

EXHIBIT I
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

between

CM IT Solutions, Inc.

a Texas corporation

and

Date: _____

Unit Number: _____

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CM IT Solutions, Inc.

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made and entered into as of this ____ day of _____ 20 ____, by and between CM IT Solutions, Inc., a Texas corporation, (the "Franchisor") with existing principal offices at 1701 Directors Boulevard, Suite 300. Austin, Texas 78744 and _____ (the "Franchisee") whose principal address is _____. To simplify the language in this Agreement, the terms "we," "us," "our," and the like, may be used to refer to the Franchisor, and the terms "you," "your", and the like, may be used to refer to the Franchisee.

RECITALS

This Agreement is entered into with reference to the following facts and circumstances:

A. The Franchisor, as the result of the expending of time, effort and money, has developed a distinctive system relating to the establishment, operation and promotion of computer support and training franchises ("CM IT Solutions Businesses" and "CM IT Solutions Franchises"), offering a wide variety of outsourced Information Technology services along with alliance partner product and service offerings primarily to small and medium-sized businesses (SMBs) (the "System").

B. We own or have acquired an exclusive license to use and to sublicense others to use certain trade names, trademarks and/or service marks in connection with the System, including the trademark and service mark "CM IT Solutions®" (the "Marks"), which term also shall include any additional trademarks, service marks and trade names of ours that we may from time to time designate in the confidential Operations Manuals referred to in Section 4.5 below as being available for use by franchisees in the System.

C. We are engaged in the business of licensing to independently owned businesses the right to use the Marks in connection with the operation and promotion of the System.

D. You understand the importance of our high standards of quality, appearance and service to the value of the System, and the need to operate in conformity with our standards and specifications.

E. You are aware of the distinctive and valuable significance to the public of the Marks, and you desire to acquire a non-exclusive license to use the Marks and to receive the other benefits of the System in connection with the operation of one or more CM IT Solutions Businesses, and we are willing to grant such a license to you on the terms and conditions set forth herein.

AGREEMENT

The parties hereby agree as follows:

ARTICLE 1. GRANT OF FRANCHISE RIGHTS

1.1 OUR BELIEFS, CORE EXPECTATIONS, AND GRANT OF LICENSE

A. OUR BELIEFS

You understand and agree that the values described below constitute "Our Beliefs" in the CM IT Solutions System, and that conducting business according to these fundamental values is key not only to CM IT Solutions' and your success, but also to the success of all other franchisees in the CM IT Solutions network. "Our Beliefs" are as follows:

WE BELIEVE:

IN A FOUNDATION BASED UPON CHARACTER AND INTEGRITY
IN A PASSIONATE COMMITMENT TO OUR CLIENTS; ALL ELSE IS SECONDARY
IN BEING DEDICATED TO CONTINUOUS TO PERSONAL GROWTH AND
PROFESSIONAL IMPROVEMENT
IN BEING DEVOTED TO ONE ANOTHER, FAMILY AND COMMUNITY
THAT A SPIRIT OF FUN AND SENSE OF HUMOR ARE ESSENTIAL
IN ACKNOWLEDGING THE BLESSINGS OF THIS AWESOME RESPONSIBILITY
AND PRIVILEGE

These values form the very essence of this Agreement and form the cornerstone of the CM IT Solutions franchise program. You acknowledge that the operation of your business under this Agreement will affect directly both the IT service experiences of CM IT Solutions clients and their overall perception and acceptance of the CM IT Solutions System, CM IT Solutions trademarks, and the members of the CM IT Solutions network of businesses. Accordingly, you shall operate your business in a manner consistent with the values contained in Our Beliefs.

CM IT Solutions represents and you acknowledge and agree that (1) the CM IT Solutions Franchise Program and the CM IT Solutions services are integral parts of a highly interrelated System, and (2) the successful operation of each CM IT Solutions business is critical to CM IT Solutions' overall business objectives and plans.

B. CORE EXPECTATIONS

CM IT Solutions is committed to the success and fulfillment of the highest expectations of our franchisees. At every level our organization is driven to enhance the value of the information we provide and improve the quality of the franchisee support we offer. A healthy franchised network of owners takes a similar commitment from each of its franchisees to enhance its own performance in the operation of each franchised business. We therefore have adopted the following Core Expectations for each franchisee in the CM IT Solutions network:

(1) Each franchisee shall follow as carefully and as completely as possible the CM IT Solutions business operations guidelines that are such an important part of the franchised business granted to Franchisee;

(2) Each franchisee shall aggressively market its business, hire at least one sales associate, and implement and execute all aspects of the sales and marketing system. To that end each franchisee must formalize, document and submit an acceptable plan of marketing to us within 30 days

after on-site new owner training, submitting periodic updates to us as required; must spend sufficient sums on promotion and advertising; must use our CM IT Solutions alliance partners; and participate in our national accounts program and projects where feasible; and

(3) Each franchised business shall meet such performance goals and minimums as are adopted in the CM IT Solutions System. Monetary achievement levels are determined for the second and third years of operations, and provided to each franchisee in writing.

If, in our judgment, your business does not meet any of these Core Expectations, CM IT Solutions shall call for a Territory Review and Improvement Program. Your participation and cooperation in this program is mandatory. The process is a multi-step program by which CM IT Solutions provides intense, individually tailored counseling and assistance, additional training, and coaching in the successful operation of a CM IT Solutions business. A Territory Review and Improvement Program generally lasts for up to four months. During this period, you agree to cooperate and follow recommendations, including recommendations for the reasonable expenditure of money on advertising and promotion, and for the expense of any recommended training.

C. Grant of License

For the term specified below, and subject to your compliance with the provisions of this Agreement, we hereby grant to you the non-exclusive right and license to use the Marks and to receive the other benefits of the System as provided in this Agreement, in connection with the operation of one (1) CM IT Solutions Franchise devoted exclusively to offering a wide variety of outsourced Information Technology services along with alliance partner product and service offerings primarily to small and medium-sized businesses (SMBs) (the "Franchised Business"). The Franchisor retains all rights not expressly granted to the Franchisee herein; and expressly retains ownership of all customers and customer data generated in Franchisee's business operations.

1.2 Term of Agreement

The term of this Agreement shall commence on the date of this Agreement and shall terminate on the tenth (10th) anniversary of the date we sign this Agreement (the "Term"), unless terminated earlier in accordance with Article 14 or any other provisions of this Agreement, or renewed in accordance with Article 13 of this Agreement.

1.3 Territory

You are granted the right to operate one (1) CM IT Solutions Franchise only in the Territory described in Exhibit 1 to this Agreement by a map, or by a written description, or both (the "Territory"), and only at a location that we approve pursuant to Sections 2.1 and 2.2 below (the "Site"). In addition:

- (a) Franchises awarded prior to December 31, 2000 did not receive exclusive rights to a Territory. These franchisees were awarded non-exclusive rights that permit them to sell our products or services anywhere within a specified demographic marketing area ("DMA"). All of these franchisees are located in Texas and Oklahoma. If any of these franchisees are located in or near your Territory, we cannot prohibit them from making sales in your Territory.
- (b) We may authorize or establish another franchise that will be permitted to use the CM IT Solutions name and Marks at any location, anywhere, except not within your Territory.
- (c) We may establish a company-owned CM IT Solutions Business using our name and Marks at any location anywhere, except not within your Territory.
- (d) We may establish other company-owned Businesses or franchises selling any type of product or service, except onsite Information Technology solutions, customized training and computer support services to both the business and residential markets.

- (e) We may sell products or services in your Territory, via electronic commerce (the Internet) or by other means, that are related to, but not the same as, the products and services that you will offer for sale in your Franchise, and we will have no obligation to compensate you in any way for the sale, if any, of these related products or services.
- (f) Other CM IT Solutions franchisees may make sales within your Territory, but only through a referral, or as described in 1.3(a) above, and we have no duty to protect you from any such sales.
- (g) You may make sales in another franchisee's Territory, but only through a referral. Our referral policy is described in our Manuals.
- (h) You will compete with other CM IT Solutions Businesses that now are, or that in the future may be, located near or adjacent to your Territory, and such CM IT Solutions Businesses may be owned by us, by an affiliate of ours, by third parties or a combination of those mentioned.

ARTICLE 2. SITE SELECTION AND FRANCHISE DEVELOPMENT

2.1 Site Selection Procedures

You may operate your CM IT Solutions business in a home office or in a suitable leased office space. We recommend you obtain outside office space from which to operate your CM IT Solutions Business, but you are not required to do so. If you do purchase or lease office space, we have no obligation to help you locate such space or help you in negotiating the lease. We have no requirements with regard to type of space, square footage, or office layout, except as described below.

2.2 Lease and Purchase Approval

If you intend to lease the Site for your CM IT Solutions Business, the lease will be subject to our prior approval, and you must provide us with a copy of the proposed lease and details relating to square footage, rental per square foot, the term of the lease, and such other terms as we reasonably require at least ten (10) days prior to executing the lease. Each such proposed lease must contain the provisions set forth in Exhibit 3 attached to this Agreement, and must specifically state that we are a third party beneficiary of the lease. If we cure any default by you under the lease, any amounts that we pay to cure the default will be payable by you to us on demand together with interest thereon at the rate of one (1%) percent per month from the date we make such payment, or, if less, at the maximum rate that does not violate applicable state usury laws (the "Default Rate").

Although we do not recommend that you purchase the Site for your CM IT Solutions Business, if you intend to do so, the terms of such purchase shall be subject to our prior approval, and you must provide us with a copy of the purchase agreement and details relating to square footage, price per square foot and such other terms as we reasonably require at least ten (10) days prior to executing the purchase agreement.

You acknowledge and understand that our approval of any specific location, lease or purchase agreement does not in any way guarantee or ensure its success or profitability or its conformity to applicable laws, and such approvals are for our own benefit only.

2.3 Furniture, Equipment and Permits

You must, at your own cost, furnish and equip your CM IT Solutions Franchise office. We will provide you with a list of recommended and required office equipment and supplies.

You will be responsible for the cost of obtaining all necessary permits and licenses, if any, and you must, at your expense, comply with all laws, zoning ordinances, rules and regulations of any government agencies that may be applicable to opening your business.

2.4 Relocation

You may relocate your Franchise to another place within your Territory. A relocation can only occur with our prior written consent.

ARTICLE 3. OPERATIONS

3.1 Commencing Operations

You must be prepared to provide computer support and training services within sixty (60) days after you graduate from the Initial Training Program, unless we extend this time period in writing. You shall complete the Initial Training Program for your CM IT Solutions Business within three (3) months after you sign this Franchise Agreement.

You acknowledge that before starting operations you must, at your own expense, do the following (in addition to any other requirements set forth in this Agreement):

- (a) Complete the Initial Training Program described in Section 4.1 of this Agreement; and
- (b) Purchase, lease or otherwise acquire all the supplies, equipment, fixtures, furnishings and all other items necessary to operate the Franchised Business as described in the confidential Operations Manuals or in this Agreement; and
- (c) Obtain general liability insurance, automobile liability coverage, and other insurance as we may require in accordance with the requirements described in Section 9.8 of this Agreement and provide to us evidence that such insurance has been obtained.

Prior to opening, you must notify us that you have satisfied all requirements to begin operations, and provide us with such documents as we may reasonably request that show your compliance with all such requirements. Upon receipt of our acknowledgment that such requirements have been satisfied, you will have five (5) days to begin operations of your CM IT Solutions Business. If you do not begin operations of your CM IT Solutions Business before the expiration of the three (3) month period, then we may terminate this Agreement by giving you written notice to that effect. We will have no obligation to refund to you all or any part of the Initial Fees in the event of such a termination.

3.2 Telephones, Internet and Electronic Mail

You must at all times maintain a separate business telephone line for the exclusive use of your Franchise.

You must install and maintain a high-speed broadband internet connection in accordance with our specifications, and permit us direct access to such information on your computer(s) as we may require to assist you in managing your Business. We must have this access at such times and in such manner as we may specify. You must regularly submit to us your client database in a form we shall prescribe in the Manuals. We shall own all such customer and Franchisee data, and may use them for any marketing or business purpose.

We may specify the use of an Internet-based telephone system (known as VoIP for "Voice Over Internet Protocol", and also known as IP Telephony, Internet telephony, and Digital Phone) during the term of this Agreement and reserve the right to require you to install such a telephone system for use in your CM IT Solutions office.

Before you open for business, you must subscribe to an Internet service provider (ISP). Your ISP account must be compatible with and interface with Microsoft Outlook.

ARTICLE 4. TRAINING, ASSISTANCE AND START-UP MATERIALS

4.1 Initial Training Program

We will provide you and up to one (1) of your employees (i.e., two (2) natural persons), at our sole cost, with an Initial Training Program designed to inform the participants as to the fundamentals of operating the Franchised Business. At least one (1) person must attend the Initial Training Program, which includes completion of our online training. If you are a corporation, a partnership or a limited liability company, one of those people must be a principal owner. If you want to have more than two (2) people attend the Initial Training Program, you must pay an Additional Training Fee for each such person.

