliers and tradesmen; or
- (iii) You fail to offer all required services or you perform services (or sell products) which have not been authorized by us; or

(iv) You fail to submit, or falsify in any way, any reports or financial data which we require under this Agreement; or

(v) You fail to comply with any of the terms, conditions or covenants contained in this Agreement, the Operations Manual, or other such operational memoranda issued by us or Franchisor, or use bad faith in carrying out the terms of this Agreement; or

(vi) You fail to timely commence operation of the Franchise or fail to continuously maintain said operation; or

(vii) You misuse the Proprietary Rights or otherwise materially impair the goodwill of the Trademarks associated therewith; or

(viii) You repeatedly fail to meet our customer satisfaction policies; or

(ix) The continued operation of the Franchise is a threat or danger to public health or safety; or

(x) You, or any person controlling, controlled by, or under common control with you or any person or entity that guarantees the obligations of you under this Agreement ("Related Person") shall become insolvent or make an assignment for the benefit of its creditors; or a petition in bankruptcy is filed by you or a Related Person; or such a petition is filed against and consented to by you or a Related Person; or if you or a Related Person is adjudicated a bankrupt; or if a bill in equity or other proceeding for the appointment of a receiver of you or a Related Person or other custodian for its business or assets is filed and is consented to by you or a Related Person; or a receiver or other custodian is appointed; or if proceedings for composition with creditors under any state or federal law should be instituted by or against you or a Related Person; or if the real or personal property of you or a Related Person should be attached or levied upon by any sheriff, marshal, or constable; or

(xi) If the heirs, beneficiaries, devisees, or legal representatives of a deceased individual franchisee, or partner or shareholder of a franchisee fail to comply with the terms and conditions of any part of this Agreement; or

(xii) If a person signing this Franchise Agreement as a Guarantor terminates his guaranty, unless in our opinion adequate collateral is provided; or

(xiii) You fail to promptly and properly service any account that is assigned to you; or

(xiv) You have violated any term, condition or covenant of this Agreement.

B. If you are in default under the terms of this Agreement and such default is not cured within sixty (60) days after delivery to you of a written "Notice to Cure" by us, or if such default is not capable of being cured within such period you fail to commence to cure such default within such period and diligently conclude curing such default, then in addition to all other remedies at law or in equity, we may immediately terminate this Agreement effective 90 days after delivery to you of the Notice to Cure. Notwithstanding the above, we shall have the

right to terminate this Agreement without an opportunity to cure, if you fail to cure a default which materially affects the goodwill associated with the Trademarks within 24 hours after written notice to you thereof, or if you voluntarily abandon the Franchise or if you or any person controlling, controlled by, or under common control with you, are convicted of an offense, felony or any other criminal misconduct related to the business conducted under the Franchise.

XX. DUTIES AND RESPONSIBILITIES UPON TERMINATION

A. Upon expiration or termination of this Agreement for any reason, you shall immediately:

- (i) Cease operating the Franchise and servicing any of the accounts;
- (ii) If we have financed any fees or equipment or supplies, return all items which are held by us as security for such debt;
- (iii) Cease using the Trademarks in any way;
- (iv) Cease all advertising or other use of HEITS® operating methods or any part thereof, and of any forms, systems, slogans, signs, logos, marks, symbols, colors or devices used in connection with the Franchise;
- (v) Remove any and all advertising material and signs or labels from the Location or vehicles or equipment used in connection with the Franchise and, in our sole discretion, transfer to us or discontinue service or use of any telephone number or numbers associated with the Trademarks and any other listings and social media sites unless directed in writing by us to do otherwise;
- (vi) Provide us a statement of the quantity and type of all products and supplies on hand, and comply with our instructions with respect thereto;
- (vii) Pay forthwith all debts owed by you to us and other creditors of the Franchise and all debts in any way connected with your operation of the Franchise;
- (viii) Return the Operations Manual to us; and
- (ix) If the termination of the Franchise is for any reason other than the expiration of the Agreement due to completion of the time period stated in Section II, you shall pay to us damages in the amount of two years of your highest royalties, or \$27,000, whichever is greater, which shall not be deemed a penalty, but which shall be the agreed value of the expense to us in marketing, training and educating a new franchisee.

B. Upon termination or expiration of this Franchise Agreement, for any reason, title to all signs bearing HEITS® Trademarks shall immediately pass from you to us for Fifty (\$50.00) Dollars, unless state law specifically forbids this. In that case, the amount paid shall be the minimum amount permitted under state law.

C. Upon the failure to perform any of the duties contained in this Section, unless directed in writing by us to the contrary, you shall pay to us One (\$1,000) Thousand Dollars per day until you perform the required duties described hereinabove.

XXI. ASSIGNMENT OF AGREEMENT

A. You may not sell, assign or transfer this Agreement, or any of your rights hereunder, in whole or in part, including by pledge, mortgage or operation of law, without our prior written consent and in accordance with this Section.

B. You covenant and agree to give us the following first refusal option before the assignment or sale of the Franchise to a third person:

(i) You agree to notify us immediately in writing of your intention to sell the Franchise. You, in this notice, will set forth the price and terms upon which the sale is contemplated and provide a copy of the *bona fide* offer.

(ii) Upon being notified of your intent to sell the Franchise, we shall have sixty (60) days in which to notify you that we will purchase the Franchise pursuant to the terms and price set forth in the notice. You covenant that you will not sell, transfer, assign, or convey any interest, title or rights in the Franchise for at least sixty (60) days after receipt by us of said notice, and you agree that any such transfer shall be null and void and of no effect.

(iii) If we decide to purchase the Franchise, we will inform you in writing. The closing date shall be within thirty (30) days of the date of our notification to you that we will purchase the franchise. The closing shall be at our office, and payment shall be made by us upon receipt of all documents reasonably required by us to complete the sale.

(iv) If we decide not to purchase the Franchise, or upon the expiration of the sixty (60) day period in subparagraph (ii) above, you may sell the Franchise pursuant to the terms and conditions set forth in the notice.

(v) If you decide to sell the franchise at a different price or upon different terms than recited in your notice to us, we must again be notified and provided with a copy of the bona fide offer and must be given another sixty (60) days to decide whether to purchase the Franchise.

(vi) The transfer to a third person of 50% or more of the stock of a corporate franchisee, or 50% or more of the membership interest in a limited liability company franchisee, or 50% or more of the partnership interest of a partnership franchisee constitutes a transfer of the Franchise.

C. If you desire to sell the Franchise, and we decline to purchase the Franchise, then you may sell, assign or transfer this Agreement in accordance with the following conditions:

(i) The transferee is financially able to operate the Franchise and, in our sole opinion, the proposed transferee is a financially responsible person, of good moral character and of a reputation satisfactory to us, and has the business qualifications and ability to perform all terms

and conditions of this Agreement, and you provide us with such information as we may deem necessary or appropriate to make such determination;

(ii) The HEITS® Franchise, equipment and signs shall be updated according to the then-current HEITS® specifications prior to the sale unless this requirement is waived by us;

(iii) The transferee signs our then-current Franchise Agreement and any ancillary documents, upon all of the terms and conditions stated therein for the remainder of the Term;

(iv) All outstanding debts and accounts of the Franchise are paid in full;

(v) You are not in violation of any term, condition or covenant of this Agreement;

(vi) You or the proposed transferee pays us a transfer fee of One Thousand Dollars (\$1,000) for our expenses in connection with the transfer; and

(vii) You and your spouse (if you are an individual), and each of your owners and their spouses (if you are other than an individual), execute a general release from liability, to the extent permitted under applicable state law, of all claims against the Franchisor and us, our respective affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns and their spouses (collectively, the "Released Entities");

(viii) The transferee must be trained by us in the operation of the Franchise and in the sale of HEITS® services before the transferee may operate the Franchise. All costs incurred by us in connection with the foregoing, including, but not limited to, travel costs and hotel expenses, shall be paid by you or the transferee; and

(ix) The transferee shall not be entitled to any guarantees that might be provided by us.

D. This Agreement provides that it shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns. The Franchise may pass by will or intestate succession, as appropriate, provided the Franchise is operated in accordance with the Franchise Agreement in effect at the time of death during any period of probate or administration. Such a transfer of the deceased franchisee's interest shall be considered to be a transfer requiring the compliance with transfer requirements, including our written approval of the transferee(s), qualifications of any heir or beneficiary of the franchisee to operate the Franchise. If we do not approve the transfer to the heir or beneficiary of the deceased franchisee, the executor or administrator of the deceased franchisee's estate shall have a period of six (6) months following such disapproval within which to sell the Franchise to a transferee acceptable to us. If such sale is not concluded within that period, we may terminate the Franchise Agreement.

E. We have the right to assign this Agreement or any or all of the rights, benefits, interests or obligations arising under it at any time without notice or permission.

XXII. INDEMNIFICATION

You are solely responsible for the operation of your Franchise. You shall indemnify the Franchisor and us and hold the Franchisor and us harmless from any responsibility, claims, demands, liabilities, actions, suits, or proceedings asserted or claimed by third parties arising out of the operation of the Franchise under this Franchise Agreement. You agree to pay all costs and expenses of defending same, including legal fees and expenses.

XXIII. LICENSES/PERMITS

You shall obtain all federal, state, county, parish, city and local licenses and permits as may be required for operation of the Franchise.

XXIV. RELATIONSHIP BETWEEN THE PARTIES

A. This Franchise Agreement does not make you the agent, legal representative or employee of HEITS® for any purpose whatsoever. The relationship between the parties hereto is that of master franchisee and franchisee, and this Franchise Agreement is not to be construed as creating a partnership, joint venture, master-servant, principal-agent or other related relationship for any purpose whatsoever. Under this Franchise Agreement, you are and shall be an independent contractor. You are solely responsible for all obligations of your Franchise, including but not limited to, employee taxes and benefits, workman's compensation, social security, and unemployment insurance. Except as may be expressly provided herein, neither party may be held liable for the acts, either of omission or commission, of the other party; and neither party is authorized to or has the power to obligate or bind the other party by contract, agreement, warranty, representation or otherwise in any manner whatsoever. You may not use HEITS® Trademarks in connection with advertising for the sale of your Franchise, or for any other purpose except as specifically provided therein, without our prior written consent.

B. If requested by us, you shall prominently display at the Location a certificate or plaque, with a text satisfactory to us, reflecting that the franchise is independently owned and operated by you.

XXV. NON-WAIVER OF BREACH OR DEFAULT

Our failure at any time to enforce or to object to any failure or refusal by you to perform any term or covenant of this Agreement, or our failure at any time to require the timely performance of any term or covenant of this Agreement shall not affect the validity of this Agreement; nor shall it constitute a waiver of any right of action by us for any breach or default by you. Subsequent acceptance by us of payments due to us hereunder shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

XXVI. INTEGRITY AND CONSTRUCTION OF AGREEMENT

A. This Franchise Agreement and the Franchise Disclosure Document delivered by us to you constitutes the entire understanding between the parties hereto and the parties hereby

acknowledge that there are no other agreements or understandings, oral or written, between the parties relating to the subject matter of this Agreement. No warranties, representations, understandings, inducements, promises, guarantees, agreements, or conditions, express or implied, not expressly contained herein have been made or shall be enforceable by either party concerning the subject matter hereof or any relationship between the parties.

B. The titles and headings of the Sections and other divisions of this Franchise Agreement are inserted merely for convenience and identification and shall not be used or relied upon in connection with the construction or interpretation of this Franchise Agreement.

C. This Franchise Agreement can be amended or modified only by a written agreement signed by both parties.

XXVII. APPLICABLE LAW AND VENUE

A. This Franchise Agreement shall be construed and interpreted in accordance with the laws of the State of Minnesota. You agree to submit to the personal and the exclusive jurisdiction of any court of competent jurisdiction sitting in or serving the County of Hennepin, State of Minnesota, for any action brought by us or you hereunder.

B. The foregoing notwithstanding, you recognize the unique value and secondary meaning attached to HEITS® System, Trademarks, standards of operation and the Proprietary Rights. It is agreed that any noncompliance therewith or unauthorized or improper use thereof will cause irreparable damage to the Franchisor, us and other HEITS® franchisees. You, therefore, agree that if you should engage in any such unauthorized or improper use, during or after the period of the Franchise, we shall be entitled to both permanent and temporary injunctive relief in an action brought by us in any court of competent jurisdiction sitting or serving Hennepin County, in the State of Minnesota, and you agree to submit to the jurisdiction of that Court for any cause(s) of action based on our rights as aforesaid.

C. YOU HEREBY AGREE TO WAIVE ALL RIGHTS OF EVERY KIND AND NATURE FOR TRIAL BY JURY FOR ANY CLAIM, COUNTERCLAIM, CROSS-CLAIM OR FOR ANY OTHER ACTION, CASE OR PROCEEDING. IN ADDITION, YOU AGREE NOT TO JOIN WITH ANY OTHER PERSON OR BUSINESS IN ANY ACTION AGAINST US WHETHER BY PARTICIPATING IN A CLASS ACTION LAWSUIT OR AS A PLAINTIFF WITH ANYONE ELSE.

D. YOU AND WE (AND OUR OWNERS, GUARANTORS, EMPLOYEES, AGENTS AND AFFILIATES) HEREBY AGREE TO WAIVE ANY CLAIM FOR PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN IN ANY DISPUTE BETWEEN OR AMONG THEM THAT EACH WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT OR ANY EQUITABLE RELIEF TO WHICH IT MAY BE ENTITLED.

E. YOU AND WE AGREE THAT BOTH OF US SHOULD BE ABLE TO SETTLE, MEDIATE, LITIGATE, OR ARBITRATE ANY DISPUTES WITH THIRD PARTIES WITHOUT HAVING THE DISPOSITION OF THE DISPUTE DIRECTLY

AFFECT THE RELATIONSHIP OR AGREEMENT BETWEEN YOU AND US. THEREFORE YOU AND WE AGREE TO WAIVE THE RIGHT TO ASSERT THE PRINCIPALS OF COLLATERAL ESTOPPEL WHICH MIGHT PREVENT EITHER OF US FROM RAISING ANY CLAIM OR DEFENSE IN AN ACTION BETWEEN US AS A RESULT OF SUCH PARTY HAVING LOST A SIMILAR CLAIM OR DEFENSE.

XXVIII. ADDRESSES FOR CORRESPONDENCE

All notices and communications among the parties concerning this Agreement or the franchise granted hereunder shall be in writing and addressed and sent by Registered or Certified Mail, return receipt requested, or other receipted form of delivery, or served personally to us at our business address stated on the first page of this Agreement or such other address as may be specified by us, and to you at the address stated hereinbefore, or to your last known mailing address.

XXIX. EFFECTS OF INVALIDITY OF PART OF FRANCHISE AGREEMENT

Notwithstanding anything to the contrary herein, all provisions hereof are hereby limited to the extent mandated by any applicable law, regulation or decision. If any one or more paragraphs, clauses or other portions hereof should ever be determined to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, or to be illegal, invalid or invalidated or unenforceable by reason of any existing or later enacted law, regulation or statute, then to the extent it is within the jurisdiction illegal, invalid or unenforceable, it shall be limited or construed so as to be valid and enforceable or severed and deleted herefrom. The remaining portions hereof shall survive, remain in full force and effect, continue to be binding and shall not be affected except insofar as may be necessary to make sense hereof, and shall be interpreted to give effect to the intention of the parties insofar as that is possible.

XXX. RIGHTS AND REMEDIES OF THE PARTIES

A. The rights and remedies of the parties provided in this Agreement shall be in addition to (and not in substitution for) any and all rights and remedies to which the aggrieved party shall be entitled at law or equity.

B. In the event of any default on the part of you in addition to any of our other remedies, you shall pay to us all amounts due and all damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of any such default.

C. In the event of expiration or termination of the Franchise Agreement for any reason, you are required to cease using HEITS® Trademarks and to cease advertising or other use of HEITS® operating methods, "HEITS® System", or any part thereof, and certain other specified activities. Should you continue to use any of HEITS® Trademarks or common law rights after termination of the Franchise Agreement, you hereby agree that such conduct will cause immediate irreparable harm to HEITS®. You waive any right that you may otherwise have to contest the existence of irreparable harm to HEITS® if you continue to use HEITS® Trademarks and any other indicia representing the good will and reputation of HEITS® after termination.

XXXI. THIRD PARTIES INCLUDED IN AGREEMENT

A. This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, executors, personal representatives, successors and/or assigns of the parties hereto.

B. The Franchisor shall be deemed a third party beneficiary of this Agreement. Upon termination or expiration of the Master Franchise Agreement, this Agreement will remain in effect and the Franchisor may assume the obligations of the Master Franchisee.

XXXII. DELIVERY DATE OF SERVICES, EQUIPMENT AND SUPPLIES

We will deliver to you all services, equipment and supplies, which we are required to deliver under this Agreement, prior to the date of the opening of the Franchise. The delivery of these items may be delayed if such delay is caused by an act of God, governmental restrictions, labor disputes, or other contingencies not within our control. We shall not be liable for any damages or losses of any type caused by any such delay.

XXXIII. TAXES

You shall promptly pay when due all taxes and assessments against the income, Location, or the equipment used in connection with the Franchise, and all liens or encumbrances of every kind or character created or placed upon or against any of said property, and all taxes, accounts and other indebtedness of every kind incurred by you in connection with the conduct of the Franchise, including, but not limited to, taxes in the nature of a sales tax.

XXXIV. CAVEATS

A. The success of your business venture contemplated by this Agreement is speculative and depends upon many factors, including the ability of you to operate the Franchise in accordance with the terms and provisions of this Agreement. We do not make any representation or warranty as to the potential success of the business venture contemplated hereby.

B. You acknowledge that you have entered into this Agreement after making an independent investigation of HEITS® operations, and not upon any representation as to profits which you in particular might be expected to realize, nor has anyone made any other representation which is not expressly set forth herein or in the Franchise Disclosure Document we delivered to you, to induce you to accept this Franchise and execute this Agreement.

C. You acknowledge that you have read this Franchise Agreement and have been advised by a representative of ours to discuss the provisions thereof with an attorney of your choice prior to its execution by you. You moreover represent that you have sought and received independent legal advice and explanation with regard to any element of, or any transaction related to, or any circumstance arising out of this Agreement to the extent that you do not possess the knowledge or expertise to evaluate the same.

D. You further acknowledge that you have been provided and have read a Franchise Disclosure Document as required by the Federal Trade Commission and applicable state law, if any, relating to the offer of the Franchise granted herein. You state that you have consulted with professional advisors to the extent that you deem necessary to determine that you are financially prepared to assume the risks that may be involved in becoming a HEITS® franchisee.

E. You are aware of the fact that some present or future HEITS® franchisees may operate under different forms of agreement and, consequently, that your and our obligations and rights with respect to this Agreement may differ materially in certain circumstances from the obligations and rights agreed to by us and other HEITS® franchisees.

