

**Exhibit F**

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**

**UNIFORM FRANCHISE OFFERING CIRCULAR**

**FRANCHISE AGREEMENT**

**DOLLAR DISCOUNT STORES  
FRANCHISE AGREEMENT**

**DATA SHEET**

- A. Effective Date: \_\_\_\_\_
- B. Company: Dollar Discount Stores of America, Inc.
- C. Franchisee: \_\_\_\_\_
- D. Franchisee's Address: \_\_\_\_\_
- E. Franchisee's Telephone Number: \_\_\_\_\_
- F. Franchisee's Facsimile Number: \_\_\_\_\_
- G. Franchisee's E-Mail Address: \_\_\_\_\_
- H. Area: \_\_\_\_\_
- I. Location: \_\_\_\_\_
- J. Initial License Fee: \$18,000; \$9,000 of which is due upon Franchisee's execution of this Agreement; and the remainder of which is due when Franchisee executes a lease or otherwise acquires a site for the Store.
- K. Royalty Fee: 3% of "Gross Revenues" earned in any particular calendar year up to One Million Dollars (\$1,000,000); and  
1.5% of "Gross Revenues" earned in the same calendar year in excess of One Million Dollars (\$1,000,000).
- L. Minimum Advertising Expenditure 1% of "Gross Revenues" with a right to increase to 2% of Gross Revenues per quarter, if certain conditions are met.
- M. Transfer Fee: 1/3 of the then-current initial license fee
- N. Renewal Fee: 1/3 of the then-current initial license fee
- O. Term 10 years

Each of the foregoing terms and provisions shall be construed in conjunction with and limited by the references thereto in the other provisions of this Franchise Agreement.

**FRANCHISE AGREEMENT**  
**DOLLAR DISCOUNT STORES OF AMERICA, INC.**  
**TABLE OF CONTENTS**

1.	DEFINITIONS.....	1
2.	GRANT AND TERRITORIAL PROTECTION .....	3
3.	SITE SELECTION, LOCATION, LEASE, BUILD OUT AND OPENING .....	3
4.	TERM AND RENEWAL .....	4
5.	FEES AND OTHER PAYMENTS.....	5
6.	TRADEMARKS AND OTHER INTELLECTUAL PROPERTY .....	6
7.	ADVERTISING.....	7
8.	HOLD HARMLESS AND INDEMNIFICATION.....	8
9.	TRAINING AND ASSISTANCE .....	8
10.	REPORTS, BOOKS, RECORDS AND FINANCIAL STATEMENTS .....	9
11.	MANUALS AND CONFIDENTIAL INFORMATION.....	10
12.	STANDARDS OF OPERATION.....	10
13.	INSURANCE.....	14
14.	INDEPENDENT CONTRACTOR.....	14
15.	ASSIGNMENT.....	15
16.	DEFAULT AND TERMINATION.....	16
17.	PROCEDURES AFTER TERMINATION OR EXPIRATION.....	18
18.	COVENANT NOT TO COMPETE .....	19
19.	ARBITRATION .....	20
20.	VENUE AND JURISDICTION .....	21
21.	JURY TRIAL WAIVER.....	21
22.	GOVERNING LAW .....	21
23.	NO WAIVER BY COMPANY .....	21
24.	SEVERABILITY.....	21
25.	ENTIRE AGREEMENT.....	21
26.	WARRANTIES .....	22
27.	NOTICE.....	22
28.	SURVIVAL .....	22
29.	RECEIPT OF DOCUMENTS .....	22
30.	BINDING EFFECT .....	22
31.	CAPTIONS.....	22

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**  
**FRANCHISE AGREEMENT**

This Franchise Agreement is made on the Effective Date between Company and Franchisee. The information contained in the Data Sheet is incorporated by reference into this Agreement.

**BACKGROUND**

- A. Company, as the result of the expenditure of time, skill, effort and money, has developed and owns the System; and
- B. The System is identified by the Marks; and
- C. Company licenses qualified individuals the right to establish and operate a single Dollar Discount Store pursuant to the terms of this Agreement; and
- D. Franchisee desires to obtain a franchise to operate a Dollar Discount Store and, having relied on the information and representations contained in Franchisee's franchise application, Company desires to grant Franchisee the right to operate a Dollar Discount Store pursuant to the terms of this Agreement.

