

(a) Use of the Names and Marks shall in every instance be accompanied by the appropriate trademark or service mark symbol indicating its registration status, i.e. "®", "™" or "SM", as specifically directed by Licensor. In addition, any and all brochures, advertisements, and other promotional materials bearing the Names and Marks shall contain statements proscribed from time to time by Licensor, referencing the Marks, and confirming the registration status and their ownership by Licensor or its affiliates.

(b) Within 10 days after the date Licensee receives notice of any customer or consumer complaint about the operation of the Licensed Business, Licensee shall prepare and deliver to Licensor a written report that provides details relating to the nature of the complaint and any corrective action taken by Licensee.

(c) The operation of the Licensed Business shall in all respects comply with the applicable rules and regulations of the various local, state, and federal agencies that regulate the repair and restoration of piping systems, or use of the Process.

XIII. SUPPLIES

13.01 Payment for Purchases from Licensor. Equipment, products, supplies, and services purchased by Licensee from Licensor shall be payable upon the receipt of an invoice. Fees or charges for products, supplies, or services furnished by Licensor and not paid within 10 days of receipt of an invoice therefor may be subject to a late fee of \$50 and shall bear interest at the lesser of 1.5% per month or the maximum rate permitted by Applicable Law.

13.02 Purchase Requirements for Certain Equipment and Supplies. Licensee shall purchase all critical equipment for the Process, including compressors, Epoxy mixer, sander, headers, pre-filters, filters, air dryers and Epoxy exclusively from Licensor or its designees. If Licensor is not the supplier for any of these items, Licensor will provide Licensee the names of the approved supplier or suppliers for such items, and such items must be purchased from the approved suppliers. Licensor may also provide Licensee lists of recommended suppliers of forms, signs, supplies, marketing materials, and other items necessary to operate the Licensed Business. The recommended source of supply for any individual item may be Licensor, an affiliate of Licensor, or an independent contractor. Licensee can purchase these additional items from any supplier of its choosing, provided such supplier can provide quality items that would otherwise meet Licensor's specifications and requirements.

13.03 Other Equipment and Supplies. With respect to items purchased by Licensee for use in the Licensed Business other than those referenced in Section 13.02 above, Licensor reserves the right to provide specifications for those items, and to require Licensee to obtain Licensor's consent to the purchase of any such items that do not meet Licensor's specifications.

13.04 Limitation on Liability. Licensor shall not be liable to Licensee for damages caused by the failure of Licensor or an approved or recommended supplier to make available for purchase any item, unless the failure is the result of factors within Licensor's reasonable control.

XIV. RECORDS AND AUDITS

14.01 Records Required. Licensee shall maintain complete and accurate records, accounts, books, data and reports of the Licensed Business, including customer data, in the manner required by Licensor in its Confidential Manuals. Licensee shall purchase and install hardware, with high speed Internet access, for use in the Licensed Business and shall maintain the computer system at the Business Office in accordance with the requirements of the Confidential Manuals. Licensee acknowledges and agrees that all information which Licensee stores on any database or that is otherwise contained in any software systems used by Licensee belongs to Licensor, and Licensor shall be allowed to access such information remotely and from Licensee's computers maintained at the Business Office. If requested by Licensor, Licensee shall transfer a copy of this information to Licensor. Licensee understands and agrees that all customer records of the Licensed Business are the property of Licensor.

14.02 Segregation of Records. If Licensee engages in other business activities during the Term as permitted under this Agreement, Licensee shall keep and maintain separate books and records documenting the business transactions and Gross Receipts of the Licensed Business to enable Licensor to review and audit Licensee's reporting and payment of Royalty Fees.

14.03 Bank Account. Licensee shall maintain a bank account for the Licensed Business and shall deposit to that account all revenues received by the Licensed Business in a timely manner (not less than once each week). At all times, Licensee shall maintain a minimum balance of \$5,000 in that account. Licensee shall notify Licensor of the bank in which the account is maintained, as well as the account number, and shall notify Licensor at least 10 days prior to making any material change in the account, including the name of any signatory on the account or the location of the account. At the option of Licensor, all amounts owing to Licensor by Licensee, including amounts due for Royalty Fees, Advertising Contributions, products, supplies and equipment, will be payable by electronic funds transfer. Licensee shall execute such documents as may be required from time to time by Licensor to permit Licensor to withdraw these amounts on their due date from Licensee's general operating account.

14.04 Financial and Sales Reporting.

(a) After the Signing Date, Licensee shall submit to Licensor periodic financial, operational and statistical reports and information as Licensor may require in order to enable Licensor to (i) monitor Licensee's performance under this Agreement; (ii) develop chain-wide statistics; (iii) assess and modify the Process and the Standards of

Operation; and (iv) respond to competitive and marketplace changes. Among other reports, Licensee shall provide Licensor with weekly sales reports documenting the Gross Receipts of the Licensed Business together with other sales information which Licensor may, from time to time, reasonably request, and a weekly pending job report identifying all scheduled jobs which Licensee intends to perform over the next 60 days from the date of the report. Weekly sales and pending job reports shall be submitted in the form and manner set forth in the Confidential Manuals on or before Wednesday of each week. Weekly sales reports shall disclose the Gross Receipts of the Licensed Business during the 7-day period ending on the prior Sunday, covering the same period used to calculate Royalty Fees.

(b) Additionally, Licensee shall prepare and submit the following financial reports of the Licensed Business in the format prescribed in the Confidential Manuals: (i) within 30 days after the end of Calendar Quarter after the Signing Date, a profit and loss statement and balance sheet showing the results of operation during the prior Calendar Quarter just ended and cumulative information for the Calendar Year-to-date; and (ii) within 45 days after the end of each Calendar Year during the Term, a profit and loss statement and balance sheet as of the last day of the Calendar Year.

(c) All reports submitted to Licensor pursuant to this Agreement shall be executed by Licensee or a duly authorized representative of Licensee, certifying that the information is true and correct and that no material fact has been omitted which is necessary in order to make the information disclosed not misleading.

(d) Upon 30 days prior written notice, Licensor may require that Licensee adopt an accounting system with prescribed software meeting the specifications set forth in the Confidential Manuals at an initial cost to purchase or lease that will not exceed \$2,500 per License.