XXXV. PERSONAL GUARANTY

In consideration of and as an inducement to us entering into this Franchise Agreement, you and your spouse (if you are an individual) and each of your owners and their spouses (if you are other than an individual) hereby agree to sign upon the signing of this Franchise Agreement a form of undertaking and unconditional guaranty required by and acceptable to us agreeing to be bound by all the terms, conditions and covenants (including restrictive covenants) of this Franchise Agreement and to be jointly and severally liable for the payment of all debts and obligations hereunder.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the day and year first above written.

**ROSHE ENTERPRISES, INC. d/b/a
HEITS BUILDING SERVICES OF MINNESOTA**

FRANCHISEE:

By: _____
Robin Handy, President

_____ [LS]
[sign]

[Print name]

[Corporate title]

[Address]

[Address]

EXHIBIT 1
TO FRANCHISE AGREEMENT

THE INFORMATION IN THIS EXHIBIT 1 IS TO BE COMPLETED FOR EACH SOLE PROPRIETOR, OR FOR EACH INDIVIDUAL PARTNER OF THE PARTNERSHIP, OR FOR EACH SHAREHOLDER OF THE CORPORATION, OR FOR EACH MEMBER OF THE LIMITED LIABILITY COMPANY FOR OR OF THE FRANCHISEE

Full Name: _____
Address: _____
Telephone: _____
Email: _____
Social Security No.: _____

Full Name: _____
Address: _____
Telephone: _____
Email: _____
Social Security No.: _____

Full Name: _____
Address: _____
Telephone: _____
Email: _____
Social Security No.: _____

Full Name: _____
Address: _____
Telephone: _____
Email: _____
Social Security No.: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the HEITS® Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all HEITS® franchises offered and sold in the state of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, including but limited to your right to seek injunctive relief. The court will determine if a bond is required.

2. Franchisor will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that the Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the Franchise Agreement.

3. Franchisor shall not require Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
ROSHE ENTERPRISES, INC.
d/b/a HEITS Building Services of
Minnesota

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

EXHIBIT C

PERSONAL GUARANTY

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

In consideration of the execution of the Franchise Agreement (the "Franchise Agreement") between ROSHE ENTERPRISES, INC. d/b/a HEITS Building Services of Minnesota ("Master Franchisee") and _____ (the "Franchisee"), dated _____, 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 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 Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of the Franchise Agreement. The undersigned understand and agree that any modification of the Franchise Agreement, including any addendum or addenda thereto, or waiver by Master Franchisee of the performance by Franchisee of its obligations thereunder, or the giving by Master Franchisee of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of Master Franchisee or any failure by Master Franchisee to enforce any of its rights under the Franchise Agreement, including any addendum or addenda thereto, shall not in any way release the undersigned from liability hereunder or terminate, affect or diminish the validity of this Personal Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Franchisee is so released, terminated, or affected or diminished.

The undersigned waive (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; and (4) notice of any changes permitted by the terms of the Franchise Agreement or agreed to by the Franchisee. The undersigned consent to any assignment of the Franchise Agreement, in whole or in part, that Master Franchisee or its successors or assigns may make.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon pursuit by the Master Franchisee of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the 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; and (3) this Personal Guaranty will apply in all modifications to the Franchise Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of Master Franchisee.

FRANCHISEE: _____

PERSONAL GUARANTORS:

Individually			

Print Name			

Address			

City	State	Zip Code	

Telephone			

Individually			

Print Name			

Address			

City	State	Zip Code	

Telephone			

1350559.1

EXHIBIT D

PROMISSORY NOTE SECURED BY SEPARATE SECURITY AGREEMENT

**PROMISSORY NOTE
SECURED BY SEPARATE SECURITY AGREEMENT**

Date: _____
STATE OF MINNESOTA
COUNTY OF _____

FOR VALUE RECEIVED, _____ ("Maker"), hereby promises to pay to the order of ROSHE ENTERPRISES, INC., d/b/a HEITS BUILDING SERVICES OF MINNESOTA, a Minnesota corporation ("Holder"), doing business with its principal office located at 7575 Golden Valley Road, Suite 378, Minneapolis, Minnesota 55427, or at such other place as Holder may from time to time designate by written notice to Maker, the principal sum of _____ (\$_____) Dollars, together with interest on the unpaid balance of said sum at the rate of _____ percent (____%) per annum from the date of this Promissory Note ("Note").

1. Interest Computation; Payments. Principal and interest shall be paid in _____ monthly installments of _____ (_____) dollars, to be paid on the _____ day of each and every month beginning on _____ and continuing until _____ at which time the entire unpaid balance of principal and interest hereunder shall be due and payable. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months. All principal and interest shall be payable in lawful money of the United States of America.

2. Pre-payment. This Note may be prepaid by Maker in full or part at any time without penalty or premium. Any prepayment shall be credited first upon interest then accrued and the remainder upon principal, and interest shall cease to accrue upon principal so credited.

3. Default; Right to Accelerate. If: (i) any payment of principal or interest is not made within ten calendar days of when due; (ii) any event of default (defined in Section 4 below) has occurred or is continuing under the Security Agreement; (iii) Maker materially breaches the Franchise Agreement between Maker and Holder; or (iv) Maker transfers the Franchise Agreement or a controlling interest in Maker or a substantial part of the assets used by Maker in Maker's business, then the entire unpaid principal balance of this Note and interest then accrued, whether or not otherwise then due, shall at the option of Holder become immediately due and payable without demand or notice.

4. Security Agreement. This Note is secured by a Security Agreement of even date herewith executed by Maker, as Debtor, and Holder as Secured Party (the "Security Agreement"), encumbering certain accounts receivable, notes receivable, contract rights, cash and cash equivalents, inventory and supplies and equipment located in _____ County, State of Minnesota, and is subject to all of the terms and conditions and entitled to all of the benefits of said Security Agreement.

5. Waiver. Failure of Holder to exercise any right hereunder shall not constitute a waiver of the right to exercise the same in the event of any subsequent default, or any event of continuance of any existing default after demand for strict performance thereof.

6. Usury. Notwithstanding anything herein or in the Security Agreement to the contrary, no provision contained herein or therein shall require the payment or permit the collection of interest in excess of the maximum non-usurious interest permitted by applicable law (the "Maximum Rate"). If any interest in excess of the Maximum Rate is provided for, or shall be adjudicated to be so provided for, then Maker shall not be obliged to pay interest to the extent that it is in excess of the Maximum Rate and any excess interest which may have been collected shall be either applied as a credit against the then unpaid principal amount hereof or refunded to Maker.

7. Attorneys' Fees. If any party or parties to this Agreement institute any court action or other proceeding of any nature whatsoever (including, but without limitation, any bankruptcy proceeding) to enforce the rights and duties of the parties hereto arising from or in any way relating to the subject matter of this Agreement, the prevailing party or parties in such action or proceeding shall be entitled to recover from the non-prevailing party or parties all costs and expenses incurred by the prevailing party or parties in such action or proceeding, including, but not limited to, reasonable attorneys' fees, paralegal fees, law clerk fees and other legal costs and expenses incurred by the prevailing party or parties, whether incurred at or before the trial level or in any appellate, bankruptcy or other legal proceeding.

8. Time of the Essence. Time is of the essence of the performance hereof.

9. Assignment. Holder may assign, pledge or otherwise transfer any interest in all or any portion of this Agreement without notifying or receiving the consent of the Maker. Maker may not assign, pledge or otherwise transfer any interest in all or any portion of this Agreement without the prior written consent of Holder, which consent may be withheld for any reason or for no reason. All rights of Holder hereunder shall inure to the benefit of the successors and assigns of Holder.

10. Joint and Several Obligations. If more than one person signs this Agreement on behalf of Maker, each such person is fully and personally obligated to keep all of the promises made herein, including the promise to pay in full all amounts owed hereunder or thereunder. Holder may enforce its rights hereunder against each such person individually or against all together. This means that any one such person may be required to pay all of the amounts owed hereunder.

11. Governing Law. This Agreement has been entered into in the State of Minnesota, and is governed by and construed and enforced in accordance with the laws of the State of Minnesota.

MAKER:

By: _____

Its: _____

(Individual)

1352564.2

EXHIBIT E

SECURITY AGREEMENT

SECURITY AGREEMENT

This Security Agreement is made as of the ____ day of _____ 20__ by and between ROSHE ENTERPRISES, INC., d/b/a HEITS BUILDING SERVICES OF MINNESOTA, a Minnesota corporation with its principal office located at 7575 Golden Valley Road, Suite 378, Minneapolis, Minnesota 55427 ("Secured Party"), and _____ located at _____ a ☐ Sole Proprietorship, ☐ Partnership, ☐ Corporation, ☐ Limited Liability Company formed under the laws of the State of _____ (hereinafter referred to singularly or collectively as "You," "Franchisee," or "Debtor")

The parties hereto hereby agree as follows subject to the provisions of this Security Agreement:

1. Grant of Security Interest. In consideration of Secured Party extending a loan to Debtor, and to secure the prompt payment of the Obligations (as defined in Section 2 hereof), Debtor hereby grants to Secured Party a security interest in all Debtor's right, title and interest in and to the following, wherever located and whether now or hereafter existing or now owned or hereafter acquired (collectively referred to as "Collateral"):

1.1 All inventory, machinery, equipment, supplies and other tangible personal property (whether or not acquired from the Secured Party) of every kind and description owned by the Debtor in connection with the franchise granted to Debtor by Secured Party (the "Franchise") or used in the operation of the Franchise, including all tangible personal property now or hereafter owned or acquired by Debtor, and all parts thereof, accessories, increases and accessions thereto and substitutions and replacements therefor, (collectively, the "Personal Property");

1.2 All income, rents, issues, profits, earnings, receipts, accounts, royalties, and revenues, which, after the date of this Agreement and while any portion of or with respect to the indebtedness secured by the Security Agreement remains unpaid, may accrue from the Personal Property or that may be received or receivable by Debtor from any using, letting, leasing, sub-hiring, subletting, or subleasing of any of the above items;

1.3 All intangible property and rights belonging to Debtor and relating to the Personal Property, or the operation of Debtor's Franchise, or used in connection with it. Without limiting the generality of the foregoing, such items include, without limitation, any and all accounts receivable, notes receivable, contract rights, deposit accounts, cash and cash equivalents, instruments and documents (as those terms are defined in the UCC) (whether or not yet earned by performance);

1.4 All causes of action, claims, compensation, and recoveries, for any damage to the Personal Property, or arising out of the operation of Debtor's Franchise, or for any

conveyance in lieu thereof, whether direct or consequential, or for any damage or injury to the Personal Property, or for any loss or diminution in value of the same;

1.5 All products and proceeds of any and all of the foregoing, including, but not limited to, proceeds from voluntary or involuntary disposition and insurance proceeds or other payments by reason of loss or damage to any of the foregoing, and any and all renewals, replacements, substitutions, additions, accessions and attachments for or to any of the foregoing, and any and all tools, parts and equipment used in connection with any of the foregoing, and any and all rents, issues, royalties and profits of any of the foregoing, all whether now owned, existing or hereafter arising; and

1.6 All property similar to the foregoing hereafter acquired by Debtor.

2. Obligation Secured. The following are the obligations secured by this Agreement (collectively, the "Obligations"):

(a) Payment by Debtor of all sums at any time and from time to time owing under that certain Promissory Note Secured by Separate Security Agreement dated _____, in the principal amount of _____ (\$ _____) Dollars, executed by Debtor as Maker in favor of Secured Party as Holder (the "Note");

(b) Payment and performance of all other obligations of Debtor to Secured Party arising out of any other documents executed by Debtor in connection with the loan evidenced by the Note; and

(c) Payment of all costs and expenses incurred by Secured Party or on its behalf: (i) to obtain, preserve, protect and enforce this security interest and exercise its rights and remedies with respect to the Collateral or any part thereof; and (ii) to maintain, preserve and protect the Collateral or any part thereof. Such costs and expenses may include, without limitation, taxes, assessments, insurance premiums, repairs, reasonable attorneys fees and legal expenses, reasonable accountants' fees, rent, storage costs, and expenses of sale of the Collateral or any part thereof.

3. Location of Collateral. Except as required in the ordinary course of business from time to time, the Collateral shall at all times be located at _____.

4. Warranties and Representations. Debtor warrants and represents to Secured Party that:

4.1 Debtor is, or upon acquisition will be, the sole and absolute owner of the Collateral and any part thereof;

4.2 None of the Collateral is (or with respect to after acquired property will be when acquired) subject to any lien, encumbrance or security interest other than the security interest granted hereby, and no financing statement has been filed with respect to the Collateral other than the financing statement relating to the security interest granted hereby; and

4.3 All information now or hereafter supplied by Debtor to Secured Party or at Secured Party's request or instructions, is and will be correct when supplied in all material respects.

5. Covenants of Debtor. Until the Obligations have been paid or performed in full, Debtor agrees:

5.1 To furnish to Secured Party such information concerning Debtor (as it specifically relates to Promissory Note and this Security Agreement) and the Collateral as Secured Party may reasonably request from time to time;

5.2 To use its best efforts to preserve and protect the Collateral; to maintain any Personal Property in good working order; and to replace such Collateral with items of substantially the same quality, nature and function upon the destruction thereof or the expiration of its useful life; and to permit Secured Party to inspect the such Collateral from time to time;

5.3 To pay all charges of any nature against the Collateral prior to their delinquency and not permit to exist any lien, charge, interest or claim of any person, except Secured Party hereunder, against the Collateral; provided, however, that upon any failure by Debtor to do so, Secured Party may: (i) pay such amounts which it deems necessary or remove any lien, charge, interest or claim (but shall have no obligation to do so), and Debtor shall reimburse Secured Party for any amounts (including attorneys' fees and costs) so expended promptly upon demand therefor by Secured Party; or (ii) require Debtor to obtain a written subordination agreement in a form satisfactory to Secured Party executed by the beneficiary of such lien, charge, interest or claim within five (5) days of demand therefor by Secured Party;

5.4 To timely perform under the terms of the Note and this Security Agreement and, in the event of Debtor's default thereunder or hereunder, repay immediately on demand all expenses (including reasonable attorneys' fees, legal expenses and costs and the cost of filing financing statements and any renewals or extensions thereof) incurred by Secured Party under this Security Agreement from the date of such expenditure;

5.5 That any replacements or renewals of the Collateral hereafter acquired by Debtor for use by Debtor in connection with the Franchise shall immediately become subject to this Security Agreement. Upon demand of Secured Party, Debtor, in order to further confirm the same, shall execute a new or amended security agreement and a financing statement in a form satisfactory to Secured Party;

5.6 Not to commence or permit to continue any proceeding in bankruptcy, receivership or similar proceedings, or commit any act of bankruptcy or make any assignment for benefit of creditors or become insolvent;

5.7 Not to sell, contract to sell, lease, encumber or dispose (except as otherwise provided in Section 5.2 above) of the Collateral or any interest therein without the

written consent of Secured Party, which consent may be withheld in Secured Party's sole and absolute discretion;

5.8 To insure (and maintain such insurance at all times during the term of the Note) the Personal Property, with Secured Party as loss payee, against such hazards, in such form as Secured Party may reasonably require and in such amounts as Secured Party may require, not to exceed the fair market value from time to time of the Personal Property, and deliver the policies or appropriate certificates to Secured Party;

5.9 To pay when due all taxes, assessments and charges now or hereafter affecting the Collateral; and

5.10 To appear in and defend any action or proceeding which may affect Secured Party's security interest in or Debtor's title to the Collateral.

6. Rights of Secured Party. Secured Party may, in its sole discretion: (i) contact account debtors to verify information furnished by Debtor, (ii) notify account debtors and obligors on instruments to make payment directly to Secured Party; (iii) take any action which Debtor is required to take or which Secured Party deems necessary or advisable to obtain, preserve, protect and enforce this security interest, and maintain, preserve and protect the Collateral, including, but not limited to, taking those actions set forth in Section 7 hereof, without notice to Debtor, and add all costs and expenses of the same to the Obligations (but the Secured Party is under no duty to take any such action); (iv) release the Collateral or any part thereof that is in the Secured Party's possession to Debtor, temporarily or otherwise; (v) take control of proceeds and other funds generated by the Collateral, such as dividends, interest and proceeds or refunds from insurance, and use the same to reduce any part of the Obligations; (vi) waive any of its rights hereunder without such waiver prohibiting the later exercise of the same or similar rights; (vii) require Debtor to give possession or control of the Collateral or any part thereof to the Secured Party; (viii) revoke any permission or waiver or any indulgence previously granted to Debtor, and (ix) exercise any other rights Secured Party may have. Secured Party may only exercise the rights described in (ii) and (vii) above after an Event of Default (as defined below).

7. Payments of Charges. In the event Debtor at any time or times fails to pay when due any insurance premium or any taxes or fees imposed by any governmental agency (except when contested in good faith and with respect to which Debtor has established adequate reserves pursuant to generally accepted accounting principles) or any payment which is or may become a lien, encumbrance, attachment, levy or charge upon, or result in a temporary protective order with respect to, any of the Collateral, the Secured Party may, without waiving or releasing any obligation or liability of Debtor hereunder or the waiving of any Event of Default, upon three (3) business days prior written notice to Debtor, make such payment or any part thereof, or obtain a discharge and take any other action with respect thereto that Secured Party deems advisable to protect its security interest in the Collateral.

8. Event of Default. Each of the following shall constitute an event of default ("Event of Default") hereunder:

8.1 The occurrence of a default under the Note, any other document executed by Debtor in connection with the loan evidenced by the Note, or this Security Agreement;

8.2 The impairment, in Secured Party's sole discretion, of the value or priority of the security interest in the Collateral or any material part thereof;

8.3 Any loss, theft, damage, destruction, sale or encumbrance to or of the Collateral or any material part thereof;

8.4 A dissolution or other termination of Debtor's existence or of any one individual constituting Debtor, or any merger or consolidation of Debtor with a third party;

8.5 Entry of any judgment against Debtor or the filing of any financing statement with respect to any of the Collateral other than relating to this security interest;

8.6 Breach by Debtor of any provision of this Security Agreement (other than a breach covered by Section 8.7 below), which breach is incurable or remains uncured for a period of ten (10) days following written notice thereof to Debtor;

8.7 Any representation, warranty or statement to Secured Party was false when made or furnished, or a substantial adverse change occurs in any fact warranted or represented in this Security Agreement;

8.8 Any of the Collateral has been attached, seized or levied on at any time pursuant to any court order or other legal process and the continuance of any such order or such legal process shall have remained unstayed and in effect for a period of at least ten (10) consecutive days; or

8.9 Any material default by Debtor under the Franchise Agreement between Debtor and Secured Party.

If an Event of Default has occurred, the Secured Party may exercise any and all of the rights and remedies available to a party under the Uniform Commercial Code as in force in the State of Minnesota, as well as all other rights and remedies. Secured Party may exercise such rights and remedies without demand for performance or other demand, advertisement or notice of any kind (except the notice specified in (e) below of time and place of public sale or time of private sale) to or upon Debtor, or the extent permitted by law, any other person (all and each of which demands, advertisements and/or notices are hereby expressly waived). Without limiting the generality of the foregoing, Secured Party may:

(a) Incur costs and expenses, including, but not limited to, reasonable attorneys' fees, legal expenses and costs appropriate to the exercise of any rights, power or remedy with respect to the Collateral or any part thereof;

(b) Collect and take possession of the Collateral or any part thereof and render it usable, and repair and renovate the same without, however, any obligation to do so, and enter upon any real property where the same may be located for that purpose;

(c) Control, manage, rent and lease the Collateral or any part thereof, and collect all rents and income from the Collateral and apply the same to the reimbursement of Secured Party for any costs or expenses incurred hereunder and to the payment of Debtor's Obligations;

(d) Sue Debtor or any other person or entity liable for payment and performance of Debtor's Obligations; and/or

(e) Dispose of the Collateral (or contract to do so) or any part thereof and apply the proceeds to reimbursement of Secured Party for any costs or expenses incurred hereunder and to the payment of Debtor's obligations and liabilities hereunder, and the balance to the payment of Obligations. Such disposition of the Collateral or any part thereof may be by public or private sale or sales, at any exchange, broker's board or elsewhere. The parties agree that written notice to Debtor five (5) business days prior to the date of public sale of the Collateral or (5) business days prior to the date after which private sale or any other disposition of the Collateral will be made shall constitute reasonable notice (all other notices, demands or advertisements of any kind being expressly waived by Debtor), but notice given in any other reasonable manner or at any other time shall be sufficient.