**AGREEMENT**

In consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, do mutually agree as follows:

**1. DEFINITIONS**

In this Agreement, capitalized terms, where the context so indicates, shall have the following meanings:

"**Advertising Group**" means a group of Dollar Discount Store franchisees formed to advertise and promote Dollar Discount Stores within a particular geographic area.

"**Agreement**" means this Franchise Agreement.

"**Company**" means Dollar Discount Stores of America, Inc., a Pennsylvania corporation, with a principal place of business at 1362 Naamans Creek Road, Boothwyn, Pennsylvania 19061.

"**Computer Systems**" means all computer hardware components and software applications, including future enhancements, additions, substitutions, upgrades and modifications, used or required for use by Company in connection with the operation of the Store.

"**Confidential Information**" means all trade secrets, the Standards (including those related to the build out, operation, merchandising, and promotion of a Dollar Discount Store) and all other elements of the System, all information contained in the Manuals, information concerning the identity, prices and inventory of System Suppliers, and all other information that Company designates as "Confidential Information" for purposes of this Agreement.

"**Controlling Interest**" means possession (through one or more intermediaries) of the power to direct, or cause the direction of, the management or policies of any other entity, whether through the ownership of a voting interest, by contract, or otherwise.

"**Designated Manager**" means any person whom Franchisee hires in the position of "Designated Manager."

**“Dollar Discount Stores”** means retail stores doing business under the System and the Mark “Dollar Discount” and which are operated by Company or an affiliate or third party pursuant to a valid license or franchise agreement with Company.

**“Effective Date”** means the date set forth on the Data Sheet.

**“Franchisee”** means the person or entity identified as “Franchisee” in the Data Sheet. It shall be construed to refer to the male or female gender in all cases where the Franchisee is an individual, masculine or feminine modifiers and pronouns notwithstanding. “Franchisee” also includes all signatories to this Agreement, except Company, regardless of whether such signatories are one or more persons, corporations or other legal entities.

**“Gross Receipts”** means all forms of consideration received in connection with the operation of the Store, whether such consideration is cash, credit, charge account, exchange or otherwise, and includes amounts received from the sale of goods, wares and merchandise, and tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Store together with the amount of all merchandise sold or services provided, whether such merchandise is sold or services are provided from the Store location or elsewhere. It does not include sales tax receipts.

**“Initial License Fee”** means the fee set forth in the Data Sheet.

**“Intellectual Property”** means all Marks, Confidential Information, trade dress, copyrighted works and patented designs and processes that Company designates for use in connection with the System.

**“Location”** means the location of the Store specified, or to be specified, on the Data Sheet.

**“Manuals”** means the confidential operations manuals and such other manuals and written materials that Company has developed for use in connection with the build out, location, operation, merchandising, and promotion of Dollar Discount Stores, which Company may amend periodically, in its sole discretion, and all other written directives issued by Company relating to the build out, location, operation, merchandising and promotion of a Dollar Discount Store.

**“Marks”** means the mark “Dollar Discount” and such other trade names, service marks and trademarks as are now designated (and may hereafter be designated by Company in writing) for use in connection with the System.

**“Ownership Interest”** means any ownership interest of any type, including (1) in relation to a corporation, the ownership of shares in the corporation, (2) in relation to a partnership, the ownership of a general or limited partnership interest, (3) in relation to a limited liability company, the ownership of a membership interest, or (4) in relation to a trust, the ownership of a beneficial interest in the trust.

**“Permanently Disabled”** means being subject to any physical, emotional or mental injury, illness or incapacity that prevents an individual from performing his obligations under this Agreement for at least ninety (90) consecutive days, and from which recovery is unlikely within ninety (90) days from the date such person is determined to be Permanently Disabled.

**“Principal”** means and includes Franchisee’s spouse (if Franchisee is a natural person), Franchisee’s officers, directors and shareholders (if Franchisee is a corporation), Franchisee’s general and limited partners (if Franchisee is a general or limited partnership), Franchisee’s members (if Franchisee is a limited liability company) and all other persons holding an Ownership Interest in Franchisee.

**“Renewal Fee”** means the fee set forth in the Data Sheet.

**“Royalty Fee”** means a periodic fee in the amount set forth in the Data Sheet.

**“Standards”** means the standards, specifications, policies and procedures that Company has developed and may change periodically for locating, establishing, managing, operating, merchandising,

and promoting a Dollar Discount Store. They include, among other things, required and recommended business practices; approved and recommended suppliers; inventory ordering procedures; mandatory and recommended merchandising guidelines; mandatory and suggested accounting practices and recordkeeping procedures; and standards and specifications for store design, décor, trade dress, equipment and layout.