If you or your principal owners will not be directly involved in the supervision of the Franchise, you must employ a designated manager who also has completed the Initial Training Program to our satisfaction, and has received our Certification.

You are responsible for your travel expenses, room and board during any training, and those expenses incurred by any of your employees who attend the Initial Training Program. The Initial Training Program is mandatory, and will be held on an as-needed basis and for the duration we designate. The Initial Training Program will be held in Austin, Texas, or at other certified training centers within the US that we will designate. You must complete the Program to our satisfaction before you may commence operation of your CM IT Solutions Business. You agree that adequate knowledge regarding the operation of the Franchised Business is essential to the success of your CM IT Solutions Franchise and to the promotion of the System. We will determine, at our sole discretion, whether you, or any of your employees attending the program, have successfully completed training.

4.2 Employee Hiring and Training

You agree to penetrate your market through the hiring of employees (and not independent contractors) that will assist you in providing onsite Information Technology solutions, customized training and computer support services in your Territory. Within your first 3 months of operation you we recommend that you plan to have a total of approximately five (5) to ten (10) employees; and we require that you hire at least one (1) sales associate. You acknowledge that the employees of your CM IT Solutions Franchise are an integral and important part of the Franchised Business, as they will have substantial contact with customers. All employees who will be providing our onsite Information Technology solutions, customized training and computer support services must satisfactorily complete the Initial Training Program for employees, and receive Certification at one of our Certified Training Centers. You are responsible for the hiring, terms of employment and compensation of your employees, for their compliance with the Operations Manuals, and for their costs in attending the training program. As new employees are hired, you agree to ensure that they attend and successfully complete any and all required training programs and receive the necessary certification. We reserve the right to assess a reasonable Certification Fee to cover our costs of providing the certification training described in this Section 4.2.

4.3 Additional Programs

We may, in the future, require you and your employees who are trainers to participate in additional Certification or Re-Certification training programs, or other programs to learn about new products or services and other appropriate subjects. Such programs may include Internet-based conferences, interactive and other computer-based programs, local and regional meetings and annual conventions. We reserve the right to charge you a nominal fee to attend these programs. These programs will be held at locations within the United States that we will specify.

You are required to pay the cost of transportation, food, lodging and other personal expenses of your attendance and those of your personnel at any of these additional programs.

4.4 Online and On-Site Remedial Training

Upon your reasonable request, and subject to the availability of our personnel, we will provide either online or on-site remedial training to you. You will be charged the then-current per diem fee or hourly online charge for the services of our trained representative, plus their costs of travel, lodging, meals and wages.

4.5 Confidential Operations Manuals

To protect the reputation and goodwill of the System and to maintain the consistent standards of operation under the Marks, you must conduct the Franchised Business in accordance with our Operations Manuals that, because these may be revised, amended, restated or supplemented from time to time, are incorporated herein by reference (the "Manuals"). The Manuals include all electronic and printed media not limited to communications, written directives in print, video and audio tape.

You will at all times treat as confidential and will not at any time copy, duplicate, record, or otherwise make available to any unauthorized person any portion of the Manuals. The Manuals will at all times remain our sole property.

We will charge a fee of One Hundred (\$100.00) Dollars for any replacement Manual, videotape, diskette or disk that you request.

So that you may benefit from new knowledge gained by us as to improved techniques in the operation of the System, we may from time to time revise, amend, restate or supplement the contents of the Manuals. No revision, amendment, restatement or supplementation will alter your fundamental status under this Agreement, however. All revisions amendments, restatements and supplements will be in writing and will be deemed to be received by you as provided in the notice provisions of Article 15 of this Agreement.

You will at all times ensure that your copies of the Manuals are kept up-to-date. In the event of a dispute regarding the contents of the Manuals, the master copies maintained by us at our principal office will be controlling. You agree to incorporate and implement any improvements to the System as reasonably required by us, which improvements will be reflected in amendments and supplements to the Manuals.

4.6 Start-Up Business Package

Before you open for business, you must purchase from our approved supplier a start-up package of business materials including business cards, invoices, letterhead and a marketing package that includes brochures and other marketing materials. We also will provide you with a prototypical initial marketing plan.

4.7 Computer System

Prior to the opening of your CM IT Solutions Business, you will be required to acquire and to use a computer system during the operation of the Franchised Business. The recommended and required components of this system are identified in the Franchise Manuals. You will be required to maintain the Computer System in good working order at all times, and to upgrade or update the Computer System during the term of this Agreement as we may require from time to time. It will be your responsibility to enter into contracts for the maintenance, support, upgrades and updates to the Computer System.

We reserve the right to develop customized software database configuration upgrades and identify third-party project management services for use in connection with the System. At our request, you must enter into a software license agreement with us or a third-party supplier in such form as we may prescribe, for the license of certain proprietary software that we may provide or designate for the operation of your Franchise. We may also make available to you any enhancements or replacements to the software that are developed. We reserve the right to charge a reasonable fee for these enhancements; and you agree to pay the subscription fees or other software charges of third-party suppliers.

ARTICLE 5. FEES AND DEPOSITS

You agree to pay us Initial Fees in the amount of \$ _____ upon your execution of this Agreement, in accordance with the following provisions:

5.1 Initial Fees

The Initial Fees ("Initial Fees") are as follows:

- (a) The Franchise Fee is \$39,500. The Franchise Fee will be due and payable by you to us, by cashier's check, wire transfer or other form of immediately available funds acceptable to us, upon your signing this Agreement. You and we agree that our grant of the Franchise and your payment of the Initial Fees provided for in this Section 5.1 do not give you any rights with respect to other franchises, if any, as we in our sole discretion may elect to make available in the future.
- (b) The Franchise Fee includes a geographic territory comprised of whole contiguous US Postal Zip Codes (the "Territory") with a minimum of 5000 Small Business Establishments (SBEs) which meet our then current criteria for business size. In the event that there are more than 5000 SBEs in the geographic Territory, a Territory Fee will apply.
- (c) The Territory Fee is \$5.00 for each SBE in excess of 5000 SBEs within the Territory. For example, a Territory containing 5501 SBEs would be \$2,505.00 (\$5.00 multiplied by 501).

The Initial Fee will be discounted by ten percent (10%) if you sign this Franchise Agreement within 14 days after you attend a "Discovery Day" or meet with us in person. We may, at our sole discretion, return the Initial Fees (less any out-of-pocket expenses that we have incurred) to you if you do not make satisfactory progress in initial training. There will no refund of the Initial Fees under any other circumstances. All Initial Fees must be paid in full prior to commencement of the Initial Training Program.

5.2 Royalty Fee

You will pay us a monthly royalty fee of six percent (6%) of Gross Professional Services revenue ("GPS") or the Minimum Monthly Royalty, whichever is the greater amount.

The term "GPS" means all revenue from all professional services provided by your CM IT Solutions business, and includes consulting services, technical support, training, recurring services, services net-of-costs in conjunction with alliance partners, and other services offered by your CM IT Solutions business. "GPS" does not include commissions paid by alliance partners or profits made on the margins of hardware or software sales. Royalties will be drafted monthly from your business bank account.

Monthly Royalty Fee's are to be paid based on the following schedule:

- (a) No Royalty Fee is due for the first sixty (60) days ("Months One and Two") following the date that you complete the initial CM IT Solutions Franchise training ("The Opening Date"); then
- (b) Six percent (6%) of GPS or the Minimum Monthly Royalty fee of \$500 per month, whichever is the greater amount, for each of the following ten (10) months, ("Months Three through Twelve"),. (As an example: Initial franchisee training is completed on January 16, the "Opening Date" occurs on January 16. February is Month One, March is Month Two, and April is Month Three. The Royalties for the calendar month of April will be collected as described in the Policies and Procedures Manual); then
- (c) Six percent (6%) of GPS or the Minimum Monthly Royalty fee of \$700 per month, whichever is the greater amount, for each of the following twelve (12) months, ("Months Thirteen through Twenty-Four"); then

- (c) Six percent (6%) of GPS or the Minimum Monthly Royalty fee of \$900 per month, whichever is the greater amount, thereafter for each month remaining in the Franchise Agreement.

We reserve the right to raise any and all of these Minimum Royalty Fee amounts, but in no event will any increase exceed increases in the Consumer's Price Index (the "CPI"). (See Section 5.5 below). We shall promptly notify you at the beginning of each year of any adjustment to the Royalty Fee levels.

The Royalty Fees shall be due and payable monthly as described in the Policies and Procedures Manual. You agree that we will have the right to withdraw funds each month by electronic funds transfer (EFT) from your designated bank account to our bank. You must sign and deliver to us such documents and authorizations as may be required by your bank and our bank to accomplish such EFT transactions. If any EFT is not honored by your bank for any reason, you will be responsible for that payment, plus a service charge applied by us and the bank, if any. You must at all times maintain a minimum balance of One Thousand Dollars (\$1,000.00) in the separate, dedicated bank account against which such EFTs are to be drawn. If royalty payments are not received when due, interest may be charged as described in Section 5.4 below.

You must report your total GPS to us by such method or on such form as we may specify, on the 10th of the month for the previous month (or the Friday before the 10th of the month if the 10th falls on a weekend.)

You must provide us with a detailed written accounting and computation of your total GPS on such forms as we may require.

Timing of Monthly Fees and Reports.

You must pay to us a monthly Royalty Fee based on the following schedule:

The Reporting Month is the calendar month. The first Reporting Month will be the earlier of (a) the first calendar month in which you perform any of the services contemplated by this Agreement or (b) the calendar month in which the 60th day after the date of your graduation from training occurs. On a monthly basis, you agree to include a duplicate invoice (kept in numbered sequence) of all transactions relating to the transactions on which Royalties are payable, a copy of all voided invoices, and an accurate CM IT Solutions royalty report form, and other information pertaining to the GPS as we may reasonably require.

The Royalty Fees shall be due and payable monthly as described in the Policies and Procedures Manual. You agree that we will have the right to withdraw funds each month by electronic funds transfer (EFT) from your designated bank account to our bank. You must sign and deliver to us such documents and authorizations as may be required by your bank and our bank to accomplish such EFT transactions. If any EFT is not honored by your bank for any reason, you will be responsible for that payment, plus a service charge applied by us and the bank, if any. You must at all times maintain a minimum balance of One Thousand Dollars (\$1,000.00) in the separate, dedicated bank account against which such EFTs are to be drawn. If royalty payments are not received when due, interest may be charged as described in Section 5.4 below.

5.3 Marketing Development Fund Contributions

You agree to pay us a monthly Marketing Development Fund Contribution according to the following schedule:

- (a) No Fund contribution is due for the first sixty (60) days ("Months One and Two") after the date that you complete the initial CM IT Solutions Franchise training (the "Opening Date"); then
- (b) Two percent (2%) of GPS, or the minimum Fund contribution of \$150 per month, whichever is the greater amount, for each of the following ten (10) months ("Months

Three through Twelve”), prorated for the third calendar month following the Opening Date; then

(c) Two percent (2%) of GPS, or the minimum Fund contribution of \$300 per month, whichever is the greater amount, for each of the following twelve (12) months (“Months Thirteen through Twenty-Four”); then

(d) Two percent (2%) of GPS, or the minimum Fund contribution of \$450 per month, whichever is the greater amount, for each month remaining in the Franchise Agreement.

Your contributions to the Marketing Development Fund shall not exceed \$10,000 for any calendar year. We reserve the right to raise any and all of these Fund Contribution minimum amounts, but in no event will any increase exceed increases in the Consumer’s Price Index (the “CPI”). (See Section 5.5 below). We shall promptly notify you at the beginning of each year of any adjustment to the Fund Contribution levels.

We will administer all contributions to the Marketing Development Fund in accordance with Section 10.1 of this Agreement.

5.4 Late Report Fee and Default Interest

If you fail to submit to us any financial statements, forms, reports or records required to be provided under this Agreement within thirty (30) days after the due date, you must pay to us a Late Report Fee of One Hundred (\$100) Dollars per report.

If any fees or assessments due under this Agreement, including Royalty Fees and Marketing Development Fund Contributions, are not paid within five (5) days of the date due, interest shall accrue on the late payment (from the date payment is due until the date it is paid) at the rate of one and one-half (1½%) percent per month, or the maximum legal interest rate (whichever is lower) and shall be added to each late payment.

If, as a result of your failure to remit payments required under any provision of this Agreement, we retain an attorney or a collection agency to collect such payments, you must pay all collection costs, including reasonable attorneys’ fees, whether or not legal proceedings are initiated.

Our rights under this Section 5.4 are in addition to any other rights or remedies that we may have as a result of your default under this Agreement.

5.5 Consumer Price Index

The Consumer Price Index will be the Metropolitan Area Consumer Index for Urban Consumers—All Items (1982 – 1984 = 100) as published by the US Department of Labor, or a comparable successor index selected by us.