Debtor shall deliver from time to time to Secured Party, as requested by Secured Party, current lists of the Collateral (including any proceeds).

The rights, powers and remedies of Secured Party provided in this Security Agreement are cumulative, may be exercised singly or concurrently, and are not exclusive of any right, power or remedy of the Secured Party provided by law or equity. Secured Party shall have no obligations to resort to the Collateral or any other security that is or may become available to it.

9. Notice. Any notice or other communication hereunder shall be in writing and shall be deemed given and effective: (i) when delivered personally, by facsimile, or by overnight courier service; or (ii) three (3) days after the postmark date if mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to a party at its address stated below its signature hereto or to such other address as such party may designate by written notice of change of address in accordance with the provisions of this Section 9.

10. Miscellaneous.

10.1 This Security Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes all prior oral and written and all contemporaneous oral negotiations, commitments and understandings of the parties.

10.2 This Security Agreement may not be changed or amended except by a writing executed by the party against whom such change or amendment is invoked.

10.3 The rights and privileges of Secured Party shall inure to the benefit of its successors and assigns. All representations, warranties, covenants, and agreements of Debtor shall bind Debtor's successors and assigns. Debtor's consent shall not be required with respect to any assignment or other transfer by Secured Party of its rights and interests in the Security Agreement and/or in the Collateral.

10.4 This Security Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Minnesota applicable to contracts entered into and to be performed within that State. Definitions in the Uniform Commercial Code as in force in the State of Minnesota shall apply to words and phrases in this Security Agreement.

10.5 No failure or delay on the part of Secured Party in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof, or the exercise of any other right, power or remedy. Furthermore, the taking of this Security Agreement shall not waive or impair any other security Secured Party may have or hereafter acquire for the payment or the performance of the Obligations, nor shall the taking of any such additional security waive or impair this Security Agreement; but Secured Party may resort to any security it may have in any order it may deem proper, and notwithstanding any security interest of Secured Party, Secured Party shall retain its rights of setoff against Debtor. Secured Party shall have no obligations to resort to the Collateral or any other security that is or may become available to it. No waiver by Secured Party will be effective unless and until it is in writing and signed by Secured Party.

10.6 This Security Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument.

10.7 The headings are for reference purposes only and are not to be considered in construing this Security Agreement.

10.8 If any provision of this Security Agreement shall be held invalid or unenforceable, in whole or in part, such provision shall be modified to the minimum extent necessary to make it or its application valid and enforceable, and the validity and enforceability of all other provisions of this Security Agreement and all other applications of such provision shall not be affected thereby.

10.9 The parties agree that this Security Agreement shall be fairly interpreted in accordance with its terms without any strict construction in favor of or against either party and the ambiguities shall not be interpreted against the drafting party.

10.10 The pleading of the statute of limitations to any demand for the performance of any obligation secured hereby is hereby waived.

10.11 The individuals executing this Security Agreement on behalf of Secured Party and Debtor do hereby warrant and represent that they are fully authorized to execute this Security Agreement on behalf of such respective party and to bind the respective party to the terms and provisions hereof, and that such parties are hereby so bound.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the date first above written.

SECURED PARTY

DEBTOR:

**ROSCHE ENTERPRISES, INC. d/b/a
HEITS BUILDING SERVICES OF MINNESOTA**

By: _____
Robin Handy, President

_____ [LS]
[sign]

Address for notices:

7575 Golden Valley Road, Suite 378
Minneapolis, MN 55427

[Print name]

[Corporate title]

[Address]

[Address]

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EXHIBIT F

FORM OF UCC-1 FINANCING STATEMENT

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME						
OR	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION		1g. ORGANIZATIONAL ID #, if any	<input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME						
OR	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION		2g. ORGANIZATIONAL ID #, if any	<input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME						
OR	3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS			CITY	STATE	POSTAL CODE	COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

5. ALTERNATIVE DESIGNATION (if applicable):	LESSEE/LESSOR	CONSIGNEE/CONSIGNOR	BAILEE/BAILOB	SELLER/BUYER	AG. LIEN	NON-UCC FILING
6. <input type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)		All Debtors		Debtor 1	Debtor 2
8. OPTIONAL FILER REFERENCE DATA						

Instructions for UCC Financing Statement (Form UCC1)

Please type or laser-print this form. Be sure it is completely legible. Read all instructions, especially Instruction 1; correct Debtor name is crucial. Follow Instructions completely.

Fill in form very carefully; mistakes may have important legal consequences. If you have questions, consult your attorney. Filing office cannot give legal advice. Do not insert anything in the open space in the upper portion of this form; it is reserved for filing office use.

When properly completed, send Filing Office Copy, with required fee, to filing office. If you want an acknowledgment, complete Item B and, if filing in a filing office that returns an acknowledgment copy furnished by filer, you may also send Acknowledgment Copy; otherwise detach. If you want to make a search request, complete item 7 (after reading Instruction 7 below) and send Search Report Copy, otherwise detach. Always detach Debtor and Secured Party Copies.

If you need to use attachments, you are encouraged to use either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP).

A. To assist filing offices that might wish to communicate with filer, filer may provide information in item A. This item is optional.

B. Complete Item B if you want an acknowledgment sent to you. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form a carbon or other copy of this form for use as an acknowledgment copy.

1. **Debtor name:** Enter only one Debtor name in Item 1, an organization's name (1a) or an individual's name (1b). Enter Debtor's exact full legal name. Don't abbreviate.
 - 1a. **Organization Debtor.** "Organization" means an entity having a legal identity separate from its owner. A partnership is an organization; a sole proprietorship is not an organization, even if it does business under a trade name. If Debtor is a partnership, enter exact full legal name of partnership; you need not enter names of partners as additional Debtors. If Debtor is a registered organization (e.g., corporation, limited partnership, limited liability company), it is advisable to examine Debtor's current filed charter documents to determine Debtor's correct name, organization type, and jurisdiction of organization.
 - 1b. **Individual Debtor.** "Individual" means a natural person; this includes a sole proprietorship, whether or not operating under a trade name. Don't use prefixes (Mr., Mrs., Ms.). Use suffix box only for titles of lineage (Jr., Sr., III) and not for other suffixes or titles (e.g., M.D.). Use married woman's personal name (Mary Smith; not Mrs. John Smith). Enter individual Debtor's family name (surname) in Last Name box, first given name in First Name box, and all additional given names in Middle Name box.
For both organization and individual Debtors: Don't use Debtor's trade name, DBA, AKA, FKA, Division name, etc. in place of or combined with Debtor's legal name; you may add such other names as additional Debtors if you wish (but this is neither required nor recommended).
 - 1c. An address is always required for the Debtor named in 1a or 1b.
 - 1d. Reserved for Financing Statements to be filed in North Dakota or South Dakota only. If this Financing Statement is to be filed in North Dakota or South Dakota, the Debtor's taxpayer identification number (tax ID#) — social security number or employer identification number must be placed in this box.
 - 1e, f, g. "Additional information re organization Debtor" is always required. Type of organization and jurisdiction of organization as well as Debtor's exact legal name can be determined from Debtor's current filed charter document. Organizational ID #, if any, is assigned by the agency where the charter document was filed; this is different from tax ID #; this should be entered preceded by the 2-character U.S. Postal identification of state of organization if one of the United States (e.g., CA12345, for a California corporation whose organizational ID # is 12345); if agency does not assign organizational ID #, check box in item 1g indicating "none."
- Note:** If Debtor is a trust or a trustee acting with respect to property held in trust, enter Debtor's name in item 1 and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a decedent's estate, enter name of deceased individual in item 1b and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a transmitting utility or this Financing Statement is filed in connection with a Manufactured-Home Transaction or a Public-Finance Transaction as defined in applicable Commercial Code, attach Addendum (Form UCC1Ad) and check appropriate box in item 18.
2. If an additional Debtor is included, complete item 2, determined and formatted per Instruction 1. To include further additional Debtors, attach either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP) and follow Instruction 1 for determining and formatting additional names.
 3. Enter information for Secured Party or Total Assignee, determined and formatted per Instruction 1. To include further additional Secured Parties, attach either Addendum (Form UCC1Ad) or Additional Party (Form UCC1AP) and follow Instruction 1 for determining and formatting additional names. If there has been a total assignment of the Secured Party's interest prior to filing this form, you may either (1) enter Assignor S/P's name and address in item 3 and file an Amendment (Form UCC3) [see item 5 of that form]; or (2) enter Total Assignee's name and address in item 3 and, if you wish, also attaching Addendum (Form UCC1Ad) giving Assignor S/P's name and address in item 12.
 4. Use item 4 to indicate the collateral covered by this Financing Statement. If space in item 4 is insufficient, put the entire collateral description or continuation of the collateral description on either Addendum (Form UCC1Ad) or other attached additional page(s).
 5. If filer desires (at filer's option) to use titles of lessee and lessor, or consignee and consignor, or seller and buyer (in the case of accounts or chattel paper), or bailee and bailor instead of Debtor and Secured Party, check the appropriate box in item 5. If this is an agricultural lien (as defined in applicable Commercial Code) filing or is otherwise not a UCC security interest filing (e.g., a tax lien, judgment lien, etc.), check the appropriate box in item 5, complete items 1-7 as applicable and attach any other items required under other law.
 6. If this Financing Statement is filed as a fixture filing or if the collateral consists of timber to be cut or as-extracted collateral, complete items 1-5, check the box in item 6, and complete the required information (items 13, 14 and/or 15) on Addendum (Form UCC1Ad).
 7. This item is optional. Check appropriate box in item 7 to request Search Report(s) on all or some of the Debtors named in this Financing Statement. The Report will list all Financing Statements on file against the designated Debtor on the date of the Report, including this Financing Statement. There is an additional fee for each Report. If you have checked a box in item 7, file Search Report Copy together with Filing Office Copy (and Acknowledgment Copy). Note: Not all states do searches and not all states will honor a search request made via this form; some states require a separate request form.
 8. This item is optional and is for filer's use only. For filer's convenience of reference, filer may enter in item 8 any identifying information (e.g., Secured Party's loan number, law firm file number, Debtor's name or other identification, state in which form is being filed, etc.) that filer may find useful.

EXHIBIT G

GENERAL RELEASE AGREEMENT

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT ("Release") is made and entered into this ____ day of _____, 20____, by and between ROSHE ENTERPRISES, INC., a Minnesota corporation, doing business as HEITS Building Services of Minnesota ("**Master Franchisee**"), the Master Franchisee of Heits Building Services, Inc. (the "**Franchisor**") for the State of Minnesota and _____ a ☐ sole proprietor ☐ corporation ☐ limited liability company ☐ partnership (check one) ("**Franchisee**"), and each individual, shareholder, member or partner of Franchisee and his or her spouse (individually, an "**Owner**," and collectively, the "**Owners**") (collectively, the Master Franchisee, Franchisee, and the Owners are referred to hereinafter as the "**Parties**").

WITNESSETH

WHEREAS, Master Franchisee and Franchisee previously entered into that certain Franchise Agreement dated _____, 20____ (the "**Agreement**"), granting Franchisee the right to operate a single unit janitorial business franchise under Franchisor's Trademarks for a specific term; and

WHEREAS, Franchisee desires to renew the Agreement for an additional term; and

WHEREAS, the Agreement requires Franchisee and its Owners to execute, in favor of Franchisor, Master Franchisee, and its and their respective affiliates, owners, officers, directors, employees, agents, successors, and assigns and their spouses, as a condition to renew the Agreement, a general release from liability of all claims that Franchisee and its Owners may have against Master Franchisee, and its and their respective affiliates owners, officers, directors, employees, agents, successors, and assigns and their spouses; and

WHEREAS, the Parties desire to enter into this Release to comply with the requirements of the Agreement and preserve Franchisee's eligibility to renew the Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other valuable consideration, the Parties hereby agree as follows:

1. Recitals. The foregoing Recitals are incorporated into and made part of this Release.

2. Release. Franchisee, each Owner and his or her spouse (the "**Releasing Entities**"), hereby fully release Franchisor and Master Franchisee and each of their present or former owners, officers, directors, employees, agents, successors, and assigns, and any spouses of each, and Franchisor's and Master Franchisee's affiliates and other related parties and their respective present or former owners, officers, directors, employees, agents, successors, and assigns, and any spouses of each (the "**Released Entities**") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether

presently known or unknown, which Franchisee and/or Owner and/or his or her spouse may have against the Released Entities as of the date this Agreement is executed.

3. Miscellaneous.

A. This Release contains the entire agreement and representations between the Parties hereto with respect to the subject matter hereof. This Release supersedes and cancels any prior understanding or agreement between the parties hereto whether written or oral, express or implied. No modifications or amendments to this Release shall be effective unless in writing, signed by all Parties.

B. In the event any provision hereof, or any portion of any provision hereof shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect the remaining portion of any provision, or of any other provision hereof, and each provision of this Agreement shall be deemed severable from all other provisions hereof.

C. This Release shall be governed by the laws of the State of Minnesota. Any litigation or court action arising under or related to this Release shall be filed in a court of competent jurisdiction sitting in or serving the County of Hennepin, State of Minnesota.

D. In the event a court action is brought to enforce or interpret this Release, the prevailing Party in that proceeding or action shall be entitled to reimbursement of all of its legal expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred. The prevailing Party shall be entitled to reimbursement of all such expenses both in the initial proceeding or action and on any appeal therefrom.

E. This Release is binding on the Parties hereto and their respective successors, heirs, beneficiaries, agents, legal representatives, and assigns, and on any other persons claiming a right or interest through the Parties.

F. This Release may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

NOTWITHSTANDING THE FOREGOING, THIS RELEASE DOES NOT RELEASE ANY CLAIMS THE UNDERSIGNED MAY HAVE THAT MAY NOT BE RELEASED PURSUANT TO THE FRANCHISE LAWS WHERE THE UNDERSIGNED IS A RESIDENT OR WHERE THE OUTLET IS LOCATED, TO THE EXTENT REQUIRED BY APPLICABLE LAW.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Release as of the day and year first above written.

MASTER FRANCHISEE:

FRANCHISE OWNER:

**ROSHE ENTERPRISES, INC. d/b/a
HEITS BUILDING SERVICES OF MINNESOTA**

By: _____
Robin Handy, President

_____ [LS]
[sign]

[Print name]

[Corporate title]

[Address]

[Address]

(Additional signatures on following page(s).)

FRANCHISEE'S CORPORATE OWNERS:

_____	_____	Owner's % Ownership:
Signature of Owner		
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Residential Address:	
_____	_____	
Owner's Title/Position with Franchisee	Signature of Owner's Spouse	
Date: _____	_____	
	Printed/Typed Name of Spouse	

_____	_____	Owner's % Ownership:
Signature of Owner		
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Residential Address:	
_____	_____	
Owner's Title/Position with Franchisee	Signature of Owner's Spouse	
Date: _____	_____	
	Printed/Typed Name of Spouse	

_____	_____	Owner's % Ownership:
Signature of Owner		
_____	_____	_____ %
Printed/Typed Name of Owner	Owner's Residential Address:	
_____	_____	
Owner's Title/Position with Franchisee	Signature of Owner's Spouse	
Date: _____	_____	
	Printed/Typed Name of Spouse	

		Owner's % Ownership:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	Owner's Residential Address: _____	_____%
_____ Owner's Title/Position with Franchisee	_____ Signature of Owner's Spouse	
Date: _____	_____ Printed/Typed Name of Spouse	

		Owner's % Ownership:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	Owner's Residential Address: _____	_____%
_____ Owner's Title/Position with Franchisee	_____ Signature of Owner's Spouse	
Date: _____	_____ Printed/Typed Name of Spouse	

		Owner's % Ownership:
_____ Signature of Owner	_____	
_____ Printed/Typed Name of Owner	Owner's Residential Address: _____	_____%
_____ Owner's Title/Position with Franchisee	_____ Signature of Owner's Spouse	
Date: _____	_____ Printed/Typed Name of Spouse	

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EXHIBIT H
TRANSFER AGREEMENT

TRANSFER AGREEMENT

THIS TRANSFER AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20__, by and between ROSHE ENTERPRISES, INC., a Minnesota corporation, d/b/a HEITS BUILDING SERVICES OF MINNESOTA, ("Master Franchisee") as Master Franchisee for the State of Minnesota under license from Heits Building Services, Inc., a New Jersey corporation ("Franchisor") and _____ a [] sole proprietor [] corporation [] limited liability company [] partnership (check one) ("**Franchisee**"), and each individual, shareholder, member or partner of Franchisee and his or her spouse (individually, an "**Owner**," and collectively, the "**Owners**") and _____ ("Assignee") (collectively, the Master Franchisee, Franchisee, the Owners and the Assignee are referred to hereinafter as the "**Parties**").

WITNESSETH:

WHEREAS, Master Franchisee and Franchisee previously entered into that certain Franchise Agreement dated _____, 20__ (the "**Franchise Agreement**"), granting to Franchisee that certain HEITS Building Services® janitorial business franchise for the Territory defined in the Franchise Agreement (the "**Franchise**");

WHEREAS, the Franchise Agreement provides as follows with respect to the Transfer (as defined below) of interests in and related to the Franchise Agreement:

- a. That any Transfer must be approved by Master Franchisee in writing before such Transfer may be made or become effective;
- b. That a Transfer is defined as any assignment or sale of the Franchise Agreement, the transfer to a third person of 50% or more of the ownership interest in Franchisee, and the transfer of the Franchise Agreement or Franchise by will or intestate succession.
- c. That certain terms and conditions must be complied with, or that Master Franchisee may require be complied with, before any Transfer may be made or become effective; and

WHEREAS, Franchisee and/or each undersigned Owner wish(es) to Transfer to Assignee the following interest (the "**Transferred Interest**"): _____

WHEREAS, Master Franchisee is willing to consent to the above Transfer of the Transferred Interest, and the Parties desire that the Transfer be made in accordance with the following terms and conditions;

NOW, THEREFORE, in consideration of the mutual agreements, covenants and undertakings herein contained and other valuable consideration, the adequacy of which is acknowledged by all Parties, the Parties hereby agree as follows:

1. Recitals. The above Recitals and terms of the Franchise Agreement referred therein are hereby incorporated into and made part of this Agreement.