14.05 Audit.

(a) Licensor shall have the right to audit or cause to be inspected, audited, and copied the sales reports and financial statements delivered to Licensor, and the books, records and sales and income tax returns of Licensee, including all information contained on Licensee's computers used in operating the Licensed Business. Licensor's audit and inspection rights shall extend not only to the Licensed Business, but to the financial records, tax returns and computers of any other business that Licensee operates during the Term. If Licensee is a corporation, limited liability company or partnership and Licensor's inspection of Licensee discloses errors in reported Gross Receipts of Licensee, Licensor's audit and inspection rights shall also apply to the financial records, tax returns and computers of the owners, members or partners of Licensee.

(b) If any audit discloses an understatement of the Gross Receipts of the Licensed Business for any period or periods, Licensee, within 10 days of receipt of the audit report, shall pay to Licensor the Advertising Contributions and Royalty Fees, if

any, due on the previously unreported Gross Receipts, plus interest from the due date at the maximum rate permitted by Applicable Law, not to exceed one and 1.5% per month. In addition, if an understatement for any period equals 2% or more of the Gross Receipts of the Licensed Business for the period, Licensee shall reimburse Licensor for the cost of the audit, including, without limitation, the charges of any independent accountant and the travel expenses, room and board, and compensation of persons employed by Licensor to make the audit. Reimbursement to Licensor for the costs of the audit shall be made upon the receipt of an invoice therefor. Such costs not reimbursed within 10 days of receipt of an invoice shall bear interest from the due date at the maximum rate permitted by Applicable Law, not to exceed 1.5% per month.

XV. INSURANCE

15.01 Insurance Required. At all times during the Term Licensee shall maintain in force, general comprehensive public liability insurance with a products liability endorsement protecting against claims for bodily and personal injury, death and property damage caused by, or incurred in conjunction with, the operation of, or conduct of the Licensed Business; motor vehicle liability insurance; and workers' compensation insurance. Licensee understands and agrees that (i) the minimum insurance requirements set forth in this Agreement do not constitute a representation or warranty by Licensor that the minimum coverage will be sufficient for the Licensed Business, and (ii) Licensee is solely responsible for determining if the Licensed Business requires higher coverage limits or other types of insurance protection.

15.02 Policy Requirements. All insurance coverage required above shall be maintained under one or more policies of insurance containing the amounts and types of coverage from time to time prescribed by Licensor in the Confidential Manuals. Licensor may increase the minimum insurance requirements, establish and change deductible limits, require that Licensee procure and maintain additional forms of insurance, and otherwise modify the insurance requirements contained in this Agreement based upon inflation, general industry standards, Licensor's experience with claims, or for other commercially reasonable reasons in the exercise of Licensor's reasonable business judgment. Licensee shall comply with any change imposed by Licensor within 30 days after written notice from Licensor and shall submit written proof of compliance to Licensor upon request. All required insurance policies must be obtained from insurance companies rated "A- VIII" by Alfred M. Best & Company, Inc., or such other insurance companies approved in advance by Licensor. At a minimum, all required liability insurance policies must provide minimum coverage of \$2,000,000 per occurrence and \$3,000,000 aggregate for products and general liability. All required insurance policies shall name Licensor and Licensor's affiliates as additional insureds and shall provide that Licensor receive 10 days' prior written notice of termination, expiration, reduction or cancellation of any such policy. Licensee shall submit to Licensor, annually, and at any time upon 10 days' written notice from Licensor, a copy of the certificates of insurance or equivalent written proof of compliance with Licensor's

insurance requirements. Maintenance of required insurance shall not relieve Licensee of liability under the indemnity provisions set forth in this Agreement.

15.03 Failure to Maintain. If Licensee at any time fails or refuses to maintain any insurance coverage required by Licensor, or fails to furnish satisfactory evidence thereof, Licensor, at its option and without any obligation to do so, may, without waiving its right to declare Licensee in breach of this Agreement, obtain the insurance coverage on behalf of Licensee, in which case Licensee shall pay Licensor an amount equal to the premiums and related costs for the required insurance in full within 10 days following receipt of invoice, plus a 25% service charge on the cost of the insurance and an amount sufficient to reimburse Licensor for its actual direct costs in obtaining the required insurance.

XVI.

CONFIDENTIALITY AND IMPROVEMENTS BY LICENSEE

16.01 Confidentiality.

(a) Licensor will disclose Confidential Information to Licensee in furnishing Licensee with the Confidential Manuals and may disclose Confidential Information in the course of performing other duties. Licensee shall acquire no interest in any Confidential Information that Licensee may learn or discover, other than a license to use certain Confidential Information to operate the Licensed Business subject to the terms of this Agreement. Licensee's use, publication or duplication of Confidential Information for any purpose not authorized by this Agreement constitutes an unfair method of competition by Licensee and, additionally, grounds for termination of this Agreement. Licensee acknowledges that Licensor's business and the ability of Licensor and its other licensees to compete for business is dependent on the preservation of the confidential nature of the Confidential Information, and that it is essential that Licensee agree to maintain such secrecy and confidentiality as a condition for Licensor to reveal the Confidential Information to Licensee. Licensee further acknowledges it would not have been extended the opportunity to become a licensee of Licensor except for its agreement to maintain the Confidential Information as a trade secret.

(b) Licensee agrees to: (i) confine disclosure of Confidential Information to those of its employees and agents who require access in order to perform the functions for which they have been hired or retained; and (ii) observe and implement reasonable procedures prescribed from time to time by Licensor to prevent the unauthorized or inadvertent use, publication or disclosure of Confidential Information. Licensee shall deliver to Licensor a separate confidentiality agreement in the form required by Licensor executed by each person who now, or during the Term, is permitted to receive or have access to Confidential Information under this Agreement. All provisions of this Agreement concerning Confidential Information shall survive the expiration, termination or Licensee's assignment of this Agreement.

(c) The restrictions against disclosure of Confidential Information shall not apply if disclosure is legally compelled in a judicial, arbitration or administrative proceeding if Licensee has used its best efforts and given Licensor a reasonable opportunity to obtain appropriate protective orders or other assurance satisfactory to Licensor of confidential treatment for the information required to be disclosed.

(d) Licensee understands and agrees that Licensor and Licensor's affiliates will suffer irreparable injury not capable of precise measurement in money damages if any Confidential Information is obtained by any third party and used to compete with Licensor or in any other manner adverse to Licensor's or Licensor's affiliates' interests. Accordingly, if a breach of any provision regarding use of Confidential Information occurs, Licensee, on behalf of itself and each person signing a Confidentiality Agreement, hereby consents to the issuance or entry of appropriate Provisional Remedies, without the requirement that Licensor or Licensor's affiliates post bond or comparable security. Licensee further agrees that the award of Provisional Remedies to Licensor and Licensor's affiliates in the event of such breach is reasonable and necessary to protect the goodwill of the Licensed Marks and Licensor's and Licensor's affiliates' legitimate business interests.