“**Store**” means the Dollar Discount Store that Franchisee will operate under this Agreement.

“**System**” means Company’s distinctive business format and system for locating, establishing, managing, operating, merchandising, and promoting retail stores offering for sale a wide variety of general merchandise at or below the retail price of one dollar (\$1.00) or such other recommended or mandatory (to the extent permitted by applicable law) discount price points as Company prescribes. The distinguishing characteristics of the System include, among other things, use of the Marks, including proprietary trade dress; the Standards; and access to suppliers and proprietary ordering procedures.

“**System Supplier**” means and includes any supplier that Company recommends or approves for the supply of fixtures, furniture, equipment, inventory or any other item.

“**Term**” means the period set forth in the Data Sheet.

“**Transfer**” means either: (1) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or encumbrance of Franchisee’s interest, or any interest held by any of Franchisee’s Principals, in this Agreement or the assets of the Store; or (2) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or encumbrance of any Ownership Interest in Franchisee (if Franchisee is an entity other than a natural person).

“**Transfer Fee**” means the fee set forth in the Data Sheet.

## 2. GRANT AND TERRITORIAL PROTECTION

A. Grant. Company hereby grants Franchisee the right and license, and Franchisee undertakes the obligation, to operate a single Dollar Discount Store at the Location, according to the terms and condition of this Agreement, as modified by the Manuals. Franchisee shall exploit the Area to its fullest potential and use best efforts to develop new customers, increase business and expand the market for Dollar Discount Stores products and services.

B. Territorial Protection. During the term of this Agreement, as long as Franchisee complies with the terms and conditions of this Agreement, Company will neither locate, operate nor grant a franchise for another Dollar Discount Store within the Area; however, Franchisee acknowledges that the area may overlap the protected territory granted to another System franchisee. Company retains for itself all other rights within and outside the Area including, the right to engage in any other business activities under the Marks or any other proprietary marks.

## 3. SITE SELECTION, LOCATION, LEASE, BUILD OUT AND OPENING

A. Site Selection. Franchisee shall be responsible for identifying and selecting a site for the Store within the Area, which site must be acceptable to Company. Company will provide such advice and guidance with respect to identifying a suitable site for the Store as it deems necessary and appropriate in its sole discretion. Company’s approval of a site does not mean that a Dollar Discount Store operated at the site will be successful; it means only that the site meets Company’s minimum Standards for a Dollar Discount Store.

B. Location. The exact address or location of the Store is stated in the Data Sheet. If the location has not been determined by Company and Franchisee at the time this Agreement is signed, then Company and Franchisee agree to insert on the Data Sheet the exact address of the Store at the time a lease for that location is signed by the Franchisee. Franchisee acknowledges that Company must approve

any such location, in accordance with the procedures stated below. Franchisee may not relocate the Store, open another Dollar Discount Store, or otherwise offer or sell Dollar Discount products or services from anywhere but the Location without Company's prior written consent. Franchisee shall conduct no business other than a Dollar Discount Store from the Location.

C. Lease. If Franchisee leases the site for the Store, the lease must be approved by Company prior to Franchisee's execution of the lease. Company may condition its approval of a proposed site on franchisee's execution of a lease that permits Company to assume the lease upon termination or expiration of this Agreement or that contains other terms required by Company. Company's acceptance of a lease does not mean that the economic terms of the lease are favorable; it means only that the lease contains certain terms that Company requires for a Dollar Discount Store.

D. Design and Lay Out. Company shall provide to Franchisee appearance and lay out requirements for a standard Dollar Discount Store and Franchisee shall lay out and merchandise the Store according to those requirements and the Standards. If build out is required, Franchisee is solely responsible for preparing all site plans and construction plans and for completing all construction. Neither Company's provision of the appearance and lay out requirements nor its approval of site or construction plans means that the building will conform with applicable laws, ordinances or building codes; it means only that the building meets Company's minimum requirements for a Dollar Discount Store.