2. Consent to Transfer. Master Franchisee hereby consents to the Transfer of the Transferred Interest as described in the Recitals, subject to the terms and conditions of this Agreement.

3. Conditions for Approval of Transfer. Franchisee and/or each undersigned Owner and Assignee each hereby represent and warrant that the conditions for approval of Transfer as set forth in the Franchise Agreement, to the extent such conditions are not specifically addressed or resolved under this Agreement, have been fully and completely satisfied as provided in the Franchise Agreement and to Master Franchisee's satisfaction.

4. Release. Franchisee and/or each undersigned Owner and their present or former affiliated entities, owners, officers, directors, employees, agents, successors, and assigns (the "**Releasing Entities**"), hereby fully release Master Franchisee and its present or former affiliated entities, owners, officers, directors, employees, agents, successors, and assigns, and any spouses of each (the "**Released Entities**") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities as of the date this Agreement is executed.

5. Non-Competition; Non-Solicitation; Confidentiality.

A. Definitions. Wherever used in this Section 5, the term "Heits" shall refer to the Franchisor, Master Franchisee, and any affiliate, subsidiary, or any successor or assign of the Franchisor and/or Master Franchisee. Wherever used in this Section, the phrase "directly or indirectly" includes, but is not limited to, acting, either personally or as principal, owner, shareholder, employee, independent contractor, agent, manager, partner, joint venturer, consultant, or in any other capacity or by means of any corporate or other device, or acting through the spouse, children, parents, brothers, sisters, or any other relatives, friends, trustees, agents, or associates of any of the undersigned parties. Wherever used in this Agreement, the term "employees" shall refer to employees of Heits; any affiliate, subsidiary, or any successor or assign of Heits; and any franchisee of Heits existing as of the date of this Agreement and, to the extent allowable by law, any other person that has been an employee (as defined above) in the twelve (12) months preceding the date of this Agreement. Whenever used in this Section, the terms "Proprietary Rights" and "confidential information" shall be defined as provided in the Franchise Agreement.

B. Consideration. The undersigned Parties acknowledge that consideration for this Agreement has been provided and is adequate. The consideration includes, but is not limited to, the granting of the Franchise to Franchisee and/or each undersigned Owner, and

Master Franchisee's consent to the Transfer of the Transferred Interest to Assignee as provided in this Agreement.

C. Need for this Agreement. The undersigned Parties recognize that in the highly competitive business in which Heits and its affiliates and master and single-unit franchisees are engaged, preservation of Proprietary Rights is crucial and personal contact is important in securing new franchisees and employees, and retaining the goodwill of present franchisees, employees, customers, and suppliers. Personal contact is a valuable asset and is an integral part of protecting the business of Heits. Franchisee and/or each undersigned Owner recognize that it has had substantial contact with Heits' employees, customers, and suppliers and Proprietary Rights. For that reason, Franchisee and/or each undersigned Owner may be in a position to take for his or her benefit the Proprietary Rights and goodwill Heits has with its employees and Proprietary Rights now or in the future. If Franchisee and/or each undersigned Owner, after the Transfer of the Transferred Interest as provided in this Agreement, takes advantage of such Proprietary Rights or goodwill for Franchisee's and/or each undersigned Owner's own benefit, then the competitive advantage that Heits has created through its efforts and investment will be irreparably harmed.

D. Non-Competition with Heits. Franchisee and each undersigned Owner of Franchisee agrees that for two (2) years after the date of this agreement, it and any person controlling, controlled by, or under common control with it will not directly or indirectly compete with the business of Heits within a radius of one hundred (100) miles of the Franchisee's Location as defined in the Franchise Agreement.

E. Non-Solicitation of Master Franchisee's Employees. Franchisee and each undersigned Owner agrees that for two (2) years after the date of this Agreement, it and any person controlling, controlled by, or under common control with it will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any employees of Heits, the Franchise, or any HEITS® franchisee to accept employment with any person, firm, or business that competes with any business of Heits, the Franchise, or any HEITS® franchisee; or (b) induce, request, or advise any employee of Heits, the Franchise, or any HEITS® franchisee to terminate such employee's relationship with Heits, the Franchise, or any HEITS® franchisee; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the employees of Heits, the Franchise, or any HEITS® franchisee, except as required by law.

F. Non-Solicitation of Heits' Customers. Franchisee and each undersigned Owner agrees that for two (2) years after the date of this Agreement, it and any person controlling, controlled by, or under common control with it will not directly or indirectly: (a) solicit, contact, call upon, communicate with or attempt to communicate with any past, present or prospective customers of Heits, the Franchise, or any other HEITS® franchisee's customer with whom Owner has had Material Contact during the two (2) years immediate prior to the execution of this Agreement for the purpose of having such customer(s) become customers of any person, firm, or business that competes with any business of Heits, the Franchise, or any HEITS® franchisee; or (b) induce, request or advise any customer of Heits, the Franchise, or any HEITS® franchisee to terminate or decrease such customer's relationship with Heits, the Franchise, or any HEITS® franchisee; or (c) disclose to any other person, firm, partnership, corporation or other

entity, the names, addresses or telephone numbers of any of the customers of Heits, the Franchise, or any HEITS® franchisee, except as required by law.

G. Proprietary Rights and Confidential Information. Franchisee and each undersigned Owner agrees at all times following the date of this Agreement, to hold the Proprietary Rights and confidential information in the strictest confidence and not to use such Proprietary Rights and confidential information for Franchisee's and/or each undersigned Owner's personal benefit, or the benefit of any other person or entity other than Heits, or disclose it directly or indirectly to any person or entity without Master Franchisee's express authorization or written consent. Franchisee and each undersigned Owner fully understand the need to protect the Proprietary Rights, the confidential information, and all other confidential materials and agree to use all reasonable care to prevent unauthorized persons from obtaining access to the Proprietary Rights and/or confidential information at any time.

6. Subordination. Franchisee and each undersigned Owner and Assignee each agrees that all of Assignee's obligations to make any installment payments to or for the benefit of Franchisee and/or an undersigned Owner in connection with the Transfer of the Transferred Interest as provided under this Agreement shall be subordinate to Assignee's obligations under the Franchise Agreement or any New Agreement (as defined below) to pay the Master Franchisee or its affiliates any Fees, advertising fees, and other fees and payments provided for therein.

7. New Agreement. Assignee agrees that in connection with the Transfer of the Transferred Interest to it, Assignee shall sign at Master Franchisee's request the form of Franchise Agreement currently used by Master Franchisee in selling and offering franchises like the Franchise (the "**New Agreement**").

8. Guaranty of Obligations. In consideration of, and as an inducement to, the execution of this Agreement by Master Franchisee, each undersigned Owner hereby personally and unconditionally (a) guarantees to Master Franchisee and its successors and assigns that the Assignee will punctually pay and perform each and every undertaking, agreement and covenant of Assignee set forth in the Franchise Agreement or any New Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement or any New Agreement, including without limitation, monetary obligations, the obligations to take or refrain from taking certain actions and arbitration of disputes. Each undersigned Owner waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Section 8; (2) any right the Owner may have to require that an action be brought against Master Franchisee or any other person as a condition of the Owner's liability; (3) all right to payment or reimbursement from, or subrogation against, Master Franchisee which Owner may have arising out of this guaranty of Assignee; and (4) any and all other notices and legal or equitable defenses to which Owner may be entitled in its capacity as guarantor. Each undersigned Owner consents and agrees that (i) its direct and immediate liability under this Section shall be joint and several; (ii) it will make any payment or render any performance required under the Franchise Agreement or any New Agreement on demand if Assignee fails or refuses to do so when required; (iii) its liability will not be contingent or conditioned on our pursuit of any remedies against Assignee or any other person; (iv) its liability will not be diminished, relieved or otherwise affected by any extension of

time, credit or other indulgence which Master Franchisee may from time to time grant to Assignee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (v) the guaranty under this Section will continue and be irrevocable during the term of the Franchise Agreement or any New Agreement and afterward for so long as Assignee has any obligations under the Franchise Agreement or any New Agreement. If Master Franchisee is required to enforce the guaranty provided for under this Section in a judicial or arbitration proceeding, and prevails in such proceeding, then each undersigned Owner agrees that Master Franchisee will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Master Franchisee is required to engage legal counsel in connection with any failure by any undersigned Owner to comply with the guaranty provisions of this Section, then the Owner shall reimburse Master Franchisee for any of the above-listed costs and expenses incurred by Master Franchisee.

9. Breach. The Parties hereby agree that each of the matters stated herein are important, material, and confidential, and substantially affect the effective and successful conduct of the HEITS® business and its reputation, and goodwill. Any breach of the terms of this Agreement is a material breach of this Agreement, which will result in substantial and irreparable injury to Franchisor and Master Franchisee, for which the breaching party may be preliminarily and permanently enjoined and for which the breaching party shall also pay to Master Franchisee all damages (including, but not limited to, compensatory, incidental, consequential and lost profits damages) which arise from the breach, together with interest, costs and Master Franchisee's reasonable attorneys' fees (through final unappealable judgment) to enforce this Agreement. This Agreement does not limit any other remedies available at law or in equity available to Master Franchisee.

10. No Waiver. Master Franchisee may waive a provision of this Agreement only in writing executed by an authorized representative. No party shall rely upon any oral representations as to a waiver of any provision of this Agreement. No waiver by a party of a breach by another party of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach by the breaching party.

11. Assignment. This Agreement is fully transferable by Master Franchisee. Franchisee and/or each undersigned Owner and Assignee shall not assign, convey, sell, delegate, or otherwise transfer this Agreement or any right or duty hereunder without obtaining Master Franchisee's prior written consent.

12. Binding Agreement. This Agreement shall be binding upon the Parties' heirs and legal representatives. This Agreement shall be enforceable by the successors and assigns of Master Franchisee, any person or entity which purchases substantially all of the assets of Master Franchisee, and any subsidiary, affiliate or operation division of Master Franchisee.

13. Tolling. To ensure that Master Franchisee will receive the full benefit of this Agreement, the provisions of this Agreement will not run, for purposes of the prohibitions on

any competition and solicitation, statute of limitations, or for laches, at any time that a party to this Agreement is actually acting in any way in contravention to this Agreement.

14. Headings. The paragraph headings of this Agreement are not a substantive part of this Agreement and shall not limit or restrict this Agreement in any way.

15. Choice of Law and Venue.

A. This Agreement shall be construed and interpreted in accordance with the laws of the State of Minnesota. The Parties agree to submit to the personal and the exclusive jurisdiction of any court of competent jurisdiction sitting in or serving the County of Hennepin, State of Minnesota, for any action brought by the Master Franchisee. The Parties agree that all litigation and all other legal matters will be brought by any Party exclusively in the aforesaid jurisdiction. The Parties also agree not to bring or participate in any class actions or multiple cases or actions against Master Franchisee. There may be state laws which conflict with this provision, in which instance such state law shall prevail.

B. The foregoing notwithstanding, the Parties recognize the unique value and secondary meaning attached to the HEITS® trademarks, standards of operation and proprietary rights. It is agreed that any noncompliance therewith or unauthorized or improper use thereof will cause irreparable damage to Franchisor, Master Franchisee and their franchisees. Each Party therefore agrees that if that Party should engage in any such unauthorized or improper use, during or after the term of this Agreement, Master Franchisee shall be entitled to both permanent and temporary injunctive relief in an action brought by any court of competent jurisdiction sitting in or serving the County of Hennepin, State of Minnesota; and the Parties agree to submit to the jurisdiction of that Court for any cause of actions based on Master Franchisee's rights as aforesaid.

C. **FRANCHISEE, OWNERS, AND ASSIGNEE HEREBY AGREE TO WAIVE ALL RIGHTS OF EVERY KIND AND NATURE FOR TRIAL BY JURY FOR ANY CLAIM, COUNTERCLAIM, CROSS-CLAIM OR FOR ANY OTHER ACTION, CASE OR PROCEEDING.**

D. The Parties agree that Master Franchisor may serve a Summons, Complaint and all other legal process and papers by fax, U.S. First Class Mail, Federal Express, e-mail or personal service. All such service shall be considered the equivalent as if the Party thus served personally served both at such Party's home, office and within the State of Minnesota.

16. Severance and Reformation. In case any one or more of the provisions or restrictions contained in this Agreement, or any part thereof, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or restrictions of this Agreement. In case any one or more of the provisions or restrictions contained in this Agreement shall, for any reason, be held to be unreasonable, improper, overbroad or unenforceable in any manner, it is agreed that they are divisible and separable and should be valid and enforceable to the extent allowed by law. The

intention of the parties is that the Master Franchisee and the HEITS® franchise system shall be given the broadest protection allowed by law with respect to this Agreement.

17. Entire Agreement. No change, addition, deletion or amendment of this Agreement shall be valid or binding upon any party unless in writing and signed by the Parties. Insofar as matters within the scope of this Agreement are concerned, this Agreement is the entire Agreement between the Parties and replaces and supersedes all prior agreements and understandings pertaining to the matters addressed in this Agreement. There are no oral or other agreements or understandings between the Parties affecting this Agreement.

18. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

19. Opportunity to Seek Independent Advice. The undersigned individuals recognize that this Agreement is an important document that affects their legal rights. For this reason, the Parties may wish to seek independent legal advice before accepting the terms stated herein. The undersigned Parties acknowledge that they have had an opportunity to seek such independent legal advice. They acknowledge that they have read and understand the provisions contained herein and acknowledge receipt of a copy of this Agreement.

IN WITNESS WHEREOF, the parties hereto affix their signatures and execute this Agreement as of the day and year first above written.

MASTER FRANCHISEE:

ROSHE ENTERPRISES, INC. d/b/a
HEITS BUILDING SERVICES OF MINNESOTA

By: _____
Robin Handy, President

FRANCHISEE:

By: _____
Its: _____

OWNER AND OWNER'S SPOUSE:

By: _____

By: _____

By: _____

By: _____

By: _____

By: _____

By: _____

By: _____

By: _____

By: _____

ASSIGNEE:

By: _____
1352571.2

EXHIBIT I

EQUIPMENT LEASE AGREEMENT

Equipment Lease Agreement

Franchisee Name: _____

Address: _____

This equipment lease is entered into between _____,
Heits Franchisee as Lessee, and _____
As Lessor, which covers the lease of equipment described below.

Equipment Description (Model and Serial Number) _____

Lease Terms and Payments:

This lease is for a term of _____ months commencing on _____ and
ending on _____ with monthly lease payments of \$ _____.

The total lease obligation is \$ _____ which represents the sum total of monthly
lease payments. Lessee may prepay amounts due under the lease without penalty.

The payments shall be deducted from the Lessee's monthly franchise revenue provided
sufficient monies are due Lessee. If there are insufficient funds, the Lessee shall pay the
difference no later than the 28th of the month.

Upon completion of all lease payments, the Lessee may purchase the equipment named
in the lease agreement for \$1.00.

Use of Equipment:

The leased equipment must be used for its intended purposes and by the Lessee. Lessee
will indemnify Lessor, and hold Lessor harmless from all claims, actions, proceedings,
costs, damages, and liabilities arising out of or connected with, or resulting from the
leased equipment. Lessee agrees not to lend, rent, or sublet or provide leased equipment
to any other persons, and will keep the equipment free of all liens and encumbrances.

Insurance and Equipment and Right of Inspection:

Lessee agrees at his own expense to keep equipment in good working condition and have
sufficient insurance to compensate Lessor for loss or damage of equipment due to fire,
theft or other occurrences. Lessor shall have the right to inspect the equipment at any
time during the lease.

Equipment Warranties:

Lessee is leasing the equipment AS IS. Lessor makes no warranties, expressed or implied, as to the equipment leased, and assumed no responsibility for its condition.

Default and Remedies:

Lessee is in default if Lessee fails to make payments when due or fails to comply with any provision in this agreement. At the time Lessor may exercise all its rights, without any prior notice, under the law to enforce compensation and repossess the equipment. All collection and attorney fees will be charged to the Lessee.

Signed this _____ day of _____ in the year _____.

Lessor _____

Lessee _____

Delivery Receipt: Lessee confirms the receipt of leased equipment serial number

_____ in working condition on _____.

Lessee _____

1396863.1

EXHIBIT J

LIST OF FRANCHISEES

EXHIBIT J

LIST OF HEITS™ FRANCHISEES

Janitorial Businesses of Master Franchisee

As of December 31, 2012, Master Franchisee had the following franchisees:

Albertville, MN

LinWay, LLC

Wayne Quigley and Lindsey LaPlante

735 79th Avenue North

Brooklyn Park, MN 55444

Court NE #210

Albertville, MN 55301

Telephone – 763-670-0154

Farmington, MN

MCeD Management, LLC

Rodney and Juanita McDonald, principals

20577 Erin Court

Farmington, MN 55024

Telephone – 612-328-8024

Brooklyn Park, MN

Phaiboun (Joy) Keomanyvong

4727 Lady Slipper Ave. North

Brooklyn Park, MN 55443

Telephone – 763-227-0531

Maplewood, MN

Frank Vang

1712 Burns Avenue

St. Paul, MN 55106

Maplewood, MN 55119

Telephone – 651-200-5995

Brooklyn Park, MN

Nam Cleaning Services LLC

Nam Nguyen

1340 84th Lane North

Brooklyn Park, MN 55444

Telephone – 612-889-9674

St. Louis Park, MN

PrecisionSpeedCleaning LLC

Adriana Pulido

2526 Highway 100 South, Unit 112

St. Louis Park, MN 55416

Telephone – 612-715-7445

Brooklyn Park, MN

Jana Keomanyvong

3232 83rd Ave. North

Brooklyn Park, MN 55443

Telephone – 612-701-8198

St. Paul, MN

Gene Elling and Kalisa Smith

1416 Morningside

Glencoe, MN 55336

Telephone – 320-894-6793

Coon Rapids, MN

Aftermath National Service LLC

Jacques Simo

11880 Zea Street NW

Coon Rapids, MN 55433

Telephone – 612-481-7507

EXHIBIT K
FINANCIAL STATEMENTS

NEW

Financial Statements and Independent Auditor's Report

**Roshe Enterprises, Inc. d/b/a
Heits Building Services of Minnesota**

December 31, 2012 and 2011



Contents

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Bomberg Roach & Hanson PLLC
Certified Public Accountants And Business Advisors

INDEPENDENT AUDITOR'S REPORT

Members

Roshe Enterprises, Inc. d/b/a Heits Building Services of Minnesota

We have audited the accompanying financial statements of Roshe Enterprises, Inc. d/b/a Heits Building Services of Minnesota, which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of income, changes in stockholders' equity, and cash flows for the years 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 accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 purposes 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 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 Roshe Enterprises, Inc. d/b/a Heits Building Services of Minnesota as of December 31, 2012 and 2011 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bomberg, Roach & Hanson, PLLC

Minneapolis, Minnesota
March 25, 2013

9800 Shelard Parkway, Suite 208 Minneapolis, MN 55441 Phone: 763-277-0303 Fax: 763-277-0323
731 Bielenberg Drive, Suite 202 St. Paul, MN 55125 Phone: 651-319-5540 Fax: 651-714-7179

**FINANCIAL
STATEMENTS**

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
BALANCE SHEETS
December 31,

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT		
Cash	\$ 45,650	\$ 47,048
Accounts Receivable	52,695	20,007
Current Portion of Notes Receivable	45,789	30,545
Inventories	9,245	16,145
Prepaid Expenses	<u>-</u>	<u>1,500</u>
Total Current Assets	153,379	115,245
FURNITURE AND EQUIPMENT		
Furniture and Equipment	82,351	66,651
Less: Accumulated Depreciation	<u>31,868</u>	<u>10,055</u>
	50,483	56,596
OTHER ASSETS		
Master Franchise Agreement (net of accumulated amortization of \$15,938 in 2012 and \$8,438 in 2011)	134,062	141,562
Notes Receivable	55,283	27,601
Security Deposit	<u>1,700</u>	<u>1,700</u>
	<u>191,045</u>	<u>170,863</u>
Total Assets	<u><u>\$ 394,907</u></u>	<u><u>\$ 342,704</u></u>

The accompanying notes are an integral part of these financial statements.