16.02 Prohibition Against Challenging Licensor's Patents or Copyrights. Licensee will not challenge any Patent, copyright, or patent or copyright application, of Licensor or Licensor's affiliates with respect to the Process, the System of Operation, or any item related thereto, or the ownership of, or right to use or license such items.

16.03 Improvements to System of Operation Developed by Licensee. If Licensee, during the Term, License suggests, conceives of or develops any improvements, modifications or additions to the System of Operation, the Process, or the Licensed Business, or any new trade names, trade and service marks or other commercial symbols related to the Licensed Business, or any advertising and promotion ideas related to the Licensed Business ("Improvements"), Licensee shall not use the Improvements in operating the Licensed Business unless and until Licensee (i) first fully discloses the Improvements to Licensor before disclosing the Improvements to others, and (ii) obtains Licensor's prior written consent to use the Improvements in the Licensed Business. As a condition of obtaining Licensor's approval, Licensee shall assign to Licensor or its designee all intellectual property rights, including without limitation, all copyrights, in and to the Improvements without payment of any consideration. Furthermore, Licensee agrees that Licensor may use, and authorize others to use, the Improvements that Licensee assigns to Licensor without compensation to Licensee and without Licensee's permission. Licensee shall cooperate with Licensor so that Licensor may register its ownership of the Improvements. Licensee understands and agrees that nothing in this Agreement shall constitute or be construed as Licensor's consent or permission to Licensee to modify the System of Operation, the Process, or the Licensed Business.

XVII.
COMPETITION

17.01 Non-Competition Restrictions During the Term of the Agreement. Licensee acknowledges Licensor must be protected against the potential for unfair competition by Licensee's use of Licensor's training, assistance and trade secrets in direct competition with Licensor. Licensee further acknowledges that Licensor would not have entered into this License Agreement or shared information with Licensee concerning the Process, the System of Operation or other Confidential Information absent Licensee's agreement to strictly comply with the provisions of this Article. Licensee therefore agrees that it shall not, directly or indirectly, during the Term:

(a) Engage in a Competitive Business or perform services for a Competitive Business whether as a director, owner, proprietor, officer, manager, employee, consultant, representative, agent, independent contractor or otherwise, except under a license or franchise agreement with Licensor;

(b) Have any direct or indirect interest in any entity that is awarded or is awarding licenses or franchises to others to operate a Competitive Business, except new licenses/franchises under license/franchise agreements with Licensor;

(c) Engage in any activity to solicit, encourage or induce any customer doing business with any licensee or franchisee of Licensor, wherever located, to cease or limit its business with such licensee or franchisee; or

(d) Solicit, divert, take away or interfere with any of the business, key employees (including those formerly employed within the prior 12 months), customers, clients, contractors, trade or patronage of Licensor or any other licensee or franchisee of Licensor.

17.02 Exception for De Minimus Ownership Interest in Public Company. Nothing in this Agreement forbids Licensee or its owners from owning less than 5% of the issued and outstanding shares of any class of stock of a publicly traded company, provided Licensee or its owners are not actively involved in the management or operation of the publicly traded company and do serve that business in any other capacity.

17.03 Non-Competition Restrictions Following Expiration or Termination. The restrictions set forth in clauses (a) and (b) of Section 17.01 shall continue for a period of two years following the expiration of this Agreement, assignment of this Agreement by Licensee, termination of this Agreement (regardless of the cause for termination or the party exercising the right to terminate), but the restrictions shall be limited to the Operating Territory and a radius of 20 miles of any other licensee or franchisee of Licensor whether the licensee or franchisee is operating on the Signing Date or begins operations during the Term of this Agreement. If Licensee violates any of those restrictions during such two-year period, then the restrictions contained herein shall be extended and continued until two years after the cessation of all such violations.

Licensee acknowledges that such restrictions are reasonable and necessary to protect the interests of Licensor and other licensees or franchisees of Licensor, and that because of the limited nature of the geographic scope of the restrictions, and the limitation of the restrictions to those involving a Competitive Business, they do not unduly restrict Licensee's ability to engage in gainful employment. Licensee understands and agrees that Licensor will suffer irreparable injury not capable of precise measurement in money damages if Licensee violates these restrictions. Therefore, in the event of a violation or threatened violation, Licensor shall be entitled to Provisional Remedies to prevent the continuation of such breach without the requirement of posting bond or comparable security.

17.04 Non-Competition by Licensee's Owners and Management. If Licensee is a business entity, each person who is (i) required by this Agreement to guaranty Licensee's obligations to Licensor under this Agreement; or (ii) an officer, director, general partner, LLC managing member of Licensee, or (iii) designated by Licensee as a Manager or as a Sales Manager of the Licensed Business shall be bound by the same restrictions that apply to Licensee set forth in this Section both during the Term, and for a period of two years following the expiration of this Agreement, assignment of this Agreement by Licensee, termination of this Agreement (regardless of the cause for termination or the party exercising the right to terminate, or the person's severance of its relationship with Licensee. Upon request, Licensee shall cause each owner, Manager, Sales Manager, officer, director, general partner or LLC managing member of Licensee to execute Licensor's form of agreement memorializing the restrictions set forth in this Section that are imposed on him or her personally.

XVIII. ASSIGNMENT

18.01 Assignment by Licensor. This Agreement is fully assignable by Licensor, and shall inure to the benefit of any assignee or other legal successor in interest of Licensor.

18.02 Permission Required for Assignment by Licensee. No Licensee, partner (if Licensee assigns this Agreement to a partnership), shareholder (if Licensee assigns this Agreement to a corporation), or member (if Licensee assigns this Agreement to a limited liability company) without the prior written consent of Licensor, by operation of law or otherwise, shall sell, assign, transfer, convey, give away, or encumber to any person, company or partnership or other legal entity, its interest in this Agreement or its interest in the License granted hereby or its interest in any proprietorship, partnership, limited liability company or corporation which owns any interest in the License. Any purported assignment not having the necessary consent shall be null and void and shall constitute a material default hereunder.

18.03 Assignment of Minority Interest by Licensee. Licensor shall not unreasonably withhold its consent to any assignment of less than 50% of the beneficial or voting interest in the License or the Licensed Business, provided such transfer is not part of a series of transfers intended to evade this provision, and further provided:

(a) The proposed assignee shall enter into a written agreement with Licensor, in a form satisfactory to Licensor, assuming and guaranteeing all of Licensee's obligations hereunder;

(b) Any defaults under this Agreement on the part of Licensee have been remedied; and

(c) Such other reasonable conditions as may be required by Licensor in connection with the transfer or assignment have been satisfied.