E. Opening. Franchisee must open the Store for business within eight (8) months of the date of this Agreement, or Company may terminate this Agreement. However, Franchisee may open the store for business only upon fulfillment of the following conditions:

- 1) Franchisee has successfully completed Company's initial training program;
- 2) Franchisee has secured a location approved by Company;
- 3) Franchisee has secured insurance as specified by this Agreement and delivered appropriate certificates to Company;
- 4) Franchisee has fully paid the Initial License Fee, and is not in default of any payment arrangements with Company, its affiliates or any System Suppliers;
- 5) Franchisee has equipped, inventoried, improved, decorated, staffed and established the Store in accordance with Company's standards and specifications; and
- 6) Franchisee has obtained all licenses, permits and registrations required by governmental entities.

#### 4. **TERM AND RENEWAL**

A. Term. The term of this Agreement will begin on the Effective Date, and continue for the Term.

B. Renewal. If Franchisee has complied with all of the terms and conditions of this Agreement and any other agreement between the parties, is current in all sums due to Company and System Suppliers, and has substantially complied with the Standards throughout the Term, then Franchisee will have the right to renew the franchise represented by this Agreement for an additional ten (10) year period, provided that:

- 1) Franchisee agrees to make such capital expenditures as may be reasonably required to renovate and modernize the building, premises, signs, Computer Systems, and equipment to conform to Company's then-current Standards for a Dollar Discount Store. Renovations and other changes must be completed at least thirty (30) days prior to expiration of the original term, unless otherwise approved by Company in writing.

2) Franchisee has the right to remain in possession of the Store premises, or other premises acceptable to Company, for the period of the renewal term. If Franchisee elects or is required to relocate, then Franchisee shall pay Company's reasonable expenses incurred in evaluating the new premises.

3) Franchisee shall sign Company's then-current form of franchise agreement, the terms and conditions of which may be different from this Agreement and may including, among other things, higher royalty fees and advertising fund contributions.

4) Franchisee shall provide Company with written notice of its intention to renew at least seven (7) months before the expiration of the original term.

5) Franchisee shall pay the Renewal Fee.

6) Franchisee and its Principals must sign a release of all claims against Company and its affiliates and their respective former and present officers, directors, shareholders, employees and agents, including, without limitation, claims arising under this Agreement or under any federal, state or local laws, rules, regulations or orders; provided that the release will not be inconsistent with any state law regulating franchising.

C. Expiration. If Franchisee fails to timely exercise any option to renew or accomplish required renovations or changes in compliance with all of the terms and conditions specified above, then this Agreement shall terminate automatically at the expiration of the Term, and Franchisee shall abide by all obligations upon and after termination or expiration as specified in this Agreement.

## 5. FEES AND OTHER PAYMENTS

A. Initial License Fee. Franchisee shall pay the Initial License Fee in the amount and in the manner set forth on the Data Sheet. If Franchisee has provided to Company accurate information concerning Franchisee's history and financial condition, and Franchisee fails either to obtain a mutually acceptable location or obtain required financing after a diligent search for both, then Franchisee may terminate this Agreement. If the Agreement is terminated for either of these reasons, and Franchisee and its Principals sign a general and full release of all claims against Company and its affiliates, and their respective former and present officers, directors, shareholders, employees and agents, including, without limitation, claims arising under this Agreement or any other agreement between Company and Franchisee, and any claims arising under federal, state or local laws, rules, regulations or orders, Company will refund to Franchisee Eight Thousand Dollars (\$8,000.00). No other portion of the Initial License Fee is refundable.

B. Royalty Fees. Beginning with the opening of the Store, Franchisee shall pay Company the weekly Royalty Fee based on the Store's Gross Receipts for the preceding week. Each Royalty Fee payment must be mailed so as to be received by Company by the Wednesday following the last day of the period for which the fee is calculated and must be accompanied by a royalty report verified by Franchisee. If Franchisee fails to make Royalty Fee payments to Company for a period of two (2) consecutive weeks then Franchisee hereby authorizes Company to collect estimated weekly Royalty Fees by direct withdrawal from Franchisee's bank account or as a charge to Franchisee's credit card. If Company collects estimated Royalty Fees, Company shall reconcile, at the end of each month, estimated payments with payments actually due for the month in which fees were estimated. If the estimated payments exceed actual Royalty Fees due for any particular month, Company shall remit to Franchisee the amount of such overpayment by the tenth (10) day of the month following the month for which Royalty Fees were estimated. If actual Royalty Fees due exceed the estimated payments for any particular month, Company shall collect the difference by direct withdrawal, as a charge to Franchisee's credit card, or by such other reasonable method as Company deems appropriate. Franchisee acknowledges that payment of the Royalty Fee is a condition of Company's performance under this Agreement, and that pending any disputes, arbitration or litigation between the parties, Franchisee shall continue to make Royalty Fee

payments as long as Franchisee continues to use any of the Marks or other Intellectual Property. If Franchisee fails to make Royalty Fee payments to Company for a period of three (3) consecutive weeks, then Company shall have the additional right to report said Franchisee to Franchisee's local credit bureau for this delinquency.