	<u>2012</u>	<u>2011</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT		
Current Maturities of Long-Term Debt	\$ 4,441	\$ 3,975
Note Payable to Stockholder	25,624	27,451
Accounts Payable	65,973	49,115
Accrued Liabilities	14,651	-
Income Taxes Payable	<u>6,931</u>	<u>1,232</u>
Total Current Liabilities	117,620	81,773
LONG-TERM LIABILITIES		
Long-Term Debt	1,091	5,637
Deferred Income Taxes	<u>14,000</u>	<u>14,000</u>
Total Long-Term Liabilities	<u>15,091</u>	<u>19,637</u>
Total Liabilities	132,711	101,410
STOCKHOLDERS' EQUITY		
Common Stock, No Par Value, 1,000,000 Shares Authorized, 210,110 Shares Issued and Outstanding	210,558	210,558
Additional Paid-In Capital	12,738	12,738
Retained Earnings	<u>38,900</u>	<u>17,998</u>
Total Stockholders' Equity	<u>262,196</u>	<u>241,294</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 394,907</u></u>	<u><u>\$ 342,704</u></u>

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
STATEMENTS OF INCOME
Years Ended December 31,

	<u>2012</u>	<u>2011</u>
Revenues		
Initial Franchise Fees	\$ 72,640	\$ 134,580
Management and Royalty Fees	81,204	23,813
Cleaning Service Fees	54,296	41,228
Product Sales and Equipment Rental	86,648	25,839
Total Revenues	<u>294,788</u>	<u>225,460</u>
Operating Expenses	<u>274,588</u>	<u>176,475</u>
Operating Income	20,200	48,985
Other Income (Expense)		
Interest Expense	(2,343)	(1,051)
Interest Income	10,446	2,817
Other	150	-
	<u>8,253</u>	<u>1,766</u>
Net Income Before Income Taxes	28,453	50,751
Income Taxes	<u>7,551</u>	<u>15,232</u>
Net Income	<u>\$ 20,902</u>	<u>\$ 35,519</u>

The accompanying notes are an integral part of these financial statements.

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2012 and 2011

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Earnings</u>	<u>Equity</u>
			<u>Capital</u>	<u>(Accumulated</u>	
				<u>Deficit)</u>	
Balances at December 31, 2010	210,110	\$210,558	\$ -	\$ (17,521)	\$ 193,037
Capital Contributions	-	-	12,738	-	12,738
Net Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,519</u>	<u>35,519</u>
Balances at December 31, 2011	210,110	210,558	12,738	17,998	241,294
Net Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,902</u>	<u>20,902</u>
Balances at December 31, 2012	<u>210,110</u>	<u>\$210,558</u>	<u>\$ 12,738</u>	<u>\$ 38,900</u>	<u>\$ 262,196</u>

The accompanying notes are an integral part of these financial statements.

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2012	2011
Cash Flows From Operating Activities		
Net Income	\$ 20,902	\$ 35,519
Adjustments to Reconcile Net Income to		
Net Cash Provided By Operating Activities		
Depreciation and Amortization	29,313	17,555
Change in Deferred Taxes	-	14,000
Changes in Operating Assets and Liabilities		
Accounts Receivable	(32,688)	(20,007)
Inventories	6,900	(16,145)
Prepaid Expenses	1,500	(789)
Accounts Payable	16,858	34,157
Accrued Liabilities	14,651	-
Income Taxes	5,699	1,232
Net Cash Provided By Operating Activities	63,135	65,522
Cash Flows from Investing Activities		
Purchase of Furniture and Equipment	(15,700)	(56,419)
Issuance of Notes Receivable	(76,520)	(64,319)
Payments on Notes Receivable	33,594	6,173
Net Cash Used in Investing Activities	(58,626)	(114,565)
Cash Flows from Financing Activities		
Capital Contributions	-	12,738
Proceeds from Issuance of Note Payable to Stockholder	11,000	27,451
Payments on Note Payable to Stockholder	(12,827)	-
Proceeds from Issuance of Long-Term Debt	-	12,455
Payments on Long-Term Debt	(4,080)	(2,843)
Payments on Note Payable	-	(4,951)
Net Cash Provided by (Used in) Financing Activities	(5,907)	44,850
Net Change in Cash	(1,398)	(4,193)
Cash, Beginning of Period	47,048	51,241
Cash, End of Period	\$ 45,650	\$ 47,048
Supplemental Information		
Cash paid during the year for interest	\$ 2,067	572
Cash paid during the year for income taxes	\$ 1,852	-

The accompanying notes are an integral part of these financial statements.

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
Notes To Financial Statements
December 31, 2012 and 2011

1. Nature of Business

Roshe Enterprises, Inc. d/b/a Heits Building Services of Minnesota (the "Company") holds a master franchise agreement from Heits Building Services, Inc. ("HBS") and offers sub-franchises under the trademark "Heits" for the operation of commercial cleaning and janitorial businesses. Sub-franchisees receive the right to use the Heits' system of operation and certain of its trademarks for a period of ten years in return for an initial franchise fee and defined monthly royalty and management fee payments on cleaning services performed.

2. Summary of Significant Accounting Policies

Cash

The Company considers all investments with an original maturity of three months or less to be cash equivalents. The Company maintains its cash balances at one bank located in Minneapolis, Minnesota. At times, such balances may be in excess of Federal Deposit Insurance Corporation insurance limits.

Revenue Recognition

Initial franchise fee revenue is recognized upon the finalization of franchise agreements. Royalty and management fee revenue is computed as a percentage of fees for cleaning services performed by the sub-franchisee and is recognized as such services are rendered. Cleaning service revenues relate to services provided by the Company and are recognized as revenue as such serviced are rendered. Revenue from the sale of cleaning products is recognized at the point of sale while revenue from equipment rental is recognized ratably over the rental period.

Accounts Receivable

Accounts receivable represent fees for cleaning services rendered by sub-franchisees and the Company. At the time invoices are rendered for cleaning services provided by sub-franchisees a liability is recorded for amounts due to sub-franchisees, net of related management and royalty fees. The Company grants credit in the normal course of business, but generally does not require collateral to support the amounts due. Accounts receivable are typically due from customers within 30 days of invoicing. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines bad debts by considering a number of factors, including the length of time trade receivables are past due, the Company's previous loss history, the customer's ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. If accounts receivable for

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
Notes To Financial Statements
December 31, 2012 and 2011

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable (continued)

cleaning services rendered by sub-franchisees become uncollectible the Company eliminates the liability to the sub-franchisee for cleaning services provided and the sub-franchisee is allowed to seek collection of the amount due. If accounts related to cleaning services provided by the Company become uncollectible the Company establishes an allowance for doubtful accounts to reserve for such amounts. The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is provided.

Inventories

Inventories consist of cleaning products and supplies and are stated at lower of cost or market, on a first-in, first-out (FIFO) basis.

Furniture and Equipment

Furniture and equipment are stated at cost. Improvements and replacements that extend the useful lives of the assets are capitalized and expenditures for maintenance and repairs are expensed as incurred. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives of 3-5 years using the straight-line method.

When assets are sold, retired or otherwise disposed of, the cost and related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Master Franchise Agreement

The Company has a master franchise agreement with HBS that grants the Company the right to sell sub-franchises in the state of Minnesota for a period of 20 years, provided that the Company achieves minimum annual gross revenue levels as stipulated in the agreement. HBS retains the right to terminate the master franchise agreement if the Company does not achieve the required minimum level of annual gross revenues. The master franchise agreement is being amortized over the contractual life of 20 years. Amortization expense was \$7,500 in each of 2012 and 2011 and is expected to be \$7,500 per year in 2013-2017.

Under the terms of the master franchise agreement the Company is required to pay royalties on revenues as defined in the agreement. Royalty expense under this agreement was \$30,239 and \$15,740 in 2012 and 2011.

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
Notes To Financial Statements
December 31, 2012 and 2011

2. Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when indications of impairment are present. Impairment is recognized when the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No such losses were recorded in either 2012 or 2011.

Fair Value of Financial Instruments

Due to their short-term nature, the carrying values of the Company's current financial assets and liabilities approximate their fair value. The fair value of the Company's long-term liabilities, if recalculated based on current interest rates, would not significantly differ from the recorded amounts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 date of the financial statements and amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

3. Notes Receivable

Notes receivable represent notes with sub-franchisees related to the sale of initial sub-franchise agreements and equipment. The notes are due in monthly installments of principal and interest at rates ranging from 10% to 18% and mature at various dates from June 2013 through May 2018. The Company earned interest income of \$10,445 and \$2,817 on the notes in 2012 and 2011.

The Company considers notes receivable to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the notes. Individual notes are considered for impairment when a debtor is 180 days delinquent on required monthly payments. If a note is considered impaired management records a reserve for doubtful accounts and a charge to bad debt expense for the amount considered impaired. Management evaluated the notes for collectability and determined that no reserve for doubtful accounts was necessary at December 31, 2012 or 2011. All account balances were current at December 31, 2012.

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
Notes To Financial Statements
December 31, 2012 and 2011

4. Note Payable to Stockholder

Note payable to shareholder consists of a demand note payable bearing interest at 5.0%, secured by a vehicle. Interest expense incurred on the note was \$1,233 and \$451 in 2012 and 2011.

5. Long-Term Debt

Long-term debt consists of the following at December 31:

	<u>2012</u>	<u>2011</u>
Note payable to a finance company, due in monthly installments of principal and interest at 18.92% through June 2014, secured by equipment	\$ 3,557	\$ 5,830
Noninterest-bearing note payable to a finance company, due in monthly installments through November 2013, secured by equipment	<u>1,975</u>	<u>3,782</u>
	5,532	9,612
	<u>4,441</u>	<u>3,975</u>
Less current portion	<u>\$ 1,091</u>	<u>\$ 5,637</u>

Future minimum principal payments on long-term debt are as follows for the years ended December 31:

2013	\$ 4,441
2014	<u>1,091</u>
	<u>\$ 5,532</u>

6. Income Taxes

Income tax expense consists of the following for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Current Taxes		
Federal	\$ 4,019	\$ -
State	3,532	1,232
Deferred Taxes	<u>-</u>	<u>14,000</u>
	<u>\$ 7,551</u>	<u>\$ 15,232</u>

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
Notes To Financial Statements
December 31, 2012 and 2011

6. Income Taxes (continued)

The reconciliation of the effective tax rate, as computed, to the statutory rate is as follows for the years ended December 31, 2012 and 2011:

	2012	Percent of Pretax Income	2011	Percent of Pretax Income
Tax provision at statutory rate	\$ 7,156	25.0	\$ 12,688	25.0
Differences resulting from:				
State depreciation	-	-	863	4.3
Permanent differences	376	1.3	276	0.5
Other	19	0.1	1,405	2.8
	<u>\$ 7,551</u>	<u>26.4</u>	<u>\$ 15,232</u>	<u>32.6</u>

Deferred taxes are the result of temporary differences in recognition of income and expenses for financial statement and income tax reporting. The major sources of these differences are net operating loss carryforwards and depreciation. No valuation allowance was recorded at December 31, 2012 or 2011 as management determined that it was more likely than not that the assets would be realized. There was no change in the valuation allowance in 2012 while the valuation allowance decreased by \$7,000 in 2011.

7. Office Lease

The Company has a lease agreement, expiring December 2013, for space in which it conducts its operations. In addition to basic monthly rent, the Company is required to pay its proportionate share of the lessor's operating expenses and real estate taxes. Rent expense was \$20,674 and \$14,941 in 2012 and 2011.

Scheduled future minimum rental payments under the lease are \$20,559 in 2013.

8. Subsequent Events

Subsequent events through March 25, 2013, the date statements were available for issuance, have been considered for recording or disclosure in these financial statements. No events occurred requiring adjustment to, or disclosure in, these financial statements.

Financial Statements and Independent Auditor's Report

**Roshe Enterprises, Inc. d/b/a
Heits Building Services of Minnesota**

December 31, 2011 and 2010



Bomberg, Roach & Hanson, P.C.
Certified Public Accountants And Business Advisors

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Bomberg Roach & Hanson P.C.
Certified Public Accountants And Business Advisors

INDEPENDENT AUDITOR'S REPORT

Members

Roshe Enterprises, Inc. d/b/a Heits Building Services of Minnesota

We have audited the accompanying balance sheets of Roshe Enterprises, Inc. d/b/a Heits Building Services of Minnesota as of December 31, 2011 and 2010 and the related statements of operations, changes in stockholders' equity, and cash flows for the year ended December 31, 2011 and the period from inception (August 9, 2010) to December 31, 2010. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits 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 Roshe Enterprises, Inc. d/b/a Heits Building Services of Minnesota as of December 31, 2011 and 2010 and the results of its operations and its cash flows for the year ended December 31, 2011 and the initial period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Bomberg, Roach & Hanson, P.C.

Minneapolis, Minnesota
April 24, 2012

**FINANCIAL
STATEMENTS**

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
BALANCE SHEETS
December 31,

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT		
Cash	\$ 47,048	\$ 51,241
Accounts Receivable	20,007	-
Current Portion of Notes Receivable	30,545	-
Inventories	16,145	-
Prepaid Expenses	<u>1,500</u>	<u>711</u>
Total Current Assets	115,245	51,952
FURNITURE, EQUIPMENT AND VEHICLE		
Furniture and Equipment	40,258	10,232
Vehicle	<u>26,393</u>	<u>-</u>
	66,651	10,232
Less: Accumulated Depreciation	<u>10,055</u>	<u>-</u>
	56,596	10,232
OTHER ASSETS		
Master Franchise Agreement (net of accumulated amortization of \$8,438 in 2011 and \$938 in 2010)	141,562	149,062
Notes Receivable	27,601	-
Security Deposit	<u>1,700</u>	<u>1,700</u>
	<u>170,863</u>	<u>150,762</u>
Total Assets	<u><u>\$ 342,704</u></u>	<u><u>\$ 212,946</u></u>

The accompanying notes are an integral part of these financial statements.

	<u>2011</u>	<u>2010</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT		
Current Maturities of Long-Term Debt	\$ 3,975	\$ -
Note Payable	-	4,951
Note Payable to Stockholder	27,451	-
Accounts Payable	49,115	14,958
Income Taxes Payable	<u>1,232</u>	<u>-</u>
Total Current Liabilities	81,773	19,909
LONG-TERM LIABILITIES		
Long-Term Debt	5,637	-
Deferred Income Taxes	<u>14,000</u>	<u>-</u>
Total Long-Term Liabilities	<u>19,637</u>	<u>-</u>
Total Liabilities	101,410	19,909
STOCKHOLDERS' EQUITY		
Common Stock, No Par Value, 1,000,000 Shares Authorized, 210,110 Shares Issued and Outstanding	210,558	210,558
Additional Paid-In Capital	12,738	-
Retained Earnings	<u>17,998</u>	<u>(17,521)</u>
Total Stockholders' Equity	<u>241,294</u>	<u>193,037</u>
Total Liabilities and Stockholders' Equity	<u>\$ 342,704</u>	<u>\$ 212,946</u>

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
STATEMENTS OF OPERATIONS

	Year Ended December 31, 2011	Date of Inception to December 31, 2010
Revenues		
Initial Franchise Fees	\$ 134,580	\$ -
Management and Royalty Fees	23,813	-
Cleaning Service Fees	41,228	-
Product Sales and Equipment Rental	25,839	-
Total Revenues	<u>225,460</u>	<u>-</u>
Operating Expenses	<u>176,475</u>	<u>17,521</u>
Operating Income (Loss)	48,985	(17,521)
Other Income (Expense)		
Interest Expense	(1,051)	-
Interest Income	2,817	-
	<u>1,766</u>	<u>-</u>
Net Income (Loss) Before Taxes	50,751	(17,521)
Income Taxes	<u>15,232</u>	<u>-</u>
Net Income (Loss)	<u>\$ 35,519</u>	<u>\$ (17,521)</u>

The accompanying notes are an integral part of these financial statements.

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Earnings</u>	<u>Equity</u>
			<u>Capital</u>		
Initial Capitalization	210,558	\$210,558	\$ -	\$ -	\$ 210,558
Net Loss for Period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,521)</u>	<u>(17,521)</u>
Balances at December 31, 2010	210,558	210,558	-	(17,521)	193,037
Capital Contributions	-	-	12,738	-	12,738
Net Income for Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,519</u>	<u>35,519</u>
Balances at December 31, 2011	<u>210,558</u>	<u>\$210,558</u>	<u>\$ 12,738</u>	<u>\$ 17,998</u>	<u>\$ 241,294</u>

The accompanying notes are an integral part of these financial statements.

