

## FRANCHISE DISCLOSURE DOCUMENT



**JDog Franchises, LLC**

**A Delaware limited liability company**

**100 Berwyn Park,**

**850 Cassatt Rd, Suite 225**

**Berwyn, PA 19312**

**1.844.438.5364**

**[jerry@jdogjunkremoval.com](mailto:jerry@jdogjunkremoval.com)**

JDog Franchises, LLC, offers Franchises for the operation of retail junk removal businesses under the name "J Dog Junk Removal & Hauling,," This franchise is only offered to honorably discharged and active military personnel and their families. The total investment necessary to begin operation of a "J Dog Junk Removal & Hauling,," franchise is between ~~\$41~~47,700 and ~~\$104~~114,400. This includes \$27,500 to \$30,000 that must be paid to the franchisor 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 fourteen (14) calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. **NOTE, however that no government agency has verified the information contained in this document**

You may wish to receive your Disclosure Document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, please contact Jerry Flanagan at JDog Franchises, LLC, 100 Berwyn Park, 850 Cassatt Rd, Suite 225, Berwyn, PA 19312 or call us at 1 844 438 5364.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your Contract. Read all of your contracts carefully. Show your Contract and this Disclosure Document to an advisor such as a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as a Consumer's Guide to Buying a Franchise, which can help you understand how to use this Disclosure Document is available through the Trade Commission. You can contact the F T C at 1-877-FTC-HELP or by writing the F T C at 600 Pennsylvania Avenue, Northwest, Washington, DC 20580. You can also visit the F T C's homepage at [www.ftc.gov](http://www.ftc.gov). For additional information, call your state agency or visit your public library for sources of information of franchising.

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

Issued September 23, 2016 as amended March 23, 2017

## STATE COVER PAGE

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

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

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

Please consider the following risk factors before you buy this franchise

- 1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION ONLY IN PENNSYLVANIA OUT OF STATE LITIGATION OR MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO MEDIATE WITH US IN PENNSYLVANIA THAN IN YOUR OWN STATE**
  - 2 THE FRANCHISE AGREEMENT STATES THAT PENNSYLVANIA LAW GOVERNS THE CONSTRUCTION AND INTERPRETATION OF THIS AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS**
  - 3 JDOG FRANCHISES, LLC HAS A LIMITED OPERATING HISTORY AS A FRANCHISOR THIS MAY BE ANOTHER RISK FACTOR WHEN CONSIDERING THE PURCHASE OF THIS FRANCHISE EXPERIENCE AS A FRANCHISOR AND LIMITED FINANCIAL RESOURCES WITH WHICH TO PROVIDE SUPPORT & SERVICES TO YOU AS A FRANCHISEE**
  - 4 YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE, WHICH MAKES YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS**
  - 5 JDOG FRANCHISES, LLC HAS LIMITED EXPERIENCE AS A FRANCHISOR AND LIMITED FINANCIAL RESOURCES WITH WHICH TO PROVIDE SUPPORT & SERVICES TO YOU AS A FRANCHISEE**
- 5-6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE**

We may use the services of one or more of Franchise Brokers or referral sources to assist us in selling our franchise Franchise Broker or referral sources represent 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 on a franchise.

~~See following page for State effective dates.~~

### STATE EFFECTIVE DATES

The following States require that a Franchise Disclosure Document be registered 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

The 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

<b>State</b>	<b>Effective Date</b>
California	<del>Pending</del> <u>March 18, 2015</u>
Florida (exemption)	February 2, <del>2016</del> <u>2017</u>
Hawaii	<del>Not Registered</del> <u>Pending</u>
Illinois	<del>August 13, 2015</del> <u>Pending</u>
Indiana	<del>February</del> <u>March 29, 2016</u> <u>2017</u>
Kentucky (exemption)	February 2, 2015
Maryland	<del>September 28, 2015 as amended</del> <u>October 26, 2015</u>
Michigan	<del>February 3, 2016</del> <u>Pending</u>
Minnesota	Pending
Nebraska (exemption)	February 10, 2015
New York	<del>September 28, 2015</del> <u>Pending</u>
North Dakota	<del>March 23, 2015</del> <u>Pending</u>
Rhode Island	<del>February 4, 2016</del> <u>Pending</u>
South Dakota	<del>March 3, 2016</del> <u>Pending</u>
Texas (exemption)	February 6, 2015
Utah (exemption)	February 9, <del>2015</del> <u>10, 2017</u>
Virginia	<del>May 29, 2015</del> <u>Pending</u>
Washington	<del>March 24, 2015</del> <u>Pending</u>
Wisconsin	<del>January 29, 2016</del> <u>Pending</u>

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EXHIBIT J RECEIPT (Franchisee Copy)

## **ITEM 1- THE FRANCHISOR AND ANY PARENTS, PREDECESSORS OR AFFILIATES**

To simplify the language in this Disclosure Document, the “Company,,,” “us,,,” and “we,,,” means JDog Franchises, LLC, a Delaware limited liability company “You,,,” means the person who buys a franchise If you are a corporation, partnership, or entity, “you,,,” includes your owners

### **The Franchisor, Its Parent, Predecessors and Affiliates**

We are J Dog Franchises, LLC a Delaware limited liability company formed on June 16, 2014 Our principal business address is located at 100 Berwyn Park, 850 Cassatt Rd, Suite 225, Berwyn, PA 19312 Our parent company is JD Investment Company, LLC, a Delaware limited liability company whose principal business address is also 1235 Westlakes Drive, Suite 160, Berwyn, PA

J Dog Holdings, LLC, a Delaware limited liability company formed in November of 2012 is our affiliate Its principal business address is also 1235 Westlakes Drive, Suite 160, Berwyn, PA 19312 It owns the Marks referenced in Item 13 of this Disclosure Document It licenses to us the exclusive right to use and license these Marks

J Dog Corporate Services, LLC, a Delaware limited liability company formed in October of 2016 is also our affiliate Its principal business address is also 1235 Westlakes Drive, Suite 160, Berwyn, PA 19312 It contracts with franchise brokers who market the J Dog brand to prospects

Our predecessor is J Dog Franchises, Inc , a Pennsylvania Corporation founded 2012 by our president and CEO, Gerald Flanagan Their address was 409 Millhouse Pond, Wayne, PA 19087 J Dog Franchises, Inc sold six franchises to five franchisees from 2012 through our purchase of the brand and all of the assets of J Dog Franchises, Inc on September 19, 2014 All six of these franchisees are now franchisees of ours

### **Our Business Operations**

We grant franchises to qualified candidates in the United States for the operation of franchise businesses identified by the name of J Dog Junk Removal & Hauling (the “Franchised Business,,,” or “Junk Removal Business,,,”) We and our predecessor, J Dog Franchises, Inc have offered these franchises since May of 2012

We have not offered franchises in any other lines of business Other than as stated above, neither we nor our predecessors or affiliates have offered franchises in any other lines of business or provide products or services to our franchisees

JDog Franchises, LLC offers franchises exclusively to honorably discharged US Armed Forces Veterans, Military Families, Active Duty Personnel and Reserves

### **The System**

Gerald “Jerry,,,” Flanagan, our CEO, president and founder, developed a novel method for operating and franchising junk removal businesses (the “System,,,”) Recently, we also added hauling to the System’s service offerings The System includes brand development, training, marketing programs, and access to the mark “J Dog Junk Removal,,,” and related marks

We recommend using a ~~Hummer H2 or late model~~ Jeep Wrangler for operating your business. Use of any other type of ~~vehicle for hauling~~ pick up truck, SUV, Jeep or box truck with appropriate towing/carrying capacity ~~must be approved by the franchisor~~ is allowed, subject to our approval.

You will operate your franchised business in a specific territory encompassing a geographic area with a population of approximately 100,000 people. This is determined by zip code, income and demographic data. You are free to operate your franchised business in an adjacent territory, so long as you do not infringe on the territory of another J Dog Junk Removal and Hauling business.

### **Competition**

You will face competition from other local and national junk removal, moving and transport businesses, as well as dumpster services and municipal waste collection programs.

### **Market and Regulatory Matters**

For the type of junk removal service offered by J Dog Junk Removal & Hauling businesses, that being residential and commercial junk removal and hauling services, there is a recognized business opportunity. Customer demand for efficient, dependable, professional, and hardworking junk removal services was the main driver behind the development of the System. In addition, the System responds to American consumers' desire to support veteran-owned businesses including J Dog Junk Removal & Hauling, as consumers appreciate and respond to the strong work ethic offered by honorably discharged US Armed Forces Veteran owners.

You will be required to research and to follow all pertinent local, state and federal laws and regulations specific to the junk removal and hauling industries. You will also be required to comply with all general business and commercial vehicle licensure laws and regulations. The Franchised Business will remove and haul upon order, non-hazardous junk for disposal, re-use and/or recycling. "Junk," is defined as items not removed in the normal municipal pick-up. We are not, and Franchised Businesses will not be in the business of regular pick-up of trash along designated residential or commercial routes, or the hauling of liquids, gases, or flammable or hazardous waste. We urge you to make inquiries about laws that may be applicable to your Franchised Business. Because our industry is regulated, you must be aware of all regulations and keep apprised of changes that may have an impact on the Franchised Business. We have not determined the licensing requirements in your proposed territory, or whether it is possible to obtain necessary licenses. You are solely responsible for determining licensing requirements in your proposed territory before you sign the Franchise Agreement. Your business also may be limited by exclusive territory before you sign the Franchise Agreement. Your business also may be limited by exclusive governmental licenses claimed by other garbage or waste collection companies, or by restrictions claimed on your right to access local transfer sites or landfills. You may want to obtain a complete copy of your state's and other applicable statutes and regulations and discuss them with your attorney.

Our agent for service of process in Pennsylvania is Gerald Flanagan, with an address of 100 Berwyn Park, 850 Cassatt Rd, Suite 225, Berwyn, PA 19312. Our agents for service of process for other states are identified by state in Exhibit A to this Franchise Disclosure Document. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above.



where we have appointed an agent for service of process There may also be additional agents appointed in some states listed

## ITEM 2 - BUSINESS EXPERIENCE

### **President and CEO Gerald "Jerry" Flanagan**

*June 2014 to Present*

JDog Franchises, LLC (Berwyn, PA), President and CEO

*March 2012 to June 2014*

J Dog Franchises, Inc (Wayne, PA), President and CEO

*July 2010 to June 2014*

J Dog, LLC (Wayne, PA), Founder and Owner/Operator of a junk removal business that served as the original prototype for franchise being offered

### **Chairman Christopher J Debbas**

*September 2014 to Present*

JDog Holdings, LLC (Berwyn, PA), Chairman

*June 2014 to Present*

JDog Franchises, LLC (Berwyn, PA), Chairman

*May 2014 to Present*

JD Investment Company, LLC (Berwyn, PA), Chairman

*July 2014 to Present*

Advanced Call Center Technologies of Jamaica, LLC (Berwyn, PA), Chairman

*April 2011 to Present*

SPA Car Wash Systems, LLC (Berwyn, PA), President

*January 2010 to Present*

ACCT Holdings, LLC (Berwyn, PA), Chairman

Advanced Call Center Technologies, LLC (Berwyn, PA) Chairman

Julip Run Capital, LLC (Berwyn, PA), President

CDV Management, LP (Berwyn, PA), Partner

CDV Equity Associates, LP (Berwyn, PA), Partner

CD Ventures, Inc (Berwyn, PA), President

InDitto, LLC (Berwyn, PA), President

*March 2013 to August 2013*

InDimension3, LLC (Berwyn, PA), Chairman

**Vice President and Chief Financial Officer James R Griffiths**

*September 2014 to Present*

JDOG Holdings, LLC (Berwyn, PA), Vice President

*June 2014 to Present*

JDog Franchises, LLC (Berwyn, PA), Vice President and Chief Financial Officer

*May 2014 to Present*

JD Investment Company, LLC (Berwyn, PA), Vice President

*July 2014 to Present*

Advanced Call Center Technologies of Jamaica, LLC (Berwyn, PA), Executive Vice President

*April, 2011 to Present*

Spa Car Wash Systems, LLC (Berwyn, PA), Vice President/CFO

*January, 2010 to Present*

Advanced Call Center Technologies, LLC (Berwyn, PA), Executive Vice President

ACCT Holdings, LLC (Berwyn, PA), Executive Vice President

Julip Run Capital, LLC (Berwyn, PA), Vice President

CDV Management, LP (Berwyn, PA), Vice President

CDV Equity Associates, LP (Berwyn, PA), Vice President

CD Ventures, Inc (Berwyn, PA), Vice President

Inditto, LLC (Berwyn, PA), Vice President

*March 2013 to July 2014*

Indimension Holdings, LLC (Berwyn, PA), Vice President

Indimension3, LLC (Berwyn, PA), Vice President

**Vice President of Sales and Business Development Col Keith Seiwel, USMC, Ret**

*May 2015 to Present*

JDOG Franchises, LLC (Berwyn, PA), Vice President

*November 2009 to December 2014*

AZ Corporation (Kabul, Afghanistan), Chief Executive Officer

*1979 to 2009*

United States Marine Corps, Colonel (Ret )

**Vice President of Operations ~~James O'Flaherty~~Kevin Kopa**

~~*August 2015 to Present*~~

~~JDOG Franchises, LLC (Berwyn, PA), Vice President~~

~~*May 2010 to August 2015*~~

~~United States Marine Corp, Captain~~

~~Jan 2014 – May 2014 2D Light Armored Reconnaissance Battalion~~

~~Bn Fire Support Planner, 10th Marine Regiment representative on the FY15 Gunnery Sergeant~~

~~Promotion Board (Quantico, VA)~~

~~Mar 2013 – Jan 2014 2D Battalion, 9<sup>th</sup> Marines~~

~~Company Fire Support Officer (CFSO), Echo Company, Company Executive Officer,  
Enhanced Mojave Viper Support~~

~~Jan 2012 – Mar 2013 3D Battalion, 10<sup>th</sup> Marines~~

~~EOD/Operations advisor for the 1st Afghan National Civil Order Police Brigade, Headquarters  
Platoon Commander, Fox Battery 2D Bn, 12th Marines~~

**Vice President of Corporate Services: Kevin Kopa**

*January 2016 to Present*

JDOG Franchises, LLC (Berwyn, PA), Vice President

*February 2011 to December 2015*

Re-Transportation, Inc (Malvern, PA), Operations Manager

*2003 – 2009*

United States Marine Corps, Corporal

**Operations Manager Dana Forester**

*February 2016 to Present*

JDOG Franchises, LLC (Berwyn, PA), Operations Manager

*October 2013 to Present*

Professional Services, Inc (Royersford, NJ), Emergency Services Dispatcher

*January 2011 – October 2013*

Self Employed (Limerick, PA), Virtual Assistant

*October 2010 – October 2011*

Northstar Electrical, Inc (Norristown, PA), Service Manager

### **ITEM 3 - LITIGATION**

**J Dog Franchises, LLC v Louis Vaughn Jr**, U S District Court, E D Pa no 2 15-cv-02780-GJP On May 18, 2015, the Company brought the above action against Louis Vaughn, a former franchisee, and asserted claims for trademark infringement, breach of contract, and declarative judgment On July 9, 2015, Mr Vaughn filed a counterclaim alleging copyright infringement, breach of contract, and unauthorized use of likeness Mr Vaughn asked for unspecified money damages to be determined at trial The parties entered into a settlement agreement dated February 8, 2016, wherein Mr Vaughn submitted to a stipulated permanent injunction prohibiting him from using the Company's trademarks or operating competing junk removal business No money changed hands under the settlement

Other than this action, no litigation information is required to be disclosed in this item

### **ITEM 4 - BANKRUPTCY**

JDog Franchises, LLC President and CEO, Gerald Flanagan filed a petition under the liquidation provisions of Chapter 7 of the U S Bankruptcy Code on June, 22 2010 prior to his involvement with the Company In re Flanagan, No 10-15078-bif (Bankr E D Pa 2010) On September 30, 2010, the bankruptcy court entered a discharge

No other bankruptcy information is required to be disclosed in this item

## ITEM 5 - INITIAL FEE

The initial franchise fee for a J Dog Junk Removal & Hauling franchise Business is ~~\$27,500~~\$30,000 for a Territory (defined in Item 12) If you are an active, retired or honorably separated officer or enlisted personnel of the United States Military, you will receive a \$2,500 discount off of this fee. You must pay us the initial franchise fee in a lump sum when you sign the Franchise Agreement. The initial franchise fee is not refundable in whole or in part under any circumstances.

We increased the initial franchise fee from ~~\$25,000 to \$27,500~~ to \$30,000. In addition, we discounted this fee on some occasions. These discounts were offered on a case-by-case basis, primarily as incentives to our early franchisees and to existing franchisees acquiring additional territories. Fees paid in the previous fiscal year ranged from \$9,900 to \$27,500.

Except as noted, the initial franchise fee is uniformly imposed on all franchisees subject to this Disclosure Document. We reserve the right, but are not obligated, to reduce the initial Franchise Fee for existing franchisees who elect to purchase additional franchises.

There are no other required payments or fees to be made to the franchisor or its affiliates for goods or services before the business opens.

### ITEM 6 - OTHER FEES

Fee <sup>1</sup>	Amount	Due Date	Remarks
<b>Royalty*</b> - Base Royalty	(a) \$800 00 each month for month one through twelve (1-12) of the Term,  (b) \$1200 00 each month for the months thirteen through twenty four (13-24) of the Term,  (c) \$1600 00 each month for months twenty five through thirty six (25-36) of the Term,  (d) \$2000 00 each month, for months thirty-seven (37) through the end of the Term,	First Business Day of Month via EFT or other means designated by Franchisor	Royalty Fee to be paid via EFT or other means designated by franchisor
<b>Transfer</b>	\$10,000	\$5,000 upon announcing intention, \$5,000 upon approval of transfer	None
<b>Renewal</b>	50% of the then current franchise fee Such fee not to exceed \$10,000	Six months before the expiration of current term	None

<b>Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Operations Manual Replacement</b>	\$1000 replacement cost	Upon notice to Franchisor that you require an additional copy of the Operations Manual	We will provide you an operations manual at your training at no charge. If, for any reason, you need to replace the manual or request an additional copy, you will be charged \$1000.00 for any additional or replacement copies. The Operations Manual, at all times, remains the sole and exclusive property of JDog Franchises, LLC, returnable upon the sale or closure of the Franchised Business.
<b>Marketing Fund<sup>2</sup></b>	Currently \$0, not to exceed \$300 per month	First Business Day of Month via EFT or other means designated by Franchisor	See Item 11 for a detailed discussion about the Marketing Fund
<b>Local Advertising Fund</b>	Currently \$0. If fund is established, the greater of 2% of previous month gross sales or \$500.00 per territory/month	First Business Day of Month via EFT or other means designated by Franchisor	See Item 11 for a detailed discussion about the Marketing Fund
<b>Local Advertising Cooperative</b>	Currently \$0. If advertising cooperative is created, must contribute the greater of 2% of the previous months sales or \$500.00 per territory/month	First Business Day of Month via EFT or other means designated by Franchisor	See Item 11 for a detailed discussion about the Marketing Fund



Fee <sup>1</sup>	Amount	Due Date	Remarks
<b>Late Payment</b>	\$100 per occurrence	Immediately upon notice by Franchisor	Fee is incurred should you fail to make a required payment pursuant to the terms of your Franchise Agreement

<sup>1</sup>Unless otherwise noted, all fees are uniformly imposed by and payable to JDog Franchises, LLC and are non-refundable

<sup>2</sup>Some existing franchisees are not subject to this fee or are subject to a reduced fee. In some instances, these franchisees have been granted the right to purchase additional franchises under the same terms as their original franchise agreements

## ITEM 7 - ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee <sup>1</sup>	\$27,500- \$30,000	Lump Sum	When you sign the Franchise	JDog Franchises, LLC
<del>H2 Hummer, Jeep Wrangler or Approved Pickup or pick-up truck, SUV, Jeep or box truck.<sup>2</sup></del>	\$0-00 \$- \$30,000	Lump Sum or Financed	As Incurred	Car owner/dealer
Trailer 6'x12' high side utility trailer with 6'	\$25,000 - \$610,000	Lump Sum	As Incurred	Trailer owner/dealer
Equipment carts/dollies, misc <sup>4</sup>	\$500 - \$750	Lump Sum	As Incurred	Supplier
Permits & Licenses <sup>5</sup>	\$200 - \$750	As Incurred	As Incurred	Governmental Authorities
Signage-vehicle wrap <sup>6</sup>	\$36,000 - \$612,000	As Agreed	As Incurred	Supplier
Prepaid Insurance Premium <sup>7</sup>	\$1,200 - \$3,000	As Required by Vendor	As Required by Vendor	Insurance Carrier/Broker
Cell phone/computer/software <sup>6</sup> software <sup>8</sup>	\$500 - \$1,500	As Incurred	As Incurred	Supplier
Professional Fees	\$500 - \$2,000	As Incurred	As Incurred	Various
Travel, accommodations and meals during Initial Training <sup>7</sup> Training <sup>9</sup>	\$300 - \$3,000	As Incurred	As Incurred	Various
Office Furnishings <sup>8</sup>	\$0 - \$2,500	As incurred	As incurred	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Rent/Security Deposit <sup>8</sup> Deposit <sup>10</sup>	\$0 - \$5,000	As required by landlord	As required by landlord	Landlord (if any)
Initial Marketing Fee <sup>9</sup> Fee <sup>11</sup>	\$3,000 - \$6,000	As Incurred	Used within 30 days before and/or after your opening date	Kept in account and verification of expenditures as requested
Additional Funds 3 months <sup>10</sup> months <sup>12</sup>	\$3,000 - \$10,400	As Incurred	As Incurred	Various
<b>Total<sup>11</sup> Total<sup>13</sup></b>	<b>\$4147,700 - \$104114,400</b>			

<sup>1</sup> The Initial Franchise Fee is \$30,000. Active, retired or honorably separated officers and enlisted personnel of the United States Military, are eligible for a \$2,500 discount off this fee.

<sup>2</sup> Approved pick-up truck, SUV, Jeep or box truck. We recommend a late model Jeep Wrangler with appropriate towing capacity, as it personifies our military image, but if you already own a vehicle with appropriate towing capacity or prefer another vehicle, you may submit it for our approval. Vehicle may be purchased, leased or financed. If you choose to finance, you may have deposits and/or down payments but you would reduce your upfront cash requirements. All vehicles must be pre-approved and must wear our standard graphics.

<sup>3</sup> You will require two trailers: (1) a 6' x 6' x 12' double axle trailer and (2) a 7' HIGH x 6' x 12' or larger enclosed trailer. This estimate is subject to changes and regional variations in the market for such items. Prospective Franchisee is strongly encouraged to research the current cost of such items in the intended market area. Low estimate assumes used equipment in suitable condition. High estimate is for new equipment. Any trailer must meet our minimum standards as outlined in our operations manual.

<sup>4</sup> Estimate, subject to changes and regional variations in the market for such items. Prospective Franchisee is strongly encouraged to research the current cost of such items in the intended market area.

<sup>5</sup> The cost of permits and licenses are specific to the Franchisee's selected state and local government. The cost provided is strictly an estimate and a prospective Franchisee is strongly encouraged to research governmental requirements for their specific area.

<sup>6</sup> Vehicle and both trailers must be wrapped with our standard graphic. Pricing will vary depending on the type of vehicle and trailer purchased/leased. You should inquire before selecting these items.

<sup>7</sup> This three month estimate is based on monthly fees ranging from \$400 to \$1,000. Insurance premiums may vary based on the Franchisee previous claim history and/or their selected area of operations for their Franchised Business.

<sup>8</sup> You must have a dedicated laptop computer with internet access and must license or purchase the scheduling software we designate and Quickbooks financial management software. You must also have a cell phone with a separate phone number for accepting business calls.

<sup>9</sup> This estimate includes travel to and from the training location, food and hotel accommodations for you and up to one (1) employee for six (6) days and six (6) nights.

<sup>10</sup> You may choose to, but are not required to lease a designated office space from which to run your junk removal Business. We estimate that you will require a minimum of 350 square feet of dedicated space to operate computer and telephone equipment and maintain records. We do not have any specific requirements for the quality and condition of this space, but it must have reliable telecommunications and/or internet access, and should be such that you will be able to properly organize and maintain your customer and business records. If you do choose to secure separate office space, you will need to furnish the office, pay rent and in some cases make a security deposit with the landlord. These costs vary according to area and the quality of the space and furnishings.

<sup>11</sup> You must expend the Initial Marketing Fee in the 30 days prior to through the first 30 days of operation of the Franchised Business on marketing and promoting your Franchised Business in the Territory. \$3,000 is the minimum requirement, however we may recommend a higher amount in certain markets, based on costs and conditions in your area.

<sup>12</sup> The estimate of additional funds for the initial period of your junk removal business is based on estimated operating expenses for the first three months of operation. The Franchisor relied upon his experience operating a J Dog Junk Removal location for approximately 3 years. Factors such as cost of living, cost of rental space, and cost of hiring additional help can all play a role in calculating this figure. The additional funds required will vary by the area and depending on whether you choose to hire a helper, the relative effectiveness of you and your helper, whether you choose to rent office space, and the monthly rent and expenses associated with such space.

<sup>13</sup> We do not provide direct financing for any part of your initial investment. For information on assistance we may provide in your effort to secure third party financing, please refer to Item 10 of this Disclosure Document.

## ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCT AND SERVICES

### Required Purchases

You must purchase or lease certain items for your Franchised Business meeting our specifications. These items include ~~a H2 Hummer, Jeep Wrangler, or other an approved vehicle~~ pickup truck, SUV, Jeep or box truck with appropriate towing capacity (we have had success with the Jeep Wrangler and Hummer H2, and feel they personify our military image, but if you already own a vehicle (or prefer a different vehicle) with appropriate towing capacity, you may submit it for our approval—) All vehicles must be pre-approved and must wear the same standard graphics), a 6'x12' trailer with 6' walls, truck wrap, signage, uniforms, marketing materials, tools, equipment and computers. We will provide specifications for these products and services, and it will be up to you to find suppliers that meet our specifications. Specifications include, but are not limited to standards for gross tonnage capacity, performance, type and appearance for your truck (to be provided in Operations Manuals), memory, capacity and software capabilities of your computer (see Item 11), and capabilities of your telephone equipment (to be provided in Operations Manuals). Specifications and standards for these items are included in the Operations Manuals, and may be updated or modified periodically by us.

We do not require you to secure office space for your Franchised Business, however we estimate that you will require a minimum of 350 square feet of dedicated space to operate computer and telephone equipment and maintain records. We do not have any specific requirements for the quality and condition of this space, but it must have reliable telecommunications and/or internet access, and should be such that you will be able to properly organize and maintain your customer and business records. If you choose to lease such space, then in addition to the rent you will be required to pay, you will incur additional initial costs including the amount of any deposit, up-front build-out costs, and/or pre-paid rent that the landlord may require.

You will also require sufficient space to store your vehicle and trailer when not in use. There are no specific requirements for this space. It need not be indoors, in fact we recommend that your wrapped vehicle and trailer remain visible to the public when not in use, to increase public awareness of your business. You should, however, keep your vehicle and trailer in a location that is adequately secure, in your own judgment.