C. Interest. Franchisee agrees to pay all bills, fees, charges, and other obligations to Company in strict accordance with the applicable payment and credit terms. Any amount not so paid when due, as well as any amount due from Franchisee under any section of this Agreement, shall bear interest from the due date at the rate of two percent (2%) per month, or the maximum allowed by law, whichever rate shall be lesser. Interest shall be compounded daily. The payment of such interest or other amounts due will not be deemed to constitute a waiver of any other rights available to Company.

D. Attorneys' Fees. If Franchisee is in default in the payment of any amount due Company or any Advertising Group, or if Franchisee is otherwise in breach of this Agreement, then in any and all legal actions between the parties, Company will be entitled to recover any amount due or in default, together with interest thereon, plus all costs related to the action, and its reasonable attorneys' fee.

E. Taxes on Payments to Company. To the extent a state or local taxing authority, other than the Pennsylvania Department of Revenue, imposes any tax, levy or assessment on any payment made by Franchisee to Company, Franchisee shall, in addition to all payments due to Company, pay such tax, levy or assessment.

F. Allocation of Payments. Company may allocate any monies received from Franchisee to any payment due under this Agreement or under any other agreement between Franchisee and Company. Company may allocate such payment among, and in such order, of Franchisee's obligations as Company considers appropriate, regardless of the purpose for which the payment was designated or intended.

## 6. **TRADEMARKS AND OTHER INTELLECTUAL PROPERTY**

A. Ownership. Franchisee understands and acknowledges that, as between Franchisee and Company, Company owns all right, title and interest in and to the Intellectual Property and to all goodwill associated with and symbolized by the Marks; Company has the right to use and to license the use of the Intellectual Property; and Company has the right, standing and capacity to enforce all provisions in this Agreement related to the Intellectual Property. This Agreement gives Franchisee no ownership interest in any of the Intellectual Property, nor any right to a payment for goodwill when this Agreement expires or is terminated, and all goodwill arising from Franchisee's use of the Intellectual Property inures exclusively to Company.

B. Use. Franchisee is hereby granted the right to use the Marks and Intellectual Property, only in connection with Franchisee's establishment, operation and promotion of the Store, and in strict accordance with the Standards. Franchisee must use the Mark and Intellectual Property in the manner and for the purposes Company directs, and for no others. Franchisee's rights to use the Marks and Intellectual Property shall cease with the termination or expiration of this Agreement. Franchisee shall not use any non-licensed marks other than as authorized by Company in writing in connection with the operation of the Store.

C. Modifications. Company reserves the right to modify, substitute or discontinue use of any of the Marks or other Intellectual Property, in its sole discretion. Franchisee shall make any additions, deletions and modifications on all interior and exterior signs, displays, paper products and advertising as Company directs at Franchisee's own expense and without compensation therefor. Company shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any such addition, discontinuance or modification and Franchisee hereby covenants not to commence nor to join in any litigation against Company for any such expense, losses or damages.

D. Infringement. Franchisee shall not, either during or after the term of this Agreement, do anything, or assist any other person to do anything, which would infringe upon, harm or contest the rights of Company in any of the Marks or Intellectual Property. Franchisee must inform Company of any apparent infringement of, or challenge to Franchisee's use of, any of the Marks or other Intellectual Property. Company will, in its sole discretion, take such action as it deems appropriate. If Company undertakes the defense or prosecution or any litigation or administrative action pertaining to the Marks or other Intellectual Property, Franchisee shall cooperate fully with Company which may include, among other things, signing all documents and performing such acts and things as may, in the opinion of Company's counsel, be necessary to carry out any defense or prosecution.

E. Other Covenants. Franchisee shall not, either during or after the term of this Agreement, do anything, or aid or assist any person to do anything which would hinder or prevent Company from using or franchising its names or marks in any jurisdiction. Franchisee shall not register the name "Dollar Discount," or all or any portion of any other Mark as part of Franchisee's firm or corporate name except in strict compliance with Company's criteria for fictitious name usage. Franchisee agrees to file in the jurisdiction in which the store is located a Certificate of Fictitious Name or comparable instrument. Evidence of such filing shall be provided to Company prior to opening of the franchise business.