18.04 Assignment of Majority Interest by Licensee. If an assignment, alone or together with other previous, simultaneous, or proposed assignments, would have the effect of transferring 50% or more of the beneficial or voting interest in the License, the Licensed Business, or the operation of the Licensed Business, Licensor will not unreasonably withhold its consent to the assignment if all of the following conditions and requirements have been satisfied:

(a) The proposed assignee shall be of good moral character and reputation, shall have a good credit rating, financial capabilities and competent business qualifications reasonably acceptable to Licensor. Licensee shall provide Licensor with the information it may reasonably require to make a determination concerning the proposed assignee;

(b) The proposed assignee or a designated representative of the proposed assignee approved by Licensor to manage the Licensed Business must satisfactorily complete Licensor's training program (and pay to Licensor its then current training fee) before the proposed assignee may assume responsibility for the operation of the Licensed Business;

(c) The proposed assignee must execute a new License Agreement, in the form then used by Licensor in the grant of new franchises; provided, that in lieu of the proposed assignee paying a new Initial License Fee, the proposed assignee or Licensee shall have fully paid and satisfied all of Licensee's obligations to Licensor and Licensee shall fully pay to Licensor a transfer fee. The transfer fee shall equal 40% of Licensor's then current initial license fee, or if Licensor is not then offering licenses, then a transfer fee of \$10,000; provided, however, Licensee shall not be required to pay a transfer fee in the event the proposed assignee is a spouse or an adult child (at least 21 years old) and otherwise meets the conditions for assignment set forth in this Agreement. If Licensee transfers more than one license at the same time to the same proposed assignee, only one transfer fee shall be charged, and if the amount of the transfer fee differs among the licenses being transferred, the fee paid shall be the highest transfer fee;

(d) If the proposed assignee is a corporation, limited liability company or partnership, all the shareholders, members or partners of the proposed assignee shall enter into a written agreement, in a form satisfactory to Licensor, jointly and severally guaranteeing the full payment and performance of the proposed assignee's obligations

to Licensor and agreeing to be personally bound by all covenants and restrictions imposed upon the proposed assignee under the terms of this Agreement;

(e) Licensee shall execute a general release of Licensor and its officers and directors in form and substance satisfactory to Licensor;

(f) The proposed assignee shall provide Licensor proof of insurance in types and amounts meeting the requirements of this Agreement, including the name of Licensor as an additional insured;

(g) If Licensee or Licensee's owners finance any portion of the purchase price, such persons must execute a subordination agreement, in form reasonably required by Licensor, agreeing to subordinate the proposed assignee's obligations to such persons to the obligations of the proposed assignee to Licensor; and

(h) If the assignment or transfer is caused by the death or incapacity of Licensee (or in the case of a partnership, limited liability company or corporation, by the death or incapacity of one controlling 50% or more of the voting or beneficial interest of Licensee), the provisions of this Section must be met with regard to the heir or personal representative of Licensee succeeding to Licensee's interest hereunder; provided, however, if the heir or personal representative assigns, transfers or sells its interest in the License within 90 days after the death or incapacity of Licensee, the person to whom the interest is assigned, transferred or sold, and not Licensee's heir or personal representative, must comply with the provisions of this Section as proposed assignee.

XIX. RIGHT OF FIRST REFUSAL

If, at any time during the Term, Licensee receives a bona fide offer to purchase the License or the Licensed Business, which offer Licensee is willing to accept, Licensee shall communicate in writing to Licensor the full terms of the offer and the name of the offeror. Licensor may elect to purchase the Licensed Business on the terms set forth in the offer. If Licensor elects to purchase the same, it shall give Licensee written notice of the election within 20 days after Licensor receives Licensee's communication of the offer. If Licensor fails to give written notice of election within 20 days, Licensee may sell to the offeror on the terms offered, subject to the provisions relating to assignment. The sale must, however, be completed within 60 days of the termination of the 20 day period during which Licensor may give written notice of election to purchase; otherwise, an additional notice must be given to Licensor and an additional option period must expire prior to any such transfer. If Licensor elects to purchase the Licensed Business, it shall have the right to substitute equivalent cash for any noncash consideration included in the bona fide offer to purchase and Licensor and Licensee will use their best efforts to complete the purchase within 20 days from the date of Licensor's notice of election to purchase.

XX.

PRE-TERMINATION OPTIONS OF THE FRANCHISOR

20.01 Pre-Termination Options. Prior to the termination of this Agreement, if Licensee fails to pay any amounts owed to Licensor or its affiliates, or fails to comply with any term of this Agreement, then in addition to any right Licensor may have to terminate this Agreement or to bring a claim for damages, Licensor shall also have the option:

(a) To suspend the listing of the Licensed Business from any advertising, promotions or listings sponsored or distributed by Licensor, including such items as may be paid for in whole or in part by the Advertising Fund;

(b) To cease providing referrals to Licensee, without any right of Licensee to receive additional "make-up" referrals if Licensee brings itself into compliance with this Agreement; and

(c) To suspend all services provided to Licensee under this Agreement or otherwise, including but not limited to training, marketing assistance, and the sale of marketing materials and other products and supplies.

20.02 Effect of Pre-Termination Options. Licensor's actions as outlined in this section may continue until Licensee has brought its accounts current, cured any default, and complied with Licensor's requirements, and Licensor has acknowledged the same in writing. The taking of any of the actions permitted in this section shall not suspend or release Licensee from any obligation that would otherwise be owed to Licensor or its affiliates under the terms of this Agreement or otherwise. Licensee acknowledges that such actions would not impair Licensee's ability to continue in business and will not constitute a constructive termination of this Agreement.

XXI.

TERMINATION

21.01 Termination by Licensee. Licensee may terminate this Agreement (and the License granted hereunder) effective 10 days after delivery to Licensor of notice of termination, if Licensee is in compliance with this Agreement and Licensor breaches this Agreement and fails to cure the breach within 30 days after written notice of the breach is delivered to Licensor.

21.02 Termination by Licensor. Licensor may terminate the License Agreement effective immediately upon receipt by Licensee of written notice of termination, if:

(a) Licensee uses any substitute material for the Epoxy;

(b) Licensee voluntarily abandons the License by failing to operate the business for five consecutive days during which Licensee is required to operate the business under the terms of the License Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for Licensor to conclude that Licensee

does not intend to continue to operate the License, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond Licensee's control.