### Required and Approved Suppliers

At this time franchisor has no approved suppliers for any supplies and/or services related to the franchise system. We may recommend a supplier, but currently, we will not require you to use that supplier. We reserve the right to institute required suppliers for particular products or services in the future. If we do so, we may also issue criteria for alternative supplier approval. We will update our Operations Manuals to reflect these required suppliers and criteria or they may be requested from us directly in writing on a case-by-case basis.

Currently, neither we nor any of our officers own any interest in any supplier of any item you are required to purchase.

## **Insurance**

Franchisee will ensure that the following insurance coverage is placed and maintained during the entire Term and any duly exercised Renewal Term (a) reasonable comprehensive public liability and property damage insurance, including personal and bodily injury liability, contractual liability, employers' liability, and owners' and contractors' protective insurance coverage with respect to the activities conducted by Franchisee and any employee, agent or other person performing work on behalf of Franchisee with respect to the Franchised Business, with a policy limit of not less than \$1,000,000 per occurrence or such greater amount as may be specified in writing by Franchisor from time to time, (b) reasonable business interruption insurance in respect of the Franchised Business with a policy limit not less than that which may be prescribed by Franchisor from time to time, and (c) reasonable owned and non-owned vehicle liability insurance with a policy limit of not less than \$1,000,000 or such other amount as may be specified in writing from time to time by Franchisor for any vehicle used to any extent in the Franchised Business. The insurers, amounts and types of insurance shall be subject to prior written approval of Franchisor, which Franchisee will seek in a timely fashion. Franchisor may from time to time require that Franchisee cause such coverage to be added to or otherwise amended in accordance with recommendations of Franchisor's independent insurance advisor.

Please refer to Item 12.12 of the Franchise Agreement for additional detail on the Franchisee's insurance requirements.

## **Revenue from Franchisee Purchases.**

We are not currently an approved supplier of any of these items, nor are any of our affiliates. We do not currently derive income based on your required purchases or leases and did not do so in 2014-our 2016 fiscal year. The purchase and lease of items that meet our specifications or from approved suppliers will represent approximately fifty percent (50%) of your total expenses in connection with the establishment of the Franchised Business, and approximately fifty percent (50%) of your total expenses in connection with the ongoing operation of the Franchised Business.

## **Purchasing/Distribution Cooperatives**

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

## **Purchase Arrangements**

Currently, we do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

## **Benefits from Purchases**

Currently, we do not provide material benefits (for example, renewal or granting additional franchises) to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers.

## ITEM 9 – FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a Site selection and acquisition/lease	Not Applicable	Not Applicable
b Pre-opening purchases/leases	2 3, 3, 5 1	5, 6, 7, 9
c Site development and other pre-opening requirements	2 3, 3, 4, 5	5, 6, 7, 9
d Initial and ongoing training	13 1, 13 2	9, 11
e Opening	2 3	11
f Fees	3, 9 4, 9 5, 16 (b)	5, 6
g Compliance with standards and policies/Operating Manual	7 1, 12 1	8, 9, 15, 16
h Trademarks and proprietary information	11	13, 14
i Restrictions on products/services offered	7 2, 7 3, 7 4, 7 5, 7 6	16
j Warranty and customer service requirements	12 3, 12 6	N/A
k Territorial development and sales quotas	2 1, 2 2	12
l Ongoing product/service purchases	12 6	7
m Maintenance, appearance and remodeling requirements	5 3	8
n Insurance	12 12	7
o Advertising	9	6, 7, 11
p Indemnification	19 1	N/A
q Owner’s participation/management/staffing	10 1, 10 2	15
r Records and reports	8 3, 12 5, 12 8	21

Obligation	Section in Franchise Agreement	Item in Disclosure Document
s Inspections/audits	12 8	N/A
t Transfer/Assignment	17	17
u Renewal	16	17
v Post-termination obligations	2 5, 14, 15	17
w Non-competition covenants	18	N/A
x Dispute resolution	19 12, 19 13	N/A
y Other		

### ITEM 10 - FINANCING

We do not offer financing at this time either directly or indirectly. We do not guarantee any Notes, Leases or obligations for you. While we are not obligated to do so, we may, in our discretion, introduce you to third party financing sources that may, if you meet their qualifications, supply financing options for items required as part of the initial investment. The Franchisor does not currently maintain any relationship(s) with any lender that provides financing.

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

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

#### Pre-Opening Assistance

Before you open your Franchised Business, the Company will

- ~~1~~ Designate and approve the Territorial Area where your Franchised Business will operate (Franchise Agreement, Section 2);
- 2-1 Provide electronic artwork for advertising use, specifications for marketing materials, equipment and other materials related to the operation of your franchise (Franchise Agreement, Sections 5,7 and 12),
- 3-2 Provide Franchise Business with a copy of Operations Manual (Franchise Agreement Section 13), a copy of the Table of Contents of the Operations Manual is attached as Exhibit "B," to this Disclosure Document. You may not copy the Operations Manual without permission of J Dog Franchises, LLC,



- 4-3 Provide an initial training program for you and up to one (1) employee, which you both must complete to our satisfaction. The training program consists of both in-class and in-field training (Franchise Agreement Sections 10 and 13)

### **Post-Opening Assistance**

During the operation of the Franchised Business, the Company will

- 1 Provide access to one copy of our confidential Operations Manuals (Franchise Agreement, Section 13.3),
- 2 Administer and maintain the J Dog Junk Removal & Hauling website, www.jdogjunkremoval.com, which will list and may include a page specific to the Franchised Business location, with your contact information,
- 3 Provide you with general advice, assistance and field support as we deem helpful to you in the ongoing operation, advertising and promotion of the Franchised Business (Franchise Agreement, Section 13.4),
- 4 Coordinate and conduct periodic training programs for franchisees as we in our sole discretion deem necessary (see Franchise Agreement, Section 13.1),
- 5 On a periodic basis, conduct inspections of the Franchised Business and its operations and evaluations of the methods and staff employed at the Franchised Business (Franchise Agreement, Section 13.3)

### **Advertising and Promotion**

**Initial Marketing Fee** The Initial Marketing Fee is \$3000 - \$6,000. We will determine how you must expend the Initial Marketing Fee in the 30 days prior to through the first 30 days of operation of the Franchised Business on marketing and promoting your Franchised Business in the Territory. Marketing will consist of all forms of marketing and advertising we deem effective, in our sole discretion. This may include, but is not limited to traditional print, electronic and social media. We may request proof of such expenditures.

**National Advertising and Marketing Fund** We may establish a national advertising and marketing fund for J Dog Junk Removal & Hauling Businesses (the "**Marketing Fund**,"). If we establish a Marketing Fund, you must contribute to the Marketing Fund in an amount up to \$300 per month ("**Marketing Fund Contribution**,"). J Dog Junk Removal & Hauling Businesses owned by us or our affiliates will contribute to the Marketing Fund on the same basis as our franchisees. As of the conclusion of our 2014 Fiscal Year, we have not established or used a national advertising fund.

We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic market, media placement and allocation. The Marketing Fund may pay for producing video, audio, written materials and other electronic media, developing, implementing, and maintaining the Franchise System Website (defined below) or related websites that promote J Dog Junk Removal & Hauling Businesses and/or related strategies, administering regional and multi-regional marketing and advertising programs (including purchasing trade journal, direct mail, and other media advertising), using advertising, promotion, and marketing agencies and other advisors to provide assistance, and

supporting public relations, market research, and other advertising, promotion, and marketing activities. The Marketing Fund may advertise locally, regionally, and/or nationally in printed materials, on radio, and/or on the Internet, whichever we think best. The Marketing Fund may periodically give you samples of advertising, marketing, and promotional formats and materials at minimal or no cost. The Marketing Fund may sell you multiple copies of these materials at its direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Marketing Fund separately from our other funds. We may use the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Fund's other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs, including market research, public relations, preparing materials, and collecting and accounting for Marketing Fund Contributions.

The Marketing Fund is neither our asset nor a trust. We have an obligation to hold all Marketing Fund Contributions for the benefit of the contributors and to use Marketing Fund Contributions only for their permitted purposes described above. We have no fiduciary obligation to you for administering the Marketing Fund. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use interest earned on Marketing Fund Contributions to pay costs before spending the Marketing Fund's other assets. Any funds remaining in the Marketing Fund at the end of the year will roll over to the next year. While we will not use any Marketing Fund Contributions principally to solicit new franchise sales, we do reserve the right to include a notation in any advertisement indicating "franchises available to honorably discharged US Armed Forces Veterans, Military Families, Active Duty Personnel and Reserves (with our contact information),". As of the date of this Disclosure Document, we have not collected any Marketing Fund Contributions.

We will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give it to you upon written request. The Marketing Fund is not audited currently. We may choose to have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant. We may incorporate the Marketing Fund or operate it through a separate entity when we think appropriate. Our successor entity will have all of the rights and duties described here.

The purpose of the Marketing Fund is to maximize recognition of the applicable Marks and patronage of J Dog Junk Removal & Hauling Businesses. Although we will try to use the Marketing Fund to develop advertising and marketing materials and programs, and to place such materials that will benefit all J Dog Junk Removal & Hauling Businesses, we cannot ensure that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to Marketing Fund Contributions by contributors operating in that geographic area or that any contributor benefits directly or in proportion to its Marketing Fund Contribution from the development of advertising and marketing materials or the placement of advertising.

We may use collection agents and institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. We also may forgive, waive, settle, and

compromise all claims by or against the Marketing Fund. Except as otherwise disclosed, we assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce the Marketing Fund Contribution and, upon 30 days' prior written notice to you, reduce or suspend Marketing Fund Contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will distribute all unspent monies to franchise owners, and to us and any of our affiliates, in proportion to their, and our, respective Marketing Fund Contributions during the preceding 12-month period.

#### Advertising Counsel Composed of Franchisees

We do not have an advertising council composed of franchisees that advises us on advertising policies. If we choose, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies, we will determine in advance how franchisees are selected to the council. We reserve the right to change or dissolve such council at any time.

Local Advertising Each calendar month, you agree to spend a Local Advertising Expenditure of the greater of (a) \$500 per territory or (b) 2% of your Gross Sales during the previous calendar month, to advertise and promote your J Dog Junk Removal & Hauling Business (including the costs of online advertising). Upon our request, you must send us, in the manner we prescribe, an accounting of your Local Advertising Expenditures during the preceding months.

Your local advertising and promotions must follow our guidelines. All advertising and promotional materials developed for your J Dog Junk Removal & Hauling Business must contain notices of our Franchise System Website's (defined below) domain name in the manner we designate. All advertising, promotion and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethics and our advertising and marketing policies.

All advertising, promotion and marketing must conform to our System Standards. You must send us for approval samples of all advertising, promotional and marketing materials which we have not prepared or previously approved at least 10 days before you intend to use them. If we do not approve the materials within 5 days of our receipt of such materials, then they shall be deemed disapproved. You may not use any advertising, promotional or marketing materials that we have not approved or have disapproved.

Local Advertising Cooperative We, our affiliates, or our designees may establish a local advertising cooperative ("Local Advertising Cooperative,") in geographical areas in which 2 or more J Dog Junk Removal & Hauling Businesses are operating. If we establish a Local Advertising Cooperative the franchisee will contribute the greater of \$500.00 or 2% of Gross Sales per month. This contribution will count towards the Local Advertising amount required to be spent by the franchisee. The Local Advertising Cooperative will be organized and governed by written documents in a form and manner, and begin operating on a date, that we determine in advance. Such written documents will be available for participating franchisees to review. We may change, dissolve and merge Local Advertising Cooperatives. Each Local Advertising Cooperative's purpose is, with our approval, to administer advertising programs and develop

advertising, marketing and promotional materials for the area that the Local Advertising Cooperative covers. If, as of the time you sign the Franchise Agreement, we have established a Local Advertising Cooperative for the geographic area in which your J Dog Junk Removal & Hauling Business is located, or if we establish a Local Advertising Cooperative in that area during the Franchise Agreement's term, you must sign the documents we require to become a member of the Local Advertising Cooperative and to participate in the Local Advertising Cooperative and contribute your share to such cooperative program as those documents require. Your Local Advertising Cooperative contribution will be credited to your Local Advertising Expenditure described above and may be capped based on the provisions of the by-laws adopted by the Local Advertising Cooperative, subject to our approval. You will pay these monies to us electronically and we will remit them periodically to the Local Advertising Cooperative. J Dog Junk Removal & Hauling Businesses owned by us or our affiliates will contribute to the appropriate Local Advertising Cooperative on the same percentage basis as franchisees.

Each J Dog Junk Removal & Hauling Business contributing to the Local Advertising Cooperative's area will have 1 vote on matters involving the activities of the Local Advertising Cooperative. The Local Advertising Cooperative may not use any advertising, marketing or promotional plans or materials without our prior written consent. We will assist in the formulation of marketing plans and programs, which will be implemented under the direction of the Local Advertising Cooperative. Subject to our approval, the Local Advertising Cooperative will have discretion over the creative concepts, materials and endorsements used by it. The Local Advertising Cooperative assessments may be used to pay the costs of preparing and producing video, audio and written advertising and direct sales materials for J Dog Junk Removal & Hauling Businesses in your area, purchasing direct mail and other media advertising for J Dog Junk Removal & Hauling Businesses in your area, implementing direct sales programs, and employing marketing, advertising and public relations firms to assist with the development and administration of marketing programs for J Dog Junk Removal & Hauling Businesses in your area.

The monies collected by us on behalf of a Local Advertising Cooperative will be accounted for separately by us from our other funds and will not be used to defray any of our general operating expenses. You must submit to us and the Local Advertising Cooperative any reports that we or the Local Advertising Cooperative require. Each Local Advertising Cooperative must prepare financial statements annually, which will be subject to review by participating franchisees.

You understand and acknowledge that your J Dog Junk Removal & Hauling Business may not benefit directly or in proportion to its contribution to the Local Advertising Cooperative from the development and placement of advertising and the development of marketing materials. Local Advertising Cooperatives for J Dog Junk Removal & Hauling Businesses will be developed separately, and no cooperative will be intended to benefit the others. We will have the right, but not the obligation, to use collection agents and to institute legal proceedings to collect amounts owed to the Local Advertising Cooperative on behalf of and at the expense of the Local Advertising Cooperative and to forgive, waive, settle and compromise all claims by or against the Local Advertising Cooperative. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Local Advertising Cooperative.

### **Site Selection**

We do not require you to secure office space for your Franchise Business. You must however maintain sufficient space to operate computer and telephone equipment and maintain records pertaining to your Franchised Business.

### **Opening a Franchised Business**

A specific length of time between signing of the Franchise Agreement and the operation of the Franchise Business is estimated to be six (6) to eight (8) weeks. Factors affecting this length of time usually include your availability for attending training sessions and your ability to purchase the required equipment and supplies from vendors.

### **Operations Manual**

We will provide you with a copy of our Operations Manual to use in the operation of your Franchise Business. The manual is confidential and will remain our property. The current table of contents of the Operations Manual is attached to this Disclosure Document as **Exhibit C**. We may modify the Operations Manual periodically to reflect changes in System Standards.

### **Franchise System Website**

We maintain a website (“**Franchise System Website**,”) to advertise, market, and promote J Dog Junk Removal & Hauling Businesses, the products and services that they offer and sell, and the J Dog Junk Removal & Hauling franchise opportunity. We may, but are not obligated to, provide you with a webpage on the Franchise System Website that references your J Dog Junk Removal & Hauling Business. If we provide you with a webpage on the Franchise System Website, you must (i) provide us the information and materials we request to develop, update, and modify your webpage, (ii) notify us whenever any information on your webpage is not accurate, and (iii) if we give you the right to modify your webpage, notify us whenever you change the content of your webpage. We will own all intellectual property and other rights in the Franchise System Website, including your webpage, and all information it contains (including the domain name or URL for your webpage, the log of “hits,” by visitors, and any personal or business data that visitors supply). We have the right to maintain websites other than the Franchise System Website.

We will maintain the Franchise System Website, and may use the Marketing Fund’s assets to develop, maintain and update the Franchise System Website. We periodically may update and modify the Franchise System Website (including your webpage). We have final approval rights over all information on the Franchise System Website (including your webpage). We may implement and periodically modify System Standards relating to the Franchise System Website.

Even if we provide you a webpage on our Franchise System Website, we will only maintain such webpage while you are in full compliance with the Franchise Agreement and all System Standards we implement (including those relating to the Franchise System Website). If you are in default of any obligation under the Franchise Agreement or our System Standards, then we may temporarily remove your webpage from the Franchise System Website until you fully cure the default. We will permanently remove your webpage from the Franchise System Website upon the Franchise Agreement’s expiration or termination.

All advertising, marketing, and promotional materials that you develop for your J Dog Junk Removal & Hauling Business must contain notices of the Franchise System Website's domain name in the manner we designate. Only we have the right to sell products sold by J Dog Junk Removal & Hauling Businesses on the Internet through the Franchise System Website. You agree that you will not sell any J Dog Junk Removal & Hauling products or services to customers on a Website through the Internet or through any alternative channels of distribution, except through sales methods designated by us.

Except as provided above, or as approved by us in writing, you may not develop, maintain or authorize any website (other than the Franchise System Website), domain name, URL address, or other online presence or other electronic medium that mentions your J Dog Junk Removal & Hauling Business, links to the Franchise System Website or displays any of the Marks. If we approve the use of any such websites, other online presences or electronic mediums, including social networking websites (such as LinkedIn®, myspace.com®, twitter®, facebook®, or YouTube®) in the operation of your J Dog Junk Removal & Hauling Business, or the posting of messages relating to your J Dog Junk Removal & Hauling Business on other websites, you will do so only in accordance with our guidelines. We reserve the right to require our approval of any message you compose for a social networking website or commentary for any other website before you post such message or commentary. We also reserve the right to revoke your approval to use any website at any time.

### **Computer System**

Within 30 days after you sign the Franchise Agreement, you must obtain and use the computer hardware, scheduling system and/or software we periodically designate to operate J Dog Junk Removal & Hauling Businesses (the "**Computer System**,") Currently, the Computer System components consist of the following:

- 1 Laptop Computer with a Printer
- 1 Wireless Internet Modem
- Scheduling Software
- QuickBooks Financial Management Software ("Quickbooks,,)

We estimate the cost of purchasing the laptop computer, the Internet modem and purchasing and licensing the scheduling software to range between \$500 and \$1,500. You must use the software we designate to schedule all jobs for your J Dog Junk Removal & Hauling Business and to process all customer payments. We or our affiliates currently do not charge a technology fee but may do so in the future. (See Item 6) You may be required to enter into a license agreement with us/our designated supplier for the scheduling software.

Over the term of your franchise, we may modify the specifications for and components of the Computer System and you agree to implement our modifications within 30 days after you receive notice from us, which may include purchasing, leasing and/or licensing new or modified computer hardware and/or software and obtaining service and support for the Computer System. You must pay for any additional or replacement proprietary software or technology that we, our affiliates, or a third-party designee licenses to you and for other maintenance and support services that we, our affiliates or a third-party designee provides during the Franchise Agreement's term.

Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over the Franchise Agreement's remaining term, you will incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service and support

The Computer System will enable you to collect information about your market, clients, scheduling, prices, sales and payroll. At our request, you are required to sign a release with any vendor of your Computer System providing us with unlimited access to your data. We and our affiliates currently have/reserve the right to have independent, unlimited access to all information relating to your J Dog Junk Removal & Hauling Business generated by your use of the scheduling software. There are no contractual limitations on our and our affiliates' right to access this information and data. We also reserve the right to have independent access to other information on your Computer System in the future, such as your Quickbooks, if we determine it necessary to ensure your compliance with Franchise System standards and/or to assist us in improving the Franchise System overall.

Despite the fact that you agree to buy, license, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for (1) the acquisition, operation, maintenance, and upgrading of the Computer System, (2) your connectivity to the Computer System at all times, and (3) any and all consequences if the Computer System is not properly operated, maintained and upgraded. We estimate that your annual Computer System maintenance costs will range from \$600 to \$1,000.

**Training Program**

<b>TRAINING PROGRAM</b>			
<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
J Dog Junk Removal & Hauling History, Stories and Culture	1 hours	N/A	Berwyn, PA
Operations Manual/Mission Statement	2 hour	N/A	Berwyn, PA
Social Medial Setup/Overview	1 hours	N/A	Berwyn, PA
Guerilla Marketing	1 hours	N/A	Berwyn, PA

<b>TRAINING PROGRAM</b>			
<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Communications/Branding	1	N/A	Berwyn, PA
Waterstreet Software Training	3	N/A	Berwyn, PA
Loading/Lifting/Disposing	4	N/A	Berwyn, PA
Revenue Streams	1	N/A	Berwyn, PA
Proforma	1	N/A	Berwyn, PA
Sales	1	N/A	Berwyn, PA
Competition Analysis	1	N/A	Berwyn, PA
Accounting/Quickbooks	2 hours	N/A	Berwyn, PA
Customer Service	1 hour	N/A	Berwyn, PA
Ordering Marketing Tools	1	N/A	Berwyn, PA
Question/Final Comments	1 hour	N/A	Berwyn, PA
Total Hours	22 0 hours	0 hours	

We conduct the initial training every month, or as often as required at our training facility in Berwyn, PA. There is currently no charge for attendance at initial training by you and one of your employees. You must, however, pay for all travel and living expenses for you and your attendee(s). If a franchisee requires initial training for more than themselves and one employee, or requires additional days of training, the cost is \$300.00 per person per day. This does not include any transportation, lodging or living expenses incurred during the training.

You, and if you are a corporate entity, all of your voting shareholders or members, directors, officers, and Management must complete Initial Training to the satisfaction of Franchisor prior to the Scheduled Opening Date. The Scheduled Opening Date is typically 6 to 8 weeks after the signing of the Franchise Agreement. We also reserve the right to offer and/or require additional training courses as we deem necessary.

Currently, our training instructor is our Vice President ~~James O'Flaherty~~. ~~James is retired from the United States Marine Corp, where served for six years and held the rank of Captain. Mr. O'Flaherty's credentials are set forth at Item 2 of this document. Mr. O'Flaherty was responsible for training his team of Marines for multiple combat deployments, and had the responsibility of~~



~~training, mentoring, and advising an Afghan police unit in 2012 of approximately 50 Afghan soldiers on Operations and Explosive Ordnance Disposal (EOD) Stateside, Mr O'Flaherty was a platoon commander for Fox Battery, 2<sup>nd</sup> Battalion, 12<sup>th</sup> Marines. As Captain, he was the Battalion Fire Support Officer for the 2<sup>nd</sup> Light Armored Reconnaissance Battalion and trained his Marines to effectively employ close air support, mortar, and artillery fire in support of maneuver units in the battlespace of Operations.~~ Kevin Kopa Kevin joined JDog in January of 2016, where he has previously served as our Director of Business Development and Vice President of Corporate Services. Prior to joining JDog, Kevin's training experience included his time as a Marine Corps Squad Leader, where he was responsible for training Marines on weapons, equipment, tactics, cultural differences and rules of engagement as well as supervising combat and security patrols to preserve peace and provide essential supplies to civilians throughout the area of operations.

As we continue to expand, we will hire other qualified regional directors, who will train new franchisees in their respective regions. We plan to have each regional director oversee approximately thirty franchise locations, with the overall program overseen by our founder and president, Jerry Flanagan. Jerry has been actively involved in all aspects of the junk removal business, of the kind you'll be running, since November of 2011, when he founded JDog, LLC. Jerry's business and marketing experience stretches back to 1999, when he first started his own business. While we do not have a defined standard or minimum ~~training~~ training experience level for our training instructors, as we expand, We intend to continue to evaluate and hire regional directors and training instructors whose backgrounds and skillsets demonstrate a high level of leadership ~~ability and experience~~.

## ITEM 12 – TERRITORY

You will receive a designated territory (“Territory,”) in which to operate the Franchised Business. Before signing the Franchise Agreement, we will determine your Territory by developing geographic areas with base populations of approximately **100,000 persons**, based on our experience, using data including but not limited to, zip code data, income, demographic data. We will not establish a company-owned business or a franchise selling the same or similar goods and services under the same or similar trademarks within your Territory. We may, however, establish franchisor-owned locations or other franchises outside your Territory, regardless of proximity to the boundaries of your territory. Nothing in your Franchise Agreement prohibits us from soliciting business in your territory through alternative channels of distribution, like the internet, other than Franchised Businesses (“Alternative Channels,”) We are not required to pay any compensation for soliciting or accepting orders through alternative channels inside the franchisee’s 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 or competitive brands that we control.

We currently have no plans to do so, but we may establish, acquire or license a company-owned business or a franchise selling the same or similar goods and services under substantially different trademarks or selling substantially different goods and services under the same or similar trademarks within your Territory, provided such business it is not in direct competition with you.


There are no restrictions on your ability to relocate your Franchised Business, provided you relocate within your Territory and your new location meets the minimum standards outlined in the Operations Manual and in Item 8 of this Disclosure Document. Likewise, there are no restrictions on the number of Trailers you may operate within your Territory, provided each Trailer and vehicle meets the minimum standards outlined in the Operations Manual and in Item 8 of this Disclosure Document and is operated within the territorial restrictions set forth in this Item 12 and the Franchise Agreement.

You do not acquire any rights to territories adjacent to yours, rights of first refusal or other similar rights by nature of entering into a franchise agreement with us. You may not solicit business outside of your Territory through Alternative Channels, such as the **Internet**, catalog sales, telemarketing, or other direct marketing without our prior written permission, however, you are free to operate and solicit business in any adjacent territory so long as you do not infringe on the designated territory of any other J Dog Junk Removal & Hauling® business. Your establishment of goodwill or customer relationships outside of your Territory will not limit our right to open or franchise a Junk Removal Business that encompasses such territory, in which case, you would be excluded from that territory.

Your Territorial rights are not dependent upon achievement of a certain sales volume, market penetration or other contingency, and cannot be unilaterally altered by us without your permission.