5.6 Client Financing Fees

If you elect to employ the “Terms Plus” service through which you may provide certain financing arrangements for your clients, or a similar service approved for use with the CM IT Solutions System, you shall pay the related service fees.

ARTICLE 6. PROPRIETARY MARKS

6.1 Ownership and Right to Use

We warrant to you that:

(a) Except as provided in subsection (b) below, we are the owner of all right, title and interest in and to the Marks; and

(b) CM IT Solutions, Inc. is the owner of the trademark and service mark, “CM IT SolutionsTM”, and the other Marks and grants to you the non-exclusive right to use

the CM IT Solutions mark and the other Marks in connection with the operation of the Franchised Business; and

- (c) We have taken and will take all steps reasonably necessary to preserve and protect our rights in the Marks; and
- (d) We will only use and permit you and other persons to use the Marks in accordance with the System and its standards and specifications.

6.2 Covenants of Franchisee

You acknowledge the exclusive ownership of the Marks by us, and you agree that during the term of this Agreement and after its expiration or termination, you will not directly or indirectly contest or aid in contesting the validity of the Marks or the ownership of the Marks by us, nor will you take any action that might impair or prejudice the ownership of the Marks by us.

You agree that the non-exclusive license granted to you pursuant to this Agreement authorizes you to use the Marks solely in connection with the Franchised Business and for no other purpose.

Any unauthorized use of the Marks will constitute an infringement of our rights in the Marks and a material event of default. At our request, you must execute any assignments, affidavits, and other documents to convey to us all rights, title and interest in and to the Marks.

The license hereby granted includes no other Marks of ours now existing or to be developed by us that are not referred to herein or otherwise included in the Manuals. You agree that any and all goodwill associated with and identified by your use of the Marks will inure directly and exclusively to our benefit, and that, on the expiration or termination of this Agreement, no monetary amount will be payable to you as a result of any goodwill associated with your ownership or operation of the Franchised Business.

6.3 Limitations on Franchisee's Use of Marks

To develop and maintain high and uniform standards of quality and service and thereby protect our reputation and goodwill and that of the System, you agree to:

- (a) operate and advertise the Franchised Business only under the Marks authorized by us and as specified in the Manuals; and
- (b) maintain and display any required signs reflecting the current image of the System, and
- (c) adopt and use the Marks licensed hereunder solely in the manner prescribed by us.

You agree that your corporate, partnership or other entity name will not include any of the Marks or phrases similar thereto as a part thereof. You further agree that any communications, documents or writings (including advertising) sent or utilized by you in connection with the Franchised Business will state that your CM IT Solutions Business is *an independently owned and operated franchise* of CM IT Solutions, Inc.

You agree that we may from time to time change or modify the System, including without limitation, modifying existing Marks or adopting new Marks. You agree at your own expense to adopt, use and display any such new or modified Marks as if they were specifically identified herein as Marks at the time of the execution of this Agreement.

Upon termination or expiration of this Agreement, you agree to immediately cease to use, in any manner whatsoever, any of the Marks or any other Marks that may be confusingly similar to any of the Marks.

6.4 Non-Exclusive License of Marks

You understand and agree that your license to use the Marks is non-exclusive; that we, in our sole discretion, have the right to grant Franchises to others to use the Marks and obtain the benefits of

the System in addition to the licenses and rights granted to you under this Agreement; and, that we may develop and license other marks in conjunction with systems other than the System, on any terms and conditions as we deem advisable. You will have no right or interest in any such other licenses, marks or systems.

6.5 Notification of Infringement and Claims

You agree that you will notify us immediately of any apparent infringement of, or challenge to your use of, any of the Marks, or any claim by any person of any rights in any of the Marks. You agree that you will not communicate with any person other than us and our legal counsel in connection with any such infringement, challenge or claim. We will have the sole discretion to take such action as we may deem appropriate to protect the Marks and the exclusive right to control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in connection with any such litigation or proceeding, or to otherwise protect and maintain our interests in the Marks.

ARTICLE 7. TRADE SECRETS AND PROPRIETARY INFORMATION

7.1 Ownership and Use

In connection with the operation of the Franchised Business, you will from time to time become acquainted with certain information and materials that are proprietary to us. You and any person signing this Agreement under the heading "Acceptance of Sections 7.1, 9.11, 14.5 and 14.7" agree that you will keep confidential (except as reasonably necessary to operate the Franchised Business) and will not use for your own purposes (except in the operation of the Franchised Business), nor supply or divulge to any person, firm, association or corporation, any of our trade secrets or proprietary information as defined herein.

This requirement will remain in full force and effect during the Term of this Agreement and after its termination or expiration. Our trade secrets and proprietary information (hereinafter referred to collectively as "Proprietary Information") include the following:

- (a) the confidential Operations Manuals, customer training guides, other Manuals and written materials and any amendments thereto; and
- (b) information that relates in any manner to our business or the System, whether oral or reduced to writing, and that is not generally known to, or readily ascertainable by, other persons who might derive economic benefit from its disclosure or use; and
- (c) any other information that may be imparted to you from time to time and designated by us as confidential.

You and any person signing this Agreement under the heading "Acceptance of Section 7.1, 9.11, 14.5 and 14.7" acknowledge and agree that the Proprietary Information and any business goodwill of the Franchised Business, is our sole and exclusive property and that you will preserve the confidentiality thereof. Upon termination or expiration of this Agreement, all items, records or documentation recording or incorporating any Proprietary Information will be immediately turned over by you to us or to our authorized representative.

7.2 Confidentiality Agreement

You agree to adopt and implement all reasonable procedures prescribed by us from time to time to prevent the unauthorized use or disclosure of any of the Proprietary Information. We require that all of your employees, officers, agents, directors, shareholders, trustees, beneficiaries and partners who may obtain, or are likely to obtain, knowledge concerning the Proprietary Information (and who do not sign this

Agreement under the heading "Acceptance of Section 7.1, 9.11, 14.5 and 14.7") execute an agreement in a form provided by us binding such person to preserve the confidentiality of the Proprietary Information ("Confidentiality Agreement") as part of the terms and conditions of such person's employment or association with you. You must obtain a Confidentiality Agreement signed by any such person prior to or at the same time of your employment of or association with that person. You agree to file a duplicate original of each Confidentiality Agreement with us.

ARTICLE 8. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

8.1 Relationship of the Parties

You and we agree that this Agreement does not create a fiduciary relationship between you and us, that you are an independent contractor, and that nothing in this Agreement is intended to make either you or us a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose. You do not have the authority to bind us or incur indebtedness or any other obligation on behalf of us.

8.2 Indemnification of Franchisor

You agree to indemnify and hold us and our affiliates, and our stockholders, directors, officers, employees, agents, successors and assignees harmless for, from and against any and all claims, liabilities, causes of action, demands, obligations, costs and expenses, including reasonable attorneys' fees, arising out of or relating to your ownership, management or operation of the Franchised Business ("Claims"), except for Claims successfully alleged to have resulted solely from our negligence or willful misconduct. Notwithstanding the foregoing, we will have the right, at our option, to defend any such Claim, but you must reimburse us upon demand for the costs of such defense.

8.3 Indemnification of Franchisee

We agree to indemnify and hold you and your affiliates, and their stockholders, directors, officers, employees, agents, successors and assignees harmless for, from and against any and all claims, liabilities, causes of action, demands, obligations, costs and expenses, including reasonable attorneys' fees, arising out of any claim of infringement or unfair competition in connection with your use of the Proprietary Marks, provided that such use is in accordance with the provisions of this Agreement.

8.4 Survival

The indemnities and obligations set forth in this Article 8 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 9. OPERATING STANDARDS AND YOUR DUTIES

9.1 General Operating Standards and Compliance with Operations Manuals

You understand and acknowledge that every detail of the operation of the Franchised Business is important to us in order to develop and maintain high and uniform standards of quality and service, to increase the demand for the System, and to protect our reputation and goodwill and that of other CM IT Solutions Franchisees.

You also acknowledge that the actual operation of the Franchised Business will remain your sole responsibility (except as otherwise expressly provided herein) and that we have no responsibility to obtain customers for you. Mandatory services, specifications, standards and operating procedures prescribed from time to time by us in the Manuals will constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement will be deemed to include all such mandatory services, specifications, standards and operating procedures.

9.2 Authorized Products and Services

You agree that you will sell all services and products that we require, and only the services and products that we have approved. You must do so only in the manner and style we prescribe in writing, including the method and location of delivery. You will not, without our prior written approval, offer any products or services that are not authorized by us for CM IT Solutions Franchisees. You must discontinue selling any services or products that we may, in our sole discretion, disapprove in writing at any time.

You must sell only those services for which you have been certified in writing by us. We may, from time to time, require you and any trainers in your employ, to be Re-Certified ("Re-Certified" or "Re-Certification") with respect to certain services, and to successfully complete our training programs and/or seminars in order to become Certified or Re-Certified. Our Certification and Re-Certification will be based upon our assessment of your competence and abilities (and those of your trainers) with respect to such services.

9.3 Customer Training Guides

You must purchase your entire requirements of customer training guides from us or our approved supplier, and use and distribute such guides as we require in the Manuals. The customer training guides contain proprietary information.

9.4 Guarantee, Warranty and Coupon Programs

You agree that you will offer and honor all customer warranties and guarantees, and participate in all warranty and guarantee programs that we may require. You must refund monies to customers for the purpose of honoring warranties and guarantees that you previously provided to customers; and you must pay for warranty or guarantee services provided by another CM IT Solutions Franchisee under the terms of our current warranty program.

You must participate in all of our customer coupon programs, as described in the Manuals. You will be free to determine the prices for all services and products you offer to customers, and will in no way be bound by any price that we recommend or suggest, except in the case of promotional programs in which you will be required to participate, as described below.

With respect to promotional programs, we will have the right to establish maximum prices for any given service or product that you offer. You may not exceed any maximum price that we establish, but remain free to charge any price below the maximum price that we establish.

9.5 Credit Card Merchant Account

You will be required to accept certain major credit cards as payment for our products and services, as described in the Manuals. You are responsible for acquiring a credit card merchant account to process these credit card sales. You must comply with all our reasonable requirements for such sale and processing.

9.6 Specifications and Standards for Supplies; Approved Suppliers

Except with respect to certain materials bearing our Marks, proprietary products and software configurations licensed by us, you must obtain items for which we have established standards and specifications from suppliers who we have approved in writing. Our criterion for supplier approval is not available to our Franchisees. We maintain an updated list of suppliers whose standards and specifications meet or exceed those required by us. This list is included in the Manuals.

If you desire to obtain any items from any other supplier, you must submit to us a written request for such approval. We will provide you with written notice of approval; if you do not receive such notice within 30 days, the supplier is deemed disapproved. We do not presently charge a fee for our review of suppliers or products, but we reserve the right to do so in the future. You must not purchase or lease from any supplier until and unless we have approved the supplier in writing. We are not required to approve any particular supplier.

9.7 Compliance with Legal Requirements and Good Business Practices

You must, at your sole expense, operate your Franchised Business in full compliance with all applicable laws, ordinances and regulations.

You must pay all costs and expenses incurred by, and in the conduct of, the Franchised Business, including but not limited to, all rent, salaries, taxes, disbursements, license or permit fees, traveling expenses and any other business expenses. You must notify us in writing within five (5) days of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, that may adversely affect your ability to operate, or your financial condition or that of the Franchised Business. Any such notice must be accompanied by a copy of the complaint, order, writ, injunction, award, decree or other similar document.

You must, preserve good customer relations and comply with our dress code. In this regard, you must at all times maintain a passing customer satisfaction rating, as determined by customer surveys which we conduct in accordance with the procedures described in the Manuals. Only you, your employees or hired representatives, are permitted to conduct any customer interaction personally. No other individual or entity may contact, communicate with, or provide services or products to customers on behalf of your Franchise.

You must, in all dealings with your customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business practice that may be injurious to the System or the goodwill associated with the Proprietary Marks.

9.8 Maintenance of Insurance

At all times during the term of this Agreement, you must maintain in force comprehensive public liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the ownership, operation or conduct of the Franchised Business or your CM IT Solutions Business.

Such insurance coverage must be written by a responsible carrier or carriers reasonably acceptable to us, and must include the types of amounts of coverage (including the amount of deductibles) that we will specify in the Manuals, including the following:

- (a) Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability, and errors and omissions.
- (b) Automobile liability coverage, including coverage of owned, non-owned and hired vehicles.
- (c) Such other insurance as may be required by your state or Franchise locality.
- (d) Such policies must also include a waiver of subrogation in favor of us, our affiliates and partners, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them.

Your obligation to obtain and maintain the above policies will not be limited in any way by reason of any insurance which we may maintain, nor will your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 8.2 of this Agreement.

All public liability and property damage policies must contain a provision that we and our affiliates, their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each, although named as insureds, will nevertheless be entitled to recover under such policies on any loss occasioned to us or our servants, agents or employees by reason of the negligence of you or your servants, agents or employees.