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2011	Date of Inception to December 31, 2010
Cash Flows From Operating Activities		
Net Income (Loss)	\$ 35,519	(17,521)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided By (Used in) Operating Activities		
Depreciation and Amortization	17,555	938
Change in Deferred Taxes	14,000	-
Changes in Operating Assets and Liabilities		
Accounts Receivable	(20,007)	-
Inventories	(16,145)	-
Prepaid Expenses	(789)	(2,411)
Accounts Payable	34,157	14,958
Income Taxes	1,232	-
Net Cash Provided By (Used in) Operating Activities	<u>65,522</u>	<u>(4,036)</u>
Cash Flows from Investing Activities		
Purchase of Furniture, Equipment and Vehicle	(56,419)	(10,232)
Purchase of Master Franchise	-	(150,000)
Issuance of Notes Receivable	(64,319)	-
Payments on Notes Receivable	<u>6,173</u>	<u>-</u>
Net Cash Used in Investing Activities	(114,565)	(160,232)
Cash Flows from Financing Activities		
Capital Contributions	12,738	210,558
Proceeds from Issuance of Note Payable to Stockholder	27,451	-
Proceeds from Issuance of Long-Term Debt	12,455	-
Payments on Long-Term Debt	(2,843)	-
Proceeds from Note Payable	-	5,401
Payments on Note Payable	<u>(4,951)</u>	<u>(450)</u>
Net Cash Provided by Financing Activities	<u>44,850</u>	<u>215,509</u>
Net Change in Cash	(4,193)	51,241
Cash, Beginning of Period	<u>51,241</u>	<u>-</u>
Cash, End of Period	<u>\$ 47,048</u>	<u>\$ 51,241</u>
Supplemental Information		
Cash paid during the year for interest	\$ 572	-

The accompanying notes are an integral part of these financial statements.

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
Notes To Financial Statements
December 31, 2011 and 2010

1. Nature of Business

Roshe Enterprises, Inc. d/b/a Heits Building Services of Minnesota (the "Company"), established August 9, 2010, holds a master franchise agreement from Heits Building Services, Inc. ("HBS") and offers sub-franchises under the trademark "Heits" for the operation of commercial cleaning and janitorial businesses. Sub-franchisees receive the right to use the Heits' system of operation and certain of its trademarks for a period of ten years in return for an initial franchise fee and defined monthly royalty and management fee payments on cleaning services performed.

The initial capitalization of the Company was effected through the contribution of \$204,600 and payment of operating expenses totaling \$5,958 by the stockholders.

2. Summary of Significant Accounting Policies

Cash

The Company considers all investments with an original maturity of three months or less to be cash equivalents. The Company maintains its cash balances at one bank located in Minneapolis, Minnesota. At times, such balances may be in excess of Federal Deposit Insurance Corporation insurance limits.

Revenue Recognition

Initial franchise fee revenue is recognized upon the finalization of franchise agreements. Royalty and management fee revenue is computed as a percentage of fees for cleaning services performed by the sub-franchisee and is recognized as such services are rendered. Cleaning service revenues relate to services provided by the Company and are recognized as revenue as such serviced are rendered. Revenue from the sale of cleaning products is recognized at the point of sale while revenue from equipment rental is recognized ratably over the rental period.

Accounts Receivable

Accounts receivable represent fees for cleaning services rendered by sub-franchisees and the Company. At the time invoices are rendered for cleaning services provided by sub-franchisees a liability is recorded for amounts due to sub-franchisees, net of related management and royalty fees. The Company grants credit in the normal course of business, but generally does not require collateral to support the amounts due. Accounts receivable are typically due from customers within 30 days of invoicing. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines bad debts by considering a number of factors, including the length of time trade receivables are past due, the Company's previous loss history, the customer's ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. If accounts receivable for

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
Notes To Financial Statements
December 31, 2011 and 2010

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable (continued)

cleaning services rendered by sub-franchisees become uncollectible the Company eliminates the liability to the sub-franchisee for cleaning services provided and the sub-franchisee is allowed to seek collection of the amount due. If accounts related to cleaning services provided by the Company become uncollectible the Company establishes an allowance for doubtful accounts to reserve for such amounts. The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is provided.

Inventories

Inventories consist of cleaning products and supplies and are stated at lower of cost or market, on a first-in, first-out (FIFO) basis.

Furniture, Equipment, and Vehicle

Furniture, equipment, and vehicle are stated at cost. Improvements and replacements that extend the useful lives of the assets are capitalized and expenditures for maintenance and repairs are expensed as incurred. As the assets were not placed in service until January 2011 no depreciation expense was recognized during the initial period ended December 31, 2010. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Asset lives used for depreciation purposes are as follows:

Furniture and Equipment	3-5 Years
Vehicle	5 Years

When assets are sold, retired or otherwise disposed of, the cost and related allowance for depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Master Franchise Agreement

In November 2010 the Company purchased a master franchise agreement from HBS for \$150,000 in cash. The agreement grants the Company the right to sell sub-franchises in the state of Minnesota for a period of 20 years, provided that the Company achieves minimum annual gross revenue levels as stipulated in the agreement. HBS retains the right to terminate the master franchise agreement if the Company does not achieve the required minimum level of annual gross revenues. The master franchise agreement is being amortized over the contractual life of 20 years. Amortization expense was \$7,500 in 2011 and \$938 for the initial period ended December 31, 2010. Amortization is expected to be \$7,500 per year in 2011-2015.

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
Notes To Financial Statements
December 31, 2011 and 2010

2. Summary of Significant Accounting Policies (continued)

Master Franchise Agreement (continued)

Under the terms of the master franchise agreement the Company is required to pay royalties on revenues as defined in the agreement. Royalty expense under this agreement was \$15,740 in 2011. No royalty expense was incurred in 2010.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when indications of impairment are present. Impairment is recognized when the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No such losses were recorded in either 2011 or the initial period ended December 31, 2010.

Fair Value of Financial Instruments

Due to their short-term nature, the carrying values of the Company's current financial assets and liabilities approximate their fair value. The fair value of the Company's long-term liabilities, if recalculated based on current interest rates, would not significantly differ from the recorded amounts.

Use of Estimates

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

3. Notes Receivable

Notes receivable represent notes with sub-franchisees related to the sale of initial sub-franchise agreements and equipment in 2011. The notes are due in monthly installments of principal and interest at rates ranging from 10.0% to 18% and mature at various dates from December 2012 through August 2014. The Company earned interest income of \$2,817 on the notes in 2011.

The Company considers notes receivable to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the notes. Individual notes are considered for impairment when a debtor is 180 days delinquent on required monthly payments. If a note is considered impaired management records a reserve for doubtful accounts and a charge to bad debt expense for the

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
Notes To Financial Statements
December 31, 2011 and 2010

3. Notes Receivable (continued)

amount considered impaired. Management evaluated the notes for collectability and determined that no reserve for doubtful accounts was necessary at December 31, 2011. Account balances totaling \$9,203 were aged 150 days past due at December 31, 2011. All other amounts were current as of December 31, 2011.

4. Note Payable

Note payable consists of a non-interest bearing note to a finance company. The note was paid in 2011.

5. Note Payable to Stockholder

Note payable to shareholder consists of a demand note payable issued in 2011 bearing interest at 5.0%, secured by a vehicle. Interest expense incurred on the note was \$451 in 2011.

6. Long-Term Debt

Long-term debt consists of the following at December 31:

	<u>2011</u>	<u>2010</u>
Note payable to a finance company, due in monthly installments of principal and interest at 18.92% through June 2014, secured by equipment	\$ 5,830	\$ -
Noninterest-bearing note payable to a finance company, due in monthly installments through November 2013, secured by equipment	3,782	-
	<u>9,612</u>	<u>-</u>
Less current portion	3,975	-
	<u>\$ 5,637</u>	<u>\$ -</u>

Future minimum principal payments on long-term debt are as follows for the years ended December 31:

2012	\$ 3,975
2013	4,223
2014	1,414
	<u>\$ 9,612</u>

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
Notes To Financial Statements
December 31, 2011 and 2010

7. Income Taxes

Income tax expense consists of the following for the year ended December 31, 2011:

Current Taxes	
Federal	\$ -
State	1,232
Deferred Taxes	<u>14,000</u>
	<u>\$ 15,232</u>

No income tax expense was incurred during the initial period ended December 31, 2010 due to the net loss incurred by the Company.

The reconciliation of the effective tax rate as computed to the statutory rate is as follows for the year ended December 31, 2011 and the initial period ended December 31, 2010:

	2011	Percent of Pretax Income	2010	Percent of Pretax Income
Tax provision at statutory rate	<u>\$ 20,300</u>	<u>40.0</u>	<u>\$ (7,000)</u>	<u>40.0</u>
Differences resulting from:				
Change in valuation allowance	(7,000)	(13.8)	7,000	(40.0)
State depreciation	863	4.3	-	-
Permanent differences	276	0.5	-	-
Other	<u>793</u>	<u>1.6</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,232</u>	<u>32.6</u>	<u>\$ -</u>	<u>-</u>

Deferred taxes are the result of temporary differences in recognition of income and expenses for financial statement and income tax reporting. The major sources of these differences are net operating loss carryforwards and depreciation. Deferred income tax assets at December 31, 2010 were fully offset by valuation allowances of \$7,000 as management determined that, at that time, it was more likely than not that these amounts would not be realized. No valuation allowance was recorded at December 31, 2011 as management determined that it was more likely than not that the assets would be realized. As a result, the valuation allowance decreased by \$7,000 in 2011.

At December 31, 2011 net operating loss carryforwards totaled approximately \$3,000, all of which expire in 2030.

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
Notes To Financial Statements
December 31, 2011 and 2010

5. Office Lease

In January 2011 the Company entered into a lease agreement, expiring December 2013, for space in which it conducts its operations. In addition to basic monthly rent, the Company is required to pay its proportionate share of the lessor's operating expenses and real estate taxes. Rent expense was \$14,941 in 2011.

Scheduled future minimum rental payments under the lease are as follows for the years ending December 31:

2012	\$ 17,712
2013	<u>20,559</u>
	<u>\$ 38,271</u>

6. Subsequent Events

Subsequent events through April 24, 2012, the date statements were available for issuance, have been considered for recording or disclosure in these financial statements. No events occurred requiring adjustment to, or disclosure in, these financial statements.

NEW

UNAUDITED INTERIM FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

UNAUDITED

NEW

Heits Building Services of Minnesota
Balance Sheet
March 31, 2013

ASSETS

Current Assets		
Savings	\$	581.60
Checking Account		31,895.90
Credit Card		(7,824.40)
Accounts Receivable		57,639.74
Inventory		13,836.58
Prepaid Expenses		8,800.00
		<hr/>
Total Current Assets		104,929.42
Property and Equipment		
Property and Equipment		82,350.81
Accum. Depreciation - Prop&Eq		(37,867.32)
		<hr/>
Total Property and Equipment		44,483.49
Other Assets		
Master Franchise Agreement		150,000.00
Accum Amort-Master Franchise		(17,812.50)
NR-Franchisees		115,106.72
		<hr/>
Total Other Assets		247,294.22
		<hr/>
Total Assets	\$	<u><u>396,707.13</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	\$	54,398.88
Sales Tax Payable		13,576.69
Income Taxes Payable		(1.00)
Phone Equipment Lease-NEC		1,481.14
		<hr/>
Total Current Liabilities		69,455.71
Long-Term Liabilities		
Hillyard AutoScrubber Lease		2,823.74
Notes Payable - Shareholders		22,371.24
Deferred Income Taxes		14,000.00
Clearing Account		1,232.77
		<hr/>
Total Long-Term Liabilities		40,427.75
		<hr/>
Total Liabilities		109,883.46
Capital		
Retained Earnings		38,906.72
APIC- PSP&T		205,048.39
APIC-Robin L. Handy		9,124.14
APIC-Sheila Handy		9,124.14
Net Income		24,620.28
		<hr/>
Total Capital		286,823.67
		<hr/>
Total Liabilities & Capital	\$	<u><u>396,707.13</u></u>

Unaudited - For Management Purposes Only

Heits Building Services of Minnesota
Income Statement
For the Three Months Ending March 31, 2013

	Current Month		Year to Date	
Revenues				
Franchise Fee	\$ 36,149.85	15.89	\$ 36,149.85	15.89
Regular Services	129,864.50	57.07	129,864.50	57.07
Special Services	35,790.14	15.73	35,790.14	15.73
Sales of Materials	21,713.12	9.54	21,713.12	9.54
Initial Franchisee Supplies-Cr	0.00	0.00	0.00	0.00
Rental Income	678.00	0.30	678.00	0.30
Finance Charge Income	0.00	0.00	0.00	0.00
Interest Income-Fran Notes	3,127.51	1.37	3,127.51	1.37
Other Income	130.00	0.06	130.00	0.06
Sales/Fees Discounts	92.53	0.04	92.53	0.04
Interest Income	0.11	0.00	0.11	0.00
Total Revenues	<u>227,545.76</u>	100.00	<u>227,545.76</u>	100.00
Cost of Sales				
Cost of Sales	17,829.14	7.84	17,829.14	7.84
Royalty Fees- Master Franchise	10,235.24	4.50	10,235.24	4.50
Broker Fees	0.00	0.00	0.00	0.00
Subcontractors	0.00	0.00	0.00	0.00
Management Fee-Franchisees	140,328.25	61.67	140,328.25	61.67
Inventory Adjustments	0.00	0.00	0.00	0.00
Total Cost of Sales	<u>168,392.63</u>	74.00	<u>168,392.63</u>	74.00
Gross Profit	<u>59,153.13</u>	26.00	<u>59,153.13</u>	26.00
Expenses				
Wages Expense	3,337.43	1.47	3,337.43	1.47
Employee Benefit Programs Exp	0.00	0.00	0.00	0.00
Payroll Tax Expense	0.00	0.00	0.00	0.00
Meals and Entertainment	335.16	0.15	335.16	0.15
Travel and Mileage Reimb	1,857.99	0.82	1,857.99	0.82
Insurance	2,298.67	1.01	2,298.67	1.01
Other Taxes Expense	0.00	0.00	0.00	0.00
Rent or Lease Expense	5,342.88	2.35	5,342.88	2.35
Maintenance & Repairs Expense	472.36	0.21	472.36	0.21
Utilities Expense	0.00	0.00	0.00	0.00
Office Supplies Expense	858.39	0.38	858.39	0.38
Subscriptions	501.00	0.22	501.00	0.22
Telephone Expense	1,438.30	0.63	1,438.30	0.63
Office Equipment	0.00	0.00	0.00	0.00
Other Office Expense	547.72	0.24	547.72	0.24
Advertising Expense	7,431.16	3.27	7,431.16	3.27
Commissions and Fees Expense	0.00	0.00	0.00	0.00
Legal Fees	217.00	0.10	217.00	0.10
Audit Fees	1,500.00	0.66	1,500.00	0.66
Other Professional Services	360.00	0.16	360.00	0.16
Freight Expense	0.00	0.00	0.00	0.00
Bank Fees	0.00	0.00	0.00	0.00
Bad Debt Expense	(822.94)	(0.36)	(822.94)	(0.36)
Service Charge Expense	0.00	0.00	0.00	0.00
Purchase Disc-Expense Items	0.00	0.00	0.00	0.00
Insurance Expense	0.00	0.00	0.00	0.00
Charity and Donations	765.00	0.34	765.00	0.34
Interest Expense	217.73	0.10	217.73	0.10
Depreciation Expense	6,000.00	2.64	6,000.00	2.64
Amortization Franchise Agreeeme	1,875.00	0.82	1,875.00	0.82
Gain/Loss - Sale of Assets Exp	0.00	0.00	0.00	0.00

For Management Purposes Only

Heits Building Services of Minnesota
Income Statement
For the Three Months Ending March 31, 2013

	Current Month		Year to Date	
Income Tax Expense	<u>0.00</u>	0.00	<u>0.00</u>	0.00
Total Expenses	<u>34,532.85</u>	15.18	<u>34,532.85</u>	15.18
Net Income	\$ <u>24,620.28</u>	10.82	\$ <u>24,620.28</u>	10.82

UNAUDITED

DELETED IN
ENTIRETY

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
UNAUDITED BALANCE SHEET
March 31, 2012

ASSETS

CURRENT

Cash	\$	19,364.61
Accounts Receivable		23,126.30
Inventories		12,053.78
Prepaid Expenses		-
Total Current Assets		54,544.69

FURNITURE, EQUIPMENT AND VEHICLE, Net 55,038.39

OTHER ASSETS

Master Franchise Agreement, Net		139,687.50
Notes Receivable		64,291.53
Security Deposit		1,700.00
		205,679.03

TOTAL ASSETS \$ 315,262.11

LIABILITIES AND CAPITAL

CURRENT LIABILITIES

Note Payable to Stockholder	\$	19,744.37
Accounts Payable		36,347.50
Income Taxes Payable		-
Sales Tax Payable		9,362.24
Total Current Liabilities		65,454.11

LONG-TERM LIABILITIES

Long-Term Debt		5,160.90
Deferred Income Taxes		14,000.00
		19,160.90

TOTAL LIABILITIES 84,615.01

STOCKHOLDERS' EQUITY

Common Stock		210,558.00
Additional Paid-In Capital		12,740.67
Retained Earnings		7,348.43
Total Stockholders' Equity		230,647.10

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 315,262.11

Roshe Enterprises, Inc.
d/b/a Heits Building Services of Minnesota
UNAUDITED STATEMENT OF OPERATIONS
Three Months Ended March 31, 2012

Revenues	
Initial Franchise Fee	\$ -
Management and Royalty Fees	17,474.90
Cleaning Service Fees	12,723.95
Product Sales and Equipment Rental	<u>31,126.98</u>
Total Revenues	61,325.83
Operating Expenses	<u>73,430.87</u>
Net Loss from Operations	(12,105.04)
Other Income (Expense)	
Interest Income	1,814.09
Interest Expense	<u>(359.41)</u>
	<u>1,454.68</u>
Net Loss	<u><u>\$ (10,650.36)</u></u>

NEW

HEITS BUILDING SERVICES INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

HEITS BUILDING SERVICES INC.

For the Year Ended December 31, 2012

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Pivirotto & Company

CERTIFIED PUBLIC ACCOUNTANTS, PA

INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Heits Building Services Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Heits Building Services Inc. (a New Jersey corporation) which comprise the balance sheet as of December 31, 2012 and the related statements of operations, changes in stockholder's equity 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 accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 of America. 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 Heits Building Services Inc. as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Pivrotto & Company". The signature is fluid and stylized, with the ampersand being particularly prominent.

Fairfield, New Jersey
April 2, 2013

HEITS BUILDING SERVICES INC.

Balance Sheet
December 31, 2012

Assets

Current Assets

Cash	\$ 5,221
Accounts receivable - trade	47,474
Prepaid expenses	5,120
Note receivable	<u>19,508</u>

Total current assets \$ 77,323

Property and equipment, net of accumulated depreciation
and amortization

8,399

Other Assets

Security deposits	10,200
Trademarks, net	1,939
Due from Officer	<u>102,632</u>

Total other assets 114,771

\$ 200,493

Liabilities and Stockholder's Equity

Current Liabilities

Current portion, long-term debt	\$ 34,695
Accounts payable and accrued expenses	132,812
Taxes payable	<u>6,534</u>

Total current liabilities \$ 174,041

Long-term debt, net of current portion

20,305

Stockholder's Equity

Common stock, no par value, 200 shares authorized, 10 shares issued and outstanding	145,224
Accumulated deficit	<u>(139,077)</u>

Total stockholder's equity 6,147

\$ 200,493

See accompanying notes to financial statements.