## ITEM 13- TRADEMARKS

We license from J Dog Holdings, LLC the exclusive right to use or license to use the Marks, including Registration No 4,253,237 and Registration No 4,267,383 "J Dog Junk Removal,, (Reg No 4,253,237) was registered on the Principal Register of the United States Patent and Trademark Office (USPTO) ("Principal Register,") on December 4, 2012 and our army dog logo (Reg No 4,267,383) was registered on the Principal Register on January 1, 2013

MARK	USPTO NO	FILING DATE	REGISTER
J Dog Junk Removal	Reg No 4253237	March 30, 2012	Principal
	Reg No 4267383	March 30, 2012	Principal

As of the date of this Disclosure Document with respect to both registered marks (the "Registered Marks,") (1) all affidavits required by the USPTO have been filed, (2) there are no pending infringement, opposition or cancellation proceedings, and (3) there is no pending litigation involving ownership rights material to the franchise

During the term of your Franchise Agreement, we will grant you the right to use these Marks in the operation of your Franchised Business within a territory By Marks we mean the trade names, trademarks, service marks and logos used to identify J Dog Junk Removal (collectively, the "Marks,") There are no agreements currently in effect which significantly limit our right to use or license the use of such trademarks, service marks, trade names, logos types or other commercial symbols in any matter material to the Franchised Business

You must use the names and marks in full compliance with provisions of the Franchise Agreement and in accordance with our standards You cannot use any name or Mark as a part of any corporate name which any prefix, suffix or other modifying words, terms, designs or symbols In addition, you may not use any name or Mark in any other manner not explicitly authorized in writing by us You must affix an ® whenever using the Registered Marks, and TM or some other symbol directed by us when using the other Marks, to indicate to the public that each of the Marks is a trademark belonging to or licensed to us Additionally, on any printed materials bearing the Marks you must clearly indicate "Trademark licensed by JDog Franchises, LLC,, or some other phrase designated or approved by us

You may not directly or indirectly oppose our right to the trademarks, trade names, trade secrets or business techniques that are part of or licensed exclusively to J Dog Junk Removal & Hauling You must notify us immediately if you learn of a claim against your use of any of the

Marks We will take whatever action, if any, we deem appropriate We will control any litigation or proceeding in which we defend you We have no obligation to defend you or to take any legal action against others with respect to any claims related to your use of the Marks, but we will indemnify you against any lawsuits or damages incurred by you as a result of a successful claim of infringement brought by a third party and related to your use of a Mark in accordance with the terms of the Franchise Agreement

If at any time During the Term or any exercised Renewal Term, we are forced to or deem it advisable to modify or discontinue use of any Marks or to adopt for use in the System any additional or substitute marks then you must promptly comply with such modification or discontinuance at your sole expense (unless such discontinuance or modification occurs during the first year of your Initial Term, in which case, we will bear the cost associated therewith

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

We may or may not register claims in patents or copyrights that are material to our business, but JDog Franchises, LLC does claim proprietary rights and copyrights to the confidential information contained in the Operations Manual JDog Franchises, LLC also claims copyrights on operational materials specifically associated with the System, including the proprietary advertisements, all materials presented to prospective customers, printed materials and forms associated with the operation of a Franchised Business We have the right to control any litigation involving any right we have or may acquire in any patent, copyright or application for either You must promptly tell us when you learn about unauthorized use of this proprietary information or our intellectual property We are not obligated to take any action, but will respond to this information as we deem appropriate Our interests are to protect the integrity of the brand We will not indemnify you for losses claimed by a third party concerning your use of this information

There are no current determinations of the USPTO, the U S Copyright Office or any court regarding patents or copyrights that are material to the Franchised Business

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

We require that your Franchised Business be under the direct supervision, at all times, of one (1) full time general manager If you are an individual, you will generally be the person who acts as general manager, however the general manager can be any person so long as they have been trained and thereafter approved by us Each territory requires its own general manager There is no requirement that the general manager own equity in you or your Franchised Business We may request that you require your employees including your general manager to sign a Confidentially Agreement approved by us Any and all principals of the franchisee are required to sign a personal guarantee In addition, your spouse must also sign a personal guarantee

## ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Franchised Business and perform all services in accordance with the Operating Guidelines and the standards established. We have an unlimited right to change the types of authorized business services that the Franchised Business provides to consumers.

Franchisee may only sell goods or services as approved by the franchisor either in the Operations Manual or otherwise in writing. There are no limits regarding customers to whom the franchisee may sell goods and services provided they do not infringe another franchisee's J Dog Junk Removal & Hauling territory.

## ITEM 17 - RENEWAL, TERMINATION, TRANSFER and DISPUTE RESOLUTION

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.

### THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a Length of the franchise term	2.4	15 years from the Scheduled Opening Date unless otherwise terminated
b Renewal or extension	16	An additional 15 year Terms, under the then-current contract terms for new franchisees
c Requirements for franchisee to renew or extend	16	The requirements for you to renew are (1) 9 to 12 months' notice, (2) meet our then-current requirements for franchisees, (3) not be in default or have been habitually in default, (4) sign our then-current form of Franchise Agreement, and (5) pay the renewal fee.  You may be asked to sign a contract with materially different terms and conditions than your original Franchise Agreement
d Termination by franchisee	None	

e Termination by Franchisor without cause	17 5	See paragraph p of this Item
f Termination by Franchisor with cause	14	We may terminate if you are in Material Default In some circumstances you will get notice and an opportunity to cure In some instances your franchise may be terminated immediately
g „Cause,, defined – curable defaults	14 1	a failure to pay us, an affiliate, supplier, landlord, government authority, etc , b failure to offer an approved service or offering a non-approved service, c failure to comply with any obligation under the Franchise Agreement not subject to immediate Termination
h “Cause,, defined – non-curable defaults	14 1	a Insolvency, b Default on vehicle or trailer lease resulting in failure maintain minimum number of vehicles or trailers, c attempted assignment or transfer without consent, d misuse of or failure to protect our Mark(s), know-how, copyrighted material, operations manual, or other intellectual property, e false reports, f illegal or misleading business acts, g criminal conviction of your owners, officers or directors h 3 or more notices of default whether curable or non-curable
i Franchisee’s obligations on termination/non-renewal	15	Discontinue operations, payment of all accounts by bank draft, return all items belonging to Franchisor Abide by non-compete (see r below)

j Assignment of contract by Franchisor	17 7	There are no restrictions on our right to assign
k "Transfer,, by Franchisee – definition	17 1-2	<ul style="list-style-type: none"> <li>a Assignment or sale of this Agreement or any of the rights and privileges of the Franchisee, the Franchised Business or any part of it, or any share or interest in Franchisee,</li> <li>b any change in the legal or beneficial ownership of voting units representing more than 10 percent of all outstanding voting units of a corporate franchisee</li> </ul>
l Franchisor approval of transfer by Franchisee	17	You must obtain our written approval before any transfer
m Conditions for franchisor approval of transfer	17 3	<ul style="list-style-type: none"> <li>a Our prior approval of any advertisement for sale,</li> <li>b transfer fee paid,</li> <li>c transferee must be approved by us and must sign then-current Franchise Agreement,</li> <li>d return of Operations Manual and all other materials,</li> <li>e releases signed by franchisee(s),</li> <li>f completion of training by transferee,</li> <li>g all agreements in good standing,</li> <li>h assignment of any trailer or vehicle leases,</li> <li>i Security Agreement signed</li> </ul>
n Franchisor's right of first refusal to acquire franchisee's business	17 6	We have a right to match any offer to buy your Franchise Business
o Franchisor's option to purchase your business	15 4	None, but we have the option to buy your supplies and equipment at termination or expiration of the Franchise Agreement

p	Death or disability of franchisee	17 5	Estate has 6 mos to assign to approved individual or entity If not assigned within 6 mos , franchisor has right to terminate, unless prohibited by state law
q	Non-competition covenants during the term of the franchise	18	You may not directly or indirectly compete within territory, within the metropolitan area where the territory is situated, within any a 15-mile radius of any territory in the System
r	Non-competition covenants after the franchise is terminated or expires	18	Item q above applies for 24 months after the expiration or termination of the Franchise Agreement including any exercised term
s	Modification of the agreement	19 9	The Franchise Agreement may only be modified by a writing signed by you and us
t	Integration/merger clause	19 8	Only the terms of the franchise agreement are binding (subject to your state's law) Any other promises may not be enforceable No claim made in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document
u	Dispute resolution by arbitration or mediation	19 13	All claims must be presented for period of 30 days before filing suit, during which time either party may demand non-binding mediation to be held at our Berwyn, PA offices
v	Choice of forum	19 12-13	Subject to potential limitations of your state's laws, litigation must be in Philadelphia, PA, except we may take action in other jurisdictions as may be necessary to obtain declaratory, injunctive, or other relief, subject to state law
w	Choice of law	19 12	Subject to potential limitations of your state's law, Pennsylvania law applies for construction and interpretation of the Franchise Agreement, but does not give rise to statutory or regulatory claims that would not otherwise apply



## ITEM 18 - PUBLIC FIGURES

J Dog Junk Removal & Hauling does not use any public figure to promote its franchises

## 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.

The following table (19.1) contains historic performance information compiled on a system wide basis and procured from franchisees who were in business as of May 31, 2016. As we are a flat royalty system, we have not required, as of the date of this document, that our franchisees report actual performance figures to us. To compile the performance information in this Item 19 we polled our franchisees in business as of May 31, 2016. We asked our franchisees to provide their highest and lowest monthly gross revenues during the 12 month period ending May 31, 2016. Not all franchisees responded to our poll. Table 19.1 reflects the average and median of all responses we received in each of three categories of franchised units: (a) units open and in business for 12 months or longer, (b) units open and in business for 6 or more months but less than 12 months, and (c) units open and in business for 3 or more months but less than 6 months. Units open less than 3 months were not polled and are not reflected in Table 19.1. We highly recommend that you speak to as many of our current and former franchisees as possible to see if their experiences have been similar.

As of May 31, 2016, there were 33 franchise units open and operating in our chain, none of which were company owned. Of those 33 units, there were 7 units open who had been in business for 12 months or more. Of those 7 units, 6 replied to our poll. The reported gross sales information for these 6 units are set forth in group (a) of Table 19.1 below.

As of May 31, 2016, there were 5 units open who had been in business for 6 or more months but less than 12 months. Of those 5 units, 3 replied to our poll. The reported gross sales information for these 3 units are set forth in group (b) of Table 19.1 below.

As of May 31, 2016, there were 11 units open who had been in business for 3 or more months but less than 6 months. Of those 11 units, 7 replied to our poll. The reported gross sales information for these 7 units are set forth in group (c) of Table 19.1 below.

**Table 19.1**

<b>Time Open as of 5/31/16</b>	<b>Average Low Monthly Gross Revenue<sup>1</sup></b>	<b>Median Low Monthly Gross Revenue</b>	<b>Average High Monthly Gross Revenue</b>	<b>Median High Monthly Gross Revenue</b>	<b>Poll Response Rate</b>
(a) 12 months or longer	\$6,185	\$6,000	\$20,818	\$26,000	6 of 7
(b) 6 to 12 months	\$3,288	\$2,000	\$19,223	\$16,800	3 of 5
(c) 3 to 6 months	\$4,226	\$4,200	\$18,359	\$14,910	7 of 11

<sup>1</sup> Gross Revenue includes all revenue and income produced from or through the Franchised Business. Gross Revenues do not include sales tax or use tax.

Some franchises have earned these amounts. Your individual results may differ. There is no assurance that you will earn/sell as much.

Written substantiation for the financial performance representation will be made available to prospective franchisee upon request.

## ITEM 20 – LIST OF OUTLETS AND FRANCHISED INFORMATION

**Table No 1**  
System wide Summary  
For Fiscal Years<sup>(1)(2)(3)</sup> 2014 to 2016

Outlet Type	Year <sup>(1)(2)(3)</sup>	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014	2	5	+3
	2015	5	10	+5
	2016	10	33	+23
Company/Affiliate Owned	2014	1	0	-1
	2015	0	0	0
	2016	0	0	0
Total Outlets	2014	3	5	+2
	2015	5	10	+5
	2016	10	33	+23

<sup>(1)</sup> 2014 figures are from our Predecessor, J Dog Franchises, Inc , whose fiscal year end was December 31

<sup>(2)</sup> 2014 figures represent January 1, 2014 through September 18, 2014, after which, we acquired the system

<sup>(3)</sup> 2015 figures represent the period from September 19, 2014, through the end of our 2015 fiscal year, May 31, 2015

**Table No 2**  
Transfers of Outlets from Franchisees to New Owners  
(Other than Franchisor)  
For Fiscal Years<sup>(1)(2)(3)</sup> 2014 to 2016

State	Year <sup>(1)(2)(3)</sup>	Number of Transfers
Total	2014	0
	2015	0
	2016	1

<sup>(1)</sup> 2014 figures are from our Predecessor, J Dog Franchises, Inc , whose fiscal year end was December 31

<sup>(2)</sup> 2014 figures represent January 1, 2014 through September 18, 2014, after which, we acquired the system

<sup>(3)</sup> 2015 figures represent the period from September 19, 2014, through the end of our 2015 fiscal year, May 31, 2015

**Table No 3**  
**Status of Franchise Outlets**  
**For Fiscal Years<sup>(1)(2)(3)</sup> 2014 to 2016**

State	Year <sup>(1)(2)(3)</sup>	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
CA	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
FL	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	1	0	0	0	0
GA	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
IL	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
IN	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
KS	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
LA	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	1	0	0	0	0	2
MI	2014	1	0	0	0	0	0	1
	2015	1	0	1	0	0	0	0
	2016	0	0	0	0	0	0	0
MO	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	1	0	0	0	0
NC	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
NH	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1

State	Year <sup>(1)(2)(3)</sup>	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
NY	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
OH	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
OK	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
OR	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	1	0
PA	2014	0	1	0	0	0	0	1
	2015	1	4	0	0	0	0	5
	2016	5	5	0	0	0	0	10
RI	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
SC	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
TN	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
TX	2014	1	0	0	0	0	0	1
	2015	1	2	1	0	0	0	2
	2016	2	2	0	0	0	1	3
VA	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
WA	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
WI	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1

State	Year <sup>(1)(2)(3)</sup>	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
<b>Total</b>	2014	2	3	0	0	0	0	5
	2015	5	7	2	0	0	0	10
	2016	10	27	2	0	0	2 <sup>(4)</sup>	33

<sup>(1)</sup> 2014 figures are from our Predecessor, J Dog Franchises, Inc , whose fiscal year end was December 31

<sup>(2)</sup> 2014 figures represent January 1, 2014 through September 18, 2014, after which, we acquired the system

<sup>(3)</sup> 2015 figures represent the period from September 19, 2014, through the end of our 2015 fiscal year, May 31, 2015

<sup>(4)</sup> These 2 units ceased operations pending resale efforts

**Table No 4**  
Status of Company Owned Units  
For Fiscal Years<sup>(1)(2)(3)</sup> 2014 to 2016

State	Year <sup>(1)(2)(3)</sup>	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Pennsylvania	2014	1	0	0	0	1	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
<b>Total</b>	2014	1	0	0	0	1	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0

<sup>(1)</sup> 2014 figures are from our Predecessor, J Dog Franchises, Inc , whose fiscal year end was December 31

<sup>(2)</sup> 2014 figures represent January 1, 2014 through September 18, 2014, after which, we acquired the system

<sup>(3)</sup> 2015 figures represent the period from September 19, 2014, through the end of our 2015 fiscal year, May 31, 2015

**Table No 5**  
**Projected Openings During 2017 Fiscal Year as of September 23, 2017**

State	Agreements Signed But Businesses Not Open	Projected New Franchisees In The Next Fiscal Year	Projected Company Owned Locations In Next Fiscal Year
Alabama	1*	<u>1-3</u>	-
Alaska	-	<u>-0-3</u>	-
Arizona	-	<u>±0-3</u>	-
Arkansas	-	<u>-0-3</u>	-
California	<u>±<sup>(1)</sup>2<sup>(3)</sup></u>	<u>±2-4</u>	-
Colorado	1 <sup>(1)</sup>	<u>-1-3</u>	-
Connecticut	-	<u>-0-3</u>	-
Delaware	-	<u>±0-3</u>	-
Florida	3 <sup>(2)</sup>	<u>3-5</u>	-
Georgia	1 <sup>(1)</sup>	<u>-1-3</u>	-
Hawaii	-	-	-
Idaho	1 <sup>(1)</sup>	<u>-1-3</u>	-
Illinois	-	<u>±0-3</u>	-
Indiana	-	<u>±0-3</u>	-
Iowa	<u>-1</u>	<u>-1-3</u>	-
Kansas	-	<u>±0-3</u>	-
Kentucky	-	<u>-0-3</u>	-
Louisiana	2 <sup>(3)</sup>	<u>-2-4</u>	-
Maine	-	<u>-0-3</u>	-
Maryland	-	<u>-0-3</u>	-
Massachusetts	-	<u>-0-3</u>	-
Michigan	-	<u>±0-3</u>	-
Minnesota	-	<u>-0-3</u>	-
Mississippi	-	<u>±0-3</u>	-
Missouri	-	<u>-0-3</u>	-
Montana	-	<u>-0-3</u>	-
Nebraska	-	<u>-0-3</u>	-
Nevada	1 <sup>(1)</sup>	<u>1-3</u>	-
New Hampshire	-	<u>-0-3</u>	-
New Jersey	-	<u>-0-3</u>	-
New Mexico	-	<u>-0-3</u>	-
New York	1*	<u>1-3</u>	-
North Carolina	1 <sup>(1)</sup>	<u>-1-3</u>	-
North Dakota	-	<u>-0-3</u>	-
Ohio	-	<u>±0-3</u>	-
Oklahoma	-	<u>-0-3</u>	-
Oregon	-	<u>-0-3</u>	-
Pennsylvania	<u>±3<sup>(4)</sup></u>	<u>±3-5</u>	-

State	Agreements Signed But Businesses Not Open	Projected New Franchisees In The Next Fiscal Year	Projected Company Owned Locations In Next Fiscal Year
Rhode Island	-	<u>-0-3</u>	-
South Carolina	1*	<u>-1-3</u>	-
South Dakota	-	<u>-0-3</u>	-
Tennessee	-	<u>10-3</u>	-
Texas	<u>46</u> <sup>(5)</sup>	<u>26-8</u>	-
Utah	-	<u>-0-3</u>	-
Vermont	-	<u>-0-3</u>	-
Virginia	1 <sup>(1)</sup>	<u>2-4</u>	-
Washington	-	<u>10-3</u>	-
West Virginia	-	<u>-0-3</u>	-
Wisconsin	1 <sup>(1)</sup>	<u>1-3</u>	-
Wyoming	-	<u>-0-2</u>	-
<b>TOTALS</b>	<b><u>2229</u></b>	<b><u>2530-50</u></b>	<b>0</b>

\* Signed in FY 2017

- (1) Open as of ~~the date of this Disclosure Document~~ Issuance Date
- (2) 1 Signed in FY 2017, all open as of ~~the date of this Disclosure Document~~ Issuance Date
- (3) 1 Signed in FY 2017, 1 of 2 open as of ~~the date of this Disclosure Document~~ Issuance Date
- (4) All 1 Signed in FY 2017, 2 of 3 open as of ~~the date of this Disclosure Document~~ Issuance Date
- (5) 35 of 46 signed in FY 2017, 3 of 46 open as of ~~the date of this Disclosure Document~~ Issuance Date

The names, addresses and telephone numbers of our current franchisees as of the Issuance Date of September 23, 2016 are attached to this Franchise Disclosure Document as Exhibit G

The name and last known address and telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recent completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Franchise Disclosure Document is listed in Exhibit G attached to this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees have signed confidentiality clauses limiting their ability to discuss their experience with us during the last three fiscal years.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchise organizations.



Our fiscal year end is May 31, however, our Predecessor's fiscal year end was December 31. Since we have not completed three fiscal years, the preceding tables include data from our predecessor, J Dog Franchises, Inc for year 2014. The 2014 data represents January 1, 2014 through September 18, 2014 (our Predecessor's fiscal 2014, up until we acquired the system). The 2015 data represents September 19, 2014 through May 31, 2015 (the day we acquired the system, through the end of our fiscal 2015).

Our current fiscal year end is May 31, 2017.

## **ITEM 21 – FINANCIAL STATEMENTS**

J Dog Franchises, LLC was formed ~~on~~ June 14, 2014, and began franchising on September 19, 2014. Because we have not been in business for three (3) years, we are not able to include the three (3) prior years of audited financial statements normally required by this Item 21. Exhibit H contains our audited balance sheet as of May 31, 2016 and 2015, and the related statements of operations and member's equity (deficit) and cash flows for the period from June 1, 2015 through May 31, 2016 and the period from June 16, 2014 (inception) through May 31, 2015, and the related notes to the financial statements.

Also included in our unaudited, internally prepared balance sheet dated February 28, 2017 and our unaudited statement of operations for the period from June 1, 2016 through February 28, 2017.

## **ITEM 22 – CONTRACTS**

The form of JDog Franchises, LLC Franchise Agreement and associated schedules are attached as Exhibit B. A Representations and Acknowledgment Statement is attached as Exhibit E. Our current form of General Release is attached as Exhibit I.

## **ITEM 23 – RECEIPTS**

The last 2 pages of this disclosure document (Exhibit I) are duplicate Receipts, which will serve as an acknowledgement by you that you have received a copy of this disclosure document. The FDD was issued on September 23, 2016 as amended March 23, 2017. You should sign both copies of the Receipt, return one copy to us and retain on for your records. If the Receipt pages, or any other pages or Exhibits is missing from your copy of the disclosure document, please contact us immediately.

**EXHIBIT A: STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF  
PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>CALIFORNIA</b>	Department of Business Oversight <u>71 Stevenson Street, Suite 2100</u> <u>San Francisco, CA 94105-2980</u> <u>415-972-8559</u> <u>1-866-275-2677</u> 71 Stevenson Street, Suite 2100 San Francisco, CA 94105-2980 415-972-8559 1-866-275-2677	Commissioner of the Dept of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
<b>CONNECTICUT</b>	Securities and Business Investment Division Connecticut Department of Banking 44 Capitol Avenue Hartford, CT 06106 203-240-8299	Connecticut Banking Commissioner Same Address
<b>DELAWARE</b>	Secretary of State's Office - Wilmington 820 N French Street 4th Floor Wilmington, DE 19801	The Corporation Trust Company Corporation Trust Center 1209 Orange St Wilmington, DE 19801 (302) 658-7581
<b>FLORIDA</b>	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
<b>HAWAII</b>	State of Hawaii Business Registration Division Securities Compliance Branch Dept of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
<b>ILLINOIS</b>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
<b>INDIANA</b>	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
<b>IOWA</b>	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
<b>MAINE</b>	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>MARYLAND</b>	Office of the Attorney General Securities Division 200 St Paul Place Baltimore, MD 21202 410-576-7044	Maryland Securities Commissioner Same Address
<b>MICHIGAN</b>	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
<b>MINNESOTA</b>	Minnesota Department of Commerce 85 7th Place East, Suite 500 St Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce Same Address
<b>NEBRASKA</b>	Department of Banking and Finance 1230 "O", Street, Suite 400 Lincoln, NE 68508 P O Box 95006 Lincoln, Nebraska 68509-5006	Same
<b>NEW YORK</b>	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 212-416-8222	Secretary of State of New York 41 State Street Albany, New York 12231
<b>NORTH CAROLINA</b>	Secretary of State's Office/Securities Division Legislative Annex Building 300 Salisbury Street Raleigh, NC 27602 919-733-3924	Secretary of State Secretary of State's Office 300 Salisbury Street Raleigh, NC 27602
<b>NORTH DAKOTA</b>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept 414 Bismarck, ND 58505-0510 701-328-4712, Fax 701-328-0140	North Dakota Securities Commissioner Same Address
<b>OHIO</b>	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215	Same
<b>OKLAHOMA</b>	Oklahoma Securities Commission 2915 Lincoln Blvd Oklahoma City, OK 73105 405-521-2451	Same
<b>OREGON</b>	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
<b>RHODE ISLAND</b>	Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 401-222-3048	Director of the Rhode Island Department of Business Regulation Rhode Island Attorney General 233 Richmond Street Providence, RI 02903-4232

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>SOUTH CAROLINA</b>	Secretary of State P O Box 11350 Columbia, SC 29211 803-734-2166	Same
<b>SOUTH DAKOTA</b>	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 605-773-4823	Director of South Dakota Division of Securities Same Address
<b>TEXAS</b>	Secretary of State Statutory Documents Section P O Box 12887 Austin, TX 78711-2887 512-475-1769	Same
<b>VIRGINIA</b>	State Corporation Commission Division of Securities and Retail Franchising 1300 E Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 E Main Street Richmond, VA 23219
<b>WASHINGTON</b>	Department of Financial Institutions Securities Division 150 Israel Rd S W Tumwater, WA 98501 360-902-8762	Director, Dept of Financial Institutions Securities Division 150 Israel Rd S W Tumwater, WA 98501
<b>WISCONSIN</b>	Wisconsin Dept of Financial Institutions Division of Securities 345 W Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

**EXHIBIT B: FRANCHISE AGREEMENT**

MM/DD/YYYY

JDOG  
FRANCHISES,  
LLC

FDD

with You

JDOG  
FRANCHISES,  
LLC

FDD

## FRANCHISE AGREEMENT

**THIS Franchise Agreement ("Agreement") is made effective on the effective date shown in**

**Schedule A (the "Effective Date")**

**BETWEEN \_\_\_\_\_ (hereinafter, "Franchisee")**

**AND**

**JDog Franchises, LLC, a Delaware limited liability company having its headquarters office at 100 Berwyn Park, 850 Cassatt Rd, Suite 225, Berwyn, PA 19312 (hereinafter, "Franchisor")**

**WHEREAS**

A Franchisor has developed a system (the "System") providing for the operation of a retail business offering junk removal and/or hauling using confidential methods, procedures, and business techniques and known to the public under the name " J Dog Junk Removal & Hauling " (the "Franchised Business")

B The distinguishing characteristics of the System currently include, but are not limited to, the trademarks shown in Schedule A and related logos, designs, brand and slogans as may be changed pursuant to section 11 6 hereof (collectively the "Marks") licensed to Franchisor by J Dog Holdings, LLC, a Delaware limited liability company, which Marks Franchisor in turn licenses to Franchisee under the terms and conditions set forth herein

C The System includes, but is not limited to, use and promotion of the Marks, Franchised Business, operating procedures, policies, manuals, slogans and techniques designed to enable franchisees to compete in the market for junk removal services

D Franchisee wishes to establish and operate a Franchised Business utilizing the System at the Franchised Location described in this Agreement, and to derive the benefits of Franchisor's experience, name, advice and guidance

NOW THEREFORE in consideration of the recitals and the covenants and agreements herein contained, the parties covenant and agree as follows

### **1. DEFINITIONS**

**1 1 Definitions and Interpretation** In this Agreement and in every amendment hereto (unless otherwise specified in any particular amendment), the following shall apply

(a) "Business Day" means any day, other than a Saturday, Sunday or a U S federal holiday, "Week" means a calendar week, beginning on a Sunday and ending on the next Saturday, and "Month" means a calendar month, or portion thereof the case of the first and last months of the Term and Renewal Term when the Term does not begin on the first day of a calendar month

(b) The words "Franchisor", "Affiliate", "Nominee" and "Franchisee" shall be applicable to one or more persons, firms, corporations, limited liability companies or other entities

(c) The singular number shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa

(d) All references to currency are expressed in U S Dollars

(e) The article, section and subsection headings are for convenience of reference only and shall not for the purpose of interpretation or any other purpose be deemed a part of this agreement

(f) All grammatical variations of defined terms in this agreement shall have the meaning corresponding to the grammatical variation

## **2. GRANT OF LICENSE, TERM AND TERRITORY**

**2 1 Grant** Upon the terms, covenants, and conditions set forth and referred to in this Agreement Franchisor grants to Franchisee, and Franchisee accepts from Franchisor, the right and license, for the Term and a duly exercised Renewal Term

(a) to establish and operate the Franchised Business from the specific location named in Schedule A (the "Franchised Location") and offering the services available through the System (the "Services"),

(b) to use the System, the Marks and the Copyrighted Materials in connection within the operation of the Franchised Business and in accordance with this Agreement and the provisions of the Operations Manuals, or in such manner as may be approved in advance in writing by Franchisor, and

(c) to use the copyrighted series of System manuals, including hard copy and online materials, developed and owned by Franchisor, as revised by Franchisor from time to time (collectively, the "Operations Manuals")

**2 2 Exclusivity and Performance Standards** The license granted in this Agreement gives Franchisee the right to establish the Franchised Business at the Franchised Location and shall extend only to the borders of the geographical area specified in Schedule A, or such further area as may be agreed in writing from time to time (the "Territory") Except as otherwise provided herein, Franchisor agrees not to grant a franchise for another Franchised Business within the Territory so long as this Agreement is in force and Franchisee is not in default hereunder Franchisor, for itself and its Affiliates, expressly reserves the right to

(i) offer the Services under the Marks through other Franchised Businesses outside of any Territory, but regardless of proximity to the boundaries of any Territory, and through channels of distribution other than Franchised Businesses, and



(ii) offer or establish other franchises or company-owned outlets or other channels of distribution selling or leasing similar products or services under names and trademarks other than the Marks, within or without the Territory, provided it is not in direct competition with the Franchisee,

**2 3 Scheduled Opening Date** The parties intend that the Franchised Business will commence operation on the date specified in Schedule A (the "Scheduled Opening Date") Franchisee will obtain and maintain all licenses, permits and inspection approvals required by law to operate the Franchised Business at the Franchised Location from and after the Scheduled Opening Date Franchisor may extend the Scheduled Opening Date by up to 60 days on written notice from Franchisee

**2 4 Term** The term of this Agreement shall commence on the Scheduled Opening Date, whether or not the Franchised Location is open for business on that date and, unless sooner terminated as herein provided, shall continue for a term of fifteen (15) years until the expiration date shown in Schedule A (the "Term"), subject to potential renewal pursuant to Article 16

Upon provision of notice to terminate under this Section, and after a reasonable time for Franchisor to verify compliance with the conditions above, this Franchise Agreement will be terminated upon Franchisor and Franchisee entering into a mutual termination and release agreement in a form acceptable to Franchisor

### **3. INITIAL FEE.**

**3 1 Initial Fee** In consideration of Franchisor entering into this Agreement, Franchisee will pay to Franchisor all portions of the initial fee of ~~\$27,500.00, shown in Schedule A~~ \$30,000.00 (the "Initial Fee") on or before the due dates The initial Fee shall be deemed to be earned in full by Franchisor upon it executing this Agreement and connecting Franchisee to the Prospects Center

**3 2 Military Discount** If Franchisee or Franchisee's principal owner is an active, retired or honorably separated officer or enlisted personnel of the U S military, Franchisee shall receive a discount of \$2,500 off the regular Initial Fee.