You must deliver to us Certificates of Insurance evidencing the existence and continuation of proper coverage and limits, at such times as provided in the Manuals. If we request, you must deliver to

us a copy of your required insurance policies. All required insurance policies must name us, and our affiliates, their respective partners, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds, and must expressly provide that their interest will not be affected by your breach of any policy provisions. Further, all required insurance policies must expressly provide that no less than thirty (30) days' prior written notice will be given to us in the event of a material alteration to or cancellation of the policies.

If you elect to participate in a group insurance program we offer to Franchisees, you must make monthly payments of the required insurance premium. If these payments are not made for two (2) consecutive months, or you fail to make payments on three (3) occasions in any calendar year, we will provide you notice that your insurance coverage is cancelled, and you will be required immediately to obtain insurance coverage as required by the terms of this Section 9.8. Failure to procure and maintain the insurance policies required by this Section 9.8 within seven (7) days of receipt of our written notice may lead to termination under Section 14.2 of this Agreement.

9.9 Management of the Franchised Business

You are directly responsible for all aspects of operation of the Franchised Business, and you agree that you will at all times use your best efforts to enhance the business of your CM IT Solutions Business and the System. If you are a corporation, a partnership or a limited liability company, a principal shareholder, general partner or member of yours must attend the Initial Training Program referred to in Section 4.1 above and be the designated manager of the Franchised Business, unless we approve another manager. If you or your principal owners will not be directly involved in the supervision of the Franchised Business, you must employ a manager who has completed the Initial Training Program referred to in Section 4.1 above to our satisfaction, and such manager must devote full time and energy to the management of the Franchised Business.

If any manager leaves your employment or if your principal owner desires to later delegate control over the operation of the Franchised Business, a replacement manager must be designated by you and approved by us and must complete the Initial Training Program referred to in Section 4.1 above to our satisfaction. You must immediately notify us in writing of any change in management or supervisory personnel.

9.10 Vehicles

Any vehicle that you or your employees use to deliver goods or services in connection with your Franchise (the "Vehicle") must meet our standards with respect to appearance and ability to satisfy the requirements imposed on you under this Agreement. You must at all times keep the Vehicle clean and in good working order. You must comply with all laws, regulations and rules of the road, and use due care and caution in the operation and maintenance of the Vehicle. Except as noted above, we do not set any standards or exercise control over any Vehicle used by you or your employees.

9.11 Conflicting and Competing Interests

You agree that during the term of this Agreement, neither you, nor your officers, directors and holders of more than 10% of your stock (if you are a corporation) nor your partners (if you are a partnership) nor your managers will, directly or indirectly, maintain, engage in, have a controlling interest in, lend money to, consult with or otherwise assist any business that is engaged in customized computer training and support programs, and related products and services. If any of the persons named above do not sign the Agreement under the heading "Acceptance of Sections 7.1, 9.11, 14.5 and 14.7", then you agree to obtain the execution by such person of a written agreement setting forth the foregoing in a form acceptable to us. Your obligation to obtain the execution of such written agreements shall be a continuing one.

9.12 Inspections by Franchisor

You must make such financial and other information concerning the Franchised Business available to us or our agents at such locations as we may reasonably request (including our office), and

you must permit us and our agents to have full and free access to such information at your CM IT Solutions Business during regular business hours. We and our agents will have the right to communicate freely with your employees, and make extracts from, and copies of, all such information. A representative of ours may make unannounced inspections of your CM IT Solutions Business to ensure compliance with all the requirements of this Agreement. You will permit our representative to inspect any part of the Franchised Business, including all books and financial accounts, at any time during normal business hours.

9.13 Shareholders' Guaranty

If you are a corporation or a limited liability company, each of your shareholders or members holding 10% or more of any class of your stock or interests (and their respective spouses, if married) at the same time that you sign this Franchise Agreement, and as a condition to the legitimacy of this Agreement, must execute and deliver to us a Guaranty in the form of Exhibit 2 attached hereto and incorporated herein by reference.

In the event at any time after the execution of this Agreement a person who has not previously signed a Guaranty becomes the holder of 10% or more of any class of your stock or ownership interests, you must cause that person to execute and deliver a Guaranty to us immediately.

9.14 Ownership Reports

If you are a corporation, you must, upon execution of this Agreement, provide us with acceptable evidence that all certificates evidencing shares of your issued and outstanding capital stock bear a legend as required by Section 12.4 (e) below. If you issue additional shares of your capital stock in the future, all certificates evidencing such shares must bear a like legend. If you are a partnership, a limited liability company or other entity, you must provide us with acceptable evidence that your partnership agreement or other organizational documents contain provisions acceptable to us prohibiting transfer of any partnership or other ownership interest in your entity, except in compliance with the terms of this Agreement. You must not cause or permit any such provision to be deleted or modified.

ARTICLE 10. ADVERTISING AND PROMOTION

10.1 Advertising by Franchisor

- a) We, or at our election a third party that may be an affiliate of ours, will establish and oversee an Marketing Development Fund (the "Fund") to administer the advertising contributions that you and all other Franchisees are required to pay pursuant to the Franchise Agreement. Each of our company-owned or affiliated CM IT Solutions Businesses, if any, will make contributions to the Fund equal to the assessments required of our Franchisees.
- b) We, or our designee, will direct all advertising programs to be undertaken through the use of the Fund. We will have sole discretion over all creative concepts, materials and media used in such programs and the placement and allocation of such programs. The Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all CM IT Solutions Businesses. In administering the Fund, we have no obligation to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular Franchisee benefits directly or pro rata from the placement of advertising.
- c) The Fund may be used to pay any and all costs of maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies to assist in such campaigns or other activities; and reasonable costs for our personnel and other departmental costs for advertising that we administer or prepare internally.

- d) We have established an elected Franchise Advisory Council (FAC) to help formulate, develop, produce and conduct the advertising and promotion programs. The Franchise Advisory Council functions as a problem-solving entity to establish positive communications between the Franchisees and the Franchisor.
- e) We will maintain all sums that you pay to the Fund in a separate account, and will not use the funds to defray any of our general operating expenses, except for reasonable administrative costs and overhead, if any, as we may incur in administering the fund. If we loan money to the Fund, we may charge a reasonable rate of interest. No portion of the Fund will be used for advertising that is primarily for the sale of Franchises.
- f) If an affiliate of ours administers the Fund or places advertising in connection with the Franchise system, the affiliate may be paid a fee that will not exceed the fee that would be paid to an unrelated third party for comparable services.
- g) All contributions to the Fund that are not spent during the year in which they were collected, will be carried forward to the following year.
- h) We will prepare a financial statement of the operations of the Fund annually, and make it available to you upon request within a reasonable period of time after the end of its fiscal year.
- i) Although the Fund is intended to be of perpetual duration, we may terminate the Fund. The Fund will not be terminated until all monies in the Fund have been expended for advertising or promotional purposes, or returned to the contributors, without interest, on the basis of their respective contributions.

10.2 Advertising by Franchisee

- a) We may, at our sole discretion, require you to join a local advertising cooperative organized or approved by us. The amount of contribution to such local advertising cooperative will be decided by the members of the cooperative, but will not exceed \$1,000 per month. Any such cooperative, if organized or approved by us, will consist of one or more other Franchisees who are located in the same geographic area, newspaper circulation area, or radio and television broadcasting area as the Franchised Business.
- b) You must maintain a local telephone listing in the primary telephone book that covers your Territory.
- c) You must subscribe to the franchise locator service and the e-mail marketing services that we designate in the Manuals.
- d) You must use the 1-800-399-CMIT number (or other designated number used in conjunction with the franchise locator service) in all of your advertisements as described in the Manuals.
- e) You must conduct all your advertising and promotion in a professional manner, and these must conform to our standards and requirements as set forth in the Manuals or otherwise. You must obtain our written approval before placing any telephone listing. You must advertise only through the use of the advertising and promotional materials that are provided to you by the Fund. You must not deviate from such materials, or otherwise use advertising materials not provided by the Fund or approved by us in writing prior to their use. You must promptly discontinue use of any advertising or promotional plans or materials, upon notice from us.
- f) Under no circumstances may you use the name of a public figure in connection with the Proprietary Marks or the Franchised Business without our prior written consent. We retain the sole and exclusive right to use the name, services or likeness of any public figure or character in advertising, endorsing or recommending the System. However, with our prior written approval, you may use the name of a public figure in a bona fide

endorsement or recommendation of the Franchised Business, but in such event, you will be solely responsible for the cost of such usage.

10.3 Internet Advertising and Email

You acknowledge that the Internet is a powerful, expanding medium through which business is conducted. We have established a Web site ("CM IT Web Site") listed on the Internet. We shall, at our discretion, determine the content and use of the Web site or other listing and shall establish the rules under which you and other Franchisees will participate. You agree to pay on an annual basis our then-current IT Support Fee, which is your proportionate share of the cost of our maintaining and updating the CM IT Web site and supporting the email service we provide. We shall retain all rights relating to the Web site or other listing and may alter or terminate the Web site or other listing upon 30 days notice to you. Your participation in the CM IT Web Site shall be subject to the provisions of the Franchise Agreement. You acknowledge that certain information obtained through your participation in the CM IT Web Site may be considered proprietary and confidential information, including access codes and identification codes. Your right to participate in the CM IT Web Site or other listing will terminate when the Franchise Agreement expires or terminates. You shall be prohibited from establishing your own Web site or other listing on the Internet using the name "CM IT Solutions", the Proprietary Marks and/or the System. We will provide you up to ten (10) email accounts for the use of your business, and you agree to pay on an annual basis our then-current email account fee. For additional accounts you may incur additional fees. As we continue to develop strategies for taking advantage of the benefits the Internet may offer, you will be required to also participate in such activities. You therefore agree that we, upon 60 days prior notice, will require you to participate in, and contribute a proportionate share of, such future Internet activities that we may establish.

ARTICLE 11. ACCOUNTING PROCEDURES AND REPORTS

11.1 Maintenance of Records

During the term of this Agreement, you must maintain at your principal office and preserve for at least five (5) years from the date of their preparation, or such greater period as may be required by applicable law, full, complete and accurate books, records and accounts, including coupons, purchase orders, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, and copies of such portions of your state and federal income tax returns that reflect the operation of the Franchised Business in the form and manner we prescribe, prepared in accordance with the requirements established from time to time by us. All financial statements and reports must be prepared in accordance with general accepted accounting principles, consistently applied.

11.2 Reports to Franchisor

You must furnish to us on or before the tenth (10th) day of each calendar month, in a form from time to time required by us, a report signed and verified by you (or, if you are a corporation, by your President, or, if you are a partnership, by a general partner, or, if you are a limited liability company, by a manager or managing member) accurately reflecting such data, information and supporting records as we may require. For a period of five (5) years from the close of each fiscal year, you must maintain at your principal office, readily available for inspection by us, and must furnish to us upon our request, exact copies of your federal and state income tax returns and sales or transaction privilege tax reports. In addition, you must, at your expense, furnish to us or our agents for inspection or audit, such other forms, reports, records, financial statements and information as we may require.

11.3 Financial Statements

You must prepare and furnish to us, within thirty (30) days after the end of each of your fiscal quarters, a statement of profit and loss and a balance sheet for the Franchised Business for the preceding fiscal quarter. Quarterly statements must be signed and verified as to accuracy by you (or if you are a corporation, partnership or limited liability company, by the person specified in Section 11.2 above). You must prepare and furnish to us, within ninety (90) days after the end of each of your fiscal

years, annual statements of profit and loss, sources and application of funds, and a balance sheet pertaining to the Franchised Business for the preceding fiscal year and as of your fiscal year end. Annual financial statements must be signed and verified as to accuracy by you (or if you are a corporation, partnership or limited liability company, by the person specified in Section 11.2 above) and must be certified by an independent certified accountant. To assist you in recording and keeping accurate and detailed financial records, you agree to use a computer system and software of the type and with the functions specified in Exhibit E of the accompanying Offering Circular, and listed in the Operations Manuals.

We will have the right to use (without identifying you except as required by law) any financial statements, sales reports, profit and loss statements or balance sheets provided by you in connection with our efforts to attract additional Franchisees for the System and, in connection therewith, you authorize us to disclose any information contained on such financial reports as may be required by any federal or state registration or disclosure law.

11.4 Audit by Franchisor

We will have the right, at any time during business hours, and with not less than forty-eight (48) hours prior notice to you, to inspect and audit, or cause to be inspected and audited, the business records, cash control devices, bookkeeping and accounting records, sales and income tax records and returns and other records of the Franchised Business and your corporate, partnership or limited liability company books and records if you are a corporation, partnership or limited liability company.

You agree that we may have access to any computers utilized by you for such purposes. You will fully cooperate with our representatives and independent accountants hired by us to conduct any such inspection or audit.