F. Domain Names and Other Internet Listings. Franchisee shall neither use nor register the mark "Dollar Discount" or all or any portion of any other Mark as part of any Internet domain name or URL or web site address, and may not display or use any of the Marks or other Intellectual Property in connection with, or associate the System with (through a link or otherwise) any Web site advertising, address, or listing on the Internet or World Wide Web without Company's prior written consent. Franchisee acknowledges that, as between Franchisee and Company, Company owns all rights in and to the URL and domain name "DollarDiscount.com."

## 7. ADVERTISING

A. Minimum Advertising Expenditure. Franchisee shall expend during each calendar quarter a sum equal to one percent (1%) of Franchisee's total Gross Receipts for the preceding quarter on local advertising and promotion in a manner that conforms with the Standards. Such advertising may consist of placement of newspaper ads, television ads, radio spots, billboards, direct mail, and flyers and promotional pieces. Franchisee shall provide Company with proof of such advertising or promotional expenditures in the form requested by Company from time to time. Company has the right to increase this required expenditure to two percent (2%) of Gross Receipts if (1), in Company's sole judgment, such an increase is warranted to increase the awareness of Dollar Discount Stores products and services; and (2) Company imposes the same increase on all similarly situated franchisees operating under franchise agreements that permit Company to impose the increase.

B. Advertising Cooperative. Company may define an area that encompasses a group of Dollar Discount Stores for purposes of instituting an Advertising Group program. If an Advertising Group is established for the area encompassing the Store, Franchisee shall participate in the Advertising Group program established for the Advertising Group. Company has the power to require Advertising Groups to be changed, dissolved or merged, and has the sole right to assign members to an Advertising Group. At Company's request, Franchisee shall promptly execute an Advertising Group Agreement and abide by the rules and regulations of the Advertising Group. The Advertising Group will be self-governing, and act by majority vote. It will be empowered to elect a president and adopt by-laws and other procedures to implement an advertising program. The Advertising Group may designate an advertising committee to administer the program. Where Franchisee is a member of an Advertising Group, Company may require Franchisee to contribute all or a portion of the minimum advertising expenditure, described in this Subsection (A), above, directly to the Advertising Group on a monthly (rather than quarterly) basis. Failure by Franchisee to pay such sums shall constitute a material breach of this Agreement, and be grounds for termination of this Agreement. Franchisee acknowledges that it

would be unfair for Franchisee to benefit from advertising paid for by fellow owners of Dollar Discount Stores without Franchisee's contribution, and that failure to pay Franchisee's Advertising Group assessment would confer benefits upon Franchisee to which Franchisee would not otherwise be entitled. Either Company or Franchisee's Advertising Group shall be entitled to recover any amount due the Advertising Group for the benefit of Company and the Advertising Group, together with any interest or other damages resulting from such breach by Franchisee. Advertising Groups will be required to prepare and make available to its members annual unaudited financial statements, the cost of which shall be paid from Advertising Group contributions.

C. Approval of Advertising. All advertising and promotional materials and activities must be conducted in a dignified manner and must conform to the Standards. No advertising or promotional materials may be used, published, or broadcast (in the case of radio or television advertising) until Company has approved in writing the content, the proposed method of use or publication or broadcast, and the proposed media. Company reserves the right to approve Franchisee's advertising agency, and Franchisee agrees to place advertising only with an agency approved by Company. Franchisee shall use such advertising and printed materials as are authorized by Company in writing, and no other advertising or printed materials.

D. Displays and Promotions. Franchisee shall use such displays and promotions as Company shall specify periodically, and coordinate same with Company and other franchisees.