### **4. FRANCHISE LOCATION.**

During the Term, the Franchisee will maintain all Vehicles and Trailers in a clean and attractive condition and maintain office equipment as required so as to comply with the Operations Manuals and to preserve, maintain and enhance the reputation and goodwill of the Franchisor and its franchisees and the value of the Marks

### **5. VEHICLE AND TRAILER LEASING REQUIREMENTS**

**5 1 Lease of Vehicle and Trailer by Franchisee** Franchisee shall purchase or enter into leases or subleases ("Vehicle Lease") for at least one ~~Hummer (the "Vehicle") or another~~ franchisor approved vehicle (the "Vehicle") Franchisee shall purchase or enter into leases or subleases ("Trailer Lease,") for at least one trailer meeting our minimum requirements (the "Trailer,") or another franchisor approved trailer Vehicle and Trailer shall meet Franchisor's current specifications, which requirements are currently set out in the Franchise Disclosure Document and

the Operations Manuals Each Vehicle Lease and Trailer Lease shall only be entered into by Franchisee upon the following conditions being satisfied

(1) Franchisor approval of the form of the Vehicle Lease or Trailer Lease (and any preceding offer to lease or sublease) prior to Franchisee executing any such document, which approval will not be unreasonably withhold (2) Franchisee shall deliver a complete copy of the proposed offer to lease or sublease to Franchisor at least 10 days prior to executing the Vehicle Lease or Trailer Lease, and (3) a complete copy of the Vehicle Lease or Trailer Lease as executed along with the serial numbers for the Vehicle and/or Trailer, shall be delivered to Franchisor promptly following execution

**5 2 Assignment of Vehicle Lease or Trailer Lease** Franchisee shall not assign or sublet the Vehicle Lease or Trailer Lease or otherwise part with possession of the whole or any portion of the Vehicle or Trailer during the Term without first obtaining the prior written consent of Franchisor, which consent shall not be unreasonably withheld

**5 3 Maintenance and Upgrading of Vehicle and Trailer** Franchisee shall at all times comply within Franchisor's standards in respect of the Vehicle's and Trailer's state of repair and appearance, including accessories and equipment

## **6 CONTINUING ROYALTIES**

**6 1 Royalty** Franchisee shall pay to Franchisor a continuing royalty fee as follows

### **6 2 Royalty fees**

- (a) \$800 00 each month for the first twelve months beginning on the Scheduled Opening Date,
- (b) \$1200 00 each month for the months thirteen through twenty four (13-24) of the Term,
- (c) \$1600 00 each month for months twenty five through thirty six (25-36) of the Term,
- (d) \$2000 00 each month, for months thirty-seven (37) through the end of the Term, and
- (e) for the entirety of any Renewal Term, the highest monthly royalty rate in the then-current franchise agreement

**6 3 Calculation and Payments** The Royalty will be paid by way of electronic transfer (automatic debit) to Franchisor within the first 3 Business Days of each month The first month will be prorated and added to the second month if the start date is not the first day of the month Franchisee shall execute all banking forms and documents and do all other things necessary to facilitate such payments by way of electronic transfer (automatic debit) If electronic transfer (automatic debit) of the Royalty is declined by Franchisee's bank for any reason, Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in connection with such declination, including any reasonable administrative fee as may be set by Franchisor from time to time

## **7. OPERATION OF FRANCHISED BUSINESS**

**7 1 Standards of Operation** Franchisee acknowledges that the Marks, the Services and every other component of the System are important to Franchisor and its Franchisees, and Franchisee covenants and agrees to comply with the System, in its entirety as outlined in the Operations

Manuals, which may be modified by the Franchisor from time to time, and in particular Franchisee covenants and agrees that Franchisee shall

(a) ensure that the operation of the Franchised Business is at all times under the direct control of the Franchisee or the General Manager(s) as provided in this Agreement. Where a General Manager is absent from the Franchised Location due to illness or vacation, Franchisee shall ensure that the Franchised Business is under the direct control of a member of the Management Personnel or a trained representative or employee of Franchisee approved in advance by Franchisor in its discretion,

(b) operate the Franchised Business strictly in accordance with the standards of customer service, cleanliness, environmental safety, consistency, employee training, operation, advertising, promotion and management prescribed by Franchisor,

(c) comply with all business policies, practices and procedures prescribed by Franchisor and outlined in the Operations Manuals,

(d) keep the Franchised Business continuously open for business during all hours and days specified in writing by Franchisor from time to time, subject to compliance with the hours of operation required by local laws, if applicable,

(e) prepare and sell to the public only the Services and other services designated or approved in writing by Franchisor from time to time,

(f) maintain the interior and exterior of each Vehicle and Trailer in a safe, sound, clean and attractive condition and do all maintenance and repairs as Franchisor or lessor under each Vehicle Lease or Trailer Lease from time to time requires in writing,

(g) store and handle any waste products strictly in accordance with local, state and federal laws and regulations and in accordance with written specifications provided,

(h) not alter, modify or otherwise change, add to or delete from any portion of the System, Marks, Copyrighted Materials or Services as licensed hereunder,

(i) maintain at all times a sufficient number of properly trained employees to service customers of the Franchised Business, and maintain an inventory of goods and supplies sufficient to satisfy customer demand,

(j) maintain at all times Vehicles and Trailers for the Franchised Business in such numbers and in accordance with such specifications as Franchisor may require from time to time,

(k) hire and supervise efficient, competent, sober and courteous operators and employees for the operation of the Franchised Business and set and pay their wages, Commissions, benefits and incentives without any liability or obligation to Franchisor,

(l) cause all employees, while engaged in the operation of the Franchised Business, to wear uniforms of the color, design and other specifications only in accordance with the provisions of

the Operations Manuals, or in such manner as may be approved in advance in writing by Franchisor, and to present a neat and clean appearance and render competent and courteous service to the customers of the Franchised Business,

(m) use, publish or display in connection with the operation of the Franchised Business only the signs, advertising or other materials designated or approved by Franchisor,

(n) operate the Franchised Business only under the trade name "J Dog Junk Removal & Hauling" and the Marks, as designated by Franchisor, without any accompanying words or symbols of any nature except as designated or approved in writing by Franchisor,

(o) make prompt payment in accordance with the terms of invoices rendered to Franchisee in connection with the purchase of all fixtures, equipment, supplies, advertising materials, clothing, products and any other goods, supplies, services or products supplied to Franchisee from time to time,

(p) secure and maintain in force all required licenses, permits, approvals, and certificates relating to the operation of the Franchised Business and operate the Franchised Business in full compliance with all applicable laws, and regulations, including but not limited to all governmental regulations relating to environmental safety, occupational health and safety, ERISA, workers' compensation insurance, unemployment insurance, withholding and payment of all federal and state taxes including without limitation FICA, FUTA, income tax, sales tax and personal property tax, use tax and license fees,

(q) advise all suppliers, contactors, employees and others with whom Franchisee deals, that Franchisee is an independent contractor and that all debts, liabilities and obligations incurred by it are for the account of Franchisee, and not Franchisor,

(r) faithfully observe and perform in a timely fashion all covenants to be observed and performed by Franchisee pursuant to each Vehicle Lease and Trailer Lease and any lease for the Location,

(s) use the Vehicle and Trailer solely for the Franchised Business,

(t) conduct all advertising and use all media in accordance with lawful business practices and only in accordance with the provisions of the Operations Manuals, or in such manner as may be approved in advance in writing by Franchisor,

(u) attend all franchise conferences and meetings as required by Franchisor from time to time,

(v) participate in such programs as Franchisor as may be designated in the Operations Manuals, or in such manner as may be approved in advance in writing by Franchisor, including provision of service-levels as may be required for specified accounts and the use and honoring of gift certificates and coupons,

(w) replace such items of equipment which have become obsolete or otherwise mechanically impaired, to the extent they require replacement, or as required by Franchisor from time to time, and

(x) identify Franchisor by its legal name and as a "J Dog Junk Removal & Hauling " Identify Franchisee as an "independently owned and operated franchisee of J Dog Junk Removal & Hauling" on all Vehicles, invoices, contracts, agreements, correspondence and other materials and communications used in the Franchised Business and not make any registration of any of the Marks that would grant or suggest Franchisee has ownership of the Marks

(y) use only the phone number(s) provided by or approved by Franchisor on any and all promotional material, advertising material, vehicle wraps, trailer wraps, social media sites, or any medium or forum promoting the franchised business

**7 2 Proposed Services** If Franchisee proposes to offer for sale through the Franchised Business any services not previously designated or approved by Franchisor, then Franchisee must first submit the proposed service to Franchisor for consideration and approval Franchisor will consider the proposed service and respond to Franchisee within a reasonable time as to whether or not the service is approved for sale through the Franchised Business Franchisor reserves the right to make alterations to the proposed service as a condition of approval Franchisor also reserves the right to adopt any such service for use as a standard service forming part of the Services so as to maintain consistency and enhance the System and Marks Franchisee, in submitting any such proposal to Franchisor agrees that Franchisor may take such action, that each such submission by Franchisee to Franchisor shall constitute an irrevocable and perpetual assignment of the copyright and waiver of moral rights for the service to Franchisor, and upon each such submission shall be deemed to be part of the Know-How

**7 3 Sale of Services** Franchisee acknowledges that the reputation and goodwill of the System is based upon, and can be maintained and enhanced only by, the sale of high quality services and the satisfaction of customers who rely upon the uniformly high quality of services that are sold under the System and that such continued uniformity is essential to the goodwill, success and continued public acceptance of the System Accordingly, Franchisee agrees to sell or otherwise deal in only the Services and such other service enhancements as Franchisor designates or approves in advance in writing, which approval may be given or withheld in the sole discretion of Franchisor

**7 4 Pricing** Franchisor will deliver to Franchisee, prior to the Scheduled Opening Date, Franchisor's current list of suggested prices for the Services, which may vary among various franchises Franchisor will give Franchisee written notice of all changes to suggested prices (including any temporary promotional changes) and such changes shall be effective upon receipt, unless otherwise stated in the notice Franchisee is under no obligation to adhere to the suggested prices, but should be aware that promotional and marketing materials and campaigns prepared and provided by the Franchisor may include such prices

**7 5 System Changes** Franchisor may from time to time hereafter, by written notice to Franchisee add to, subtract from, modify or otherwise change the System, including without limitation the deletion or adoption and use of new or modified Marks and Copyrighted Material, new or enhanced services, and new techniques in connection there within Franchisee will, at its own cost, within a reasonable amount of time following receipt of such notice, accept, implement, use and display all such changes

**7 6 Franchisee Programs** Where Franchisor designates a voluntary program from time to time respecting the operation of the Franchised Business or the provision of services to specified accounts, and the Franchisee consents to such program, the respective obligations of Franchisor and Franchisee under such program shall be obligations pursuant to this Agreement

## **8 SALES**

**8 1 Credit Cards and Other Methods of Payment** Franchisee will maintain arrangements with Visa, American Express, MasterCard and additional or replacement credit card and debit card issuers or sponsors nominated by Franchisor from time to time, in order that the Franchised Business may accept customers' credit cards, debit cards, checks and other methods of payment Whenever Franchisor designates a new payment system or financial institution for the System, Franchisee agrees to adopt the designate promptly

**8 2 Payments to Suppliers.** Franchisee will make all payments to Franchisor and designated and approved suppliers promptly when due and will provide proof of payment to other suppliers to Franchisor upon request Franchisee acknowledges that failure of Franchisee to pay any other supplier in a timely manner could harm the reputation of the System and the relationship of Franchisor and its other franchisees with such supplier If Franchisee fails to pay any other supplier in full when due, the Franchisor shall have the right, but not the obligation, to pay all or any portion of the sum due, together with accrued interest and penalties If Franchisor makes any such payment, then Franchisor will invoice Franchisee for such payment and Franchisee shall reimburse Franchisor immediately upon receipt of the invoice

**8 3 Notice to Meet Standards** Should any inspection or audit reveal any non-compliance with the System or failure to meet the standards of operation, management, production, employee training, service, cleanliness, environmental safety, consistency, quality control or advertising and promotion set by Franchisor from time to time, then Franchisee shall immediately upon receipt of notice from Franchisor specifying the particulars of the non-compliance or failure by Franchisee, do all things necessary to correct the non-compliance or failure, in addition to co-operating with the representatives of Franchisor in respect of any training or retraining determined necessary by Franchisor

## **9. PROSPECT CENTER and ADVERTISING**

**9 1 Order Processing** Franchisor reserves the right to maintain online Prospect system (the "Prospect Center") to process prospective orders for the Services within the System, including all orders in the Territory and otherwise handle customer inquiries Upon receipt of a prospective order for the Services within the Territory, Franchisor shall post such prospective order on a system-wide intranet system Franchisee must retrieve and respond to all prospective orders for the Services in their respective Territory within 24 hours If Franchisee is unable or not willing to respond to prospective order for services, the Franchisee must inform the Franchisor of the reason for the rejection or non-response to the prospective order within 48 hours after the prospect is posted by the Prospect Center

**9 2 Prospect Center Access** Franchisor will provide Franchisee with access to the Prospect Center and a confidential password (the "Password") for the Prospect Center Franchisee will keep

the Password confidential at all times during the term of this Agreement, following any exercised renewal, and after the expiration or earlier termination of this agreement Franchisee will not release the Password to any person, including employees of the Franchised Business, without the previous written consent of Franchisor, which consent may be withheld for any reason

**9 3 Particulars of Local Advertising** Franchisee shall have the right to conduct such local advertising and promotions in respect of the Franchised Business as Franchisee shall, in its reasonable discretion desire, provided that

(a) Franchisee shall advertise and promote only in a manner that will reflect favorably on Franchisor, Franchisee, Services and the good name, goodwill and reputation of the System,

(b) Franchisee shall submit to Franchisor for its approval, which approval shall not be unreasonably withheld or unduly delayed, all local advertising and promotions material to be utilized by Franchisee and until such time as Franchisor shall give its prior written approval to the use of such advertising and promotions In no event will Franchisor take more than 30 days either to approve or to reject such local advertising or promotions material Franchisor reserves the right to adopt any such advertising or promotions for general use in advertising or promoting the Services Franchisee, in submitting any such advertising or promotions, agrees that Franchisor may take such action, and that each such submission shall constitute an irrevocable and perpetual assignment of the copyright and waiver of moral rights for such advertising or promotions, and upon each such submission shall be deemed to be part of the Know-How,

(c) Franchisee shall prominently display, at its expense, in connection with the Franchised Business, signs of such nature, form, color, number, location and size and containing such matter as Franchisor may direct or approve in writing from time to time and such signs shall be purchased from Franchisor or from suppliers designated or approved by Franchisor,

(d) Franchisee acknowledges that Franchisor is the sole and exclusive owner of all copyrights and that all advertising and promotional material (including Copyrighted Materials) prepared by or on behalf of Franchisor shall at all times remain the property of Franchisor, and

(e) Franchisee agrees to advertise the Franchised Business (if so directed by Franchisor at Franchisee's expense) in the white pages and classified section (yellow pages) of all local major telephone directories, using only such information as may be approved by Franchisor If other franchisees are served by the same white pages or classified section, Franchisor shall have the right to require group listing therein, to make direct arrangements with the telephone company and to allocate an equitable part of the cost thereof to Franchisee

(f) Each calendar month, Franchisee shall spend, at a minimum, the greater of (i) five hundred dollars (\$500) or (ii) 2% of Franchisee's Gross Sales during the previous calendar month, on local advertising to advertise and promote the Franchised Business

**9 4 Initial Marketing Fee** Franchisee agrees that

(a) recognizing the importance and unique marketing needs of the Franchised Business in the early months of operations, Franchisee agrees to have set aside and available \$3,000 (the "Initial

Marketing Fee") upon execution of this Agreement, but not upon the execution of any renewal Agreement,

(b) the Franchisee shall expend the Initial Marketing Fee in the 30 days prior to through the first 30 days of operation of the Franchised Business on marketing and promoting the Franchised Business in the Territory, in such manner as Franchisor determines in its sole discretion Franchisee will take reasonable steps to target such marketing expenditures towards the market encompassing the Territory, as Franchisor reasonably defines such market

(c) the Initial Marketing Fee shall not be used to defray any of Franchisee's general operating expenses Franchisee shall provide an account of Initial Marketing Fee expenditures upon request, and

(d) except as expressly provided for in this Article, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the initial Marketing Fee The Initial Marketing Fee shall not be applied in discharge of the Franchisee's obligations under this Agreement

**9 5 Marketing Fund** If Franchisor establishes a national marketing fund (the "Marketing Fund,") on behalf of the System for national advertising and marketing, Franchisee is required to contribute an amount up to three hundred dollars (\$300) per month, as specified by Franchisor Payments will be made in the same manner and time as the Royalty Fees Franchisor may require Franchisee to allocate to the Marketing Fund, all or any portion of Franchisee's required contributions to a regional fund or for Local Advertising as described in Section 9 3

(a) Except as specified in Section 9 3, Franchisor shall direct all advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof Franchisee agrees and acknowledges that the Marketing Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchise Businesses operating under the System

(b) Franchisor shall contribute to the Marketing Fund on the same basis as Franchisee with respect to J Dog Junk Removal & Hauling businesses operated by Franchisor

(c) Franchisor may use the Marketing Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, newspaper and electronic advertising campaigns, direct mail and outdoor billboard advertising, public relations activities, conducting marketing research, employing advertising agencies to assist therein, developing and maintaining an Internet website, and personnel and other departmental costs for advertising that Franchisor internally administers or prepares)

(d) The Marketing Fund will be operated solely as a conduit for collecting and expending the advertising contributions for the System The Marketing Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead



that Franchisor may incur in activities related to the administration and direction of the Marketing Fund and such costs and expenses pursuant Section 13 3(c) The Marketing Fund and its earnings shall not otherwise inure to Franchisor's benefit

(e) Franchisor will prepare an annual statement of the Marketing Fund's operations and will make it available to Franchisee upon request In administering the Marketing Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising

(f) Although the Marketing Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason Franchisor will not terminate the Marketing Fund, however, until all monies in the Marketing Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions

## **10. MANAGEMENT AND EMPLOYEES**

**10.1 Management Personnel** Franchisee or, if Franchisee is an entity, all of its voting shareholders or members (contingent or otherwise), directors and officers, and the Management Personnel, or any replacement(s) approved in writing by Franchisor shall complete initial training to the satisfaction of Franchisor prior to the Scheduled Opening Date, unless waived in writing by Franchisor in its sole discretion for any particular person(s) Once approved, Franchisee will cause Management Personnel to participate, on a full-time working basis (i.e., a minimum of 40 hours per week), in the management and operation of the Franchised Business Franchisee shall verify that all Management Personnel have the legal right to work in the United States The Management Personnel named first in **Schedule A** shall be the initial general manager of the Franchised Business (hereinafter called the "General Manager", which term shall include every other person who in the future acts as general manager of the Franchised Business) Franchisee shall ensure that every person who acts as General Manager from time to time is not (while so acting) engaged in any retail business activity other than the Franchised Business The General Manager must participate on a full-time basis (i.e., a minimum of 40 hours per week) in the operation of the Franchised Business Unless waived in writing by the Franchisor, Franchisee will ensure that the Franchised Business employs one full-time General Manager Franchisee will not hire anyone to act as General Manager without the prior written approval of Franchisor As a condition of such approval, the managerial candidate must complete the training requirements set out herein to the satisfaction of Franchisor Franchisor may charge Franchisee Franchisor's then current standard training fee for any candidate to replace the General Manager In the event of the resignation, termination, death or incapacity of any person acting as General Manager or other Management Personnel, Franchisee shall have a period of 30 days after such resignation, termination, death or incapacity in which to complete arrangements for replacement and training of such person

**10.2 Employees** Franchisee will hire all employees of the Franchised Business, and shall be responsible exclusively for payment of wages, benefits, statutory remittances and compliance with other terms and conditions of their employment and for the proper training of them in the operation of the Franchised Business At the direction of Franchisor, Franchisee will cause such employees as may be designated by Franchisor who are not involved in initial training to complete training programs developed by Franchisor Franchisee will be solely responsible for all direct and indirect

costs of such training in accordance with sections 15.1 and 15.2 herein. Franchisee shall verify that all employees have the legal right to work in the United States.

## **11. LICENSE GRANTED TO FRANCHISEE**

**11.1 Nature of Grant** The license granted by this Agreement is a license to use the System and Marks only in connection with operation of the Franchised Business in the Territory during the Term. Nothing in this Agreement shall give Franchisee any other right, title or interest in or to any part of the Marks or the System.

**11.2 Use of Name and Marks** Franchisee shall operate the Franchised Business continuously throughout the Term and any duly exercised Renewal Term under the name "J Dog Junk Removal & Hauling" or such alternate name or names as Franchisor may direct in accordance with the provisions of the Operations Manuals, or in such manner as may be approved in advance in writing by Franchisor from time to time, and Franchisee's name shall be clearly marked on all documented and electronic representations of the Franchised Business as well as on all Franchisee's advertising, stationery, business cards, purchase orders, sales slips, checks, and other business documents in a manner specified or approved by Franchisor and which clearly indicates that Franchisee is the person, firm or corporation, as the case may be, operating the Franchised Business pursuant to a license from Franchisor. Franchisee shall use TM or some other symbol directed by Franchisor, to indicate to the public that each of the Marks is a trademark belonging to Franchisor and shall in such usage clearly indicate this by using the phrase "Trademark licensed by JDog Franchises, LLC," or some other phrase designated or approved by Franchisor. Franchisee shall not use, as part of the corporate name of any corporation or other business entity which may operate the Franchised Business (or any other corporation or business entity in which Franchisee has any interest), any of the Marks or any variation or derivative thereof or any word or phrase or combination of words confusingly similar thereto or colorable imitative thereof, nor may Franchisee use the Marks in connection with the sale or offering for sale of any item which has not been properly approved for sale pursuant to the requirements of this Agreement. All provisions of this Agreement applicable to the Marks shall apply to any additional proprietary trade and service marks and commercial symbols hereafter authorized by Franchisor for use by Franchisee from time to time.

**11.3 Use of Copyrights** Franchisee acknowledges that Franchisor is the owner of the copyright in the Operations Manuals, and all other systems, binders, videotapes, software, and printed materials which from time to time form part of the System (as well as all revisions and additions of or to any of the foregoing) (collectively, the "Copyrighted Materials"). Franchisee acknowledges that Franchisee's right to use the Copyrighted Materials is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable specifications, standards and operating procedures prescribed in writing by Franchisor during the Term and any exercised Renewal Term. Any unauthorized use of any of the Copyrighted Materials by Franchisee shall be an infringement of the rights of Franchisor in and to the Copyrighted Materials and shall constitute a breach of this Agreement. Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose Franchisor's application for registration or protection of any of the Copyrighted Materials in the United States or any foreign copyright office. Franchisee will ensure that all Copyrighted Materials used by Franchisee bear whatever copyright notice may be prescribed from time to time in writing to Franchisee by Franchisor.

**11 4 Notification of Infringement** Franchisee shall notify Franchisor immediately upon learning of any apparent or potential infringement of or challenge or claim to any of the Marks or any of the Copyrighted Materials or any claim to any rights in or to any of the Marks or Copyrighted Materials made by anyone which comes to the notice of Franchisee, and Franchisee shall not communicate with anyone other than Franchisor and its legal counsel in connection with any such infringement, challenge or claim. Franchisor shall have sole discretion to take such action as it deems appropriate and the right to control exclusively any litigation or other proceeding arising out of any such infringement, challenge or claim, and Franchisee agrees to execute all documents, to render such assistance and to do all acts and things as may, in the opinion of Franchisor or its legal counsel, be necessary or advisable to protect and maintain the interests of Franchisor in any such litigation or other proceeding or otherwise to protect and maintain the interests of Franchisor and its franchisees in the Marks and Copyrighted Materials. Franchisor agrees to indemnify Franchisee against any losses or damages incurred by Franchisee as a result of a successful claim of infringement brought by a third party and related solely to Franchisee's use of the Marks in accordance with the terms of this Agreement.