(c) Licensee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the Licensed Business;

(d) Licensee or the business to which the License relates is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or Licensee admits its inability to pay its debts as they come due;

(e) Licensors and Licensee agree in writing to terminate the License;

(f) Licensee, after curing any failure for which Licensee is given 30 days' notice and an opportunity to cure, engages in the same noncompliance, whether or not such noncompliance is corrected after notice;

(g) Licensee makes an unauthorized assignment or transfer of the License Agreement, the Licensed Business, or the License;

(h) Licensee makes any material misrepresentations relating to the acquisition of the License;

(i) Licensee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the Licensed Business or the ACE DuraFlo® system;

(j) Licensee fails, for a period of 10 days after notification of noncompliance, to comply with any provision of Applicable Law relevant to the operation of the License Business or use of the Process or the Epoxy;

(k) A levy of execution has been made upon the license granted under the License Agreement and it is not discharged within five days of such levy;

(l) Licensors make a reasonable determination that continued operation of the License by Licensee will result in an imminent danger to public health or safety;

(m) Licensee fails to submit financial statements, sales information or other supporting records as set forth herein for a period of 30 days after they are due or submits to Licensors two or more sales reports, financial statements, other information, or supporting records in any period of 12 consecutive months which understate by 2% or more the Gross Receipts of the Licensed Business, or materially distort any other material information;

(n) Licensee receives, during any consecutive 24 month period, 3 or more notices of default (whether or not the notices relate to the same or to different defaults and whether or not the defaults were timely cured by Licensee; or

(o) Licensee fails to maintain Licensor's protocols with respect to the duty to maintain and control Epoxy samples.

21.03 Termination by Licensor With Prior Notice. Licensor may also terminate this Agreement for any other reason constituting good cause, including, but not limited to, the failure of Licensee to comply with any requirement of this Agreement, and failure to pay any monies owed to the Licensor or its affiliates, after being given notice of such failure and 30 days in which to cure such failure.

21.04 Statutory Limitations. The foregoing notwithstanding, to the extent that the provisions of this License Agreement provide for periods of notice less than those required by Applicable Law, or provide for termination, cancellation, nonrenewal or the like other than in accordance with Applicable Law, such provisions shall, to the extent such are not in accordance with Applicable Law, be superseded by the appropriate provision of Applicable Law, and Licensor shall comply with Applicable Law in connection with each of these matters.

21.05 Requirements of Licensee Upon Termination or Expiration. Licensee agrees, upon termination or expiration of the License, to immediately:

(a) return to Licensor all copies of all Confidential Manuals and other materials and property belonging to Licensor, whether in printed or electronic format, that have been loaned to it by Licensor, and any material marked as property of Licensor or as confidential;

(b) return any software which Licensor may provide, loan or license to Licensee and all marketing and other materials bearing the Names and Marks;

(c) transmit to Licensor, in a form requested by Licensor, all information of Licensee contained in the database for the Licensed Business referenced in Section 14.01 of this Agreement;

(d) inform Licensor of all pending job orders, or jobs in the process of being completed involving the application of the Process, and provide such information to Licensor as Licensor may request in order to assign those projects to other persons. Licensee shall thereafter take no action to interfere with the reassignment of such projects, nor shall Licensee accept any contract for, or commence, any new jobs or applications of the Process. and

(e) execute and deliver a general release, in form satisfactory to Licensor, of any and all claims against Licensor and its officers, directors, shareholders, employees and agents.

21.06 Payments Following Expiration or Termination. Within five days after the effective date of termination or expiration of the License, Licensee shall pay to Licensor such Royalty Fees, Advertising Contributions and other charges as have or will thereafter become due hereunder and are then unpaid and all amounts due for printed

materials, forms, advertising material, samples, supplies, products and services supplied by Licensor. Royalty Fees and Advertising Contributions shall continue to be due and payable (and late charges shall continue to be assessed) after the effective date of termination or expiration of this Agreement until the date that Licensee completes all post-termination obligations required by this Agreement. When termination is based upon Licensee's default, Licensor shall also pay Licensor an amount equal to Licensor's costs and expenses and reasonable attorneys' fees incurred in enforcing the default and termination. Licensee's payments shall be accompanied by all reports required by Licensor regarding business transactions and the results of operations through the effective date of termination or expiration of this Agreement or until the date that Licensee completes all post-termination obligations required by this Agreement, whichever occurs later.

21.07 Business Records. Following the effective date of termination or expiration of this Agreement for any reason, Licensee shall keep and maintain all business records pertaining to the Licensed Business, the Epoxy and the equipment for the remainder of any warranty period that Licensee has given to its customers before the effective date of termination or expiration, as required by this Agreement. During this period, Licensee shall permit Licensor to inspect and copy the business records as frequently as Licensor deems necessary to enforce this Agreement.

21.08 Cessation of All Use of Confidential Information, Names and Marks. Upon termination, expiration or assignment of the License, Licensee shall expeditiously take such action as may be required to cancel all assumed name or equivalent registrations relating to the use of the Names and Marks, telephone directory listings and advertising and promotional activities which associate Licensee with Licensor. After the termination, expiration or an assignment of the License, Licensee shall not directly or indirectly (i) suggest or imply in any manner, that it is, or ever was, affiliated with Licensor in any capacity, or identify itself as a current or former licensee of Licensor or otherwise then, or previously, associated with, Licensor, or (ii) use, in any manner or for any purpose, any part of the System of Operation, the Process, the Names and Marks, or any other indicia of an ACE DuraFlo® business. Continued use by Licensee of any of the foregoing shall constitute willful trademark infringement and unfair competition by Licensee. Licensee authorizes Licensor, and appoints Licensor as its attorney-in-fact, to take all action to complete the foregoing duties in Licensee's name if Licensee fails to do so and recover its direct costs, if any, from Licensee.

21.09 Removal of Signage. Immediately upon termination or expiration of the License, Licensee shall cause all interior and exterior signs identifying the Business Office as an ACE DuraFlo® business, and ACE DuraFlo® signs or logos appearing on any vehicles, to be removed. If Licensee fails to remove the sign(s), Licensor shall be entitled to remove the sign(s), without prior notice to Licensee.