In addition, in the event such inspection or audit is made necessary by your failure to furnish reports, supporting records or other information, as required herein, or to furnish such reports, records or information on a timely basis, you must reimburse us for such audit or inspection, including the charges of any independent accountants and the travel expenses, meals, lodging and compensation of such accountants and our employees.

You must immediately notify us in writing of any governmental audit of your Franchise, and must provide such additional information pertaining to the audit as we may request.

The remedies in this Section 11.4 will be in addition to all our other remedies and rights under this Agreement or under applicable law.

11.5 Ownership Information

You must provide us with the name, the address and the phone number of each officer, director, shareholder, partner (and of each officer, director and shareholder of a corporate partner) or any other person directly or indirectly holding an ownership interest in your entity. You must advise us in writing of any changes in such information within five (5) days after such change is effective.

11.6 Debts and Taxes

You must promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by your Franchise.

Each payment to be made to us under this Agreement must be made free and clear and without deduction for any Taxes. The term "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalty, imposed by any government or political subdivision of such government on or relating to the operation of your Franchise, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except Taxes imposed on or measured by our net income.

In the event of any bona fide dispute as to your liability for Taxes assessed or other indebtedness, you may contest the validity or the amount of the Tax or indebtedness in accordance with

the procedures of the taxing authority or applicable law. However, in no event may you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against any assets of your Franchise.

You must comply with all federal, state and local laws, rules and regulations, and must obtain any and all permits, certificates or licenses necessary for the full and proper conduct of your Franchise, including licenses to do business, fictitious name registrations, and sales tax permits.

You must notify us in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of your Franchise.

ARTICLE 12. TRANSFERABILITY OF INTEREST

12.1 Assignment by Franchisor

We will have the right to assign this Agreement or any interest herein to any person, without your consent or approval, provided that the assignee agrees in writing to assume and perform our obligations hereunder. In the event of any such assignment, we (and, in the case of any subsequent assignment the then assignor) will be relieved, from and after the date of such assignment, of any further liability for the performance of any covenants or obligations on the part of the Franchisor contained in this Agreement.

We may sell our assets, our right in the Marks or the System; may offer our securities privately or publicly; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and with regard to any or all of the above sales, assignments and dispositions, you waive any claims, demands or damages against us arising from or related to the transfer of our rights in the Marks (or any variation of them) or the System from us to any other party. Nothing contained in this Agreement will require us to offer any services or products, whether or not bearing the Marks, to you, if we assign our rights in this Agreement.

12.2 Assignment by Franchisee

Except as provided in Section 12.4 below, neither you nor any partner (if you are in a partnership), not any shareholder (if you are a corporation), nor any member (if you a limited liability company) may, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage, encumber or otherwise dispose of, either directly or indirectly (hereinafter collectively called "Transfer"), any interest in this Agreement, your CM IT Solutions Business, the Franchised Business, or any ownership interest in a partnership, corporation or limited liability company that is the Franchisee under this Agreement, (including in the case of the transfer of an ownership interest, a transfer that, when aggregated with any previous transfers, will result in a change in identity of the person who controls the partnership, corporation or limited liability company) or offer to Transfer, or permit or undergo any Transfer thereof to any person without our prior written consent and, in any event, without first complying with the provisions of Section 12.3 below.

Any purported Transfer not having our prior written consent shall be null and void and shall constitute a default hereunder on your part. If you desire to make a Transfer, you must give us not less than thirty (30) days advance written notice setting forth all the terms and conditions of the proposed Transfer including such other information as we may reasonably request and, if applicable, you must include a copy of any written purchase offer received by you. Subject to our rights under Section 12.3 below, we will not withhold our approval of the Transfer unreasonably, provided that the proposed transferee is, in our opinion, a person or entity of good moral character who has sufficient business experience, aptitude and financial resources to own and operate the Franchised Business and otherwise meet our then applicable standards for Franchisees in the System, and further provided that the following conditions are met prior to, or concurrently with, the effective date of the Transfer.

- (a) All of your obligations under this Agreement and the obligations under any Confidentiality Agreement or Guaranty have been fully performed and new Guaranties and/or Confidentiality Agreements as well as a new Power of Attorney as required pursuant to Section 14.4 (e) below, are signed by the appropriate parties as required under Section 7.2 and 9.13 above and delivered to us; and
- (b) You have executed a general release in a form satisfactory to us of any claims you may have against us, our affiliates or our respective officers, directors, shareholders and employees; and
- (c) If the Transfer will result in a new person being responsible for the operations of the Franchised Business, the transferee or the designated manager shall have completed the Initial Training Program required under Section 4.1; and
- (d) You or the transferee shall have paid to us a Transfer Fee in the amount of Eight Thousand (\$8,000) Dollars; and
- (e) If: [i] the transferee is a person other than the original Franchisee hereunder; or [ii] the Transfer, when aggregated with any previous Transfer(s) will result in fifty percent (50%) or more of the stock, partnership or other ownership interests in the originally-named Franchisee hereunder being owned by a person that did not, on the date of this Agreement, hold stock, partnership or other ownership interests of at least twenty percent (20%) in the originally-named Franchisee hereunder (whichever is applicable) has executed and agreed to be bound by the form of Franchise Agreement and such ancillary agreements as then customarily are used by us in the granting of new Franchises for the System for a Term ending on the date of the expiration of this Agreement; and
- (f) We have determined that the material terms and conditions of the proposed Transfer, including the price and terms of payment, are not so burdensome as to adversely affect the ability of the transferee to profitably conduct future operations of the Franchised Business in compliance with our then standard Franchise Agreement and ancillary agreements; and
- (g) You, and such of your officers, directors, partners, shareholders, agents and employees and your owners, shall affirm or reaffirm in writing the covenant not to compete as described in Section 14.5 hereof; and
- (h) You shall enter into an agreement with us pursuant to which the transferee's obligations to your Franchise are subordinated to the transferee's obligations to us under any agreement referred to in subsection (c) above.

For purposes of the first sentence of this Section 12.2, the term "control" means the power (whether exercised or not) to direct your management or operations or to determine your general business policies.

If you request our assistance in locating a purchaser for your business, and we do locate a purchaser who is transferred your rights under this Franchise Agreement, you agree to pay us the then-current Franchise Resale Assistance Fee, which is currently set at ten percent (10%) of the total purchase price. The Franchise Resale Assistance Fee shall be in addition to the transfer fee set forth above in Section 12.2(d).

12.3 Franchisor's Right of First Refusal

In the event of any proposed Transfer requiring our consent under Section 12.2 you must first submit to us in writing a notice of the proposed Transfer, setting forth the terms and conditions of the proposed Transfer and, if applicable, you must include with such notice a copy of any written purchase offer pertaining to such Transfer. We will have thirty (30) days from receipt of the notice of proposed Transfer within which to elect to acquire the interest that is the subject matter of the proposed Transfer on the same terms and conditions as those set forth in your notice of proposed Transfer by giving you written

notice to that effect. If we make such election, then you and we shall accomplish the Transfer in accordance with the terms and conditions set forth in your notice of proposed Transfer.

If we do not exercise our right of first refusal, we will have an additional thirty (30) days within which to approve any Transfer pursuant to Section 12.2. If we do not exercise our right to acquire the interest that is the subject matter of the proposed Transfer upon the terms and conditions in your notice of proposed Transfer, and, within the second thirty (30) day period referred to above whereby we have approved the Transfer pursuant to Section 12.2, then upon compliance with the provisions of Section 12.2, you may transfer the interest that is the subject matter of the Transfer to the transferee described in the notice of proposed Transfer upon the terms and conditions specified in that notice.

You will have one hundred twenty (120) days in which to complete this Transfer. If the Transfer is not completed within one hundred twenty (120) days, or if there is a material change in the terms of the Transfer, then you must provide us with another notice of proposed Transfer and we will have another thirty (30) day opportunity to purchase the interest that is the subject matter of the Transfer if you still desire to make the Transfer after the one hundred twenty (120) day period has elapsed. If any proposed Transfer is not completed, our right of first refusal described in this Section 12.3 will continue to apply to any future proposed Transfer.

12.4 Transfer to Controlled Corporation or Limited Liability Company

In the event that you are an individual or a partnership and you desire to assign the Franchised Business and all of your rights and obligations under this Agreement to a corporation or a limited liability company, you must provide at least sixty (60) days prior written notice to that effect to us. We will not withhold unreasonably our consent to such an assignment and the fee otherwise required under Section 12.2 (d) will not be required if you satisfy the following requirements:

- (a) You (if you are an individual) or all of your partners (if you are a partnership) must beneficially own and control not less than fifty-one (51%) percent of the issued and outstanding equity and voting stock or ownership interests of the corporation or limited liability company; and
- (b) You (if you are an individual) or your partners (if you are a partnership) shall be the principal executive officer(s) or managers of the corporation or limited liability company; and
- (c) The corporation or limited liability company will engage in no business other than operation of the Franchised Business except as otherwise expressly set forth herein; and
- (d) You will furnish us with a copy of the Articles of Incorporation, Bylaws and Corporate Resolutions, or their equivalents, of the corporation or the limited liability company upon our request, in addition to prompt notification in writing to us regarding any amendments thereto; and
- (e) The Articles of Incorporation, Bylaws or other organizational documents of the corporation or limited liability company must state that the issuance and assignment of any shares of stock of the corporation or ownership interests of the limited liability company are restricted by the terms of this Agreement and all issued and outstanding certificates representing shares of stock or ownership interests of the corporation or the limited liability company must bear the following legend (or such similar legend as we may designate, to be in compliance with applicable law) reflecting or referring to such restrictions:

"TRANSFER OF THIS CERTIFICATE IS LIMITED BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT DATED _____ BETWEEN CM IT SOLUTIONS, INC., A TEXAS CORPORATION, AND _____."

- (f) Every person who owns or will own ten (10%) percent or more of the stock or ownership interests of the corporation or the limited liability company must execute and deliver to us the Guaranty (Exhibit 2 hereof); and
- (g) The corporation or limited liability company must execute, acknowledge and deliver to us a power of attorney as required pursuant to Section 14.4 (e) below; and
- (h) No default shall exist under this Agreement nor shall any event have occurred that, with the giving of notice, the passage of time or both would constitute such a default; and
- (i) All of your rights, duties and obligations under this Agreement must be assigned in writing to the corporation or limited liability company, and the corporation or limited liability company must agree in writing to be bound by the provisions of this Agreement and to assume and perform all of your obligations under this Agreement. Such assignment and assumption shall be in a form acceptable to us. Additionally, the corporation or limited liability company must submit to us a certified copy of a resolution of its board of directors, or its equivalent, authorizing and approving the assignment and assumption referred to above; and
- (j) There shall be submitted to us a list of the shareholders of the corporation or members of the limited liability company, showing number of shares or interest owned by each, and a list of the officers and directors or managers; and
- (k) Upon compliance with the foregoing, the corporation or limited liability company shall become the "Franchisee" hereunder and such term shall refer to the corporation or the limited liability company, but no assignment made pursuant to this Section 12.4 will relieve you or any person executing a Guaranty or Confidentiality Agreement from liability under this Agreement or under such Guaranty or Confidentiality Agreement.

12.5 Transfer on Death or Disability of Franchisee

If you are an individual, then upon your death or permanent disability or upon the death or permanent disability of any individual with greater than a fifty (50%) percent stock, partnership, trust or other ownership interest in you, if you are a corporation, partnership, trust or other entity ("Major Owner"), you, your executor, administrator, conservator or other personal representative or that of the Major Owner ("Legal Representative") must, within one hundred eighty (180) days of your or the Major Owner's death or permanent disability, assign your rights and obligations under this Agreement if you are an individual or the Major Owner's ownership interest in your entity to a third party approved by us. Any such assignment (including Transfers by bequest or inheritance) will be subject to the same conditions as a Transfer under Section 12.2 above (including our right of first refusal under Section 12.3 above.)

In the event of death, if you are an individual or in the event of the death of a Major Owner, then if you or such Major Owner's Legal Representative, heirs or beneficiaries are unable to meet the conditions of Section 12.2, the acting Legal Representative shall have a reasonable time, not to exceed one (1) year from the date of death, to assign your interest under this Agreement or to assign the interest in your entity previously owned by the Major Owner, which assignment shall be subject to all the terms and conditions for a Transfer under Section 12.2 (including our right of first refusal under Section 12.3.)

Failure to make an assignment as provided above within any applicable period of time set forth above shall constitute a breach of this Agreement. Our consent to an assignment subject to the restrictions set forth above will not constitute a waiver of any claims we may have against you, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee. If, after your death or permanent disability or that of a Major Owner, the Franchised Business is not being managed by a competent and trained manager, we are authorized (but not required) to appoint a manager to maintain the operation of the Franchised Business until an approved assignee is able to assume the management and operation of the Franchised Business.