**11 5 Act in Derogation of Franchisor's Rights** Franchisee acknowledges that all goodwill and ownership rights arising out of the use by Franchisee of the Marks, the Copyrighted Materials and any other part of the System shall accrue solely to Franchisor and the system as a whole, and that now and hereafter Franchisee shall assert no claim to any goodwill by virtue of the licensed use thereof. Franchisee will not dispute or impugn the validity of any of the Marks or the rights of Franchisor thereto, or do or assist others to do or permit any act or thing to be done derogation of same. Franchisee will take such action (including signature and assistance in preparation of documents or the giving of testimony) as may be requested by Franchisee to evidence, transfer, vest or confirm the Company's rights and ownership in the Marks, the Copyrighted Materials and any other part of the System. If Franchisor is unable for any reason to secure Franchisee's signature to fulfill the intent of this paragraph, then Franchisee irrevocably appoints the Franchisor and its authorized agents as agent and attorney in fact, to transfer, vest or confirm Franchisor's rights and to execute and file any such applications and to do all other lawful acts to further the intent of this Section with the same legal force as if done by Franchisee.

**11 6 Changes in Marks and Copyrighted Materials** During the Term or any exercised Renewal Term, Franchisor deems it advisable to modify or discontinue use of any Marks or Copyrighted Materials or to adopt for use in the System any additional or substitute marks or copyrights, then Franchisor shall give written notice thereof to Franchisee whereupon **Schedule A** hereto shall be deemed to be amended accordingly and Franchisee shall promptly comply with such amendment. All provisions of this Agreement applicable to Marks and Copyrighted Materials shall apply to all additional, substituted or modified Marks and Copyrighted Materials hereafter adopted by Franchisor or its Affiliates and authorized for use by Franchisee by written notice.

**11 7 Use of Know-How** Franchisee acknowledges that Franchisor possesses know-how comprised of methods, techniques, specifications, materials, procedures, information, systems and knowledge of and experience in the provision of the Services through the Franchised Business (collectively, the "Know-How"). Franchisor will disclose the Know-How to Franchisee in the training program, the Operations Manuals and in guidance furnished to Franchisee during the Term and any exercised Renewal Term. Franchisee will not acquire any proprietary interest in the Know-

How or any part of it, other than the right to use it in the development and operation of the Franchised Business during the Term and any duly exercised Renewal Term, in full compliance with this Agreement Franchisee acknowledges that the Know-How is proprietary and, except to the extent that it is or becomes generally known in the junk removal industry, it and every part of it comprises a valuable trade secret of Franchisor

**11 8 Confidential Information** Franchisee acknowledges that the designs, materials and other features of the Services and the information, techniques, procedures, methods, systems and format now and hereafter comprised in the System, including, without limitation, the Password and the Know-How revealed within or pursuant to this agreement and the Operations Manuals (the "Confidential Information"), are so revealed in strictest confidence and Franchisee covenants to keep and respect the confidence so reposed Franchisee shall neither use nor permit any of its directors, officers, shareholders, employees, agents or other representatives to use for any purpose inconsistent with this Agreement nor reveal to any person, firm or corporation, both while this Agreement is in force and for an unlimited time thereafter, any Confidential Information which Franchisee has acquired through or as a result of its relationship with Franchisor including, without limitation, any contents of this Agreement, and the Operations Manuals Upon request by Franchisor, Franchisee will cause the employees of the Franchised Business to sign a form of confidentiality covenant prepared by Franchisor Notwithstanding the foregoing, "Confidential Information" does not include information that (a) Franchisee establishes through public records, (b) is known to Franchisee prior to disclosure by Franchisor or its personnel, (c) is or becomes publicly available through no act or omission of the Franchisee or its personnel, or (d) is lawfully received by Franchisee from a third party that is not under any confidentiality obligation to Franchisor

**11 9 Operations Manuals** Franchisor may make additions, deletions and other revisions to the Operations Manuals from time to time, in its sole discretion The provisions of the Operations Manuals as revised from time to time shall constitute provisions of this Agreement to be observed and performed by Franchisee as though incorporated specifically in this Agreement Franchisee will not at any time copy or permit to be copied the whole or any portion of the Operations Manuals When Franchisor makes revisions, it will provide revised pages of the Operation Manual to Franchisee Franchisee will at all times maintain a complete and up-to-date Operation Manual by filing it with revised pages and deleting replaced pages upon receipt of revised pages from Franchisor In the event of a dispute as to the contents of the Operations Manuals, the master copy maintained by Franchisor shall govern

## **12 FURTHER OBLIGATIONS OF FRANCHISEE**

**12 1 Compliance with Operations Manuals** Franchisee shall conduct the Franchised Business strictly in accordance with all of the provisions set out in the Operations Manuals as amended from time to time In particular, Franchisee shall promptly adopt and use exclusively the specifications, standards, methods and policies contained in the Operations Manuals, now, and as they may be modified by Franchisor from time to time Franchisee acknowledges that Franchisor is the sole and exclusive owner of all proprietary rights in and to the System and that the information revealed in the Operations Manuals, in their entirety, constitute Confidential Information and Copyrighted Material Without the prior written consent of Franchisor, Franchisee shall not use the contents of the Operations Manuals for any purpose not related to this

Agreement, and shall not disclose the contents of the Operations Manuals to any person, except to employees of Franchisee on a need to know basis for purposes related solely to the operation of the Franchised Business, nor shall Franchisee publish, reprint or reproduce the Operations Manuals in whole or in part for any purpose. Franchisee shall take all safeguards and precautions specified by Franchisor from time to time or as would be expected to be exercised by a careful person entrusted with valuable property of another, to protect and maintain the confidentiality of the Operations Manuals. The covenants contained in this Section will survive the termination of this Agreement for such period of time as such information remains confidential and does not fall into the public domain. Franchisor reserves the right at any time upon written notice to Franchisee to more particularly specify or define any items of information or materials which Franchisor considers to be Confidential Information for the purposes of the ongoing application and survival of Franchisee's covenants herein. Franchisee hereby acknowledges that the Operations Manuals are loaned to Franchisee and shall at all times remain the sole and exclusive property of Franchisor, and upon the expiration or termination of this Agreement for any reason whatsoever Franchisee shall forthwith return the Operations Manuals together with all copies of any portion of the Operations Manuals which Franchisee may have made, to Franchisor. If any copy an Operations Manual is lost, destroyed or significantly damaged, Franchisee must pay our then applicable replacement fee (currently \$1000)

**12 2 Signage** Any signage procured for the Franchised Business will conform to Franchisor's specifications. Franchisor will provide written specifications for such signage to Franchisee upon request. When signage is procured pursuant to a lease, the lease must be assignable to Franchisor and Franchisee will submit such lease to Franchisor for its written approval prior to executing it.

**12 3 Standards of Service** Franchisee and employees of the Franchised Business will at all times give prompt, courteous and efficient service to customers, and will, in all dealings with customers, suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee will respond to customer, supplier and public complaints in a prompt, courteous and efficient manner.

**12 4 Taxes and Rents** Franchisee will pay in a timely manner all local, state and federal sales, business, property, goods and services taxes and all other taxes, rates, levies and fees levied or assessed by any governmental authority directly or indirectly in connection with the Franchised Business.

**12 5 Compliance with Laws** Franchisee will operate the Franchised Business in strict compliance with all applicable laws and regulations.

**12 6 Sufficient Staff and Inventory** Franchisee will at all times employ a sufficient number of properly trained, courteous and service oriented staff to properly operate the Franchised Business during normal business hours.

**12 7 Training and Retraining** Franchisee will comply with the training and retraining requirements of this Agreement.

**12 8 Inspection Rights** Franchisee authorizes Franchisor and its representatives to enter the Franchised Location at any reasonable time or times, without undue disturbance of the Franchised

Business or the Territory, to inspect the Franchised Location or the Territory and the Vehicle, Trailer, inventory, fixtures, finishing, and equipment therein, to confer with or otherwise contact Franchisee's employees, to examine and inspect the operation of the Franchised Business and in all respects to determine compliance with this Agreement (including the Operations Manuals)

**12 9 No Solicitation of Employees** Franchisee will neither employ nor solicit employment of anyone who is employed by Franchisor, any Affiliate of Franchisor, any other franchisee of the System or any other franchisee of another system operated from time to time by Franchisor or any of its Affiliates, without the prior written consent of the employer, unless the employee in question has ceased to be employed by such employer for a period of at least 90 days. The Franchisor will not solicit Franchisee's employees unless the employee in question has ceased to be employed by the Franchisee for a period of at least 90 days.

**12 10 Hazardous Materials** Franchisee will not deal in any way with any hazardous materials, including, but not limited to

- (a) oil or gasoline, except in connection with the operation of the Vehicles,
- (b) asbestos,
- (c) any material containing or contaminated with PCBs,
- (d) liquid waste of any sort,
- (e) sludge of any sort,
- (f) septic tank sludge or waste, and
- (g) solvents, liquid paints or chemicals

**12 11 Use of Media** Franchisee agrees that for purposes of advertising and public relations related to the System, Franchisor may make, reproduce and publish in good taste photographs, videos and other media utilizing the Franchised Location and the employees and customers of Franchisee on an individual or collective basis. Franchisee will cooperate with Franchisor in this regard.

**12 12 Insurance** Franchisee will ensure that the following insurance coverage is placed and maintained during the entire Term and any duly exercised Renewal Term: (a) reasonable comprehensive public liability and property damage insurance, including personal and bodily injury liability, contractual liability, employers' liability, and owners' and contractors' protective insurance coverage with respect to the activities conducted by Franchisee and any employee, agent or other person performing work on behalf of Franchisee with respect to the Franchised Business, with a policy limit of not less than \$1,000,000 per occurrence or such greater amount as may be specified in writing by Franchisor from time to time, (b) reasonable business interruption insurance in respect of the Franchised Business with a policy limit not less than that which may be prescribed by Franchisor from time to time, and (c) reasonable owned and non-owned vehicle liability insurance with a policy limit of not less than \$1,000,000 or such other amount as may be specified in writing from time to time by Franchisor for any vehicle used to any extent in the Franchised Business. The insurers, amounts and types of insurance shall be subject to prior written approval of Franchisor, which Franchisee will seek in a timely fashion. Franchisor may from time to time require that Franchisee cause such coverage to be added to or otherwise amended in accordance with recommendations of Franchisor's independent insurance advisor. The foregoing insurance coverages, as so amended from time to time, are hereinafter called the "Coverage." Franchisor,

acting reasonably, may elect, at any time, upon the recommendation of its independent insurance advisor, to require Franchisee, either individually or as part of a group of franchisees, to place the Coverages (or any them) through Franchisor, in which case Franchisee will pay its proportionate share (with other franchisees of the System) of all costs thereof, upon receiving invoice(s) therefor. All policies of insurance for the Coverages shall expressly include Franchisee, Franchisor, and Franchisor's Affiliates, as "franchisor/additional insured" and shall require the insurers to defend Franchisee and Franchisor, jointly and severally, in all claims and actions to which the Coverages are applicable. Such policies shall require provision of 30 days' notice to Franchisor prior to any termination. Within 10 days of entering into any policy of insurance, and from time to time as such policies are renewed or entered into, Franchisee shall cause insurer to issue a certificate of insurance directly to Franchisor confirming the terms and coverage set forth this Agreement. Franchisee understands and acknowledges that Franchisor is not an insurance broker. Nothing done by Franchisor pursuant to this section shall constitute an assurance that Franchisee has adequate insurance for its assets, business and potential liabilities at the Franchised Business and Franchisee may place additional insurance as it sees fit, upon the advice of its own insurance broker.

**12.12 Payments** Franchisee shall make all payments when due. In addition to any and all rights and remedies of Franchisor under this or any other agreement, any payment made after the date on which it is due shall be subject to a late payment fee of \$100.

### **13. FURTHER OBLIGATIONS OF FRANCHISOR**

**13.1 Training** Franchisor shall provide one initial training session of 1 to 2 Business Day(s) for up to 2 employees of Franchisee selected by Franchisee (but those selected must include the prospective initial Management Personnel specified in Schedule A). The format and content of the training program will be determined solely by Franchisor. The cost of such initial training is included in the Initial Fee. Additional prospective employees of Franchisee may be accommodated for such initial training or for subsequent equivalent training at Franchisee's request and cost. Franchisee may provide initial training to Management Personnel, but Franchisor reserves the right to require such Management Personnel to attend Franchisor's training at any time. Franchisor may charge its then-current training fee to Franchisee for providing initial or additional training. All training shall be given at times and at a location or locations designated by Franchisor. All expenses incurred by Franchisee and other trainees in connection with and during such training including without limitation those related to transportation, accommodation, meals and other living expenses, wages and other employment benefits shall be at the sole expense of Franchisee. (Neither Franchisor nor any owner of an existing business at which the training is given will provide wages or employee benefits to Franchisee or other trainees during the training period.)

**13.2 Retraining** In the event that Franchisee is not operating the Franchised Business in full accordance with the System and this Agreement, which determination Franchisor shall make in its sole discretion, Franchisor shall have the right to send its representatives to the Franchised Location to conduct such retraining of the representatives and employees of Franchisee as Franchisor determines to be appropriate in the circumstances. Franchisee shall reimburse Franchisor upon demand for all out-of-pocket costs incurred by Franchisor in connection with such

retraining, including all transportation, lodging and meal expenses incurred by and reasonable hourly charges for representatives of Franchisor providing the retraining

**13 3 Initial and Ongoing Goods and Services** Franchisor shall provide to Franchisee

- (a) one Operations Manual on loan, (may be hard copy, online or other)
- (b) login and password for access to the Prospects Center,
- (c) additional training materials developed by Franchisor from time to time,
- (d) marketing materials and other sales aids developed by Franchisor from time to time (at Franchisee's expense),
- (e) promotional assistance at the time when the Franchised Business opens for business and ongoing promotional assistance on a reasonable basis thereafter,
- (f) regular communications to keep Franchisee up to date with respect to important developments in the System, and
- (g) an annual review of the operation and management of the Franchised Business which will be conducted by one or more representatives of Franchisor

**13 4 Continuing Availability** Franchisor may make one of its representatives available to Franchisee during Franchisor's normal business hours, for consultation and guidance with respect to operation or management of the Franchised Business Reasonable consultation and guidance will be given by correspondence, telephone, and email One or more representatives of the Franchisor may make a minimum of one field visit a year to the Franchisee's territory for purposes of doing a review Franchisor shall also co-ordinate and conduct periodic training programs for franchisees as Franchisor, in its sole discretion, deems necessary Franchisor shall, in its sole discretion, continue efforts to establish and maintain high standards of customer satisfaction and professionalism

**14. REMEDIES UPON DEFAULT BY FRANCHISEE**

**14 1 Definition of "Material Default"** For the purposes of this Agreement, the phrase "Material Default" shall mean any one of the following defaults

- (a) failure to pay any sum due to Franchisor, or any Affiliate or nominee of Franchisor, Franchisee's landlord, any governmental authority, the lessor of the Vehicle, Trailer or other supplier of any item of Supplies or other inventory to the Franchised Business pursuant to any agreement or arrangement between Franchisee and Franchisor (or any of its Affiliates) or any supplier, whether or not designated or approved by Franchisor for a period of 30 days after written notice of such default has been delivered by Franchisor to Franchisee,
- (b) failure to comply with any other obligation of Franchisee contained in this Agreement or any other agreement between Franchisee and Franchisor or any Affiliate or nominee of Franchisor for a period of 30 days after written notice of such default has been delivered by Franchisor to Franchisee, provided, however, that if the nature of such default is such that it cannot be cured within a 30 day period, and Franchisee takes reasonable action to cure such default immediately upon receiving such notice and diligently continues to do so, then Franchisee shall have such additional period of time as is reasonably necessary to cure such default,



(c) failure to remain in good standing under all Vehicle Leases, Trailer Leases, or doing or omitting to do anything else which gives anyone the right to terminate a Vehicle Lease or Trailer Lease or take possession of a Vehicle or Trailer such that Franchisee would be without the required minimum number of Vehicles and Trailers to use in the operation of the Franchised Business,

(d) an assignment or attempted assignment, at law or at equity, of this Agreement by Franchisee, including an involuntary assignment under applicable matrimonial laws, in whole or in part, without obtaining the prior written consent of Franchisor as required by this Agreement,

(e) Franchisee or any of its directors, officers, employees, agents or other representatives attempting to assign, transfer or convey any part of its interest in the System, including any of the Marks, Know-How, Copyrighted Material or other copyrights, Operations Manuals, trade secrets, systems, methods of operation or format, or discloses, copies or uses or permits the use of any of the foregoing, or if Franchisee uses or permits the use of any of the foregoing in a manner or at a location not authorized in advance in writing by Franchisor,

(f) 30 days after Franchisee's receipt of notice from Franchisor, Franchisee's continued failure to offer for sale any approved Service, or offering to sell any service from the Franchised Location that is not part of the Services or that has not been designated or approved in writing by Franchisor,

(g) Franchisee engaging in misleading advertising or operating the Franchised Business in a dishonest, illegal or unethical manner, or having its business license for the Franchised Business suspended or revoked,

(h) Franchisee failing to rectify diligently, any order issued by a governmental authority concerning breach of any health, safety or other regulation or legal requirement applicable to the Franchised Business within the time frame required by the government authority,

(i) a personal or corporate Franchisee or any director or officer of a corporate Franchisee being convicted of an indictable offense which in the reasonable opinion of Franchisor could bring the System, any of the Marks or any other part of the goodwill established thereby into disrepute, or

(j) Franchisee receives three (3) or more notices of default under this Section

**14 2 Cross Default** If one or more of Franchisee, a member of its Management Personnel, or any partnership or joint venture or corporation in which one or more of Franchisee and a member of its Management Personnel has a controlling interest, is a franchisee pursuant to another Franchise Agreement with Franchisor respecting another Franchised Business, a default under this agreement shall constitute a default under such other Franchise Agreement, and vice versa, with the like remedies available to Franchisor; and should such other Franchise Agreement for any reason therein be terminated Franchisor may, at its option, terminate this agreement

**14 3 Termination for Material Default** Franchisor may terminate this Agreement, forthwith, upon giving written notice to Franchisee, if Franchisee commits any single Material Default

**14 4 Other Remedies for Default** In the event of a default of this Agreement, whether or not a Material Default, and in addition to the other remedies provided in this Agreement, Franchisor may

(a) bring such action for injunctive or other similar relief as may be necessary to compel Franchisee to comply with Franchisee's obligations contained or referred to in this Agreement,

(b) without waiving any claim for default hereunder and without prior notice to Franchisee, take whatever steps Franchisor deems necessary to cure any default by Franchisee hereunder for the account of and on behalf of Franchisee, and Franchisee hereby irrevocably appoints Franchisor as its attorney to do so, and the related expenses incurred by Franchisor shall be due and payable forthwith by Franchisee upon demand and shall be deemed to be an amount owing to Franchisor hereunder, or

(c) without waiving any claim for default hereunder and without prior notice to Franchisee, enter upon any premises upon which the Franchised Business is conducted without being liable to Franchisee in any way for such entry, for the purposes of securing the return of any of Franchisor's property, performing or compelling performance of Franchisee's obligations to Franchisor and protecting Franchisor's rights upon expiration or termination of this agreement, and

(d) alter Franchisee's territory as to (i) reduce the Territory, (ii) remove the exclusivity provided in the Territory (allowing Franchisor to grant or operate other Franchised Businesses in the Territory), (iii) withhold, postpone, or forgo any services, licenses, rights, payments, orders, access to any electronic systems or other materials (including without limitation any successor system used to communicate orders to Franchisee), or any other obligations imposed on Franchisor by this Agreement until Franchisee cures its violation or otherwise remedies the default to Franchisor's satisfaction, or (iv) any combination of (i), (ii), and (iii)

**14 5 Damages based on Material Default** In the event of a termination of this Agreement by Franchisor based on a Material Default, Franchisor shall have the right to claim and recover damages from Franchisee and such damages shall include, without limitation, loss of the benefit of Franchisor's bargain hereunder. It is acknowledged by Franchisee that the benefit of Franchisor's bargain hereunder shall include the Royalties which Franchisor would have expected to receive for the unexpired balance of the Term (or Renewal Term)

**14 6 Telephone Number(s) and URL(s)** Rights to the telephone or facsimile number or numbers URL's or social media sites which are utilized in connection with the Franchised Business from time to time shall be the property of Franchisor or held by Franchisee in trust for Franchisor and, on expiration or earlier termination of this Agreement, Franchisee hereby irrevocably authorizes Franchisor to do whatever is necessary (including executing documents in the name of Franchisee) to transfer all rights to such number or numbers URL(s) or social media sites to Franchisor or an assignee of Franchisor. Further, Franchisor will itself execute similar documents if the telephone company or other entities so requests. Franchisor may require Franchisee to use only those telephone numbers, URL(s), social media accounts (i.e. facebook, linkedin, twitter, yelp, etc.) owned by Franchisor in the operation of the franchised business. If Franchisee uses any personal phone numbers, URL's, social media accounts, etc, in the operation or promotion of the

franchised business, without Franchisor's prior written consent, such phone numbers URL's, social media accounts and etc shall become the property of Franchisor

**14 7 Remedies Cumulative** The rights and remedies of Franchisor contained in this Article and elsewhere in this Agreement or in a document referred to in this Agreement are cumulative and no exercise or enforcement of any right or remedy by Franchisor shall preclude its exercise or enforcement of any other right or remedy to which Franchisor is entitled by law, in equity or otherwise

## **15. FRANCHISEE'S OBLIGATIONS UPON EXPIRATION OR TERMINATION**

**15 1 Payment of Accounts** Within 15 days after expiration or termination of this Agreement (or on such later date as such debts are due), Franchisee will pay, by bank draft, all outstanding Royalties, all amounts due for Supplies and all other amounts payable by Franchisee (whether to Franchisee or its Affiliate) together with accrued interest charges thereon in accordance with this Agreement

**15 2 Discontinuance** Upon expiration or termination of this Agreement, Franchisee shall forthwith discontinue use or display of the Marks, Operations Manuals, Copyrighted Materials and other materials provided by Franchisor such as advertising materials and training materials, trade secrets, systems, methods of operation, format and goodwill of the System Franchisee shall also forthwith change the color scheme of the Franchised Location and Vehicle and Trailer to one that differentiates it from the color scheme of the System and shall remove all signage related to the System from the Franchised Location and Vehicles and Trailers Franchisee shall not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that Franchisee is directly or indirectly associated, affiliated, licensed by or related to Franchisor or the System, and Franchisee shall not, directly or indirectly, use any Mark, or any other name, logo, signage, symbol, insignia, slogan, advertising, copyright, Copyrighted Materials, design, trade secret, process, system, method of operation or format confusingly similar to those used by the System Franchisee acknowledges the proprietary rights of Franchisor as set out in this Agreement and agrees to return to Franchisor the Operations Manuals, all advertising and training materials and all other confidential information relating to the System, as well as all other property of Franchisor, forthwith upon expiration or earlier termination of this Agreement Additionally, Franchisee shall, upon termination or expiration of this Agreement, promptly remove any signage and murals from the Franchised Location and any other premises from which the Franchised Business is conducted which uses the Marks or otherwise and refers, directly or impliedly, to the System

**15 3 Power of Attorney** Following expiration or earlier termination of this Agreement, Franchisor may execute in Franchisee's name and on Franchisee's behalf all documents necessary or advisable in Franchisor's judgment to terminate Franchisee's use of the Marks and Franchisor is hereby irrevocably appointed as Franchisee's attorney to do so, and such appointment, to the extent permitted by applicable law, shall survive the incapacity or death of an individual Franchisee

**15.4 Right of Franchisor to Repurchase** In the event of expiration or termination of this Agreement, Franchisor shall have the option, exercisable by written notice to Franchisee, to purchase from Franchisee free and clear of any lien, charge, encumbrance not previously approved by Franchisor, all or any portion of Franchisee's supplies or equipment for the Franchised Business

## **16. RENEWAL**

If Franchisee is in full compliance with this Agreement, has not at any time committed any Material Default, whether or not remedied, and meets Franchisor's then current standard requirements for franchisees, and the Franchisee has not been habitually in default under the Franchise Agreement, whether or not the Franchisor has issued notices of default, then Franchisor will enter into a new Franchise Agreement with Franchisee for an additional fifteen (15) year term (the "Renewal Term"), upon the following terms and conditions

(a) Franchisee must give written notice of the right of renewal to Franchisor not more than twelve (12) calendar months and nor less than nine (9) calendar months prior to expiration of the Term,

(b) Franchisee shall, not less than six (6) calendar months prior to expiration of the Term, execute Franchisor's then current form of Franchise Agreement which shall include Franchisor's then current rates and the current definitions and shall, within 30 days prior to expiration of the Term, pay to Franchisor a non-refundable renewal fee of 50% of the then current franchise fee. Such fee not to exceed \$10,000

(c) Franchisee shall execute and, if Franchisee is a corporation, partnership or joint venture, shall cause all of its then current shareholders (both legal and beneficial), directors, officers, partners and joint ventures to execute a general release, in a form provided by Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, employees, agents and other representatives with respect to the Term, and

(d) at the time of execution of a renewal Franchise Agreement, Franchisee shall not have been given notice of a default under this Agreement or any other agreement or obligation Franchisee may have with Franchisor (such as, but not limited to, another Franchise Agreement within the System) including, but not limited to, all obligations to pay Royalties, interest charges, audit fees and other amounts, responsibilities to comply with the Operations Manuals, including trade name and logo guidelines

If Franchisee continues to operate after the end of the Term or any Renewal Term without exercising an option to renew, Franchisee shall be deemed to be operating on a month to month basis under the terms and conditions of Franchisor's then-current form of Franchise Agreement. In such circumstances, and notwithstanding the foregoing, Franchisor may on 10 days written notice terminate Franchisee's Franchise Agreement

## **17 ASSIGNMENT OR TRANSFER**

**17 1 Assignment or Transfer by Franchisee** Franchisee acknowledges that the rights and duties created by this Agreement are personal to Franchisee and that Franchisor has entered into this Agreement in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee (or its principals, in the case of a corporate Franchisee) Therefore, except as expressly provided herein, neither this Agreement nor any of the rights and privileges of Franchisee contained herein, nor the Franchised Business or any part of it, nor any share or interest in Franchisee (if an entity) may be voluntarily, involuntarily, directly or indirectly (including by operation of law) assigned, sold, pledged, hypothecated, subdivided, sublicensed, optioned, diluted (such as by stock allotment) or otherwise transferred or encumbered, at law or at equity Any assignment or transfer not expressly permitted by this Agreement shall constitute a breach of this Agreement and shall be of no force and effect, and shall not be effective to convey any interest in this Agreement or the Franchised Business Without limiting the foregoing Franchisee shall not assign or transfer, in whole or in part, Franchisee's interest in this Agreement or the Franchised Business except upon the terms and conditions provided in this Article Any such assignment or transfer shall require the prior written consent of Franchisor, which Franchisor will not withhold unreasonably Franchisor may refuse to consent to an assignment or transfer if any Material Default has occurred and has not been remedied By way of illustration and not limitation, Franchisor may withhold its consent if the proposed assignee or transferee does not meet Franchisor's then current requirements for its new franchisees, is and will remain involved in any way in another business similar to the Franchised Business, is not in Franchisor's opinion financially and operationally capable of performing the then current obligations of System franchisees, or has had previous business experience or lack of experience which, in the judgment of Franchisor, suggest that the proposed assignee or transferee may not be a suitable franchisee of the System Franchisor's consent to any assignment or transfer shall not constitute a waiver of any claim, demand, action or cause of action which it may have against Franchisee, and shall not constitute a release of any third party guarantee or covenant for performance of this Agreement by Franchisee