21.10 Right To Purchase Equipment.

(a) After the termination or expiration of the License or any other time Licensee desires to sell or dispose of equipment owned by Licensee and used to conduct the Licensed Business, Licensee must first offer to sell to Licensor said equipment. Licensor shall have a reasonable period of time, not to exceed 30 days from the effective date of termination or expiration or from the date that Licensee gives Licensor written notice of its desire to sell or dispose of the equipment, in which to inspect the equipment. Licensor may, but is not obligated to, purchase all, or specific items, of the equipment for a purchase price equal to a percentage of Licensee's original cost ("Licensee's Equipment Cost") and Licensee shall present appropriate documentation showing Licensee's Equipment Costs, as follows:

If Licensor exercises its option to purchase the item of equipment within the following anniversary of the date of Licensee's original purchase of the equipment:	Percentage of Licensee's Equipment Cost to be Paid By Licensor
Before the first anniversary of Licensee's purchase	60% of Licensee's Equipment Cost
After the first anniversary, and before the second anniversary of Licensee's purchase	40% of Licensee's Equipment Cost
After the second anniversary, and before the third anniversary of Licensee's purchase	30% of Licensee's Equipment Cost
After the third anniversary, and before the fourth anniversary of Licensee's purchase	20% of Licensee's Equipment Cost
After the fourth anniversary, and before the fifth anniversary of Licensee's purchase	10% of Licensee's Equipment Cost

(b) With respect to the equipment that Licensor selects to purchase, Licensor shall have the absolute right to set off from the purchase price all sums then owed by Licensee to Licensor under this Agreement, including damages, costs and expenses and reasonable attorneys' fees in enforcing any default and termination, and under Applicable Law, as well as all amounts then due and owing to Licensor's affiliates. The right to set off shall not limit Licensor's remedies under this Agreement or Applicable Law. Licensee shall deliver possession of the equipment purchased by Licensor upon Licensor's payment of the net purchase price.

21.11 Survival of Certain Obligations. All obligations of Licensor and Licensee that expressly or by their nature survive the expiration or termination of the License shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement until they are satisfied in full or by their nature expire.

XXII.

ENFORCEMENT AND DISPUTE RESOLUTION

22.01 Provisional Remedies. Licensor may apply for Provisional Remedies to enforce its right to terminate this Agreement for cause, to prevent or remedy a breach of this Agreement by Licensee if such breach could materially impair the goodwill associated

with Licensor's Names and Marks, to collect monies due to Licensor, and to enforce the provisions of this Agreement pertaining to Confidential Information, competition, assignment and Licensor's right of first refusal, among others. If Provisional Remedies are awarded, the parties agree that Licensor shall not be required to post bond or comparable security.

22.02 Attorneys' Fees and Costs. The party prevailing in any action or proceeding brought to enforce or interpret the provisions of this Agreement or arising out of the parties' relationship shall be entitled to recover from the other its reasonable attorneys' fees and costs incurred in connection with the action or proceeding, in addition to the other relief awarded by the court or arbitrator.

22.03 Mediation. Except to the extent Licensor believes it is necessary to seek equitable relief as permitted in Section 22.01, or to recover Royalty Fees or other amounts owed to it by Licensee, Licensor and Licensee each agree to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between us, for a minimum of four hours, prior to initiating any legal action or arbitration against the other.

(a) Upon written notice by either party to the other of its desire to mediate, the party receiving the notice will select an independent entity that provides mediation services to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not name such an organization within 10 days from the date the notice of intention to mediate is received, then the other party may proceed as if this Section 22.03 did not exist, or, at its option, make the selection of the organization to provide mediation services. If either party selects an organization that is unwilling to serve as mediator, then the other party may select the organization. Once the organization is designated and agrees to accept the appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to all parties. The mediation will be held within 30 days following receipt by the mediation organization of notification that its services are requested. If Licensor and Licensee cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for both parties, given all of the claimed conflicts in dates. The person actually mediating the dispute will be required to have at least 10 years of experience as either a franchisee or franchisor (or as an officer of such an entity) or in franchise law. Licensor and Licensee will equally share the cost of the mediator. The mediator will select the location for the mediation, but unless both Licensor and Licensee agree otherwise, the mediation will be held in a metropolitan area with at least 250,000 persons that is not within 100 miles of either Licensor or Licensee's principal office or our principal office.

(b) Except for matters where the parties hereto are permitted to bring an action or arbitration without first mediating the dispute, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this section (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 22.03),

then upon petition of whichever party has a lawsuit or arbitration proceeding brought against it, the court or arbitrator will dismiss the litigation or arbitration without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to the attorneys' fees and costs the party seeking dismissal incurred. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of the action, or of any award given in the action, the party initiating the litigation or arbitration will be responsible for all attorneys' fees and costs incurred throughout the litigation or arbitration by the other party as damages for failing to comply with the provisions of this Section 22.03.

22.04 Arbitration. Except insofar as Licensor seeks Provisional Remedies, all disputes and claims relating to any provision of this Agreement or to any of Licensor's standards or operating procedures, or other obligation of either Licensor or Licensee, or to the breach thereof (including any claim that this Agreement, any provision of this Agreement, any specification, standard, operating procedure or any other obligation of Licensor or Licensee is illegal, unenforceable or voidable), or any aspect of the relationship between Licensor and Licensee (even if additional persons are named as parties to such action), must be resolved by arbitration in Orange County, California, or if Licensor's principal office is not located in Orange County, California, then at the office of the American Arbitration Association located closest to Licensor's principal office. It is Licensor's intention that state laws attempting to void out of state forum selection clauses for arbitration be preempted by the Federal Arbitration Act and that arbitration be held in the place designated above.

(a) The arbitration will be held in accordance with the United States Arbitration Act (9 U.S.C. § 1 et seq.), if applicable, and the rules of the American Arbitration Association relating to the arbitration of disputes arising under franchise agreements, if any; otherwise, the general rules of commercial arbitration.

(b) The arbitrator appointed must have at least 10 years' experience in franchising or franchise law, and the arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers and limitations of this Agreement. The arbitrator shall have no authority to add, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator will have the right to award or include in any award the specific performance of this Agreement, but will be required to file a reasoned brief with his or her award.

(c) Licensor and Licensee acknowledge that judgment upon an arbitration order may be entered in any court of competent jurisdiction and will be binding, final, and nonappealable except as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section 22.04.

(d) In connection with any such arbitration proceeding, each party must submit or file any claim which would otherwise constitute a compulsory counterclaim (as defined

by Rule 13 of the Federal Rules of Civil Procedure of the United States) within the same proceeding as the claim to which it relates. Any such claim that is not so submitted or filed will be forever barred.

(e) Notwithstanding any other provision of this Agreement, all issues relating to arbitrability or the enforcement of disagreement to arbitrate shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law of arbitration.

(f) The determination of the arbitrator shall be required to include a reasoned basis for its decision.

(g) Unless this Agreement is terminated in accordance with the provisions of Article 21, during the pendency of any arbitration proceeding, Licensee and Licensor will fully perform the requirements of this Agreement.