A cash reserve of twenty (20%) percent of the total gross sales generated from the operations of the Franchised Business during the period of management by a manager appointed by us shall be set aside as compensation for the management services provided, in addition to the Royalty Fees and Fund

Contributions due hereunder. Operation of the Franchised Business during any such period will be for and on your behalf, or that of your Legal Representative, and we will not be liable to you, your Legal Representative, your estate, your heirs, devisees, beneficiaries or your owners for any debts, losses or obligations incurred in connection with the Franchised Business, or to any person owed money for any services, materials or supplies purchased for use in connection with the Franchised Business during any period in which it is managed by a manager appointed by us. As used in this Agreement, the term "permanent disability" means any mental or physical condition that substantially impairs your ability or the ability of a Major Owner to operate or oversee the operations of the Franchise System for a continuous period of ninety (90) days.

12.6 Subfranchising

Without our prior written approval, which may be given or withheld in our sole and absolute discretion, you will have no right to subfranchise or sublicense your license to use the Proprietary Marks or any of your other rights or benefits hereunder, and any purported subfranchising or sublicensing in violation of this Section 12.6 shall be void.

ARTICLE 13. RENEWAL OF FRANCHISE

Subject to the terms and conditions described below, you will have the right to renew your license to operate the Franchised Business for an additional ten (10) year term after the expiration of the initial Term. In the event you desire to renew your license to operate the Franchised Business, you must give us written notice to that effect at least one hundred twenty (120) days prior to the expiration date of the Term. In addition to giving the written notice of renewal referred to above in a timely manner, to have the right to renew the license to operate the Franchised Business for an additional Term, you also must meet each of the following requirements.

- (a) You must not then be in default under this Agreement and no event shall have occurred that, with the giving of notice, the passage of time or both would constitute a default under this Agreement; and
- (b) You must have the existing right to maintain possession of the premises of your CM IT Solutions Business for a term co-extensive with the Term of the renewal, or you must have secured and developed suitable substitute premises approved by us; and
- (c) The equipment, supplies, materials and signage used in connection with the operation of the Franchised Business must either meet our then existing specifications and standards, or you must agree, at your cost, to replace or refurbish such items and otherwise modify the methods of operation of the Franchised Business to comply with our specifications and standards then applicable to new Franchisees; and
- (d) You and we must execute a renewal Franchise Agreement (which will be in the form of the Franchise Agreement then customarily used by us in the granting of franchises in connection with the System) and all other agreements, legal instruments, and documents then customarily used by us in the granting of Franchises in connection with the System. The renewal Franchise Agreement will not require the payment of a Franchise Fee or Territory Fee, and its conditions may differ from the terms of this Agreement. The renewal Franchise Agreement will supersede this Agreement but will not terminate your liability to perform any obligations that you have not yet performed under this Agreement, or that survive the termination of this Agreement, nor will the renewal Franchise Agreement terminate or supersede any Guaranty or Confidentiality Agreement executed pursuant to this Agreement; and
- (e) You must comply with our then-current qualification, training and Re-Certification requirements for renewing Franchisees.
- (f) You pay to us a Renewal Fee of Five Hundred Dollars (\$500).

If you do not meet any of the requirements for renewal, we will give you a written notice to that effect that will specify the requirements not met. The written notice will be supplied to you within sixty (60) days after delivery to us of your written notice of renewal.

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Automatic Termination

Under the following circumstances, you will be deemed to be in default under this Agreement, and all rights granted to you under this Agreement will automatically terminate without notice to you.

- (a) If you become insolvent or make a general assignment for the benefit of your creditors; or
- (b) If you file a voluntary or involuntary bankruptcy petition that is not dismissed within thirty (30) days after filing; or
- (c) If you are adjudicated a bankrupt; or
- (d) If a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your Franchised Business or its assets is filed and consented to by you; or
- (e) If a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or
- (f) If proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or
- (g) If a final judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless a superseding bond is filed); or
- (h) If an execution is levied against the Franchised Business or its property; or
- (i) If a suit to foreclose on a lien or mortgage against the Franchised Business premises or equipment is instituted and not dismissed within thirty (30) days; or
- (j) If the real or personal property of the Franchised Business is sold after any levy thereon.

14.2 Termination Upon Written Notice

You will be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted to you hereunder, without affording you any opportunity to cure the default, effective immediately upon the earlier of receipt of notice by you or, if deposited in the United States First Class Mail five (5) days after mailing of notice to us, upon the occurrence of any of the following events.

- (a) If you cease to operate or otherwise abandon the Franchised Business; or
- (b) If you are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is reasonably likely to adversely affect the System, the Proprietary Marks, the goodwill associated therewith or our interest therein; or
- (c) If you Transfer or attempt to Transfer any rights or obligations under this Agreement to any third party, in violation of the provisions of Article 12 of this Agreement; or
- (d) If you operate your Franchise or sell any products or services from an unapproved location; or
- (e) If you fail to comply with the provisions of Article 7 or Section 14.5 of this Agreement.

14.3 Termination Upon Written Notice and Failure to Cure Default

Except as provided in Section 14.1 and 14.2 above, you will have thirty (30) days after your receipt from us of a written notice of termination within which to remedy any default under this Agreement and to provide evidence of such remedy to us. If any such default is not cured within that time, or such longer period of time as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

14.4 Effect of Termination or Expiration

Upon any termination of this Agreement (whether pursuant to Section 14.1, 14.2 or 14.3 above or otherwise) or upon expiration of the Term, you immediately must cease to hold yourself out to the public as a Franchisee of the System, and you must comply with the following.

- (a) Immediately pay to us or any affiliate of ours all sums owing from you to us or such affiliate, including the monthly Royalty Fees and Fund Contributions for any period prior to the date of termination and all amounts owed for services and/or supplies or other items purchased by you from us or any affiliate of ours, or that were financed by us or any affiliate of ours or that we or any affiliate of ours loaned to you, together with any interest or late fees accrued thereon;
- (b) Immediately cease to use, by advertising or in any manner whatsoever, the Proprietary Marks, any benefits of the System or any part thereof, any methods associated with the Proprietary Marks or the System, any forms, manuals, proprietary computer software, slogans, signs, sign posts, Marks, symbols, or devices used in connection with the operation of the Franchised Business, or any Proprietary Information, and you must deliver without charge to us all such materials to us within ten (10) days. In the event such use is not discontinued within ten (10) days following termination, we or our agents may, without being guilty of, or liable for, trespass or tort, and without prejudice to any other rights or remedies we may have, enter the premises of your former CM IT Solutions Business (or such other location where such items are located) and remove the items referred to above at your expense;
- (c) Upon termination or expiration of the Franchise Agreement, we have an option to buy any equipment, supplies, inventory or other items bearing our trademarks at the lesser of cost or fair market value;
- (d) Immediately turn over to us in good condition, without charge to us, the Manuals and all copies or reproductions thereof, all advertising materials, all proprietary computer software (if any), stationery and printed forms of the Franchised Business and all other Proprietary Information relating to the operation or business goodwill of the Franchised Business. If such items are not returned within ten (10) days after termination, we or our agents may, without being guilty of, or liable for, trespass or tort, and without prejudice to any other rights or remedies we may have, enter the premises of your former CM IT Solutions Business (or such other location where such items are located) and remove the items referred to above at your expense. If we do not recover any such item, such item shall be valued at its then replacement cost for purposes of determining the damages owing by you to us for failure to return such item if we pursue a damage claim as a result thereof;
- (e) Immediately discontinue all advertising as a Franchisee of the System, and thereafter refrain from any advertising that would indicate that you are or ever were a Franchisee or licensee of ours or otherwise affiliated with us or the System;
- (f) Immediately take such steps as may be necessary or appropriate to comply with the following:

- [i] Delete any listings you may have in the Yellow Pages or any other directory and to terminate any other listings that might indicate that you are or were a franchisee or licensee of ours or otherwise affiliated with us or the System; and
 - [ii] Transfer to us or our designee any telephone numbers used by you in connection with the Franchised Business. You acknowledge that between you and us, we have the sole right to the interest in all telephone numbers and directory listings associated with any Proprietary Marks and you authorize us, and hereby appoint us and any officer or agent of ours as your attorney-in-fact, to direct the telephone company and all listings agencies may accept such direction, or this Agreement, as conclusive evidence of our exclusive rights in such telephone numbers and directory listings and its authority to direct their transfer. In addition, upon execution of this Agreement, you must sign and deliver to us a copy of the "Special Power of Attorney" in the form of Exhibit 4 attached hereto and incorporated herein by reference. Such Special Power of Attorney will be irrevocable and will survive the expiration of the Term or any termination of this Agreement;
- (g) Immediately take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any Proprietary Mark. You acknowledge that between you and us, we have the sole right to the interest in all such fictitious or assumed names or equivalent registration and you authorize us and hereby appoint us and any officer or agent of ours as your attorney-in-fact, to effect the termination or cancellation of such fictitious or assumed names or equivalent registrations should you fail or refuse to do so, and the appropriate federal, state, and local agencies may accept your direction or this Agreement as conclusive evidence of our exclusive rights in such fictitious or assumed names or equivalent registrations and its authority to direct their termination or cancellation;
- (h) Maintain at a place made known to us all books, records and reports required under this Agreement for a period of not less than five (5) years after the date of termination or expiration of this Agreement to allow us to make a final inspection of your books and records for the purpose of verifying that all amounts owing have been paid;
- (i) Immediately furnish to us all customer and client lists, data, and associated records and files; and
- (j) Furnish to us, within thirty (30) days after the effective date of termination or expiration of this Agreement, evidence satisfactory to us regarding your compliance with the foregoing obligations.

If you fail to do any of the foregoing, we may pursue against you and/or any guarantor of your obligations under this Agreement any remedy available at law or in equity.

14.5 Covenant Not to Compete

You acknowledge that the Proprietary Marks, the Proprietary Information, the business and reputation associated therewith, the methods and techniques employed by us, the training and assistance provided hereunder, and the knowledge of our methods, operations, services, contracts (the "Know-How") and the experience acquired by you are of considerable value and would not have been acquired except through implementation of this Agreement. As a result, you agree that we possess a proprietary interest in such Know-How that you acknowledge as a trade secret owned by us subject to a license to you for utilization during the Term. In addition, you agree that competition by persons associated with you could seriously jeopardize us and the entire System because you have received an advantage through the knowledge of your day-to-day operations and the Proprietary Information. In consideration of the foregoing, you agree that, except as otherwise set forth below, and except as we may otherwise approve in writing (in our sole discretion), at all times during the Term and for a period of two (2) years following the termination of this Agreement or expiration of the Term, you, any of your officers, directors or shareholders (if you are a corporation) or any of your members or managers (if you are a limited liability

company) or any partner of yours (if you are a partnership) ("Restricted Persons") will not do any of the following.

- (a) Divert or attempt to divert any business or customers of your former CM IT Solutions Business to any competitor, by direct or indirect inducement or otherwise; or
- (b) Employ or seek to employ any person who is employed by us or any of our other Franchisees or to otherwise directly or indirectly induce such person to leave his or her employment, without the prior written approval of the applicable employer; or
- (c) Anywhere within a fifty (50) mile radius of any CM IT Solutions Business in the System, directly or indirectly own, maintain, engage in, be employed by, act as a consultant or independent contractor for, loan money to, or have any interest in any other business that competes with any Franchisee in the System.

In the event the duration, scope and/or geographic area set forth in the foregoing restrictions and agreements are held to be unreasonable and therefore unenforceable as to you or any Restricted Person by any court of competent jurisdiction, then the duration, scope and/or geographic area of the foregoing restrictions and agreements shall be deemed to be the maximum duration, scope and/or geographic area as shall be enforceable as to you or any Restricted Person and the foregoing restrictions shall remain in full force and effect as to such maximum duration, scope and/or geographic area.

If any Restricted Person has not signed this Agreement under the heading "Acceptance of Section 7.1, 9.11, 14.5 and 14.7" or is not a party to this Agreement, you agree that you will use your best efforts to cause such Restricted Person to execute an agreement in form and substance acceptable to us that incorporates the provisions set forth in this Section 14.5 and in Sections 7.1, 9.11 and 14.7 of this Agreement. This will be a continuing obligation on your part and will apply to any person who becomes a Restricted Person at any time during the Term of this Agreement.

14.6 Continuing Obligations

All our obligations that expressly survive the expiration or termination of this Agreement or by the implicit nature thereof require performance after the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration of the Term or termination of this Agreement and until they are satisfied in full by their nature expire.

14.7 Right to Use

Upon any expiration of the Term or termination of this Agreement, we will have the non-exclusive right to use and incorporate in the System, for the benefit of ourselves and other Franchisees in the System, any modifications, changes and improvements developed or discovered by you or any Restricted Person in connection with the Franchised Business, without liability or obligation to the developer thereof.

14.8 Remedies

Upon violation of any of the covenants contained in this Article 14, it may be difficult to determine the resulting damages to us, and therefore, in addition to any other remedies we may have, we will have the right to make application in a court of competent jurisdiction for temporary and permanent injunctive relief without posting a bond.