**17 2 Transfer of Interest in Corporate Franchisee** Without limiting the foregoing section, in the event that Franchisee is a corporation, partnership or other form of business organization, any material change in the legal or beneficial ownership of Franchisee, whether by agreement, court order, or by operation of law will be deemed to be an assignment or transfer of this Agreement by Franchisee For the purposes of this paragraph, a material change in ownership will be any cumulative change in the legal or beneficial ownership of voting shares (or comparable voting units) representing more than 10 percent of all outstanding voting shares (or comparable voting units)

**17 3 Conditions of Consent** Any consent given to Franchisee to assign, transfer, sell or otherwise alienate or modify Franchisee's interest in this Agreement, in whole or in part and the Franchised Business shall be subject to the following conditions (none of which limit in any way the discretion of Franchisor to grant or reasonably withhold its consent to any proposed assignment or transfer)

(a) Franchisee shall submit all proposed advertisements for the sale of the Franchised Business to Franchisor for prior written approval, and Franchisor shall approve the material terms and conditions of any proposed transfer or assignment,

(b) Franchisee and assignee or transferee shall execute Franchisor's then current form of assignment of Franchise Agreement or, at the election of Franchisor, the assignee or transferee shall execute Franchisor's then current form of Franchise Agreement for a term equal to the remainder of the Term,

(c) Franchisee shall return to Franchisor the Operations Manuals and all other manuals and materials provided hereunder, for re-issuance to the assignee or transferee,

(d) Franchisee and its principals shall each execute a release in the form provided by Franchisor (notwithstanding an assignment or transfer, Franchisee shall not be released by Franchisor),

(e) the assignee or transferee and its designated management personnel shall have completed to Franchisor's satisfaction Franchisor's then-current training program,

(f) all obligations of Franchisee under this Agreement and under all documents relating hereto and any or all other agreements then in effect between Franchisor or its nominee and Franchisee shall be in good standing,

(g) Franchisee shall provide evidence sufficient to Franchisor, acting reasonably, that the assignee or transferee has either taken an assignment or deemed assignment of the Vehicle Lease and/or Trailer Lease (with the consent of the lessor), or that the Vehicle Lease and/or Trailer Lease has been terminated and the proposed assignee or transferee has entered into a new Vehicle Lease or Trailer Lease meeting Franchisor's then current specifications

(h) Franchisor has received a transfer fee in the amount of ten thousand dollars (\$10,000) ("Transfer Fee,") The Transfer Fee is payable as follows (i) five thousand dollars (\$5,000) upon Franchisee's request for Franchisor approval, and (ii) five thousand dollars (\$5,000) upon Franchisor approval

**17 4 Franchisee's Release of Claims** It shall be a condition of Franchisor's consent to any assignment that Franchisee and its principals each deliver to Franchisor a complete release of all claims against Franchisor and its Affiliates and the respective directors, officers, shareholders, members, managers, partners, employees, agents and other representatives in respect of all obligations arising under or pursuant to this Agreement, such release shall be in a form provided by Franchisor

**17 5 Death, Incapacity or Permanent Disability** In the event of the death or permanent disability of a personal Franchisee (or a principal of Franchisee where Franchisee is an entity or other entity and its principal is the manager of the Franchised Business), the Franchisee or estate of a deceased personal Franchisee shall have the right, within 6 months after such event, to assign this Agreement to an assignee who is, in Franchisor's opinion, financially and operationally capable of performing the obligations of Franchisee hereunder, provided that each of the

conditions set out in this Agreement inclusive are fulfilled to the reasonable satisfaction of Franchisor. For the purposes of this Agreement, permanent disability means the inability of the personal Franchisee or principal to manage effectively the day-to-day operation of the Franchised Business for a period of 30 days. During any period of disability (permanent or otherwise) or pending assignment or in the event of death as aforesaid, in the event the Franchisee does not or is unable to replace the General Manager as required by this Agreement, Franchisor may appoint a competent and trained manager to operate the Franchised Business for the account of Franchisee, and at the cost of the Franchisee. The substitute manager shall be deemed for all purposes to be the agent or employee of Franchisee. Franchisor shall not be liable to Franchisee or to any creditor of the Franchised Business for any debt, obligation, contract, loss or damage incurred, or for any purchase made during any period in which the Franchised Business is so managed. Unless prohibited by state law, if Franchisee or estate of a deceased personal Franchisee fails to assign this Agreement to an assignee who is, in Franchisor's opinion, financially and operationally capable of performing the obligations of Franchisee hereunder within 6 months after such event, the Franchisor shall have the right to terminate this Agreement.

**17.6 Right of First Refusal** If Franchisee or its shareholders shall at any time determine to sell, assign or transfer this Agreement or an interest in the Franchised Business or any equity interest in Franchisee (if an entity), then Franchisee shall provide Franchisor with a copy of the written offer from a fully disclosed purchaser. Franchisor shall have the right, exercisable by written notice delivered to Franchisee within 15 days from the date of delivery of a bona fide offer, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that Franchisor may substitute cash for any form of payment proposed in such offer and shall have not less than 60 days to prepare for closing. Franchisor may, at closing, pay any of Franchisee's trade creditors out of the purchase price, and set off against the purchase price any unpaid debts of Franchisee to Franchisor. If Franchisor does not exercise its right of first refusal, Franchisee (or other vendor) may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to compliance with the consent and approval requirements of this Article, provided, however, that if the sale to such purchaser does not complete within 90 days after delivery of such offer to Franchisor, or if there is a material change in the terms of the sale, then Franchisor shall again have a new right of first refusal as herein provided.

**17.7 Assignment by Franchisor** This Agreement may be assigned in whole or in part by Franchisor at its sole discretion and, if Franchisor makes a full assignment to a third party and the third party agrees in writing to assume all of the obligations and liabilities of Franchisor hereunder, then Franchisor shall automatically be released from all obligations and liabilities hereunder. A partial assignment by Franchisor may include an assignment of the Royalties payable by Franchisee.

**17.8 Legend on Share Certificates** If Franchisee is an entity Franchisee shall cause all shares of its capital stock, unit certificates or similar agreements or modifications of ownership, the following legend, with necessary changes. The corporation and the securities evidenced by this certificate are subject to, and the disposition and transfer of such securities are restricted by, a Franchise Agreement dated as of [Effective Date], between the corporation and JDog Franchises, LLC, a copy of which may, at the request of any shareholder of the corporation, be examined at the principal business office of the corporation during normal business hours.

## **18. NON-COMPETITION.**

Except as expressly permitted by this Agreement or by any other written agreement between Franchisor and Franchisee, during the currency of this agreement and for a period of 24 months after expiration of the Term or an exercised Renewal Term or earlier termination of this Agreement, Franchisee shall not

- (a) directly or indirectly,
- (b) in any capacity whatsoever,
- (c) either alone or in any relationship with any other person, firm, corporation or other business organization,
- (d) as an employee, consultant, principal, agent, member, partner, shareholder, investor, lender, director, officer, guarantor, indemnitor, credit holder, supplier, landlord or sub landlord,
- (e) within the Territory,
- (f) within a 15 mile radius of the territory of any Franchised Business of the System (including one owned by Franchisor or one of its Affiliates) which is in existence at the date of expiration or sooner termination of this Agreement, and
- (g) within the metropolitan area in which the Territory is situated, more particularly described in **Schedule A**, compete with the System (or any similar system owned by Franchisor or its Affiliates) or (i) carry on, engage or be financially concerned or interested in, or (ii) advise, supervise, manage, supply, loan money to or guarantee or indemnify the duties or obligations of any other person, firm, corporation or other entity engaged in or concerned with or interested in any business engaging in any enterprise similar in nature to the System, or offering for sale any products similar to the Services This Article shall also continue to apply to Franchisee in the case of any assignment of this Agreement or any sale of the Franchised Business or transfer or allotment of shares of Franchisee This Article shall survive the expiration or sooner termination of this Agreement and any assignment, transfer or sale hereunder Franchisee acknowledges that by reason of the unique nature and considerable value of the Marks and the business reputation associated with Franchisor and the System, including methods of operating, format and related proprietary rights and by reason of Franchisee's knowledge of and association and experience with the System, the provisions of this Article are reasonable and commensurate for the protection of the legitimate business interests of Franchisor, its Affiliates and franchisees Franchisor may, by written notice to Franchisee, reduce one or more of the temporal, territorial or scope of restricted activities aspects of non-competition provided in this Article

## **19. MISCELLANEOUS**

**19.1 Indemnity by Franchisee** Except as otherwise provided in this Agreement, Franchisee agrees to indemnify and hold harmless Franchisor, its subsidiaries, Affiliates, shareholders, directors, officers, employees, agents, assignees and other franchisees from and against, and to reimburse them for, all liabilities, obligations, and consequential damages, taxes, costs, losses and actual legal expenses incurred by them in connection with any claim, litigation or other action or proceeding arising out of the operation of the Franchised Business by Franchisee Franchisee shall be responsible for and shall pay and satisfy any judgment or settlement that may arise out of any such claim, litigation, action or proceeding without limiting the generality of the foregoing Franchisee agrees that if Franchisor is made a party to any lawsuit or any other action or proceeding in connection with the Franchised Business or the activities of Franchisee or any of its Affiliates, Franchisor may, at its sole option, either (a) permit Franchisee to conduct the defense or



prosecution of the matter at the cost of Franchisee, or (b) take conduct of the defense or prosecution, in which case all expenses thereof will be borne or reimbursed by Franchisee. This indemnity shall continue in full force after termination or expiration of this agreement.

**19.2 Interest on Overdue Amounts** All payments required to be made by Franchisee to Franchisor under or pursuant to this Agreement shall bear simple interest from and after their respective due dates until paid in full at the rate of 24% per annum or such other rate as Franchisor may specify in writing from time to time or the maximum rate permitted by law if lower.

**19.3 Application of Payments** Franchisor shall have sole discretion to apply any payments made by Franchisee to any past due indebtedness of Franchisee, including but not limited to Royalties, Advertising/Promotion Royalties, purchases from Franchisor or any of its Affiliates, interest or other indebtedness. Subject to applicable law and prior claims, if any, and unless otherwise indicated by Franchisor from time to time, all amounts paid by Franchisee to Franchisor under this Agreement, will be applied in the following order: (i) to any unpaid Royalty, (ii) to any unpaid account for supplies or other miscellaneous accounts. Payments towards any particular account shall first be applied towards interest on arrears, if any, then towards principal.

**19.4 Parties are Independent Contractors** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, J Dog Junk Removal & Hauling business personnel, and others as a J Dog Junk Removal & Hauling business owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time.

**19.5 Conformity with Laws** If any statute, law, by-law, ordinance or regulation promulgated by any competent authority with jurisdiction over any part of this Agreement or the Franchised Business or any court order pertaining to this Agreement requires a longer or different notice period than that specified herein, the notice period shall automatically be deemed to be amended so as to conform with the minimum requirements of such statute, law, by-law, ordinance, regulation or court order.

**19.6 Additional Franchises** Franchisee acknowledges that Franchisor may from time to time grant franchises for additional Franchised Businesses under terms that may differ materially from the terms of this Agreement and that consequently Franchisor's obligations and rights with respect to its various franchises may from time to time differ materially from those provided in this Agreement.

**19.7 Waiver** Franchisor reserves the right, from time to time, to waive observance or performance of any obligation imposed on Franchisee by this Agreement. No waiver of any default of any term, proviso, covenant or condition of this Agreement by Franchisor shall constitute a waiver by Franchisor of any prior, concurrent or subsequent default of the same or any other term, proviso, covenant or condition hereof.

**19 8 Entire Agreement** This Agreement sets forth the entire agreement between Franchisor and Franchisee and contains all of the representations, warranties, terms, conditions, provisos, covenants, undertakings and conditions agreed upon by them with reference to the subject matter hereof all other representations, warranties, terms, conditions, provisos, covenants, understandings and agreements, whether oral or written (including without limitation any letter of intent between the parties and other pre-contractual representations), are waived and are superseded by this Agreement Notwithstanding the foregoing, nothing in this Franchise Agreement and Exhibits is intended to disclaim the express representations made in the Franchise Disclosure Document

**19 9 Amendments** This Agreement can be amended or added to only by a writing executed by both Franchisor and Franchisee

**19 10 Further Assurances** Franchisor and Franchisee will each acknowledge, execute and deliver all such further documents, instruments or assurances and will each perform such further acts or deeds as may be necessary or advisable from time to time to give full effect to this Agreement

**19 11 Severability** If any article, section or subsection of this Agreement or any portion thereof is determined to be indefinite, invalid, illegal or otherwise void, voidable or unenforceable, then it shall automatically be severed from this Agreement and the balance of this Agreement shall continue in full force and effect

**19 12 Governing Law** This Agreement shall be construed and interpreted according to the laws of the Commonwealth of Pennsylvania, except that no Pennsylvania statute or regulation shall apply or shall give rise to any right or claim unless the Territory is in the Commonwealth of Pennsylvania and such statute or regulation would apply to this Agreement by its own terms in the absence of any choice of law provision The Pennsylvania Court of Common Pleas or the U S District Court for the Eastern District of Pennsylvania, as appropriate, shall have exclusive jurisdiction to entertain any proceeding relating to or arising out of this Agreement, and Franchisee and Franchisor each consent to the jurisdiction of such Courts in all matters related to this Agreement, provided that Franchisor may obtain relief in such other jurisdictions as may be necessary or desirable to obtain injunctive or other relief to enforce the provisions of this Agreement

### **19 13 Resolution of Disputes**

(a) Except for matters described in clauses (i) through (iii) in this Section below, upon which Franchisor may take immediate action Franchisor and Franchisee agree to use their best efforts to settle all disputes between them quickly, amicably and in the most cost effective and discrete fashion To that end, each party agrees that before filing suit or pursuing similar legal action, it will notify the other party ("recipient party") in writing of any dispute or claim arising out of or relating to this agreement that the notifying party wishes to resolve Such notice shall include a statement of the dispute, describing to the fullest extent possible the notifying party's version of the facts surrounding the dispute or claim together with an explanation of this position and all elements of any claim (the "Statement of Dispute") The parties shall then use their best efforts to communicate with each other to try to resolve the dispute If the dispute or claim has not been resolved within 30 days after receipt of the written notification of dispute, the parties may then turn to other dispute resolution alternative (b) At any time during the 30-day period following

receipt by the recipient party of the Statement of Dispute, either party may demand non-binding mediation before an independent mediator on the basis of the Statement of Dispute and, if such demand is made by a party, the other party agrees to participate. Such mediation shall be held at the offices of Franchisor or such other site designated by Franchisor within 30 days of receipt of the notifying party's mediation demand. The parties shall meet face-to-face for a minimum of eight hours before a representative of a mediation organization approved by all such parties and/or entities or a court-appointed mediator appointed if the parties cannot agree on a mediation organization. At least one principal of each party, with authority to settle the dispute, shall attend the mediation meeting.

Each party agrees that any mediation proceeding and any legal proceedings (except for matters described in clauses (i) through (iii) in this Section (c) below), either subsequently commenced against the other party or initiated without a mediation demand/proceeding, shall be limited to claims raised in that party's Statement of Dispute or response thereto. All matters, allegations and documents will be confidential and will not be disclosed to any other person or entity by either party. The Franchisor and Franchisee shall share equally the cost of the mediator, regardless of the outcome of the mediation, or the ultimate resolution of any dispute.

The parties agree not to take any further steps in any lawsuit between them during mediation, unless necessary to avoid irreparable harm or required by law. (c) To the extent (i) Franchisor seeks injunctive or other equitable relief pursuant to one or more applicable sections of this Agreement, or (ii) Franchisor is a party to litigation brought by third parties as a direct or indirect result of or in connection with the operation of the Franchised Business, or (iii) this Agreement terminates immediately pursuant to the provisions of this Agreement, the dispute resolution requirements under this Section (a) and (b) above do not apply. In addition, the application of the dispute resolution provisions set forth above in Sections 19.13(a) and (b) shall not preclude the Franchisor from terminating this Agreement for any Material Default pursuant to this Agreement after any applicable cure period has expired and Franchisee has failed to so cure such Material Default.

**19.14 Survival of Covenants** The terms, provisions, covenants, conditions and obligations contained in or imposed by this Agreement which, by their terms, require performance by Franchisee after the expiration or other termination of this Agreement, shall be and remain enforceable thereafter.

**19.15 Inurement** This Agreement inures to the benefit of and is binding upon Franchisor and Franchisee and their respective heirs, executors, administrators, legal personal representatives, permitted successors and permitted assigns.

**19.16 Potential Earnings** Franchisee fully understands and acknowledges that the success of the Franchised Business to be established hereunder will, to a great extent, be dependent upon the personal time and efforts contributed by Franchisee and Franchisee's employees (as well as Franchisee's partners or directors if Franchisee is a partnership or a corporation). Franchisee acknowledges that neither Franchisor nor anyone else has represented, warranted or guaranteed to Franchisee that Franchisee will enjoy financial success in owning and operating the Franchised Business. Franchisee also acknowledges that all sales, income and profit projections (whether verbal, in writing or a combination of the two) which have been made by the franchisee are based on the Franchisee's expectations and assumptions about future economic conditions (excluding, however, potential completion by third parties which the Franchisee cannot predict) which

Franchisee believes to be reasonable, but neither Franchisor nor anyone else has made any representation, warranty or guarantee regarding the level of Gross Revenue, net income or profit margins which may be achieved at the Franchised Business and that, in the final analysis, the results achieved at the Franchised Business will be particular to it, in the same way that financial results individually achieved by existing franchised businesses are particular to them Franchisee accepts the risk of the Franchised Business not achieving the levels of gross revenue and net income during the Term which Franchisee at the Effective Date hopes to achieve

**19 17 Acknowledgements by Franchisee** Franchisee acknowledges that he, she or it has received, has had ample time to read and study, and has read and studied this Agreement and fully understands its provisions Franchisee further acknowledges that he, she or it has had an adequate opportunity to be advised by legal counsel and accounting professionals of his, her or its own choosing regarding all aspects of this Agreement and the relationship created thereby Franchisee acknowledges that certain breaches of this Agreement would result in loss to Franchisor for which Franchisor could not be adequately compensated in damages by a monetary award Accordingly, Franchisee agrees that in the event of any such breach of this Agreement, Franchisor shall, in addition to all the remedies available to Franchisor at law or in equity, be entitled as a matter of right to a restraining order, injunction (including an interim injunction), decree of specific performance or otherwise, without the need to post any bond or other security ~~in connection therewith~~ ~~there-within~~ ~~therewith~~, to ensure compliance by Franchisee with the provisions of this Agreement and preservation of Franchisor's proprietary rights Franchisee acknowledges that all restrictions in this Agreement are necessary and fundamental to the protection of the legitimate business interests of Franchisor and all of its franchisees and, having regard to the interests of Franchisor and Franchisee, are reasonable, and all defenses to the strict enforcement thereof by Franchisor are hereby waived by Franchisee Franchisee acknowledges that it is solely responsible for investigation of all regulation's applicable to the Franchised Business and for obtaining all necessary permits to operate the Franchised Business, and Franchisor makes no representation as to such regulations, if any, or that such licenses or permits are available, nor has Franchisor undertaken any such investigation on its own Franchisee acknowledges that Franchisor may conduct investigations and make inquiries of any persons as Franchisor, in its reasonable judgment, deems appropriate concerning the credit standing, character and personal qualifications of Franchisee and the partners, shareholders, directors and officers of Franchisee, and Franchisee, by his or her execution hereof, hereby on his or her own behalf and on behalf of his or her partners, shareholders, directors and officers (whose authorization to do so Franchisee expressly represents that he or she has) consents and agrees to Franchisor conducting any investigations and making any inquiries that Franchisor considers appropriate

**19 18 Time of Essence** Time shall be of the essence for all purposes of this Agreement

**19 19 Notices** Any notice required or permitted to be given by this Agreement shall be in writing and shall be deemed to have been duly given if delivered by hand, sent by confirmed facsimile (with concurrent mailing of the original thereof), nationally-recognized overnight courier, or mailed by certified or registered mail, postage prepaid, addressed to Franchisor and to Franchisee at their respective addresses set out on page 1 hereof or to such other address as the respective parties may give notice of in the same manner Any such notice shall be deemed to have been given and received, if delivered when delivered, or, when sent if sent by confirmed facsimile (and mailing of the original thereof) if mailed, on the third Business Day following the mailing thereof,

provided, however, that no notice which is mailed shall be deemed to be received if between the time of mailing and the third Business Day thereafter there is any labor dispute, strike or lockout affecting mail in the geographic areas in which the notice is mailed or intended to be received

**19 20 Schedules** Schedules and other documents attached or referred to in this Agreement are an integral part of this Agreement

**19 21 Submission of Agreement** The submission of this Agreement to Franchisee does not constitute an offer by Franchisor. This Agreement shall only become effective when it has been executed by both Franchisor and Franchisee

**19 22 Consents** Unless otherwise expressly provided herein, anything Franchisor is to provide written consent or approval to Franchisee under this Agreement, such consent or approval shall not be unreasonably withheld

**SIGNATURE PAGE TO FOLLOW**

IN WITNESS WHEREOF Franchisor and Franchisee have executed this agreement on the date or dates set forth below, but with effect from the Effective Date shown in Schedule A

**FRANCHISOR:**

\_\_\_\_\_  
**JDog Franchises, LLC**

\_\_\_\_\_  
By Jerry Flanagan  
Title President

Dated \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
By

Dated \_\_\_\_\_

**Schedule A**  
**to Franchise Agreement between**  
**JDog Franchises, LLC and \_\_\_\_\_**

**Effective Date** \_\_\_\_\_

**Franchised Location** \_\_\_\_\_

**Territory: Zip Codes** \_\_\_\_\_

**Scheduled Opening Date** \_\_\_\_\_

**Term:** \_\_\_\_\_

**Initial Fee** \_\_\_\_\_

**Management Personnel** \_\_\_\_\_

**Renewal Term** 15 years

**FRANCHISE AGREEMENT**  
**SCHEDULE B**  
**FRANCHISEE'S PRINCIPAL GUARANTY**

This Franchisee's Principal Guaranty and Covenant (this "Guaranty,") is given by each of the undersigned (each a "Guarantor,") on \_\_\_\_\_, 201\_\_ to **JDog Franchises, LLC**, a Delaware limited liability company having its headquarters office at 100 Berwyn Park, 850 Cassatt Rd, Suite 225, Berwyn, PA 19312("Franchisor,") in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the "Franchise Agreement,") with \_\_\_\_\_, a \_\_\_\_\_ with its principal offices at \_\_\_\_\_ ("Franchisee,")

Guarantor acknowledges that Guarantor is included in the term "Franchisee's Principal," as described in Section 7 I of the Franchise Agreement

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty and the undertakings of the Franchisee's Principal herein and in the Franchise Agreement are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the covenants, representations, warranties and agreements of the Franchisee's Principal as set forth in the Franchise Agreement

Guarantor does hereby guaranty to Franchisor the prompt payment and performance when due of any and all liabilities and obligations arising under or evidenced by the Franchise Agreement, any promissory note or other credit instruments, and any other liabilities, obligations and indebtedness of Franchisee and/or any of its assignees or affiliates to Franchisor and/or any of its assignees or affiliates, of every kind and description, now existing or hereafter incurred or arising, matured or unmatured, direct or indirect, absolute or contingent, due or to become due, and any renewals, consolidations and extensions, including any future advances from Franchisor to Franchisee (collectively, the "Guaranteed Obligations,") Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor

This Guaranty is irrevocable and unlimited This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable Franchisor shall not be required to pursue any remedy on said Guaranteed Obligations as a condition of the obligation hereunder of Guarantor Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor

Guarantor agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Franchise Agreement and any other agreement between Franchisee and Franchisor

Guarantor waives any and all notice of the creation, renewal, extension, accrual, modification, amendment, release, or waiver of any of the Guaranteed Obligations and notice of or proof of reliance by



Franchisor upon this Guaranty or acceptance of this Guaranty The Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended, modified or waived, in reliance upon this Guaranty and all dealings between Franchisor and Guarantor shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor

No change in the name, objects, share capital, business, membership, directors' powers, organization or management of the Franchisee shall in any way affect Guarantor in respect of the Guaranteed Obligations either with respect to transactions occurring before or after any such change, it being understood that this Guaranty is to extend to the person(s) or entity(ies) for the time being and from time to time carrying on the business now carried on by the Franchisee, notwithstanding any change(s) in the name or shareholders of the Franchisee, and notwithstanding any reorganization or its amalgamation with another or others or the sale or disposal of its business in whole or in part to another or others

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns

IN WITNESS WHEREOF, Guarantor has signed this Guaranty as of the date set forth above

GUARANTOR

By \_\_\_\_\_  
Name

## EXHIBIT C: Operations Manual Table of Contents

### J Dog Junk Removal & Hauling Confidential Operations Manual Table of Contents:

#### Manual Section A 11 Pages

- Introduction
- Mission Statement
- Letter from the President
- History of JDog Junk Removal
- Services Provided
- Initial Training
- Ongoing Training and Support
- Advertising Material and Sales Aids
- Ongoing Research and Development
- Franchisee Responsibilities
  - To Customer
  - Employees
  - Other JDog Franchise Owners
  - Franchisor/System
- Paying Other Fees
  - Additional Training Fee
  - Transfer Fee
  - Renewal Fee
  - Royalty Fee
  - Marketing Fee
  - Technology/Software/Web Fee
  - Manual Replacement Fee
  - Late Payment Fee
  - Professional Fees

#### Manual Section B 21 Pages

- Pre-Opening Checklist
- Establishment of Business
  - Business Structure
  - Liability for Debts of Business Activity
  - Taxes-Federal, State, Local
  - Deductions of Business Expenses
  - Social Security/Medicare Taxes
  - Business Licenses/Permits
- Securing Equipment/Supplies
  - Truck
  - Trailer
  - Business Supplies
  - Inventory

Truck/Trailer Graphics Specifications  
Logo Specifications  
Setting Up Bank Accounts  
Insurance Specifications  
Planning/Conducting Pre-Grand Opening

**Manual Section C**

**37 Pages**

Human Resources  
EEOC Guidelines  
    New Employees  
    Record Keeping Requirements  
    Mediation  
    Remedies  
    Regulatory Enforcement Fairness Act  
    Informational Guidance  
Harassment  
    Sexual Harassment  
    Racial/Ethnic Harassment  
    Discrimination  
    Religious Accommodation  
Immigrations Reform/Control Act  
Wage and Labor Laws  
    What FLSA Requires  
    What FLSA Does Not Require  
    Minimum Wage  
Job Description  
Employee Recruitment  
Employee Interview  
Background/Reference Check  
Employment Offer  
Employee Orientation/Training  
Developing Personnel Policies  
Performance Expectations/Evaluations  
Discipline  
Termination/Separation  
Workman Comp Issues