22.05 Effect of Nonarbitrable Claims. If, after Licensor or Licensee institutes an arbitration proceeding, one or the other asserts a claim, counterclaim or defense, the subject matter of which, under statute or current judicial decision is nonarbitrable for public policy reasons, the party against whom the claim, counterclaim or defense is asserted may elect to proceed with the arbitration of all arbitrable claims, counterclaims or defenses, or to proceed to litigate all claims, counterclaims or defenses in a court having competent jurisdiction.

22.06 Waiver of Punitive Damages. Licensor and Licensee (and their respective owners and guarantors if applicable) agree to waive, to the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against the other and against any affiliates, owners, employees, or agents of the other and agree that in the event of a dispute, Licensor and Licensee will each be limited to the recovery of any actual damages sustained by it.

22.07 Choice of Forum. Licensor and Licensee (and their respective owners and guarantors if applicable) each agree that if litigation is permitted under this Agreement, the sole forum for litigation arising under this Agreement, or any aspect of their relationship between us (even if additional parties are named as parties to that litigation) will be an appropriate state or federal court in California, and both Licensor and Licensee waive any objection they may have to either the jurisdiction or the venue of such court (except to the extent jurisdiction is preempted by the arbitration provisions of this Agreement), and Licensor and Licensee each consent to personal jurisdiction and venue in such court. Notwithstanding the forgoing, if Licensor seeks Provisional Remedies, it may, at its option, bring that action in the county where the Operating Territory is located.

22.08 Waiver of Trial by Jury. LICENSOR AND LICENSEE EACH HEREBY WAIVE THEIR RIGHT TO A TRIAL BY JURY. This waiver applies to all causes of action that are or might be included in any such action, including claims related to the enforcement or interpretation of this Agreement, allegations of state or federal statutory violations,

fraud, misrepresentation or similar causes of action and it applies even if persons that are not a party to this Agreement are named as additional parties in the proceeding.

22.09 Waiver of Damages for Denial or Delay of Consent. Each party hereby waives any claims, whether directly, by way of setoff, counterclaim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by any person. The sole remedy for such claim is to submit the claim to arbitration, as described in this Agreement, and for the arbitrator to order the party to grant such consent.

22.10 Waiver of Collateral Estoppel. The parties agree they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having those disputes directly affect the contract or relationship between them. Licensor and Licensee therefore each agree that a decision of an arbitrator or court of law to which either of Licensor or Licensee is not a party will not prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any action between Licensor and Licensee. Licensor and Licensee therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action between them if either of them lost a similar claim or defense in another action.

XXIII.

INDEPENDENT CONTRACTORS/INDEMNIFICATION PERSONAL GUARANTY

23.01 Relationship of Licensee to Licensor. Licensee is a licensee of Licensor. Licensee shall be conspicuously identified at the Business Office and in all dealings with customers and suppliers as a licensee. All written materials given to customers of the Licensed Business, including but not limited to promotional materials, invoices and inspection reports, shall clearly identify that the Licensed Business is independently owned and operated by Licensee. Licensee shall not represent or imply to any person that this Agreement authorizes Licensee to act as agent for Licensor.

23.02 Indemnity by Licensee. Neither Licensor nor Licensee shall be obligated or liable to any third person, by any agreement, representation or warranty made by the other, nor shall Licensor be obligated for damages to any person or property directly or indirectly arising out of the operation of the Licensed Business, Licensee's breach of contract, any warranty that Licensor may give to its customers, or otherwise caused by Licensee's acts or omissions. Licensee agrees to indemnify Licensor in any action, suit, proceeding, demand, investigation or inquiry (formal or informal) wherein the liability of Licensor is alleged or in which it is named as a party as a result of acts or omissions by Licensee or its employees, agents or owners. In the event that such an action or claim is made against Licensor, Licensee shall indemnify and hold harmless Licensor from all costs reasonably incurred by Licensor in the defense of any such claim brought against it, or in any such action in which it is named as a party, including without limitation, reasonable attorneys' fees, costs of investigation or proof of facts, court costs, other

litigation expenses and travel and living expenses, and from all amounts paid or incurred by Licensor arising out of such claim or action. Licensor shall have the right to defend any such claim against it. Such an undertaking by Licensor shall, in no manner or form, diminish Licensee's obligation to indemnify Licensor and to hold it harmless. Licensor shall not be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim against Licensee. If a decision rendered in an action or suit covered by this Section 23.02 is against Licensee or Licensor, and Licensor desires to appeal the decision, Licensee may notify Licensor within 10 days of the date of the decision of its intent to abide by the decision, then, in such event, Licensee shall pay Licensor the amount required of it under this Section 23.02, and all future costs related to the appeal or settlement of the claim shall be the responsibility of Licensor.

23.03 Indemnity by Licensor. Licensor agrees to indemnify Licensee against, and to reimburse Licensee for, any obligation or liability for damages payable to persons other than Licensee or its owners that are attributable to agreements, representations or warranties of Licensor, or caused by the negligent or willful action of Licensor, and for costs (as hereinabove defined) reasonably incurred by Licensee in the defense of any claim brought against it as a result of the foregoing or in any such action in which it is named as a party. Licensor shall have the right to participate in and to control any litigation or proceeding which might result in liability of or expense to Licensee subject to indemnification by Licensor.

23.04 Survival of Indemnities. The indemnities and assumption of liabilities and obligations herein shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

23.05 Personal Guaranty. If Licensee is a business entity, each person who on the Signing Date owns, and each person who during the Term acquires, either legally or beneficially, 10% or more of the equity or voting interests of Licensee shall furnish any financial information reasonably required by Licensor and execute Licensor's form of personal guaranty. An event of default under this Agreement shall occur if any guarantor fails or refuses to deliver to Licensor, within 10 days after Licensor's written request (i) evidence of the due execution of the personal guaranty, and (ii) current financial statements of guarantor as may from time to time be requested by Licensor.

XXIV.

GOVERNING LAW/BINDING EFFECT/CONSTRUCTION/WAIVER/ NOTICES

24.01 Governing Law. The Lanham Act (15 U.S.C. §1051 et seq.) governs any federal issue involving the Names and Marks. Except as otherwise provided in Article XXII of this Agreement and this section 24.01, the laws of the State of Nevada govern the terms of this Agreement and the legal relationship between Licensor and Licensee.

24.02 Successors and Assigns. This Agreement is binding upon the parties hereto, their respective heirs, assigns and successors in interest.