ARTICLE 15. NOTICES AND PAYMENT

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or of the Manuals (other than payments made by EFT under Section 5.2 above) will be deemed so delivered at the time delivered by hand, or three (3) business days after placed in the mail by registered or certified mail, return receipt requested, postage prepaid and addressed to the party to be notified or paid at the address specified on the first page of this Agreement, or at the most current principal business address of which the receiving party has given notice in accordance with this Article 15.

ARTICLE 16. CONSTRUCTION AND ENFORCEMENT

16.1 Governing Law

Except to the extent that the United States Trademark Act of 1946, as amended, (15 U.S. C. para. 1051 et seq.) or the franchising laws of any state may be applicable, this Agreement will be governed by and construed in accordance with the laws of the State of Texas (other than the choice of law provisions thereof.)

16.2 Severability and Substitution of Provisions

Except as provided to the contrary in this Agreement, each section, subsection, term and provision of this Agreement, and any portion thereof, will be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, non-appealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise valid, and such other portions will continue to be given full force and effect and bind the parties hereto.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of, or refusal to renew, this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions hereof, and we will have the right, in our sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision of this Agreement, as though it was separately stated in and made a part of this Agreement, that may result from striking from any portion or portions that a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Such modifications to this Agreement shall be effective only in such jurisdiction, unless we elect to give them greater applicability, and otherwise shall be enforced as originally made and entered into in all other jurisdictions.

16.3 Waiver of Obligations

You and we may, by written instrument, mutually waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Whenever this Agreement requires our prior approval or consent, you will make a timely written request thereof, and our approval must be in writing unless otherwise expressly set forth herein. Unless otherwise set forth herein, our approval or consent will not be unreasonably withheld. We make no warranties or guaranties upon which you may rely, and assume no liability or obligation to you, by granting any waiver, approval or consent to you, or by reason of any neglect, delay or denial of any request thereof. Any waiver granted by us will be without prejudice to any other rights we may have, will be subject to continuing review by us, and may be revoked, in our discretion, at any time and for any reason, effective upon delivery to you of ten (10) days prior written notice. Neither you nor we will be deemed to have waived or impaired any right, power or option reserved by this Agreement (including without limitation the right to demand exact compliance with every term, condition and covenant herein or to declare any breach hereof to be a default and to terminate this Agreement prior to the expiration of the Term) by virtue of

- (a) any custom or practice of the parties at variance with the terms hereof; or
- (b) any failure, refusal or neglect of you or us to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including any mandatory specification, standard or operating procedure; or

- (c) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether if the same, similar or different nature, with respect to other Franchises in the System; or
- (d) the acceptance by us or any affiliate of ours of any payments due from you after breach of this Agreement.

You acknowledge that we have entered into Franchise Agreements, and will in the future enter into Franchise Agreements, with third parties pursuant to which such third parties are licensed to use the Proprietary Marks and otherwise receive the benefits of the System (the "Other Agreements"). No action taken by us with respect to any one or more of the Other Agreements or any party thereto will create a course of conduct that may be relied upon or asserted by you under this Agreement as a modification to this Agreement or otherwise. We will not have any liability whatsoever to you under this Agreement by reason of our failure to waive any of the provisions of this Agreement, or to give a consent or approval hereunder even though we may have waived such provisions or similar provisions or given similar consents or approvals under any one or more of the Other Agreements.

16.4 Franchisee May Not Withhold Payments

You agree that you will not, on grounds of the alleged or actual nonperformance or breach by us of any of our obligations hereunder, withhold payment of any Royalty Fees, Marketing Development Fund Contributions, amounts due to us or any of affiliates for goods and/or services purchased by you, or any other amounts due to us or to any of our affiliates.

16.5 Dispute Resolution

- (a) The parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement, the operation of your Franchise, or the relationships created by this Agreement to non-binding mediation prior to bringing such claim, controversy or dispute in a court or before any other tribunal. The mediation will be conducted through an individual mediator selected by the Franchise Arbitration and Mediation Association ("FAM"), in accordance with its rules governing mediation, at our corporate offices in Austin, Texas. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), will be borne by the parties equally. If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then either party may bring an arbitration proceeding under Section 16.5(b) below to resolve such claim, controversy or dispute, unless such time period is extended by written agreement of the parties. Notwithstanding the foregoing, we may bring an action (1) for monies owed, or (2) for injunctive or other extraordinary relief, in a court having jurisdiction and in accordance with Section 16.5(i) below, without first submitting such action to mediation.
- (b) The parties agree that any claim, controversy or dispute not settled by mediation and arising out of or relating to this Agreement, the operation of your Franchise, or the relationships created by this Agreement, will be finally settled in arbitration. The parties expressly agree that no such arbitration will be conducted on a class-wide or group basis. We will select one arbitrator and you will select one arbitrator, and the two arbitrators will select a third. The arbitration proceedings will be conducted in accordance with and will be subject to the Franchise Arbitration and Mediation Association's rules governing commercial arbitration, in Austin, Texas. Notwithstanding the foregoing, we may bring an action (1) for monies owed, or (2) for injunctive or other extraordinary relief, in a court having jurisdiction and in accordance with Section 16.5(i) below, without first submitting such action to arbitration.
- (c) With respect to any claims, controversies or disputes between the parties which are not finally resolved through mediation or arbitration, you hereby irrevocably submit yourself to the jurisdiction of the state courts of Travis County, Texas and the Federal District Court for the Western District of Texas, Austin Division. You hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You hereby agree that

service of process may be made upon you in any such proceeding by any means allowed by Texas or federal law. You further agree that venue for any such proceeding shall be Travis County, Texas; provided, however, with respect to any action (1) for monies owed, or (2) for injunctive or other extraordinary relief, we may bring such action in any state or federal district court which has jurisdiction. With respect to all claims, controversies, disputes or actions (including arbitrated matters), this Agreement will be interpreted and construed under Texas law (except for Texas choice of law rules).

- (d) The parties acknowledge that their agreement regarding applicable state law and forum set forth in Section 16.1 above, provide each of the parties with the mutual benefit of uniform interpretation of this Agreement, and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. You and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit.
- (e) The parties acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Austin, Texas, and further acknowledge that the performance of certain of your obligations arising under this Agreement, including the payment of monies due hereunder and the satisfaction of certain training requirements, will occur in Austin, Texas.
- (f) Without limiting any of the foregoing, we reserve the right, at any time, to create a dispute resolution program and related specifications, standards, procedures and rules for its implementation, to be administered by us or our designees, for the benefit of all Franchisees conducting business under the System. The standards, specifications, procedures and rules for such dispute resolution program will be made part of the Manuals, and if made part of the Manuals, on either a voluntary or mandatory basis, you must comply with all such standards, specifications, procedures and rules in seeking resolution of any claims, controversies or disputes with or involving us or other Franchisees, if applicable under the program. If such dispute resolution program is made mandatory, then the parties agree to submit any claims, controversies or disputes arising out of or relating to this Agreement or the relationships created by this Agreement for resolution in accordance with such dispute resolution program before seeking resolution in the manner described in Sections 16.5(a), (b) and (c) (provided that the provisions of Sections 16.5(a), (b) and (c) concerning our right to seek relief in a court for certain actions including for injunctive or other extraordinary relief will not be superseded or affected by this Section 16.5(f) or if such claim, controversy or dispute relates to another Franchisee, you agree to participate in the program and submit any such claims, controversies or disputes in accordance with the program's standards, specifications, procedures and rules before seeking resolution of such claim by any other judicial or legally available means.
- (g) The parties hereby waive to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between them, recovery of damages shall be limited to the recovery of any actual damages sustained;
- (h) This Section 16.5 will be self-executing and shall remain in full force after expiration or termination of this Agreement. In the event either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding such failure to appear.
- (i) The obligation to arbitrate or mediate shall not be binding with respect to claims relating to our Proprietary Marks or Proprietary Information or requests by either you or us for temporary restraining orders, or other procedures in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable harm pending final resolution of the dispute by arbitration.

16.6 Remedies Are Cumulative

The rights and remedies of the parties hereunder are cumulative and no exercise or enforcement by either party of any right or remedy hereunder shall preclude the exercise or enforcement by such party of any other right or remedy hereunder shall preclude the exercise or enforcement by such party of any other right or remedy hereunder or to which such party may be entitled by law to enforce.

16.7 Attorneys' Fees and Costs

If any legal action or arbitration proceeding shall be instituted to interpret or enforce the terms and conditions of this Agreement or to terminate this Agreement or to recover any damages hereunder, or if a claim for amounts owed by you to us or any of our affiliates is asserted in any arbitration or legal proceeding before a court of competent jurisdiction, the prevailing party shall be entitled to recover its costs and expenses incurred thereby including, but not limited to, its reasonable attorneys' fees, arbitrator's compensation and expenses, and other costs as determined by the court or arbitrator.

16.8 Binding Effect; Modification

This Agreement is binding upon the parties hereto and their respective executors, administrators, personal representatives, heirs, permitted assigns and successors in interest. No amendment, change or modification of this Agreement shall be binding on any party unless executed in writing by you and us.

NO FRANCHISE SALES REPRESENTATIVE OF OURS HAS THE RIGHT OR AUTHORITY TO MAKE ANY ORAL OR WRITTEN AMENDMENT OR MODIFICATION TO THIS AGREEMENT, AND ANY PURPORTED AMENDMENT OR MODIFICATION MADE BY SUCH REPRESENTATIVE SHALL NOT BE BINDING UPON ANY OF THE PARTIES HERETO.

16.9 Acknowledgments

You acknowledge that you have conducted an independent investigation of your Franchise and recognize that its success involves substantial risks, and will largely depend upon your ability. We disclaim making any warranty or guarantee, express or implied, as to the potential volume, profits or success of your Franchise or any CM IT Solutions Business.

You acknowledge that you have read and understand this Agreement and the related Exhibits, and that we have afforded you sufficient time and opportunity to consult with advisors selected by you about the potential benefits and risks of entering into this Agreement.

You acknowledge receipt of this Agreement, with all blanks completed and with any amendments and exhibits at least five (5) business days prior to execution of this Agreement. In addition, you acknowledge receipt of our Uniform Franchise Offering Circular at the earliest of (a) the first personal meeting between you and us (or our agent) at which time the sale or possible sale of a Franchise to you was discussed, or (b) ten (10) business days prior to the execution of this Agreement or your payment of any money to us or our agent.

16.10 Rules of Construction

This Agreement, the documents referred to herein, and the Exhibits attached hereto constitute the entire, full and complete agreement between the parties concerning the subject matter hereof and supersede all prior agreements. There are no representations, inducements, promises, or agreements, oral or otherwise, between the parties that are not embodied herein or in the Uniform Franchise Offering Circular previously delivered to you, or that are of any force or effect with reference to this Agreement or otherwise. All recitals contained in, and the Exhibits attached to this Agreement shall be deemed a part hereof. Article, section or paragraph headings are for reference purposes only and shall not in any way modify or limit the provisions contained in any article, section or paragraph. All words in this Agreement shall be deemed to include any number or gender as the context requires.

16.11 Terminology

In addition to any other definitions or meanings set forth herein, the following terms shall have the following meanings as used herein and shall be deemed to include all persons who succeed to the interest of the original.

- (a) the term "affiliate" means any person who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with any person; and
- (b) the term "person" means any natural person, corporation, partnership, trust or other entity or form of organization; and
- (c) the term "will" and "shall" shall be synonymous and shall be mandatory and not discretionary unless otherwise specifically provided herein; and
- (d) the use of the terms "includes" and "including" in any provision of this Agreement followed by specific examples used shall not be construed to limit application of the provision to the specific examples used; and
- (e) if two or more persons or entities are at any time the Franchisee hereunder, their obligations and liabilities to us shall be joint and several.

16.12 Counterparts

This Agreement may be executed in multiple counterparts, but all such counterparts shall constitute but one and the same Agreement.

16.13 Offerings

If you are a corporation, partnership or other entity and if you intend to offer securities, partnership interests or other ownership interests in yourself through any public or private offering, you shall not use any Proprietary Marks in such public or private offering, except to reflect your franchise relationship with us, nor shall you misrepresent, by any statement or omission of an essential statement, your relationship with us. You shall indemnify and hold us harmless from any liability in connection with such offering. Nothing in the foregoing shall modify the provisions of Article 12 of this Agreement and no such offering shall be made without first complying with any applicable provisions of Article 12 of this Agreement.

16.14 Time

Time is of the essence of each and every provision of this Agreement.

IN WITNESS WHEREOF the parties have duly executed and delivered this Agreement as of the day and year first above written.

Address:

Telephone:

Address:

Telephone:

Address:

1701 Directors Boulevard, Suite 300
Austin, Texas 78744
(512) 477-6667

Franchisee

(signature)

(Print name)

Franchisee

(signature)

(Print name)

Franchisor:

CM IT Solutions, Inc.