**Manual Section D**

**27 Pages**

Operations  
Advertising  
Marketing Tools/Planning  
Daily Operating Procedures  
Suggested Hours of Operation  
A Day in the Operation of a JDog  
Giving Quotes  
Accepting Jobs

Customer Service  
Follow Up  
Payment-Checks, Cash, Credit Card, EFT  
Royalty Payments  
Junk Disposal and Recycle

**Total Pages Currently**

**96**

**EXHIBIT D**  
**EFT (Electronic Funds Transfer Agreement)**

**BANK DRAFT AGREEMENT AUTHORIZATION  
FOR PRE-AUTHORIZATION PAYMENTS TO  
JDOG FRANCHISES, LLC**

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

\_\_\_\_\_  
Account Number

\_\_\_\_\_  
Bank Transit Number (ABA)

\_\_\_\_\_  
Bank Name (Please Print) (' Bank,)

\_\_\_\_\_  
Address

Effective as of the date of the signature below, the undersigned hereby authorizes JDOG FRANCHISES, LLC ('J DOG JUNK REMOVAL & HAULING,') to initiate debit entries by either electronic or paper means to the undersigned's bank Account Number listed above (at the bank indicated above as the "Bank,") and authorizes the Bank to debit the same account and to make payment to J DOG JUNK REMOVAL & HAULING, 100 Berwyn Park, 850 Cassatt Rd, Suite 225, Berwyn, PA 19312 or any other address which may be dictated by the franchisor for any and all Royalty Fees and other fees due and owing under the Franchise Agreement Franchisee acknowledges that Royalties and all other fees may be collected by Franchisor in the manner provided for in the Franchise Agreement

The undersigned agrees that in making payment for such charges, the Bank's rights shall be the same as if each were a charge made and signed personally by the undersigned The Bank shall have no obligation whatsoever regarding the calculation or verification of the amount of any payments

This authority shall remain in full force and effect until J DOG JUNK REMOVAL & HAULING and the Bank have received a minimum of ninety (90) days advance written notice from the undersigned of the termination of authority granted herein Until the Bank actually receives such notice, the undersigned agrees that the Bank shall be fully protected in paying any amounts pursuant to this authority The undersigned further agrees that if any such payments are not made, whether with or without cause, and whether intentionally or inadvertently, the Bank shall be under no liability to the undersigned

Print \_\_\_\_\_  
Franchisee

By \_\_\_\_\_  
Name and Title

Date \_\_\_\_\_

**EXHIBIT E: Representations and Acknowledgment Statement**

**ACKNOWLEDGEMENT AND EXECUTION BY FRANCHISEE**

FRANCHISEE ACKNOWLEDGES THAT PRIOR TO THE DATE OF EXECUTING THIS AGREEMENT OR PAYING ANY NON-REFUNDABLE CONSIDERATION FOR IT, FRANCHISEE HAS RECEIVED, READ AND UNDERSTOOD A COMPLETE COPY OF THIS AGREEMENT (WITH ALL BLANKS COMPLETED) AND A FRANCHISE DISCLOSURE DOCUMENT IN CONSULTATION WITH PROFESSIONAL ADVISORS OF FRANCHISEE'S OWN CHOOSING AND, ACCORDINGLY, THAT FRANCHISEE IS AWARE OF ALL PROVISIONS OF THIS AGREEMENT AND IS AWARE OF THE BUSINESS RISKS INVOLVED IN ENTERING INTO THIS AGREEMENT AND ESTABLISHING AND OPERATING THE FRANCHISED BUSINESS CONTEMPLATED HEREBY

ALL REPRESENTATIONS REQUIRING PROSPECTIVE FRANCHISEES TO ASSENT TO A RELEASE, ESTOPPEL OR WAIVER OF LIABILITY ARE NOT INTENDED TO NOR SHALL THEY ACT AS A RELEASE, ESTOPPEL OR WAIVER OF ANY LIABILITY INCURRED UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

Dated

**FRANCHISOR**  
**JDog Franchises, LLC**

---

By Jerry Flanagan  
Title President

**FRANCHISEE**

---

By  
Title

Dated

## **EXHIBIT F: State Specific Addenda**

The provisions of this State-Specific Addendum to the Franchise Disclosure Document and Franchise Agreement ("**State Addendum**,",) apply only to those persons residing or operating Franchise Businesses in the following states

### **CALIFORNIA**

- 1 SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT

See the cover page of the Disclosure Document for our URL address OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [WWW.DBO.CA.GOV](http://WWW.DBO.CA.GOV)

- 2 The following statement is added to Item 3

Neither Franchisor nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C 8 78(a) et seq suspending or expelling such persons from membership in such association or exchange

- 3 The following statements are added to Item 17 The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)

The Franchise Agreement requires application of the laws and forum of the Commonwealth of Pennsylvania. These provisions may not be enforceable under California law.

California Corporations Code, Section 31125 requires us to give you a Disclosure Document, approved by the Department of Business Oversight prior to a solicitation of a proposed material modification of an existing franchise.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of the franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement contains liquidated damages clauses. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

## **ILLINOIS**

Illinois law governs the agreement(s) between the parties to this franchise.

Any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois. 815 ILCS 705/4 (West 2012).

Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois is void. 815 ILCS 705/41 (West 2012).

Sections 4 and 41 and Rule 609 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The Franchise Disclosure Document and Franchise Agreement are amended accordingly.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Section 19.12 of the Franchise Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Item 17 v, Choice of Forum, of the Franchise Disclosure Document is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act,"

Item 17 w, Choice of Law, of the Franchise Disclosure Document is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act,"

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



provision of this Act or any other law of this State is void ,, The Franchise Agreement is amended accordingly

### MARYLAND

Item 17, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

Item 17 is amended to state "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

The Franchise Agreement is amended to state "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law ,,

The Franchise Agreement is amended to state A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

The Franchise Agreement is amended to state "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law ,,

### MICHIGAN

#### NOTICE REQUIRED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

The following statement is required to be provided to you under the Michigan Franchise Investment Law By providing this statement, we do not represent or warrant that any of the following provisions of the law are enforceable We reserve the right to contest the enforceability of any of the following provisions

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given

written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

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

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

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

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

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

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

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

lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

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

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

Any questions regarding this notice should be directed to  
Michigan Department of Attorney General  
Consumer Protection Division  
Attn Franchise  
525 W Ottawa Street, 1<sup>st</sup> Floor  
Lansing, Michigan 48909  
(517) 373-7117

## **MINNESOTA**

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C 14m Subds 3,4 and 5, which require, (except in certain specified cases) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement, and that consent to the transfer of the franchise will not be unreasonably withheld

The following language amends the Governing Law, Jurisdiction and Venue, and Choice of Forum sections of the Franchise Disclosure Document and agreement(s) "Minnesota Statutes, Section 80C 21 and Minnesota Rule 2860 4400(j) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or

Item 13 of the Franchise Disclosure Document and the applicable sections of the franchise agreement(s) are modified to state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name Minnesota considers it unfair to not protect the franchisee's right to use the trademarks See Minnesota Statutes, Section 80C 12, Subd 1(g)

The Limitations of Claims section is amended to comply with Minnesota Statutes, Section 80C 17 Subd 5

Signed \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

## **NEW YORK**

Item 3 of the Franchise Disclosure Document is amended to state the following

- 1 Except as disclosed in Item 3 of the disclosure document, neither we, our predecessors, affiliates nor any person identified in Item 2 of this disclosure document
  - 1 Has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against it or him alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations
  - 2 Has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten (10) year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations
  - 3 Is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, trade practice law, or any national securities association or national securities exchange (as defined in the Securities and Exchange Act of 1934) suspending or expelling such person from membership in such association or exchange as a result of a concluded or pending action or proceeding brought by a public agency

Item 4 of the Franchise Disclosure Document is amended to state the following

Except as disclosed in Item 4 of the disclosure document, during the fifteen (15) year period immediately preceding the date of this disclosure document, neither we, our predecessors, affiliates or any person identified in Item 2 of this disclosure document has been adjudged bankrupt or reorganized due to insolvency or been a principal officer of any company or a general partner in any partnership at or within 1 year of the time that such company or partnership was adjudged bankrupt or reorganized due to insolvency or is otherwise subject to any pending bankruptcy or reorganization proceeding

Item 5 is amended to add

The fee will be used to cover the Franchisor's initial costs for Pre-opening in connection with establishing each franchised business. In addition it is used for general expenses associated with the recruitment of future franchisees

Item 17 (d ) is amended to add

The franchisee may terminate the agreement upon any grounds available by law

### **NORTH DAKOTA**

The Franchise Disclosure Document and appropriate sections of the Franchise Agreement are amended to state the following

Provisions that require a franchisee to sign a general release upon renewal of the franchise agreement are not applicable to franchisee's in North Dakota

Covenants not to compete such as those mentioned in Item 17(r) of the Franchise Disclosure Document and Section 18 of the Franchise Agreement are generally considered unenforceable in the State of North Dakota

The site of mediation or arbitration for North Dakota franchisees must be agreeable to all parties and may not be remote from the franchisee's place of business

Provisions that require a franchisee to consent to the jurisdiction of courts in Pennsylvania are not applicable to franchisee's in North Dakota

Provisions in the Franchise Disclosure Document and Franchise Agreement providing that the agreement shall be construed according to the laws of the state of Pennsylvania are changed for North Dakota franchisee's to be construed according to the laws of the state of North Dakota

For franchises established in the state of North Dakota, we will defer payment of the initial franchise fee and other initial payments owed by Franchisee to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement

### **SOUTH DAKOTA**

Item 5 of the Franchise Disclosure Document and Section 3 of the Franchise Agreement are amended to state the following

For franchises established in the state of South Dakota, we will defer payment of the initial franchise fee and other initial payments owed by Franchisee to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement

### **VIRGINIA**

Item 17(t) of the Franchise Agreement is modified to state Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law ) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable

Additional Disclosure The following statements are added to Item 17 h

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

## **WASHINGTON**

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

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

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

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

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

Item 5 of the Franchise Disclosure Document, there are no uniform formulas or criteria for offering discounts on additional franchise purchases. This will be determined on a case-by-case basis by the franchisor.

Item 13 JDog Franchises, LLC has a perpetual trademark license agreement with J Dog Holdings, LLC to use the mark (as seen for reference on the Federal Cover Page). There are no material termination terms for this agreement.

Item 20 of the Franchise Disclosure Document, there are no trademark-specific franchisee organizations associated with the franchise system. Additionally, no Franchisees have signed confidentiality clauses during the last three fiscal years.

**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states ("Addenda,") is checked as an "Applicable Addenda, below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Disclosure Document

- |                          |            |                          |              |
|--------------------------|------------|--------------------------|--------------|
| <input type="checkbox"/> | California | <input type="checkbox"/> | New York     |
| <input type="checkbox"/> | Hawaii     | <input type="checkbox"/> | North Dakota |
| <input type="checkbox"/> | Illinois   | <input type="checkbox"/> | Rhode Island |
| <input type="checkbox"/> | Indiana    | <input type="checkbox"/> | South Dakota |
| <input type="checkbox"/> | Maryland   | <input type="checkbox"/> | South Dakota |
| <input type="checkbox"/> | Michigan   | <input type="checkbox"/> | Virginia     |
| <input type="checkbox"/> | Minnesota  | <input type="checkbox"/> | Washington   |
|                          |            | <input type="checkbox"/> | Wisconsin    |

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

**FRANCHISOR**

JDOG FRANCHISES, LLC

\_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

**~~FRANCHISEE'S OWNERS~~**

\_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_

\_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

**EXHIBIT G · OUTLETSFRANCHISEES AS OF September 23, 2016ISSUANCE  
DATE**

FRANCHISEES			
Franchisee	Contact	Phone	City, State
Russell Schermerhorn <sup>(+)(*)</sup>	Russell Schermerhorn	(916) 759-1594	Roseville, CA
Derek Garcia <sup>(+)</sup>	Derek Garcia	(303) 521-2284	Henderson, CO
Michael Haire <sup>(+)</sup>	Michael Haire	(352) 777-1775	St Augustine, FL
Jason Meadows <sup>(+)(*)</sup>	Jason Meadows	(770) 362-9335	Canton, GA
Woodland Junk Hauling, LLC <sup>(+)(*)</sup>	Forrest Woodland	(678) 491-5188	Lawrenceville, GA
Turk 38, LLC <sup>(+)(*)</sup>	Kristina Donovan	(914) 482-1078	Hawthorn Woods, IL
RAH RAH Enterprises, LLC <sup>(+)(*)</sup>	Raymond Hill	(630) 732-1218	Lombard, IL
Danny Brock <sup>(+)</sup>	Danny Brock	(765) 210-9414	Kokomo, IN
Justin Bowlin <sup>(+)</sup>	Justin Bowlin	(765) 639-7717	Pendleton, IN
JDOG Baton Rouge, LLC	Larry Rivers	(225) 400-5702	Baton Rouge, LA
Windell Bonner	Windell Bonner	(318) 268-1468	Shreveport, LA
Fruge Junk Removal and Hauling LLC <sup>(+)</sup>	Josh Fruge	(337) 326-6065	Youngsville, LA
JDOG Kansas City, LLC <sup>(+)</sup>	Judy Rivers	(321) 299-7287	Kansas City, MO
Buck Ventures, LLC <sup>(+)(*)</sup>	Gregory Buck	(704) 975-1429	Charlotte, NC
Henry Junk Removal, LLC <sup>(+)(*)</sup>	Meaghan Henry	(919) 762-5248	Willow Spring, NC
John Elias <sup>(+)(*)</sup>	John Elias	(603) 420-8977	Merrimack, NH
JDOG Junk Removal and Hauling, LLC (New York) <sup>(+)</sup>	Ray Gagnon	(518) 944-0901	Schenectady, NY
NAF Family Group, Inc <sup>(+)(*)</sup>	Pedro Barnes	(330) 242-3069	Brunswick, OH
Mac and Moore, LLC <sup>(+)(*)</sup>	Brad McClard	(405) 641-8623	Edmond, OK
Team G, LLC <sup>(+)</sup>	Robert Gibson IV	(570)759-7715	Berwick, PA
William Read III and William Read IV <sup>(+)</sup>	William Read IV	(609) 508-7887	Chestnut Hill, PA
PA Junk Removal, LLC	Anthony Gro	(610) 883-1134	Collegeville, PA
J Dog, LLC	Steven Devaux	(732) 859-5243	Exton, PA
P&J Cummings, LLC <sup>(+)</sup>	Patrick Cummings	(610) 908-5778	Folcroft, PA
Fitzpatrick Junk Removal, LLC <sup>(+)(*)</sup>	Stacey Fitzpatrick	(215) 495-9993	Glenside, PA
J Dog, LLC <sup>(+)(*)</sup>	Steve Devaux	(732) 859-5243	Media, PA
Veterans at Work, LLC	Michael O'Neil	(610) 705-2863	Narberth, PA
J Dog, LLC	Steven Devaux	(732) 859-5243	Paoli, PA
Veterans at Work, LLC <sup>(+)(*)</sup>	Michael O'Neil	(610) 705-2863	Philadelphia, PA
Always Faithful Solutions, LLC <sup>(+)(*)</sup>	John Haney	(717) 586-6800	York, PA
BKJL Corp <sup>(+)(*)</sup>	Brian Lindley	(401) 585-7320	Warwick, RI



## FRANCHISEES

Franchisee	Contact	Phone	City, State
Hoffman Group, Inc <sup>(2)</sup>	T R Hoffman	(803) 626-5706	Columbia, SC
L&A Enterprises <sup>(+)</sup>	Aaron Langford	(254) 913-3941	Austin, TX
Hennigan Junk Removal, LLC <sup>(+)(2)</sup>	Toni Hennigan	(682) 201-6021	Colleyville, TX
Shawn Schexnayer	Shawn Schexnayer	(214) 918-7489	Dallas, TX
DACY Shield Enterprises, LLC <sup>(+)(2)</sup>	Andres Chavira	(469) 735-9227	Frisco, TX
John Ortiz <sup>(+)</sup>	John Ortiz	(817) 209-5128	Ft Worth
John Starzer and Carlos Valladares <sup>(+)(2)</sup>	John Starzer	(804) 625-5843	Richmond, VA
Iulian Bodas <sup>(+)</sup>	Iulian Bodas	(253) 244-1347	Lakewood, WA
Jason and Anneliese Pratt <sup>(+)</sup>	Jason Pratt	(843) 271-2111	Racine, WI
Veterans at Work, LLC	Mike O'Neill	(610) 705-2863	Chesapeake, VA
Greg and Tammy Sikes	Greg & Tammy Sikes	(702) 510-0510	Las Vegas, NV
Dennis Junk Removal, LLC	Rob Dennis	(484) 941-2311	Warrington, PA
Robert John Quinonez	Robert Quinonez	(760) 300-0096	Valley Center, CA
Green Up Solutions, LLC	Andrew Weins	(414) 828-5364	Milwaukee, WI
Mission First Idaho, Inc	Bob Tettleton	(208) 899-7277	Kuna, ID
Fitzpatrick Junk Removal, LLC	Stacey Fitzpatrick	(215) 495-9993	Lansdale, PA
Andrew Masten	Andrew Masten	(813) 334-7228	Tampa, FL
Joshua Polley	Joshua Polley	(678) 827-5364	Kennesaw, GA
Capper Junk Removal and Hauling, LLC	Kenn Capper	(724) 456-3717	Lillington, NC
Harrison Junk Removal & Hauling, LLC	Michael Harrison	(512) 300-4294	Austin, TX
David and Janine Kaiser	David Kaiser	(843) 314-1954	Myrtle Beach, SC
Incisive Adventures, LLC	Michael Kelly	(352) 419-2388	Inverness, FL
Sua Sponte Enterprises, LLC	Jayd Bosiacki	(254) 338-4879	Killen, TX
Greg and Melanie Schnupp	Greg Schnupp	(334) 235-7349	Prattville, AL
Justin Pollard	Justin Pollard	(515) 577-6426	Altoona, IA
Derone and Jaqueline Joplin	Derone Joplin	(214) 770-1594	Rockwall, TX
David Gilbert	David Gilbert	(607) 210-0202	Horsehead, NY

Listed below, is the name and last known telephone number and address of every franchisee who has had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or has not communicated with the franchisor within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Former Franchisee	Contact	Phone	City, State
The Catlett Group, LLC	Toby Catlett	(786) 554-9096	Lake Worth, FL
Roy Birdwell	Roy Birdwell	(615) 319-4090	Murfreesboro, TN
Louis Vaughn, Jr	Louis Vaughn	(832) 230-8587	Houston, TX
Jeremy Parker <sup>(1)</sup>	Jeremy Parker	(210) 240-6506	Converse, TX
Joseph K. MacPherson <sup>(1)</sup>	Joseph K. MacPherson	(541) 480-8348	Bend, OR
WC Burrs	Paul Pypher	(215) 837-2957	Warrington, PA
Steve Wilson <sup>(2)</sup>	Steve Wilson	(469) 338-8425	Mesquite, TX

<sup>(1)</sup> Franchise Agreement suspended pending resale

<sup>(2)</sup> Terminated after May 31, 2016

## **EXHIBIT H: FINANCIAL STATEMENTS**

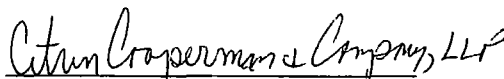


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### CONSENT OF INDEPENDENT AUDITORS

To the Member  
JDog Franchises, LLC

CITRIN COOPERMAN & COMPANY, LLP consents to the inclusion in the Franchise Disclosure Document to be issued by JDog Franchises, LLC ("Franchisor") dated September 23, 2016, of our report dated September 22, 2016, on our audit of the financial statements of Franchisor as of May 31, 2016 and 2015 and for the year ended May 31, 2016 and the period from June 16, 2014 (inception) through May 31, 2015

  
CITRIN COOPERMAN & COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
September 22, 2016

CITRIN COOPERMAN & COMPANY, LLP  
529 FIFTH AVENUE, NEW YORK, NY 10017 TEL 212 697 1000 | FAX 212 697 1004  
A 77111 INDEPENDENT FIRM ASSOCIATED WITH MOORE STEPHENS

CITRINCOOPERMAN.COM

JDOG FRANCHISES, LLC  
(A Limited Liability Company)  
FINANCIAL STATEMENTS  
YEAR ENDED MAY 31, 2016 AND  
THE PERIOD FROM JUNE 16, 2014  
(INCEPTION) THROUGH MAY 31, 2015

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**FOR THE YEAR ENDED MAY 31, 2016**  
**AND THE PERIOD FROM JUNE 16, 2014**  
**(INCEPTION) THROUGH MAY 31, 2015**

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<b>Financial Statements</b>	
Balance sheets	3
Statements of operations and member's equity (deficit)	4
Statements of cash flows	5
Notes to financial statements	6 - 10



**CITRINCOOPERMAN**

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## INDEPENDENT AUDITOR'S REPORT

To the Member  
JDog Franchises, LLC

We have audited the accompanying financial statements of JDog Franchises, LLC (a limited liability company), which comprise the balance sheets as of May 31, 2016 and 2015 and the related statements of operations and member's equity (deficit), and cash flows for the year ended May 31, 2016 and the period from June 16, 2014 (inception) through May 31, 2015, 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 from 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.

CITRIN COOPERMAN & COMPANY LLP  
529 FIFTH AVENUE NEW YORK, NY 10017 | TEL 212 697 1000 | FAX 212 697 1004  
AN INDEPENDENT FIRM ASSOCIATED WITH MOORE STEPHENS

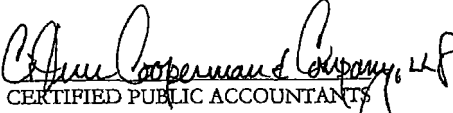
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JDog Franchises, LLC as of May 31, 2016 and 2015 and the results of its operations and its cash flows for the year ended May 31, 2016 and the period from June 16, 2014 (inception) through May 31, 2015, in accordance with accounting principles generally accepted in the United States of America

  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
September 22, 2016



**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**BALANCE SHEETS**  
**MAY 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>		
Current assets		
Cash	\$ 112,070	\$ 327,429
Royalty receivables	3,125	4,500
Due from affiliate	6,000	-
Prepaid expenses and other current assets	<u>6,060</u>	<u>25,098</u>
Total current assets	<u>127,255</u>	<u>357,027</u>
Property and equipment, net	<u>67,574</u>	<u>39,492</u>
Other assets		
Due from parent	111,093	33,758
Security deposit	<u>5,646</u>	<u>5,646</u>
Total other assets	<u>116,739</u>	<u>39,404</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 311,568</u></b>	<b><u>\$ 435,923</u></b>
<b><u>LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</u></b>		
Current liabilities		
Accounts payable	\$ 54,179	\$ 11,937
Accrued expenses and other current liabilities	21,791	12,238
Deferred franchise fees	347,400	29,900
Due to affiliate	<u>63,149</u>	<u>-</u>
Total current liabilities	486,519	54,075
Commitments and contingencies (Note 5)		
Member's equity (deficit)	<u>(174,951)</u>	<u>381,848</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</b>	<b><u>\$ 311,568</u></b>	<b><u>\$ 435,923</u></b>

See accompanying notes to financial statements

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)**  
**FOR THE YEAR ENDED MAY 31, 2016 AND**  
**THE PERIOD FROM JUNE 16, 2014 (INCEPTION)**  
**THROUGH MAY 31, 2015**

	<u>2016</u>	<u>2015</u>
Revenues		
Royalties	\$ 146,800	\$ 25,916
Franchise fees	<u>639,800</u>	<u>86,500</u>
Total revenues	786,600	112,416
Selling, general and administrative expenses	<u>1,343,399</u>	<u>830,568</u>
Net loss	(556,799)	(718,152)
Member's equity - beginning	381,848	-
Member contribution	<u>                    </u>	<u>1,100,000</u>
MEMBER'S EQUITY (DEFICIT) - ENDING	<u>\$ (174,951)</u>	<u>\$ 381,848</u>

See accompanying notes to financial statements

**JDOG FRANCHISES, LLC**  
(A Limited Liability Company)  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED MAY 31, 2016 AND**  
**THE PERIOD FROM JUNE 16, 2014 (INCEPTION)**  
**THROUGH MAY 31, 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Net loss	\$ (556,799)	\$ (718,152)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	17,570	13,274
Changes in operating assets and liabilities		
Royalty receivables	1,375	(4,500)
Due from affiliate	(6,000)	-
Prepaid expenses and other current assets	19,038	(25,098)
Security deposit		(5,646)
Accounts payable	42,242	11,937
Accrued expenses and other current liabilities	9,553	12,238
Due to affiliate	63,149	-
Deferred franchise fees	<u>317,500</u>	<u>29,900</u>
Net cash used in operating activities	<u>(92,372)</u>	<u>(686,047)</u>
Cash flows from investing activities		
Purchase of property and equipment	(61,652)	(76,306)
Proceeds from sale of property and equipment	<u>16,000</u>	<u>23,540</u>
Net cash used in investing activities	<u>(45,652)</u>	<u>(52,766)</u>
Cash flows from financing activities		
Member contribution	-	1,100,000
Due from parent	<u>(77,335)</u>	<u>(33,758)</u>
Net cash provided by (used in) financing activities	<u>(77,335)</u>	<u>1,066,242</u>
Net increase (decrease) in cash	(215,359)	327,429
Cash - beginning	<u>327,429</u>	<u>-</u>
CASH - ENDING	<u>\$ 112,070</u>	<u>\$ 327,429</u>

See accompanying notes to financial statements

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2016 AND 2015**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and nature of operations

JDog Franchises, LLC (the "Company"), a wholly-owned subsidiary of JD Investment Company, LLC (the "Parent") was formed on June 16, 2014 (inception) as a Delaware limited liability company. The Company is engaged in the sale of franchises throughout the United States in accordance with a license agreement dated September 19, 2014, between the Company and J Dog Holdings, LLC (the "Licensor"), an entity related to the Company by common ownership and control. Pursuant to the Company's standard franchise agreement, franchisees will operate businesses known as "J Dog Junk Removal & Hauling," a residential and commercial junk removal and hauling business.

The Company is a limited liability company and therefore the Parent is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the Parent has signed a specific guarantee.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Royalty receivables

Royalty receivables are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful royalties for estimated losses resulting from the inability of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisee royalties: franchisee creditworthiness, past transaction history with the franchisee, current economic industry trends and changes in franchisee payment terms. If the financial condition of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to royalty receivables. The Company had no allowance for doubtful royalties at May 31, 2016 and 2015.

Fair value

Royalty receivables, accounts payable and deferred franchise fees approximate fair value.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization. Expenditures for maintenance and repairs are expensed as incurred, while renewals and betterments that materially extend the life of an asset are capitalized. The costs of assets sold, retired, or otherwise disposed of, and the related accumulated depreciation and amortization are eliminated from the accounts, and any resulting gain or loss is recognized. The Company capitalizes qualified costs related to software obtained for internal use. Software obtained for internal use has generally been enterprise-level business and finance software that is customized to meet the Company's specific operational requirements.