HEITS BUILDING SERVICES INC.

Statement of Operations
For the Year Ended December 31, 2012

	<u>2012</u>	<u>% of Sales</u>
REVENUES:		
Janitorial services revenue	\$ 249,371	38.3%
Franchise revenue	<u>401,390</u>	<u>61.7</u>
Total revenues	<u>650,761</u>	<u>100.0</u>
OPERATING COSTS AND EXPENSES:		
Janitorial service and other costs	228,209	35.1
Franchise revenue costs	7,336	1.1
Selling, general, and administrative expenses	393,763	60.5
Depreciation and amortization	<u>1,169</u>	<u>.2</u>
Total operating costs and expenses	<u>630,477</u>	<u>96.9</u>
OPERATING INCOME	20,284	3.1
Interest expense	<u>14,479</u>	<u>2.2</u>
INCOME BEFORE INCOME TAXES	5,805	.9
Income taxes	<u>4,545</u>	<u>.7</u>
NET INCOME	<u>\$ 1,260</u>	<u>.2%</u>

See accompanying notes to financial statements.

HEITS BUILDING SERVICES INC.

Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2012

	<u>Common Stock</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, December 31, 2011	\$ 145,224	\$ (140,337)	\$ 4,887
Net income	<u>0</u>	<u>1,260</u>	<u>1,260</u>
Balance, December 31, 2012	<u>\$ 145,224</u>	<u>\$ (139,077)</u>	<u>\$ 6,147</u>

See accompanying notes to financial statements.

HEITS BUILDING SERVICES INC.

Statement of Cash Flows
For the Year Ended December 31, 2012

Cash flows from operating activities		
Net income		\$ 1,260
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	\$ 1,169	
(Increase) decrease in:		
Accounts receivable - trade	24,236	
Prepaid expenses	(2,152)	
Increase (decrease) in:		
Accounts payable and accrued expenses	8,694	
Taxes payable	(402)	
Total adjustments		<u>31,545</u>
Net cash provided by operating activities		32,805
Cash flows used in financing activities		
Loans to Officer	(31,952)	
Net cash used in financing activities		<u>(31,952)</u>
Net increase in cash		853
Cash - beginning of year		<u>4,368</u>
Cash - end of year		<u>\$ 5,221</u>
Supplemental disclosure of cash flow information:		
Cash paid during year for:		
Interest		<u>\$ 14,479</u>
Income taxes		<u>\$ 3,045</u>

See accompanying notes to financial statements.

HEITS BUILDING SERVICES INC.

Notes to Financial Statements
For the Year Ended December 31, 2012

Note 1 - Summary of Significant Accounting Policies

Nature of Business

Heits Building Services Inc. ("the Company"), a New Jersey Corporation, was incorporated in October 2003 and is a franchisor of commercial cleaning services.

The Company provides janitorial franchises and financing to franchisees in the form of individual franchise agreements and master service franchise agreements within various regions of the United States. In addition, through its owned locations, the Company provides cleaning contracts to customers and then delegates the right to service the customers to its franchisees. Currently, the Company's cleaning customers are located in New York. The Company's master franchises are located in Arizona, Northern and Central New Jersey, North Carolina, Pennsylvania, Ohio, Georgia, Minnesota and Texas. The Company derives revenue from cleaning services, sales of franchises and the sale of master franchises.

Accounting Estimates

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

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided over the estimated useful life of the assets using accelerated and straight-line methods of depreciation.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs that do not materially add to the value of the property nor appreciably extend the useful life of the property are charged to expense as incurred.

Income Taxes

The Company is an "S" Corporation for federal and state income tax purposes. Under this election, the Company incurs no Federal or State income tax liability, but its stockholder is required to report the Company's taxable income on his individual income tax returns. Under New Jersey "S" Corporation regulations, there is a minimum tax based on New Jersey gross receipts. The Company also pays income tax to New York based on the allocated percentages of business activity.

Trademarks

Through December 31, 2012 trademarks are stated at cost less accumulated amortization. Trademarks are being amortized over the estimated useful life of the asset, not exceeding 15 years.

HEITS BUILDING SERVICES INC.

Notes to Financial Statements
For the Year Ended December 31, 2012

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Company's revenues consist of franchise fees from the sale of master and local franchise rights, service revenues from the billing of commercial cleaning contracts and royalties from franchises based on franchisee revenue. Revenue is recognized for services when performed, for royalties, as accrued and for franchise fees when all material services and conditions relating to the sale have been performed or satisfied. Revenues from the sale of franchises is deferred until the Company has fulfilled its obligation to the franchisees. The franchise fees are recognized at the completion of training and when cleaning service accounts are offered to the franchisee in fulfillment of their franchise package. The Company also recognized financing interest income for the financing of these franchise packages.

The Company has a direct contractual relationship with cleaning contract customers for the services and holds title to the related receivables. These revenues and the related direct costs are part of the Company's services revenue and costs in the period which services are performed. The payment to the franchisees is the net of royalties, management, insurance provided on behalf of franchisees, and note and interest payments due for the purchase of cleaning franchise.

Note 2 - Advertising

Advertising costs are included in the operating expenses and are expensed as incurred. Advertising expense totaled \$18,214 for the year ended December 31, 2012.

Note 3 - Property and Equipment

The major classes of property and equipment, at cost, at December 31, 2012 were as follows:

Leasehold improvements	\$ 1,050
Office furniture	3,235
Office equipment	7,862
Computer software	8,800
Machinery and equipment	<u>10,568</u>
	31,515
Less: Accumulated depreciation and amortization	<u>23,116</u>
	<u>\$ 8,399</u>

Note 4 - Notes Receivable - Franchise

The notes receivable balance at December 31, 2012 consists of the master franchise royalty fees due from the former Heits Building Services of Arizona (G and D Services, Inc.).

	2012
Note receivable current	<u>\$ 19,508</u>

HEITS BUILDING SERVICES INC.

Notes to Financial Statements
For the Year Ended December 31, 2012

Note 5 - Description of Leasing Arrangement

The Company leases office space in Hasbrouck Heights, New Jersey. The lease provides for annual rental payments of \$37,950 plus a portion of the real estate tax over the 2012 base year. The lease expires on November 30, 2013. The Company is currently negotiating its lease with the landlord. The renewal option has terms similar to its current lease. The Company presently sub-leases 50% of the office space on a month-to-month basis. The rent expense charged to operations for the year ended December 31, 2012 amounted to \$44,851, which includes \$6,901 of additional charges. The amount charged for the sub-lease reduced rent expense by \$22,989.

Following is a schedule of future minimum rental payments required under the above lease as of December 31, 2012:

<u>For the Year Ended December 31,</u>	<u>Amount</u>
2013	<u>\$ 34,788</u>

Note 6 - Related Party Transaction

On May 30, 2006, the Company entered into a note payable with a relative of the shareholder for \$100,000 and matures on May 30, 2015. The note is unsecured and bears an interest rate of 5% per annum, which is paid monthly. The balance owed at December 31, 2012 is \$55,000.

\$ 55,000

Debt maturities are as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2013	\$ 34,695
2014	14,615
2015	5,690
	<u>\$ 55,000</u>

HEITS BUILDING SERVICES INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

HEITS BUILDING SERVICES INC.

For the Year Ended December 31, 2011

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Pivrotto & Foster

CERTIFIED PUBLIC ACCOUNTANTS, PA

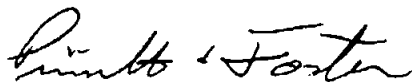
INDEPENDENT AUDITOR'S REPORT

Board of Directors
Heits Building Services Inc.

We have audited the accompanying balance sheet of Heits Building Services Inc. (a New Jersey corporation) as of December 31, 2011 and the related statements of operations, changes in stockholder's equity 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heits Building Services Inc. as of December 31, 2011 and the results of its operations and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.



March 20, 2012
Fairfield, New Jersey

HEITS BUILDING SERVICES INC.

Balance Sheet
December 31, 2011

Assets

Current Assets		
Cash	\$ 4,368	
Accounts receivable - trade	71,710	
Prepaid expenses	2,968	
Note receivable	<u>19,508</u>	
Total current assets		\$ 98,554
Property and equipment, net of accumulated depreciation and amortization		9,234
Other Assets		
Security deposits	10,200	
Trademarks, net	2,273	
Due from Officer	<u>70,680</u>	
Total other assets		<u>83,153</u>
		<u>\$ 190,941</u>

Liabilities and Stockholder's Equity

Current Liabilities		
Current portion, long-term debt	\$ 21,725	
Accounts payable and accrued expenses	124,118	
Taxes payable	<u>6,936</u>	
Total current liabilities		\$ 152,779
Long-term debt, net of current portion		33,275
Stockholder's Equity		
Common stock, no par value, 200 shares authorized, 10 shares issued and outstanding	145,224	
Accumulated deficit	<u>(140,337)</u>	
Total stockholder's equity		<u>4,887</u>
		<u>\$ 190,941</u>

See accompanying notes to financial statements.

HEITS BUILDING SERVICES INC.

Statement of Operations
For the Year Ended December 31, 2011

	<u>2011</u>	<u>% of Sales</u>
REVENUES:		
Janitorial services revenue	\$ 656,869	52.8%
Franchise revenue	586,853	47.2
Interest income	858	.0
Total revenues	<u>1,244,580</u>	<u>100.0</u>
OPERATING COSTS AND EXPENSES:		
Janitorial service and other costs	669,446	53.8
Franchise revenue costs	165,795	13.3
Selling, general, and administrative expenses	389,882	31.3
Depreciation and amortization	<u>1,169</u>	<u>.1</u>
Total operating costs and expenses	<u>1,226,292</u>	<u>98.5</u>
OPERATING INCOME	<u>18,288</u>	<u>1.5</u>
Interest expense	<u>11,977</u>	<u>1.0</u>
INCOME BEFORE INCOME TAXES	6,311	.5
Income taxes	<u>2,276</u>	<u>.2</u>
NET INCOME	<u>\$ 4,035</u>	<u>.3%</u>

See accompanying notes to financial statements.

HEITS BUILDING SERVICES INC.

Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2011

	<u>Common Stock</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, December 31, 2010	\$ 145,224	\$ (144,372)	\$ 852
Net income	<u>0</u>	<u>4,035</u>	<u>4,035</u>
Balance, December 31, 2011	<u>\$ 145,224</u>	<u>\$ (140,337)</u>	<u>\$ 4,887</u>

See accompanying notes to financial statements.

HEITS BUILDING SERVICES INC.

Statement of Cash Flows
For the Year Ended December 31, 2011

Cash flows from operating activities		
Net income		\$ 4,035
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	\$ 1,169	
(Increase) decrease in:		
Accounts receivable - trade	(4,665)	
Prepaid expenses	3,653	
Notes receivable	6,046	
Increase in:		
Accounts payable and accrued expenses	17,087	
Taxes payable	<u>5,593</u>	
Total adjustments		<u>28,883</u>
Net cash provided by operating activities		32,918
Cash flows from financing activities		
Loans to Officer	<u>57,980</u>	
Net cash used in financing activities		<u>(57,980)</u>
Net decrease in cash		(25,062)
Cash - beginning of year		<u>29,430</u>
Cash - end of year		<u>\$ 4,368</u>
Supplemental disclosure of cash flow information:		
Cash paid during year for:		
Interest		<u>\$ 11,977</u>
Income taxes		<u>\$ 2,276</u>

See accompanying notes to financial statements.

HEITS BUILDING SERVICES INC.

Notes to Financial Statements
For the Year Ended December 31, 2011

Note 1 - Summary of Significant Accounting Policies

Nature of Business

Heits Building Services Inc. ("the Company"), a New Jersey Corporation, was incorporated in October 2003 and is a franchisor of commercial cleaning services.

The Company provides janitorial franchises and financing to franchisees in the form of individual franchise agreements and master service franchise agreements within various regions of the United States. In addition, through its owned locations, the Company provides cleaning contracts to customers and then delegates the right to service the customers to its franchisees. Currently, the Company's cleaning customers are located in New York. The Company's master franchises are located in Arizona, Northern and Central New Jersey, North Carolina, Pennsylvania, Ohio, Massachusetts, Georgia, Minnesota and Texas. The Company derives revenue from cleaning services, sales of franchises and the sale of master franchises.

Accounting Estimates

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

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided over the estimated useful life of the assets using accelerated and straight-line methods of depreciation.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs that do not materially add to the value of the property nor appreciably extend the useful life of the property are charged to expense as incurred.

Income Taxes

The Company is an "S" Corporation for federal and state income tax purposes. Under this election, the Company incurs no Federal or State income tax liability, but its stockholder is required to report the Company's taxable income on his individual income tax returns. Under New Jersey "S" Corporation regulations, there is a minimum tax based on New Jersey gross receipts. The Company also pays income tax to New York based on the allocated percentages of business activity.

Trademarks

Through December 31, 2011 trademarks are stated at cost less accumulated amortization. Trademarks are being amortized over the estimated useful life of the asset, not exceeding 15 years.

HEITS BUILDING SERVICES INC.

Notes to Financial Statements
For the Year Ended December 31, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Company's revenues consist of franchise fees from the sale of master and local franchise rights, service revenues from the billing of commercial cleaning contracts and royalties from franchises based on franchisee revenue. Revenue is recognized for services when performed, for royalties, as accrued and for franchise fees when all material services and conditions relating to the sale have been performed or satisfied. Revenues from the sale of franchises is deferred until the Company has fulfilled its obligation to the franchisees. The franchise fees are recognized at the completion of training and when cleaning service accounts are offered to the franchisee in fulfillment of their franchise package. The Company also recognized financing interest income for the financing of these franchise packages.

The Company has a direct contractual relationship with cleaning contract customers for the services and holds title to the related receivables. These revenues and the related direct costs are part of the Company's services revenue and costs in the period which services are performed. The payment to the franchisees is the net of royalties, management, insurance provided on behalf of franchisees, and note and interest payments due for the purchase of cleaning franchise.

Note 2 - Advertising

Advertising costs are included in the operating expenses and are expensed as incurred. Advertising expense totaled \$68,286 for the year ended December 31, 2011.

Note 3 - Property and Equipment

The major classes of property and equipment, at cost, at December 31, 2011 were as follows:

Leasehold improvements	\$ 1,050
Office furniture	3,235
Office equipment	7,862
Computer software	8,800
Machinery and equipment	<u>10,568</u>
	31,515
Less: Accumulated depreciation and amortization	<u>22,281</u>
	<u>\$ 9,234</u>

Note 4 - Notes Receivable - Franchise

The notes receivable balance at December 31, 2011 consists of the master franchise royalty fees due from the former Heits Building Services of Arizona (G and D Services, Inc.). This note is due in full and bears an interest rate of 8%. The payment is pending litigation mentioned in Note 7.

	2011
Note receivable current	<u>\$ 19,508</u>

HEITS BUILDING SERVICES INC.

Notes to Financial Statements
For the Year Ended December 31, 2011

Note 5 - Description of Leasing Arrangement

The Company renewed its lease in Hasbrouck Heights, New Jersey. The lease provides for annual rental payments of \$37,950 plus a portion of the real estate tax over the 2011 base year. The lease expires on November 30, 2013. The Company presently sub-leases 50% of the office space on a month-to-month basis. The rent expense charged to operations for the year ended December 31, 2011 amounted to \$45,264, which includes \$7,314 of additional charges. The amount charged for the sub-lease reduced rent expense by \$22,587.

Following is a schedule of future minimum rental payments required under the above lease as of December 31, 2012:

<u>For the Year Ended December 31,</u>	<u>Amount</u>
2012	\$ 37,950
2013	37,950
	<u>\$ 75,900</u>

Note 6 - Related Party Transaction

On May 30, 2006, the Company entered into a note payable with a relative of the shareholder for \$100,000 and matures on May 30, 2015. The note is unsecured and bears an interest rate of 12% per annum, which is paid monthly. The balance owed at December 31, 2011 is \$55,000.

\$ 55,000

Debt maturities are as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2012	\$ 21,725
2013	12,970
2014	14,615
2015	5,690
	<u>\$ 55,000</u>

Note 7 - Litigation

The Company filed an action against Gregory C. Ervasti and G and D Services, Inc. (the master franchise in Arizona) on November 22, 2010. The suit alleged breach of contract, trademark infringement, trade dress infringement, and unfair competition and is seeking injunctive relief and monetary damages against the Defendant, which formerly operated as a Heits Master Franchise (Arizona). The Company served Gregory C. Ervasti and G and D Services, Inc., with a Notice of Termination of the Master Franchise on November 17, 2010 for failing to pay royalties that were due. As of March 19, 2012, the case and amount to be awarded to Heits Building Services Inc. is still pending. The amount originally owed is noted in Note 4.

HEITS BUILDING SERVICES INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

HEITS BUILDING SERVICES INC.

For the Year Ended December 31, 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Heits Building Services Inc.

We have audited the accompanying balance sheet of Heits Building Services Inc. (a New Jersey corporation) as of December 31, 2010 and the related statements of operations, changes in stockholder's equity 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heits Building Services Inc. as of December 31, 2010 and the results of its operations and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Pivrotto & Foster

March 21, 2011
Fairfield, New Jersey

HEITS BUILDING SERVICES INC.

Balance Sheet
December 31, 2010

Assets

Current Assets		
Cash	\$	29,430
Accounts receivable - trade		67,045
Prepaid expenses		6,621
Notes receivable - current portion		<u>25,554</u>
Total current assets	\$	128,650
Property and equipment, net of accumulated depreciation		10,070
Other Assets		
Security deposits		10,200
Trademarks, net		2,606
Due from Officer		<u>12,700</u>
Total other assets		<u>25,506</u>
	\$	<u>164,226</u>

Liabilities and Stockholder's Equity

Current Liabilities		
Current portion, long-term debt	\$	10,215
Accounts payable and accrued expenses		107,031
Taxes payable		<u>1,343</u>
Total current liabilities	\$	118,589
Long-term debt, net of current portion		44,785
Stockholder's Equity		
Common stock, no par value, 200 shares authorized, 10 shares issued and outstanding		145,224
Accumulated deficit		<u>(144,372)</u>
Total stockholder's equity		<u>852</u>
	\$	<u>164,226</u>

See accompanying notes and accountants' audit report.

HEITS BUILDING SERVICES INC.

Statement of Operations
For the Year Ended December 31, 2010

	<u>2010</u>	<u>% of Sales</u>
REVENUES:		
Janitorial services revenue	\$ 404,106	33.6%
Franchise revenue	795,493	66.3
Interest income	<u>1,119</u>	<u>.1</u>
Total revenues	<u>1,200,718</u>	<u>100.0</u>
OPERATING COSTS AND EXPENSES:		
Janitorial service and other costs	408,043	34.0
Franchise revenue costs	314,840	26.2
Selling, general, and administrative expenses	422,472	35.2
Depreciation and amortization	<u>2,198</u>	<u>.2</u>
Total operating costs and expenses	<u>1,147,553</u>	<u>95.6</u>
OPERATING INCOME	<u>53,165</u>	<u>4.4</u>
Interest expense	<u>16,789</u>	<u>1.4</u>
INCOME BEFORE INCOME TAXES	36,376	3.0
Income taxes	<u>1,755</u>	<u>.1</u>
NET INCOME	<u>\$ 34,621</u>	<u>2.9</u>

See accompanying notes and accountants' audit report.