By: _____

Its: _____

ACCEPTANCE OF SECTIONS 7.1, 9.11, 14.5 AND 14.7

Each of the undersigned hereby accepts and agrees to be bound by the provisions of Section 7.1, 9.11, 14.5 and 14.7 of the foregoing Franchise Agreement.

Date: _____

Date: _____

Date: _____

Date: _____

Date: _____

Date: _____

THIS AGREEMENT WILL NOT BE EFFECTIVE UNLESS AND UNTIL SIGNED BY A CORPORATE OFFICER OF THE FRANCHISOR. NO FIELD REPRESENTATIVE OR FRANCHISE SALES REPRESENTATIVE IS AUTHORIZED TO SIGN THIS AGREEMENT ON BEHALF OF THE FRANCHISOR. THE FRANCHISEE IS ADVISED NOT TO INCUR ANY EXPENSE OR OBLIGATION WITH RESPECT TO THE PROPOSED FRANCHISED BUSINESS UNTIL THE FRANCHISEE HAS RECEIVED A FULLY EXECUTED COPY OF THIS FRANCHISE AGREEMENT FROM THE FRANCHISOR.

If the Franchisee is a corporation or a limited liability company, this Agreement will not be enforceable by the Franchisee until the Franchisee furnishes to the Franchisor a resolution, certified by the Secretary of the corporation, or an equivalent document certified by manager of the limited liability company, authorizing the Franchisee to enter into this Agreement, and completes the following information:

(A) Name and address of each shareholder or member of the Franchisee holding ten percent (10%) or more of any class of stock or ownership interest:

NAME	ADDRESS	NO. OF SHARES	CLASS

PLEASE NOTE: EACH OF THE PERSONS NAMED ABOVE AND THEIR SPOUSES, IF MARRIED, ARE REQUIRED TO EXECUTE AND DELIVER TO THE FRANCHISOR THE GUARANTY ATTACHED HERETO AS EXHIBIT 2.

(B) Address where the Franchisee's corporate records are maintained:

Exhibit 2 SHAREHOLDERS' GUARANTY

In consideration of, and as a condition to the granting by **CM IT Solutions, Inc.** ("Franchisor") of a Franchise Agreement granting rights to operate one CM IT Solutions Business to

_____ ("Franchisee"), each of the undersigned, being the owners of ten percent (10%) or more of the ownership interests in Franchisee, hereby personally and unconditionally guarantee to Franchisor, its successors and assigns, the punctual payment and performance when due of all sums, indebtedness, obligations and liabilities of every kind and nature that the Franchisee may now or in the future owe to Franchisor (including interest thereon, and all attorneys' fees, costs and expenses incurred by Franchisor in collection.)

Each of the undersigned covenants and agrees that: (1) liability under this Guaranty of Franchisee's Obligations ("Guaranty") shall be joint and several; (2) that this is a guarantee of payment and not of collection and he/she shall render any payment required under any Franchise Agreement or this Guaranty upon demand of Franchisor; (3) this Guaranty shall extend to all amounts the Franchisee may now or in the future owe the Franchisor, whether pursuant to a Franchise Agreement or otherwise; (4) his or her liability hereunder shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any of the undersigned; (5) his or her liability hereunder shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence or waiver that Franchisor may from time to time grant Franchisee or to any of the undersigned, including, without limitation, the acceptance of partial payment or performance, the compromise or release of any claims, the release of any other guarantor or consent by Franchisor to any transfer or assignment of the Franchise or any interest therein, and Franchisor expressly reserves all rights which it may have against the undersigned.

The obligations of the undersigned under this Guaranty shall remain in full force and effect without regard to, and shall not be released, discharged or in any way modified or affected by, any circumstance or condition of Franchisee (whether or not the undersigned shall have any knowledge or notice thereof), including, without limitation, bankruptcy, insolvency, reorganization, composition, liquidation or similar proceeding or any action taken by any trustee or receiver or by any court in any such proceeding.

Each of the undersigned waives notice of demand, notice of protest, nonpayment or default, and all other notices to which Franchisee or the undersigned may be entitled, and all suretyship and guarantor's defenses generally. Each of the undersigned further waives all exemptions to which the undersigned may now or hereafter be entitled under the laws of this or any other state or of the United States.

The Guaranty is personal to the undersigned and the obligations and duties imposed herein may not be delegated or assigned; provided, however, that this Guaranty shall be binding upon the successors, assigns and personal representatives of the undersigned. This Guaranty shall inure to the benefit of Franchisor, its affiliates, successors and assigns.

In the event that any one or more provisions contained herein shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Guaranty shall be construed to bind the undersigned to the maximum extent permitted by law that is subsumed within the terms of such provision as though it were separately articulated herein.

This Guaranty shall be interpreted and construed under the laws of the State of Texas, which laws shall prevail in the event of any conflict of law. The undersigned agree that any action, suit or proceeding to enforce this Guaranty or arising hereunder of concerning the interpretation of this Guaranty shall be subject to arbitration to the same extent as provided in Section 16.5 of the Franchise Agreement.

Each of the undersigned hereby acknowledges that [i] it is a condition to the granting of the Franchise Agreement to Franchisee that each of the undersigned shall execute and deliver this Guaranty to Franchisor, [ii] that Franchisor has entered into the Franchise Agreement in reliance upon the agreement of the undersigned to do so, and [iii] that, as owners of the Franchisee, the undersigned have

received adequate consideration to support their execution of this Guaranty. This Guaranty does not grant or create in the undersigned any interests, rights or privileges in any Franchise or Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his or her signature on the day and year set forth below.

_____	DATE: _____
_____	DATE: _____
_____	DATE: _____
_____	DATE: _____

Exhibit 3 REQUIRED LEASE TERMS

The following provisions must be included in the lease for the location of the Franchised Business:

A. PERMITTED USE: The leased premises shall be used solely for the purpose of the Franchisee, _____ herein called Tenant, owning and operating one retail Business offering customized computer training programs and related products and services to individuals in their home or office, under the trade names, trademarks and service marks "CM IT Solutions™" and ("CM IT Solutions Business").

B. SIGNAGE: Landlord consents to Tenant's use of the signage prescribed by the Franchisor, CM IT Solutions, Inc. (the "Franchisor").

C. NOTICES: Landlord will furnish to the Franchisor copies of any and all letters and notices sent to Tenant that pertain to the leased premises and/or compliance with the lease (excluding correspondence relating to matters that would not affect Tenant's rights under the lease). Copies of all such letters and notices, at the same time as they are sent to Tenant, shall be sent to CM IT Solutions, Inc., 1701 Directors Boulevard, Suite 300, Austin, TX 78744, or to such other address as the Franchisor may designate from time to time by written notice to Landlord. Notice for payments of taxes, common area maintenance ("CAM"), and rent will be furnished to the Franchisor only if Tenant fails to pay same.

D. ASSIGNMENT OR SUBLEASING: Tenant may not sublease or assign all or any part of its rights to the leased premises, or extend the term of or renew the lease, without the prior written consent of the Franchisor.

Tenant may assign the Lease to the Franchisor or a bona-fide CM IT Solutions Franchisee without obtaining Landlord's consent and without paying any additional fees or charges, provided that Tenant gives Landlord written notice of such assignment and Tenant remains primarily liable under the Lease. In the event of such an assignment, Landlord shall give Tenant a copy of any notice given to the new tenant under the Lease.

E. TENANT'S DEFAULT: Landlord grants to the Franchisor the right to enter the leased premises to cure any default under the Lease or to make any modifications necessary to protect the trade names, service marks and trademarks licensed by the Franchisor to Tenant. Upon Tenant's default or termination under the Lease or under its Franchise Agreement with the Franchisor, then the Franchisor shall have the right, but shall not be required, to assume Tenant's rights to the leased premises for all or any part of the remaining term of the Lease.

F. TENANT'S RIGHT TO DISCONTINUE OPERATIONS: Notwithstanding anything to the contrary contained in the Lease concerning obligations of the Tenant to continuously operate its business in the leased premises, Tenant shall have the right to discontinue retail operations in the leased premises upon three (3) months prior written notice of its intent to do so to Landlord. During such three (3) month period, both Landlord and Tenant shall use their best efforts to find a successor tenant for the leased premises. Notwithstanding the fact that Tenant has discontinued retail operations, Tenant nevertheless shall continue to pay all rent as due under the Lease until a successor tenant for the leased premises is found and the successor tenant executes a lease for the leased premises, at which point this Lease shall terminate and Tenant shall have no obligation to pay rent or perform any other obligation under the Lease. In the event Tenant discontinues its retail operations as provided herein and successor tenant cannot be found, then Landlord may elect to terminate Tenant's Lease upon sixty (60) days prior written notice of Landlord's intent to so terminate. All rent payable under the Lease shall be prorated as of the effective date of such termination in the event Lessor elects to exercise its right to terminate as provided herein.

G. CONSENT BY LANDLORD: Whenever provision is made under the Lease for Tenant to secure the written consent or approval by Landlord, such consent or approval shall be in writing and shall not be unreasonably withheld or delayed.

H. CONSTRUCTION: Failure to secure proper building permits through no neglect on Tenant's part renders the Lease null and void, *ab initio*, and any prepaid rents and/or security deposits shall be refunded promptly to Tenant.

I. COMMON AREA CHARGES: Notwithstanding anything in this Lease to the contrary, common area maintenance charges shall be reasonable and shall not include the following charges or expenses: capital expenditure attributed to work that was part of the original construction of the shopping Business; structural repairs to the exterior of any individual store building of the shopping Business normally chargeable to the capital account under sound accounting principles. (Structural repairs are to the foundations, load-bearing walls, columns and joists, and roofing and roof deck replacement); loan principal payments; interest expenses on long-term borrowing; depreciation of the original cost of construction of the common areas; leasing costs; legal fees, costs and fines assessed due to late payments or other violations of any leases; casualty repairs covered by insurance. Common area maintenance charges shall be credited for incomes received by or for Landlord or shopping Business for shopping Business driven benefits, including, for example (but not limited to) sales from: information booth; sales of lottery tickets; entertainment or other coupon books; stroller locker; or other rentals; package wrapping fees; and the like. Landlord may be owed additional charges at year end, as may be required in this Lease, and in such event, Tenant shall have a period of thirty (30) days to pay the amount owed for common area maintenance or any other ancillary charges such as taxes and insurance. In addition, Tenant shall have the right to examine Landlord's books and records relating to the charges upon which Tenant's pro-rata share is based.

J. PERCENTAGE RENT (if applicable): While the percentage rent is computed and paid on a monthly basis, it should be adjusted on an annual basis.

K. THIRD PARTY BENEFICIARY: Landlord and Tenant agree that CM IT Solutions, Inc. is a third party beneficiary of the Lease.

Exhibit 4 SPECIAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned hereby irrevocably appoints and constitutes CM IT Solutions, Inc., a Texas corporation, with full power of substitution, as the undersigned's agent and attorney-in-fact ("Attorney-in-Fact") for and on behalf of and in the name of the undersigned, or in the place and stead of the undersigned to do and perform each and all of the following:

1. To authorize and direct any telephone or telecommunications company to disconnect any telephone numbers for the undersigned for any business conducted by the undersigned under the name "CM IT Solutions" or any similar designation;

2. To authorize and direct any telephone or telecommunications company to transfer into the name of the Attorney-in-Fact or person as the Attorney-in-Fact may designate, any telephone numbers for the undersigned for any business of the undersigned conducted under the name "CM IT Solutions" or any similar designation;

3. To authorize and direct any telephone or telecommunications company to change over to such telephone number or numbers as the Attorney-in-Fact may designate, any telephone numbers for the undersigned for any business of the undersigned operated under the name "CM IT Solutions" or any similar designation;

4. To authorize and direct any company publishing telephone numbers (including computerized publications) to discontinue or transfer into the name of the Attorney-in-Fact or such person as the Attorney-in-Fact may designate any listing of the undersigned for any business of the undersigned conducted under the name "CM IT Solutions" or any similar designation; and

5. To execute, acknowledge, record and/or file any cancellation of any Certificate of Fictitious or Assumed Name, trade name registration or any similar registration or recordation filed and/or recorded for or on behalf of the undersigned which contain the name "CM IT Solutions" or any similar designation.

The undersigned hereby gives and grants to the Attorney-in-Fact full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully to all intents and purposes as the undersigned might or could do if personally present. The undersigned hereby ratifies and confirms all that the Attorney-in-Fact shall lawfully do or cause to be done by virtue of this Special Power of Attorney. This special Power of Attorney shall be deemed to be coupled with an interest and irrevocable.

This Special Power of Attorney shall not be affected by the death or disability of the undersigned.

IN WITNESS WHEREOF, the undersigned has set its hand this ____ day of _____, 20__.

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing Special Power of Attorney was subscribed, sworn and acknowledged before me this ____ day of _____, 20__, by

Notary Public.

My Commission Expires: _____

EXHIBIT J
STATEMENT OF PROSPECTIVE FRANCHISEE