24.03 Entire Agreement; Modification. The introduction, recitals and exhibits hereto are a part of this Agreement, which together with the Offering Circular constitutes the entire agreement of the parties, and at the time of this Agreement, there are no other oral or written understandings or agreements between Licensor and Licensee relating to the subject matter of this Agreement. Specifically, Licensee acknowledges that it has entered into this Agreement after making an independent investigation of Licensor's operations and not upon any representation as to profits which Licensee might be expected to realize, nor has anyone made any other representation to induce Licensee to accept the License granted hereunder and to execute this Agreement which is not expressly set forth herein or in the Offering Circular Licensee acknowledges having received at least 10 business days before the Signing Date. No modification of this Agreement shall be valid unless such modification is in writing and signed by Licensee and Licensor.

24.04 Titles for Convenience Only. The headings of the several sections above are for convenience only and do not define, limit or construe the contents thereof. The term "Licensee" as used herein is applicable to one or more persons, a corporation or a partnership, as the case may be, and the singular usage includes the plural and the masculine and feminine usages include the other and the neuter. References to "Licensee" applicable to any individual shall mean the principal owner or owners of the equity or operating control of Licensee if Licensee is a corporation, limited liability company or partnership.

24.05 Construction. Licensor and Licensee agree that if any provision of this Agreement is capable of 2 constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision shall have the meaning which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed simply according to its fair meaning and not strictly against Licensor or Licensee.

24.06 Severability. It is the desire and intent of Licensor and Licensee that the provisions of this Agreement be enforced to the fullest extent possible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. Licensor and Licensee shall substitute a valid and enforceable provision for any specification, standard, operating procedure, rule or other obligation of Licensee or Licensor that is determined to be invalid or unenforceable and is not waived by the other.

24.07 Failure or Delay to Exercise Right is Not Waiver. Licensor and Licensee, by written instrument, may unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by Licensor of any payment by Licensee and no failure, refusal or neglect of Licensor or Licensee to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder or with any specification, standard or operating procedure shall constitute a waiver of any provision of this Agreement or any specification, standard or operating procedure; provided, however, that such failure, refusal or neglect to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations under this Agreement or under Applicable Law, or with any specification, standard or operating procedure, shall constitute a waiver of any default arising under this Agreement or under Applicable Law and shall preclude exercise or enforcement of any right or remedy arising there from, unless written notice of such default is provided by the non-defaulting party within 24 months after such right or default occurs (except that this 24 month clause shall not apply to any default that arises in whole or in part by the underreporting of Gross Receipts by Licensee). No exercise or enforcement by Licensor or Licensee of any right or remedy hereunder shall preclude the exercise or enforcement by Licensor or of Licensee of any other right or remedy hereunder or which Licensor or Licensee is entitled by law to enforce.

24.08 Notices. All written notices permitted or required to be delivered by the provisions of this Agreement shall be deemed so delivered (i) when delivered by hand, (ii) 5 days after placed in the mail system of the United States or Canada by registered or certified mail, return receipt requested, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified, (iii) one business day after sent via overnight courier, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified; or (iv) one business day after transmission by facsimile, telecopy or other electronic system, including e-mail to the principal e-mail account address of which the notifying party has been notified.

24.09 Licensor's Right to Vary Standard Specifications and Practices. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Licensor specifically reserves the right and privilege, at its discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any license owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which Licensor deems to be of importance to the successful operation of such license owner's business. Licensee shall not complain on account of any variation from standard specifications and practices granted to any other license owner and shall not be entitled to require Licensor to grant to Licensee a like or similar variation thereof.

24.10 Advice of Counsel. Each party represents that before signing this Agreement, such party had the opportunity (and was strongly advised) to seek advice from an

attorney of his, her or its own choosing, and that such party has read and understands all of the terms and provisions of this Agreement.

24.11 Licensor's Business Judgment. The parties recognize, and any mediator, arbitrator or judge is affirmatively advised that certain provisions of this Agreement describe the right of Licensor to take (or refrain from taking) certain actions in its discretion, and other actions in the exercise of its reasonable business judgment. Where this Agreement expressly requires that Licensor make a decision based upon Licensor's reasonable business judgment Licensor is required to evaluate the overall best interests of all ACE DURAFLO® businesses and Licensor's own business interests. If Licensor makes a decision based upon its reasonable business judgment, neither a mediator, arbitrator nor a judge shall substitute his or her judgment for the judgment so exercised by Licensor. The fact that a mediator, arbitrator or judge might reach a different decision than the one made by Licensor is not a basis for finding that Licensor made its decision without the exercise of reasonable business judgment. Licensor's duty to exercise reasonable business judgment in making certain decision does not restrict or limit Licensor's right under this Agreement to make other decisions based entirely on Licensor's discretion as permitted by this Agreement. Licensor's discretion means that Licensor may consider any set of facts or circumstances that it deems relevant in rendering a decision.

IN WITNESS WHEREOF, Licensor and Licensee have executed this Agreement the day and year first above written, effective as of the date executed by Licensor.

LICENSEE:

LICENSOR:
ACE DURAFLO SYSTEMS, LLC

By: _____

By: _____

Title: _____

Title: _____

Printed Name: _____

Printed Name: _____

PRINCIPALS:

Printed Name: _____

Printed Name: _____

Printed Name: _____

Printed Name: _____

**EXHIBIT 1 TO
ACE DURAFLO® LICENSE AGREEMENT**

**BETWEEN ACE DURAFLO SYSTEMS, LLC (LICENSOR)
AND _____ (LICENSEE)**

Operating Territory and Initial License Fee

The Operating Territory shall be considered the following non-exclusive geographic area:

The population in the Operating Territory as of the Effective Date according to the most recently published census data of the federal Office of Management and Budget is:
_____.

The Initial License Fee is \$ _____ based on the following calculation:

\$24,900 for an Operating Territory of up to 1 Million population as of the Effective Date; plus \$5,000 for each population increment of up to 250,000, as explained in the Agreement.

To the extent not specifically modified hereby, the terms and conditions of the License Agreement remain in full force and effect.

Dated as of _____, _____.

“LICENSEE”

“ADF”
ACE DURAFLO SYSTEMS, LLC

By: _____
_____, President

By: _____
_____, President

Business Office

Business Office

The street address for Licensee's Business Office shall be:

To the extent not specifically modified hereby, the terms and conditions of the License Agreement remain in full force and effect.

Dated as of _____, _____.

"LICENSEE"

"ADF"
ACE DURAFLO SYSTEMS, LLC

By: _____
_____, President

By: _____
_____, President