JDOG FRANCHISES, LLC  
(A Limited Liability Company)  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

Depreciation and amortization are provided for using the straight-line and various accelerated methods over the estimated useful lives of the assets, which are as follows

Furniture and fixtures	7 years
Computer hardware, autos, trucks and equipment	5 years
Website development costs and software	3 years

Website development costs

Internal-use website development costs are accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, *Intangibles - Goodwill and Other* FASB ASC 350-40, *Internal Use Software*, and FASB ASC 350-50, *Website Development Costs*. The subtopics require the capitalization of certain costs incurred in developing or obtaining software for internal use. The majority of software costs and website development costs, which are included in property and equipment in the accompanying balance sheets, is depreciated over three years. The guidance further states that amortization should begin when an individual component or module of the overall internal-use software is ready for its intended use.

Long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable. These events or circumstances would include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business, or other factors. The Company uses undiscounted cash flows to determine whether impairment exists and measures any impairment loss by approximating fair value using acceptable valuation techniques, including discounted cash flow models and comparable company analyses. Management believes that there were no such indicators of impairment at May 31, 2016 and 2015.

Revenue and cost recognition

Royalties are based on set contractual amounts and are recognized when billed. Initial franchise fees are deferred until substantially all of the Company's initial services required pursuant to the franchise agreement have been performed or satisfied. The Company records deferred revenue when cash is received from franchisees.

The Company defers those direct and incremental costs associated with the sale of franchises for which revenue is deferred. Deferred costs are charged to earnings when the related deferred franchise fees are recognized in income.

All other fees are recorded as services are rendered.

Income taxes

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income taxes. As a single-member limited liability company and therefore a disregarded entity for income tax purposes, the Company's assets, liabilities, and items of income, deduction and credit are combined with and included in the income tax returns of the Parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

JDOG FRANCHISES, LLC  
(A Limited Liability Company)  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued)

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Advertising

Advertising costs are expensed as incurred and amounted to \$327,694 and \$233,447 for the year ended May 31, 2016 and the period from June 16, 2014 (inception) through May 31, 2015, respectively.

Franchised outlets

The following data reflects the status of the Company's franchises as of May 31,

	<u>2016</u>	<u>2015</u>
Franchised outlets assigned to the Company by the Parent	-	6
Franchises sold	43	9
Franchises purchased	-	-
Franchised outlets in operation	33	10
Franchisor owned outlets in operation	-	-
Ceased operations for other reasons	2	-
Terminated outlets*	2	2

\* Outlets terminated were originally assigned to the Company by the Parent and are included in "Franchised outlets assigned to the Company by the Parent" above.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassification adjustments had no effect on the Company's previously reported net loss.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through September 22, 2016, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2 ASSIGNMENT AGREEMENT

On September 19, 2014, the Company entered into an assignment agreement with the Parent, whereby the Parent assigned its interests in certain franchise agreements with existing franchisees (that had initially been acquired by the Parent from the previous unaffiliated franchisor) to the Company.

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2016 AND 2015**

**NOTE 3**      **CONCENTRATIONS OF CREDIT RISK**

Cash

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash. The Company's cash is placed with a major financial institution. At times, amounts held with this financial institution may exceed federally-insured limits.

Accounts receivable

Concentration of credit risk with respect to receivables is limited due to the number of franchisees in the Company's customer base and their geographic dispersion. The Company provides an allowance for doubtful royalties equal to the estimated collection losses based on historical experience coupled with a review of the current status of existing receivables.

**NOTE 4**      **PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at May 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 10,471	\$ 7,497
Autos, trucks and equipment	42,981	16,042
Website development costs	21,844	16,144
Software	7,030	3,000
Computer hardware	<u>7,650</u>	<u>4,345</u>
	89,976	47,028
Less accumulated depreciation and amortization	<u>(22,402)</u>	<u>(7,536)</u>
Property and equipment, net	<u>\$ 67,574</u>	<u>\$ 39,492</u>

Depreciation and amortization expense amounted to \$17,570 and \$13,274 for the year ended May 31, 2016 and the period from June 16, 2014 (inception) through May 31, 2015, respectively.

**NOTE 5**      **COMMITMENTS AND CONTINGENCIES**

Lease agreement

The Company sublets office space from the Parent on a month-to-month basis for approximately \$2,800 per month. Rent expense amounted to \$37,570 and \$22,896 for the year ended May 31, 2016 and the period from June 16, 2014 (inception) through May 31, 2015, respectively.

Employment agreement

In July of 2014, the Company entered into an executive employment agreement with its president entitling the president to guaranteed payments, bonuses and fringe benefits. Upon termination, the president will be entitled to receive certain benefits and compensation as further described in the employment agreement.

**NOTE 6**      **LICENSE AGREEMENT**

On September 19, 2014, the Company entered into a five-year exclusive license agreement with the Licensor for the use of the registered name "J Dog Junk Removal" (the "license agreement"), which is automatically renewable for additional terms of five

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2016 AND 2015**

**NOTE 6**     **LICENSE AGREEMENT (CONTINUED)**

years after the initial five-year term unless the parties mutually agree otherwise. Pursuant to the license agreement, the Company acquired the right to sell and operate J Dog Junk Removal franchises in the United States of America, and the right to earn franchise fees and royalties from franchisees. The Company is obligated to pay the Licensor a license fee based on the Company's gross revenue, as defined. There were no license fees due to the Licensor as of May 31, 2016 and 2015, and for the year ended May 31, 2016 and the period from June 16, 2014 (inception) through May 31, 2015.

**NOTE 7**     **RELATED-PARTY TRANSACTIONS**

**Due from Parent**

In the ordinary course of business, the Company periodically advances funds to and receives funds from the Parent. No interest is charged on these advances. Advances to and from the Parent are unsecured and have no specific repayment terms and are not expected to be repaid within the next 12 months. At May 31, 2016 and 2015, the balance due from the Parent amounted to \$111,093 and \$33,758, respectively.

**Due from affiliate**

In the ordinary course of business, the Company periodically advances funds to an entity affiliated through a common member of the Parent. No interest is charged on these advances. Advances to the affiliate are unsecured and have no specific repayment terms. Management expects such balances to be settled within the next year. At May 31, 2016, the balance due from the affiliate amounted to \$6,000. There were no amounts due to this affiliate at May 31, 2015.

**Due to affiliate**

In the ordinary course of business, the Company periodically advances funds to and receives funds from an entity affiliated through common ownership. No interest is charged on these advances. Advances to and from the affiliate are unsecured and have no specific repayment terms. Management expects such balances to be settled within the next year. At May 31, 2016, the balance due to the affiliate amounted to \$63,149. There were no amounts due to this affiliate at May 31, 2015.

**NOTE 8**     **MARKETING FUND**

The Company reserves the right to establish a national advertising and marketing fund for the Company. Franchisees would be required to contribute up to \$300 per month to be placed into the marketing fund in accordance with the signed franchise agreement. Marketing funds collected are to be expended for the benefit of the franchisees and for administrative costs to administer the funds, all at the discretion of the Company.

**NOTE 9**     **DEFERRED FRANCHISE FEES**

Franchise fees received and unearned are reported as "Deferred franchise fees" in the accompanying balance sheets and amounted to \$347,400 and \$29,900 at May 31, 2016 and 2015, respectively. The Company defers the direct and incremental costs associated with selling a franchise until such time that the franchise revenue is recorded. At May 31, 2015, \$4,000 of related direct and incremental costs have been deferred. This amount is included in "Prepaid expenses and other current assets" in the accompanying balance sheets. No such costs were deferred at May 31, 2016.





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### CONSENT OF INDEPENDENT AUDITORS

To the Member  
JDog Franchises, LLC

CITRIN COOPERMAN & COMPANY, LLP consents to the inclusion in the Franchise Disclosure Document to be issued by JDog Franchises, LLC ("Franchisor") dated September 23, 2016, of our report dated September 22, 2016, on our audit of the financial statements of Franchisor as of May 31, 2016 and 2015 and for the year ended May 31, 2016 and the period from June 16, 2014 (inception) through May 31, 2015

*Citrin Cooperman & Company, LLP*  
CITRIN COOPERMAN & COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
September 22, 2016

CITRIN COOPERMAN & COMPANY LLP  
529 FIFTH AVENUE NEW YORK NY 10017 TEL 212 697 1000 | FAX 212 697 1004  
AN AFFILIATED FIRM ASSOCIATED WITH MOORE STEPHENS

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**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**FINANCIAL STATEMENTS**  
**PERIOD FROM JUNE 16, 2014**  
**(INCEPTION) THROUGH MAY 31, 2015**

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**FOR THE PERIOD FROM JUNE 16, 2014**  
**(INCEPTION) THROUGH MAY 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Member  
JDog Franchises, LLC

We have audited the accompanying financial statements of JDog Franchises, LLC (a limited liability company), which comprise the balance sheets as of May 31, 2015 and the related statements of operations and member's equity and cash flows for the period from June 16, 2014 (inception) through May 31, 2015, 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 from 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.

CITRIN COOPERMAN & COMPANY, LLP  
529 FIFTH AVENUE, NEW YORK, NY 10017 | TEL 212 697 1000 | FAX 212 697 1004  
A INDEPENDENT FIRM ASSOCIATED WITH MOORE STEPHENS

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**Opinion**

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of JDog Franchises, LLC as of May 31, 2015, and the results of its operations and its cash flows for the period from June 16, 2014 (inception) through May 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

  
CITRIN COOPERMAN & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
September 23, 2015

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**BALANCE SHEET**  
**MAY 31, 2015**

**ASSETS**

Current assets	
Cash	\$ 327,429
Royalty receivables	4,500
Prepaid expenses and other current assets	<u>25,098</u>
Total current assets	357,027
Property and equipment, net	39,492
Due from parent	33,758
Security deposit	<u>5,646</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 435,923</u></b>

**LIABILITIES AND MEMBER'S EQUITY**

Current liabilities	
Accounts payable	\$ 11,937
Accrued expenses	12,238
Deferred franchise fees	<u>29,900</u>
Total current liabilities	54,075
Commitments and contingencies (Note 5)	
Member's equity	<u>381,848</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u>\$ 435,923</u></b>

See accompanying notes to financial statements

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**STATEMENT OF OPERATIONS AND MEMBER'S EQUITY**  
**FOR THE PERIOD FROM JUNE 16, 2014 (INCEPTION)**  
**THROUGH MAY 31, 2015**

Revenues		
Royalties	\$	29,817
Franchise fees		<u>86,500</u>
Total revenues		116,317
Selling, general and administrative expenses		<u>835,698</u>
Loss from operations		(719,381)
Gain on sale of assets		<u>1,229</u>
Net loss		(718,152)
Member's equity - beginning		-
Member contribution		<u>1,100,000</u>
MEMBER'S EQUITY - ENDING	\$	<u><u>381,848</u></u>

See accompanying notes to financial statements

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM JUNE 16, 2014 (INCEPTION)**  
**THROUGH MAY 31, 2015**

Cash flows from operating activities	
Net loss	\$ (718,152)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation	13,274
Gain on sale of assets	(1,229)
Bad debt expense	3,900
Changes in assets and liabilities	
Royalty receivables	(8,400)
Prepaid expenses and other current assets	(25,098)
Security deposits	(5,646)
Accounts payable	11,937
Accrued expenses	12,238
Deferred franchise fees	<u>29,900</u>
Net cash used in operating activities	<u>(687,276)</u>
Cash flows from investing activities	
Purchase of property and equipment	(75,077)
Proceeds from sale of assets	<u>23,540</u>
Net cash used in investing activities	<u>(51,537)</u>
Cash flows from financing activities	
Capital contributions	1,100,000
Due from parent	<u>(33,758)</u>
Net cash provided by financing activities	<u>1,066,242</u>
Net increase in cash	327,429
Cash - beginning	<u>-</u>
CASH - ENDING	<u>\$ 327,429</u>

See accompanying notes to financial statements



**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2015**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and nature of operations

JDog Franchises, LLC (the "Company"), a wholly-owned subsidiary of JD Investment Company, LLC (the "Parent"), was formed on June 16, 2014 (inception), as a Delaware limited liability company. The Company is engaged in the sale of franchises throughout the United States in accordance with a license agreement dated September 19, 2014, between the Company and J Dog Holdings, LLC (the "Licensor"), an entity related to the Company by common ownership and control. Pursuant to the Company's standard franchise agreement, franchisees will operate businesses known as "J Dog Junk Removal & Hauling," a residential and commercial junk removal and hauling business.

The Company is a limited liability company, and therefore the Parent is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the Parent has signed a specific guarantee.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and equipment

Property and equipment are carried at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The costs of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized. The Company capitalizes qualified costs related to software obtained for internal use. Software obtained for internal use has generally been enterprise-level business and finance software that is customized to meet the Company's specific operational requirements.

Depreciation is provided using the straight-line and various accelerated methods over the estimated useful lives of the assets, which are as follows:

Furniture and fixtures	7 years
Computer hardware, autos, trucks, and equipment	5 years
Website development costs and software	3 years

Website development costs

Internal-use website development costs are accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, *Intangibles - Goodwill and Other*, FASB ASC 350-40, *Internal Use Software*, and FASB ASC 350-50, *Website Development Costs*. The subtopics require the capitalization of certain costs incurred in developing or obtaining software for internal use. The majority of software costs and web site development costs, which are included in property and equipment in the accompanying balance sheet, is depreciated over three years. The guidance further states that amortization should begin when an individual component or module of the overall internal-use software is ready for its intended use.

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable. These events or circumstances would include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business, or other factors. The Company uses undiscounted cash flows to determine whether impairment exists and measures any impairment loss by approximating fair value using acceptable valuation techniques, including discounted cash flow models and comparable company analyses. Management believes that there were no such indicators of impairment at May 31, 2015.

Revenue and cost recognition

Royalties are based on set contractual amounts and are recognized when billed. Initial franchise fees are deferred until substantially all of the Company's initial services required pursuant to the franchise agreement have been performed or satisfied. The Company records deferred revenue when cash is received from franchisees.

The Company defers those direct and incremental costs associated with the sale of franchises for which revenue is deferred. Deferred costs are charged to earnings when the related deferred franchise fees are recognized in income.

All other fees are recorded as services are rendered.

Royalty receivables

Royalty receivables are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful royalties for estimated losses resulting from the inability of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisee royalties: franchisee creditworthiness, past transaction history with the franchisee, current economic industry trends, and changes in franchisee payment terms. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to royalty receivable. The Company had no allowance for doubtful royalties at May 31, 2015.

Fair value

Royalty receivables, accounts payable and deferred revenue approximate fair value.

Income taxes

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income taxes. As a single-member limited liability company and therefore a disregarded entity for income tax purposes, the Company's assets, liabilities, and items of income, deduction and credit are combined with and included in the income tax returns of the Parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income taxes (continued)

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Advertising

Advertising costs are expensed as incurred and amounted to \$233,447 for the period from June 16, 2014 (inception) through May 31, 2015.

Franchised outlets

The following data is presented representing the status of the Company's franchised outlets as of May 31, 2015:

Franchised outlets assigned to the Company by the Parent	6
Franchises sold	9
Franchises purchased	-
Franchised outlets in operation	10
Franchisor-owned outlets in operation	-
Terminated outlets**	2

\*\* Outlets terminated were originally assigned to the Company by the Parent and are included in "Franchised outlets assigned to the Company by the Parent" above.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through September 23, 2015, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**NOTE 2. ASSIGNMENT AGREEMENT**

On September 19, 2014, the Company entered into an assignment agreement with the Parent, whereby the Parent assigned its interests in certain franchise agreements with existing franchisees (that had initially been acquired by the Parent from the previous unaffiliated franchisor) to the Company.

**NOTE 3. CONCENTRATION OF CREDIT RISK**

Cash

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash. The Company's cash is placed with a major financial institution. At times, amounts held with this financial institution may exceed federally-insured limits.

Concentration of credit risk with respect to receivables is limited due to the number of franchisees in the Company's customer base and their geographic dispersion. The Company provides an allowance for doubtful royalties equal to the estimated collection.

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2015**

**NOTE 3      CONCENTRATION OF CREDIT RISK (CONTINUED)**

losses based on historical experience coupled with a review of the current status of existing receivables

**NOTE 4      PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at May 31, 2015

Furniture and fixtures	\$      7,497
Autos, trucks and equipment	16,042
Website development costs	16,144
Software	3,000
Computer hardware	<u>4,345</u>
	47,028
<i>Less accumulated depreciation</i>	<u>(7,536)</u>
Net property and equipment	<u>\$      39,492</u>

Depreciation expense amounted to \$13,274 for the period from June 16, 2014 (inception) through May 31, 2015

**NOTE 5      COMMITMENTS AND CONTINGENCIES**

Lease agreement

The Company sublets office space from the Parent on a month-to-month basis at approximately \$2,800 per month. Rent expense amounted to \$22,896 for the period from June 16, 2014 (inception) through May 31, 2015.

Employment agreement

In July of 2014, the Company entered into an executive employment agreement with its president entitling the president to guaranteed payments, bonuses, and other benefits. Upon termination, the president will be entitled to receive certain benefits and compensation as further described in the employment agreement.

Litigation

The Company from time to time is involved in ordinary and routine litigation which is subject to inherent uncertainties and unfavorable rulings could occur. An unfavorable ruling could include money damages and, in such event, could result in a material adverse impact on the Company's results of operations for the period in which the ruling occurs. However, management presently believes that the ultimate outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on the Company's financial position, cash flows or results of operations.

**NOTE 6      LICENSE AGREEMENT**

On September 19, 2014, the Company entered into a five-year exclusive license agreement with the Licensor, for the use of the registered name "J Dog Junk Removal" (the "license agreement"), which is automatically renewable for additional terms of five years after the initial five-year term unless the parties mutually agree otherwise. Pursuant to the license agreement, the Company acquired the right to sell and operate J Dog Junk Removal franchises in the United States of America, and the right to earn franchise fees and royalties from franchisees. The Company is obligated to pay the Licensor a license fee based on the Company's gross revenue as defined. There were

**JDOG FRANCHISES, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MAY 31, 2015**

**NOTE 6**      **LICENSE AGREEMENT (CONTINUED)**

no license fees due to the Licensor as of May 31, 2015, and for the period from June 16, 2014 (inception) through May 31, 2015

**NOTE 7**      **OTHER RELATED-PARTY TRANSACTIONS**

In the ordinary course of business, the Company periodically advances funds to and receives funds from the Parent. No interest is charged on these advances. Advances to and from the Parent are unsecured and have no specific repayment terms. At May 31, 2015, the balance due from the Parent amounted to \$33,758. The receivable due from the Parent is not expected to be satisfied in cash by the Parent.

**NOTE 8**      **MARKETING FUND**

The Company reserves the right to establish a national advertising and marketing fund for the Company. Franchisees would be required to contribute up to \$300 per month to be placed into the marketing fund in accordance with the signed franchise agreement. Marketing funds collected are to be expended for the benefit of the franchisees and for administrative costs to administer the funds, all at the discretion of the Company.

**NOTE 9**      **DEFERRED FRANCHISE FEES**

Franchise fees received and unearned are reported as "Deferred franchise fees" in the accompanying balance sheet and amount to \$29,900 at May 31, 2015. The Company defers the direct and incremental costs associated with selling a franchise until such time that the franchise revenue is recorded. At May 31, 2015, \$4,000 of related direct and incremental costs have been deferred. This amount is included in "Prepaid expenses and other current assets" in the accompanying balance sheet.

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

**JDOG FRANCHISES, LLC**  
**FINANCIAL STATEMENTS**  
**FOR THE**  
**NINE MONTHS ENDED**  
**FEBRUARY 28, 2017**

**JDOD Franchises, LLC**

**2/28/2017**

	<u>2/28/2017</u>
<b>Assets</b>	
Current Assets	
Cash	52,407
Accounts Receivable	4,300
Prepaid Expense and Other	<u>1,858</u>
Total Current Assets	58,565
Fixed Assets	16,709
Intangible Assets	-
Other Assets	<u>-</u>
<b>Total Assets</b>	<u><u>75,274</u></u>
<b>Liabilities &amp; Equity</b>	
Current Liabilities	
Accounts Payable	74,780
Franchise Fee Deposits	245,000
Other Accrued Expense	<u>71,026</u>
Total Current Liabilities	390,806
Intercompany	<u>(90,570)</u>
<b>Total Liabilities</b>	300,236
<b>Equity</b>	
Common Units	1,100,000
Preferred Units	-
Current Tax Year Distributions	-
Retained Earnings	(1,256,992)
Net Income	<u>(67,970)</u>
<b>Total Equity</b>	<u><u>(224,962)</u></u>
<b>Total Liabilities &amp; Equity</b>	<u><u>75,274</u></u>



**JDOG Franchises, LLC Income Statement**

Year to Date	Nine Months Ended
Description	2/28/2017
<b>Revenues</b>	
Franchise Fee Revenue	739,900
Royalty Revenue	372,900
Other	-
<b>Total Revenue</b>	<b>1,112,800</b>
<b>Cost of Services</b>	
Production Payroll Expense	251,904
Franchise Development Cost	118,920
Other	-
<b>Total Cost of Services</b>	<b>370,824</b>
<b>Gross Operating Profit</b>	<b>741,976</b> <b>66.7%</b>
<b>Selling, General &amp; Admin Expenses</b>	
Advertising and Marketing	246,066
Administrative Payroll	279,767
Professional Fees	93,122
Rent & Utilities	49,682
Travel & Entertainment	24,009
Other	99,702
<b>Total Selling, Gen &amp; Admin Expenses</b>	<b>792,348</b> <b>71.2%</b>
<b>Net Ordinary Income</b>	<b>(50,372)</b>
<b>Other Income</b>	<b>3,708</b>
<b>Other Expenses</b>	<b>-</b>
<b>EBITDA</b>	<b>(46,664)</b> <b>-4.2%</b>
<b>Depreciation and Amortization Expense</b>	<b>21,306</b>
<b>Interest Expense</b>	<b>-</b>
<b>Net Income</b>	<b>(67,970)</b> <b>-6.1%</b>

**JDOG Franchises, LLC Statement of Cash Flows**

Year to Date	Nine Months Ended 2/28/2017
Description	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income	(67,970)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	21 306
Gain/(loss) on sale of Assets	(3 708)
Change in assets and liabilities	
Accounts Receivable	(1 175)
Prepaid expenses and other current assets	4 202
Other assets	5,646
Accounts Payable	20 601
Accrued expenses	(18,942)
Total adjustments	<u>27,930</u>
Net cash used in operating activities	<u>(40 040)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net Acquisition of Assets	-
Capital expenditures	23 003
Deferred Financing Costs	-
Net cash used in investing activities	<u>23 003</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from Equity Investment	-
Increase/Decrease of Inter Company payable	(42,626)
Distributions to members (Dividends)	-
Net cash provided by financing activities	<u>(42 626)</u>
<b>NET INCREASE IN CASH</b>	<b>(59 663)</b>
	-
<b>CASH AT BEGINNING OF PERIOD</b>	<b><u>112 070</u></b>
<b>CASH AT END OF PERIOD</b>	<b><u><u>52 407</u></u></b>

## **EXHIBIT I: GENERAL RELEASE FORM**

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release.

**GENERAL RELEASE**

THIS GENERAL RELEASE is made and given on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

by \_\_\_\_\_, ("RELEASOR,,) a(n) \_\_\_\_\_

with an address at \_\_\_\_\_,

in consideration of

\_\_\_\_\_ the execution by JDog Franchises, LLC ("RELEASEE,,) of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise,,) granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the "Franchise Agreement,,) between RELEASOR and RELEASEE, or

\_\_\_\_\_ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement, or

\_\_\_\_\_ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement, or

and other good and valuable consideration, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, shareholders and employees (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, known or unknown, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written

**RELEASOR**

\_\_\_\_\_

(type/print name of entity, if any)

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

**INDIVIDUALLY**

By \_\_\_\_\_

Name \_\_\_\_\_

## EXHIBIT J: RECEIPT (Franchisor Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure documents and all agreements carefully.

If JDog Franchises, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If JDog Franchises, LLC 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 in Washington, D C and the Pennsylvania Department of State.

Franchise seller(s) offering the franchise: JDog Franchises, LLC, Berwyn, PA, (844) 438-5364. Please identify any individual franchise seller who offered you a J Dog Junk Removal & Hauling franchise-

<input type="checkbox"/> <u>Jerry Flanagan</u> <u>JDog Franchises,</u> <u>LLC</u> <u>(844) 438-5364</u>	<input type="checkbox"/> <u>Keith Serwell</u> <u>JDog Franchises,</u> <u>LLC</u> <u>(844) 438-5364</u>	<input type="checkbox"/> <u>James O'Flaherty</u> <u>JDog Franchises,</u> <u>LLC</u> <u>(844) 438-5364</u>	<input type="checkbox"/> _____ <small>Name of Franchise Seller</small> _____ <small>Address</small> _____ <small>Phone</small>
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<input type="checkbox"/> <u>Jerry Flanagan</u> <u>JDog Franchises, LLC</u> <u>(844) 438-5364</u>	<input type="checkbox"/> <u>Keith Serwell</u> <u>JDog Franchises, LLC</u> <u>(844) 438-5364</u>	<input type="checkbox"/> _____ <small>Name of Franchise Seller</small> _____ <small>Address</small> _____ <small>Phone</small>
--	---	---

This disclosure document was issued September 23, 2016 as amended March 23, 2017

### Acknowledgment

I received a disclosure document dated \_\_\_\_\_, \_\_\_\_\_, which included the following Exhibits:

- ~~Check and match as needed,~~
- A State Administrators and Agents for Service of Process
  - B Franchise Agreement
  - C Manual Table of Contents
  - D EFT (Electronic Funds Transfer Agreement)
  - E Representations and Acknowledgment Statement
  - F State Specific Addenda
  - G Outlets

- H Financial Statements
- I General Release Form
- J Receipts

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

### EXHIBIT J: RECEIPT (Franchisee Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure documents and all agreements carefully.

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Franchise seller(s) offering the franchise: JDog Franchises, LLC, Berwyn, PA, (844) 438-5364. Please identify any individual franchise seller who offered you a J Dog Junk Removal & Hauling franchise.

<input type="checkbox"/> Jerry Flanagan JDog Franchises, LLC (844) 438-5364	<input type="checkbox"/> Keith Seiwel JDog Franchises, LLC (844) 438-5364	<input type="checkbox"/> James O'Flaherty JDog Franchises, LLC (844) 438-5364	<input type="checkbox"/> _____ Name of Franchise Seller _____ Address _____ Phone
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<input type="checkbox"/> Jerry Flanagan JDog Franchises, LLC (844) 438-5364	<input type="checkbox"/> Keith Seiwel JDog Franchises, LLC (844) 438-5364	<input type="checkbox"/> _____ Name of Franchise Seller _____ Address _____ Phone
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This disclosure document was issued September 23, 2016 as amended March 23, 2017

#### Acknowledgment

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JDog Franchises, LLC  
Exhibit J - Receipts

~~Check and match as needed;~~

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date