HEITS BUILDING SERVICES INC.

Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2010

	<u>Common Stock</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, December 31, 2009	\$ 145,224	\$ (144,993)	\$ 231
Net income	0	34,621	34,621
Less: Distributions	<u>0</u>	<u>(34,000)</u>	<u>(34,000)</u>
Balance, December 31, 2010	<u>\$ 145,224</u>	<u>\$ (144,372)</u>	<u>\$ 852</u>

See accompanying notes and accountants' audit report.

HEITS BUILDING SERVICES INC.

Statement of Cash Flows
For the Year Ended December 31, 2010

Cash flows from operating activities		
Net income		\$ 34,621
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	\$ 2,198	
(Increase) decrease in:		
Accounts receivable - trade	(36,302)	
Prepaid expenses	36,357	
Notes receivable	9,118	
Increase (decrease) in:		
Accounts payable and accrued expenses	18,411	
Taxes payable	<u>518</u>	
Total adjustments		<u>30,300</u>
Net cash provided by operating activities		64,921
Cash flows from financing activities		
Repayments of long-term debt	(10,000)	
Distribution to Officer	<u>(34,000)</u>	
Net cash used in financing activities		<u>(44,000)</u>
Net increase in cash		20,921
Cash - beginning of year		<u>8,509</u>
Cash - end of year		<u>\$ 29,430</u>
Supplemental disclosure of cash flow information:		
Cash paid during year for:		
Interest		<u>\$ 16,789</u>
Income taxes		<u>\$ 925</u>

See accompanying notes and accountants' audit report.

HEITS BUILDING SERVICES INC.

Notes to Financial Statements
For the Year Ended December 31, 2010

Note 1 - Summary of Significant Accounting Policies

Nature of Business

Heits Building Services Inc. ("the Company"), a New Jersey Corporation, was incorporated in October 2003 and is a franchisor of commercial cleaning services.

The Company provides janitorial franchises and financing to franchisees in the form of individual franchise agreements and master service franchise agreements within various regions of the United States. In addition, through its owned locations, the Company provides cleaning contracts to customers and then delegates the right to service the customers to its franchisees. Currently, the Company's cleaning customers are located in New York and Arizona. The Company's master franchises are located in Northern and Central New Jersey, North Carolina, Pennsylvania, Ohio (2), Massachusetts, Georgia and Minnesota. The Company derives revenue from cleaning services, sales of franchises and the sale of master franchises.

Accounting Estimates

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

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided over the estimated useful life of the assets using accelerated and straight-line methods of depreciation.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs that do not materially add to the value of the property nor appreciably extend the useful life of the property are charged to expense as incurred.

Income Taxes

The Company is an "S" Corporation for federal and state income tax purposes. Under this election, the Company incurs no Federal or State income tax liability, but its stockholder is required to report the Company's taxable income on his individual income tax returns. Under New Jersey "S" Corporation regulations, there is a minimum tax based on New Jersey gross receipts.

HEITS BUILDING SERVICES INC.

Notes to Financial Statements
For the Year Ended December 31, 2010

Note 1 - Summary of Significant Accounting Policies (continued)

Intangible Assets

Through December 31, 2010 intangible assets are stated at cost less accumulated amortization. Intangible assets are being amortized over the estimated useful life of the asset, not exceeding 15 years.

Inventory

Inventory consists of cleaning supplies and is stated at average cost on a first-in, first-out basis.

Revenue Recognition

The Company's revenues consist of franchise fees from the sale of master and local franchise rights, service revenues from the billing of commercial cleaning contracts and royalties from franchises based on franchisee revenue. Revenue is recognized for services when performed, for royalties, as accrued and for franchise fees when all material services and conditions relating to the sale have been performed or satisfied. Revenues from the sale of franchises is deferred until the Company has fulfilled its obligation to the franchisees. The franchise fees are recognized at the completion of training and when cleaning service accounts are offered to the franchisee in fulfillment of their franchise package. The Company also recognized financing interest income for the financing of these franchise packages.

The Company has a direct contractual relationship with cleaning contract customers for the services and holds title to the related receivables. These revenues and the related direct costs are part of the Company's services revenue and costs in the period which services are performed. The payment to the franchisees is the net of royalties, management, insurance provided on behalf of franchisees, and note and interest payments due for the purchase of cleaning franchise.

Note 2 - Advertising

Advertising costs are included in the operating expenses and are expensed as incurred. Advertising expense totaled \$66,504 at year ended December 31, 2010.

HEITS BUILDING SERVICES INC.

Notes to Financial Statements
For the Year Ended December 31, 2010

Note 3 - Property and Equipment

The major classes of property and equipment, at cost, at December 31, 2010 were as follows:

Leasehold improvements	\$ 1,050
Office furniture	3,235
Office equipment	7,862
Computer software	8,800
Machinery and equipment	<u>10,568</u>
	31,515
Less: Accumulated depreciation and amortization	<u>21,445</u>
	<u>\$ 10,070</u>

Note 4 - Notes Receivable - Franchisees

The notes receivable at December 31, 2010 consists of two notes, one for the sale of Heits Building Services of NCGD (Ohio) master franchise and the second to Heits Building Services of Arizona for royalty fees due. The Heits Building Services of NCGD note, payable monthly, is due on or before November 10, 2011 and bears an interest rate of 10%. The Heits Building Services of Arizona note, payable monthly, is due on or before December 31, 2011 and bears an interest rate of 8%.

	<u>2010</u>
Notes receivable	\$ 25,554
Less: current portion	<u>25,554</u>
	<u>\$ 0</u>

Notes receivable - long-term

Notes receivable at December 31, 2010 are scheduled to be repaid as follows:

<u>Year</u>	<u>Amount</u>
2010	<u>\$ 25,554</u>

HEITS BUILDING SERVICES INC.

Notes to Financial Statements
For the Year Ended December 31, 2010

Note 5 - Description of Leasing Arrangement

The Company leases office space in Hasbrouck Heights, New Jersey. The lease commenced on November 1, 2003 and expired October 31, 2009. The lease provides for annual rental payments of \$37,950 plus a portion of the real estate tax over the 2010 base year. The lease was renewed and commenced on November 1, 2010 and expires October 31, 2011 under the same terms and rental payments. The Company presently leases 50% of the office space to Grammatico Enterprises, Inc. on a month-to-month basis. The Company invoices half of the rent billed monthly to Grammatico Enterprises, Inc. The amount charged reduced rent expense by \$21,616. The rent expense charged to operations for the year ended December 31, 2010 amounted to \$45,232, which includes \$7,282 of additional charges.

The future rental payments will vary since they depend on rental payments plus additional charges that are billed monthly.

Note 6 - Debt

On May 30, 2006, the Company entered into a note payable to John Heitner for \$100,000 and is due and payable on May 30, 2015. The note is unsecured and bears an interest rate of 12% per annum, which is paid monthly. The balance owed at December 31, 2010 is \$55,000.

\$ 55,000

Debt maturities are as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2011	\$ 10,215
2012	11,510
2013	12,970
2014	14,615
2015	5,690
	<u>\$ 55,000</u>

Note 7 - Litigation

The Company has filed action against Gregory C. Ervasti and G and D Services, Inc. (the master franchise in Arizona) on November 22, 2010. The suit alleges breach of contract, trademark infringement, trade dress infringement, and unfair competition and is seeking injunctive relief and monetary damages against the Defendant, which formerly operated as a Heits Master Franchise (Arizona). The Company served Gregory C. Ervasti and G and D Services, Inc., with a Notice of Termination of the Master Franchise on November 17, 2010 for failing to pay royalties that were due. This matter has not been resolved as of December 31, 2010.

NEW

UNAUDITED INTERIM FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Heits Building Services Inc.
Balance Sheet
As of March 31, 2013

UNAUDITED

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
1000 CASH -	15,506.09
Total Bank Accounts	<u>\$15,506.09</u>
Accounts Receivable	
1100 Accounts Receivable	25,065.65
Total Accounts Receivable	<u>\$25,065.65</u>
Other current assets	
1199 Undeposited Funds	(16,687.92)
1200 A/R - NON TRADE	19,508.46
1375 IPN Holding Account	1,449.64
Total Other current assets	<u>\$4,270.18</u>
Total Current Assets	<u>\$44,841.92</u>
Fixed Assets	
1700 Property and Equipment	32,314.93
1790 Accumulated Depr and Amort	(23,116.10)
Total Fixed Assets	<u>\$9,198.83</u>
Other Assets	
1360 Security Deposit	10,200.00
1800 Intangibles	1,939.19
1900 Due to / from shareholder	117,831.97
Total Other Assets	<u>\$129,971.16</u>
TOTAL ASSETS	<u><u>\$184,011.91</u></u>
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	32,687.39
Total Accounts Payable	<u>\$32,687.39</u>
Credit Cards	
2100 Credit Card	38,359.78
Total Credit Cards	<u>\$38,359.78</u>
Other Current Liabilities	
2400 Payroll taxes payable	8,095.57
2590 Sales Tax Payable	489.99
Total Other Current Liabilities	<u>\$8,585.56</u>
Total Current Liabilities	<u>\$79,632.73</u>
Long-Term Liabilities	
2800 L/T Loan payable	9,680.28
2905 Notes Payable-JH	54,950.00

NEW

	<u>Total</u>
Total Long-Term Liabilities	<u>\$64,630.28</u>
Total Liabilities	<u>\$144,263.01</u>
Equity	
3100 Capital Stock	145,223.69
3210 Distribution	(34,000.00)
3300 Retained Earnings	(105,077.33)
Net Income	<u>33,602.54</u>
Total Equity	<u>\$39,748.90</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$184,011.91</u></u>

Monday, Apr 29, 2013 01:45:19 PM PDT GMT-4 - Accrual Basis

This report was created using QuickBooks Online.

Heits Building Services Inc.
Profit & Loss
January - March, 2013

	<u>Total</u>
Income	
4100 FRANCHISE - MASTER	94,584.53
4200 FRANCHISE - UNIT	6,250.48
4400 CLEANING SERVICES	38,317.00
4500 PRODUCT SALES	967.36
4600 PASS THRU	4,231.47
4700 OTHER	6,769.83
Total Income	\$151,120.67
Cost of Goods Sold	
5100 Payment to Franchisees	31,453.00
5200 SUPPLES - COGS	942.36
5625 Royalty - Rhino 7 - 20%	3,634.05
Total Cost of Goods Sold	\$36,029.41
Gross Profit	\$115,091.26
Expenses	
6000 WAGES & SALARIES	25,000.00
6100 EMPLOYEE BENEFITS	5,430.95
6200 PAYROLL EXPENSE	3,657.19
6300 INSURANCE	3,670.40
6400 PROFESSIONAL FEES	(3,112.54)
6450 ADVERTISING & MARKETING	12,646.41
6500 FACILITY COST	19,071.81
6600 COMMUNICATION	4,000.36
6700 OFFICE EXPENSES	2,973.78
7000 AUTO	2,910.65
7300 TRAVEL & ENTERTAINMENT	1,519.37
7700 FINANCING COST	2,302.24
8000 MISCELLANEOUS	259.00
9000 TAXES	560.00
9999 Uncategorized Expense	89.10
Payroll Expenses	510.00
Total Expenses	\$81,488.72
Net Operating Income	\$33,602.54
Net Income	\$33,602.54

Sunday, Apr 28, 2013 08:31:58 AM PDT GMT-4 - Accrual Basis

This report was created using QuickBooks Online.

UNAUDITED**DELETED IN
ENTIRETY****Heits Building Services Inc.
Balance Sheet
As of March 31, 2012**

	Total
ASSETS	
Current Assets	
Bank Accounts	
1000 CASH -	39,598.59
1025 Petty Cash (deleted)	0.00
1099 Transfers	227.45
Total Bank Accounts	<u>\$39,826.04</u>
Accounts Receivable	
1100 Accounts Receivable	20,581.80
Total Accounts Receivable	<u>\$20,581.80</u>
Other Current Assets	
1151 Allowance for Bad Debts	0.00
1199 Undeposited Funds	12,466.71
1200 A/R - NON TRADE	18,818.14
1250 Inventory Asset	0.00
1300 Prepaid Expenses	2,967.98
1350 Employee Advances (deleted)	0.00
Total Other Current Assets	<u>\$34,252.83</u>
Total Current Assets	<u>\$94,660.67</u>
Fixed Assets	
1700 Property and Equipment	31,514.93
1790 Accumulated Depr and Amort	(22,280.55)
Total Fixed Assets	<u>\$9,234.38</u>
Other Assets	
1360 Security Deposit	10,200.00
1800 Intangibles	2,272.52
1900 Due to / from shareholder	70,680.24
Total Other Assets	<u>\$83,152.76</u>
TOTAL ASSETS	<u><u>\$187,047.81</u></u>
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	879.51
Total Accounts Payable	<u>\$879.51</u>
Credit Cards	
2100 Credit Card	54,552.00
2115 Chase (deleted)	0.00
Total Credit Cards	<u>\$54,552.00</u>
Other Current Liabilities	
2205 Accrued Expenses	49,952.24
2400 Payroll taxes payable	5,537.33

	Total
2575 Taxes Payable	(3,402.81)
2600 Deferred Financing Income	0.00
Direct Deposit Payable	0.00
Total Other Current Liabilities	<u>\$52,086.76</u>
Total Current Liabilities	<u>\$107,518.27</u>
Long-Term Liabilities	
2800 L/T Loan payable	9,756.99
2900 Due to Shareholder	0.00
2905 Notes Payable-JH	55,000.00
Total Long-Term Liabilities	<u>\$64,756.99</u>
Total Liabilities	<u>\$172,275.26</u>
Equity	
3100 Capital Stock	145,223.69
3210 Distribution	(34,000.00)
3300 Retained Earnings	(106,303.74)
3305 Retained Earnings*	0.00
Net Income	9,852.60
Total Equity	<u>\$14,772.55</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$187,047.81</u></u>

Wednesday, Apr 25, 2012 11:02:21 AM GMT-4 - Accrual Basis

This report was created using QuickBooks Online.

Heits Building Services Inc. **Profit & Loss** January - March, 2012

	<u>Total</u>
Income	
4100 FRANCHISE - MASTER	75,119.01
4200 FRANCHISE - UNIT	9,724.91
4400 CLEANING SERVICES	76,734.94
4500 PRODUCT SALES	2,505.27
4600 PASS THRU	5,646.69
4700 OTHER	275.84
Total Income	\$170,006.66
Cost of Goods Sold	
5100 Payment to Franchisees	72,614.31
5200 SUPPLES - COGS	605.46
5600 Commissions	3,283.36
5625 Royalty - Rhino 7 - 20%	2,200.91
Total Cost of Goods Sold	\$78,704.04
Gross Profit	\$91,302.62
Expenses	
6000 WAGES & SALARIES	43,469.22
6100 EMPLOYEE BENEFITS	5,098.40
6200 PAYROLL EXPENSE	5,125.38
6400 PROFESSIONAL FEES	1,352.00
6450 ADVERTISING & MARKETING	2,931.02
6500 FACILITY COST	11,293.41
6600 COMMUNICATION	1,720.03
6700 OFFICE EXPENSES	411.65
7000 AUTO	2,480.00
7300 TRAVEL & ENTERTAINMENT	30.95
7700 FINANCING COST	2,597.46
8000 MISCELLANEOUS	45.00
9000 TAXES	1,170.00
9999 Uncategorized Expense	3,725.50
Total Expenses	\$81,450.02
Net Operating Income	\$9,852.60
Net Income	\$9,852.60

Wednesday, Apr 25, 2012 11:03:13 AM GMT-4 - Accrual Basis

This report was created using QuickBooks Online.

EXHIBIT L

STATE-SPECIFIC DISCLOSURES

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE MINNESOTA FRANCHISE LAW

Notwithstanding anything to the contrary set forth in the Heits Building Services® Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Heits Building Services® franchises offered and sold in the state of Minnesota:

The Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

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

2. We will comply with Minn. Stat. Section 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 Agreement.

3. Item 17(c) and 17(m) are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.

4. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

5. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Minnesota Statutes, Chapter 80C are met independently without reference to this Addendum.

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 Roshe Enterprises, Inc., d/b/a HEITS Building Services of Minnesota offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement with, or make a payment to it, the franchisor or an affiliate in connection with the proposed franchise sale.

If Roshe Enterprises, Inc., d/b/a HEITS Building Services of Minnesota 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 applicable state agency listed on Exhibit A.

The Master Franchisee for Minnesota is Roshe Enterprises, Inc., located at 7575 Golden Valley Road, Suite 378, Minneapolis, Minnesota 55427. Its telephone number is 763-253-4700. The Franchisor is Heits Building Services, Inc., located at 777 Terrace Avenue, Third Floor, Hasbrouck Heights, New Jersey 07604; telephone number 201-288-7708.

| Issuance Date: April 29, 2013~~24~~, 2012.

The franchise seller(s) for this offering is/are _____.

The Master Franchisee and the Franchisor authorize the state agency identified on Exhibit A to receive service of process for it in the particular state.

| I have received a Franchise Disclosure Document dated April 29, 2013~~24~~, 2012 that included the following Exhibits:

- A. State Administrators/Agents for Service of Process
- B. Franchise Agreement
- C. Guaranty
- D. Promissory Note Secured by Separate Security Agreement
- E. Security Agreement
- F. UCC-1 Financing Statement
- G. General Release Agreement
- H. Transfer Agreement
- I. Equipment Lease Agreement
- J. List of HEITS® Franchisees
- K. Financial Statements
- L. State-Specific Disclosures

Signature of Potential Franchise Owner

Date

Print Name of Potential Franchise Owner

You may return the signed receipt by signing, dating and mailing it to Roshe Enterprises, Inc. at the address given above, or by faxing a copy of the signed and dated receipt to Roshe at 763-253-4704.

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 Roshe Enterprises, Inc., d/b/a HEITS Building Services of Minnesota offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement with, or make a payment to it, the franchisor or an affiliate in connection with the proposed franchise sale.

If Roshe Enterprises, Inc., d/b/a HEITS Building Services of Minnesota 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 applicable state agency listed on Exhibit A.

The Master Franchisee for Minnesota is Roshe Enterprises, Inc., located at 7575 Golden Valley Road, Suite 378, Minneapolis, Minnesota 55427. Its telephone number is 763-253-4700. The Franchisor is Heits Building Services, Inc., located at 777 Terrace Avenue, Third Floor, Hasbrouck Heights, New Jersey 07604; telephone number 201-288-7708.

Issuance Date: April 29, 2013~~24, 2012~~.

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Heits of Minnesota