## 8. HOLD HARMLESS AND INDEMNIFICATION

Franchisee is responsible for all losses, damages, judgments, liabilities, claims, injuries and illness to persons, together with all related costs and expenses arising directly or indirectly out of Franchisee's ownership or conduct of the Store, or ownership, possession or condition of Franchisee's real or personal property. Franchisee shall defend (through counsel of Company's choice), hold harmless and indemnify Company, its officers, directors, agents and employees from any and all losses, damages, liabilities, claims, costs, expenses, judgments and attorney's fees in connection therewith, or in connection with any act of negligence, omission or willful misconduct by Franchisee or any of Franchisee's agents or employees. Franchisee's obligation to defend, hold harmless and indemnify Company as aforesaid shall in no manner be affected by the existence or non-existence of insurance. Company's right to indemnity under this Agreement shall arise even if joint or concurrent liability may be imposed on Company by statute, ordinance, regulation or otherwise. Company is not required to seek recovery from third parties or otherwise to mitigate its losses in order to maintain a claim for recovery against Franchisee under this Section. The terms of this Section will survive termination or expiration of this Agreement, or any Transfer.

## 9. TRAINING AND ASSISTANCE

A. Initial Training Program. Company will provide, and Franchisee must attend and satisfactorily complete, Company's initial training program before opening the Store. The program will be given at such times, dates and places as Company selects. Satisfactory completion will be determined by Company.

B. Additional Training Courses. During the Term, Company may offer and require Franchisee and its employees to attend additional or remedial training programs, classes, meetings, seminars and workshops. These programs and courses may be held at any location Company specifies, or may be offered or made available, at Company's election, via videoconference or the Internet. Franchisee and its employees shall attend and satisfactorily complete all required programs and courses.

C. Seminars, Meetings and Conventions. Company may, from time to time, schedule seminars, meetings and conventions to acquaint Franchisee with developments in the industry, new policies and procedures, modification of the franchise system and other topics pertinent to operation of a

Dollar Discount Store. The seminars, meetings and conventions will be held at such times, dates and places as Company specifies and Franchisee agrees to attend each such seminar, meeting and convention.

D. Expenses. There is no tuition charge for the training courses and meetings described in Subsections (A), (B) and (C) above. Franchisee is responsible for training its manager and employees. Franchisee will pay the costs of travel, room, board, wages and all other expenses for all trainees in connection with each and every training course.

E. Opening Assistance. Immediately prior to and coinciding with the opening of the Store for business, Company shall send a representative for a total of thirty (30) hours, if Franchisee is purchasing its first Dollar Discount Store franchise, or fifteen (15) hours, if Franchisee is purchasing its second or subsequent Dollar Discount Store franchise, to assist Franchisee with Store setup, hiring personnel, employee training and other functions necessary for commencement of the Store.

F. Merchandising Assistance. Throughout the Term, Company shall provide to Franchisee specific inventory purchase recommendations as Company deems necessary and appropriate, in its sole discretion.

G. Advice. Company shall make available to Franchisee advice regarding management and operation of the Store to the extent that Company deems necessary and appropriate, in its sole discretion.

H. New Developments. Company shall make available to Franchisee any and all improvements and changes in the Dollar Discount Stores products, services, business methods and techniques to the same extent and in the same fashion as they are made available to other System franchisees.

## 10. REPORTS, BOOKS, RECORDS AND FINANCIAL STATEMENTS

A. Reports and Statements. Franchisee shall make and keep at the Store such accounts, records and memoranda as will fully and correctly disclose all transactions relating to or involving the operation of the Store. Representatives of Company shall have access to examine, inspect and copy all such accounts, records and memoranda during regular business hours. Financial records and statements shall be kept and maintained in conformity with generally accepted accounting principles.

B. Weekly Reports. Beginning with the opening of the Store, Franchisee is required to prepare and transmit to Company, in the format and on forms prescribed by Company, accurate reports of the Store's Gross Receipts, together with cash register z-tapes and such other information as Company may reasonably require. Such reports shall be submitted weekly, and must be mailed so as to be received by Company by Wednesday of each week.

C. Monthly Reports. Franchisee agrees to deliver to Company within twenty-five (25) days after the close of each calendar month a complete and accurate profit and loss statement for each month.

D. Annual Financial Statement. Franchisee agrees to deliver to Company within ninety (90) days after the close of each of Franchisee's fiscal years a complete and accurate profit and loss statement for the preceding year and balance sheet as of the end of such year. These financial statements shall be prepared by an independent certified public accountant. These statements may be unaudited unless Franchisee has received written notice from Company requiring an audit. In such event, Franchisee shall have ninety (90) days from receipt of notice of such audit requirement to provide such audited financial statement. At Company's request, Franchisee shall, at Franchisee's expense, cause the accountant who prepared any statement or balance sheet to consult with Company concerning same.

E. Tax Returns. Franchisee shall deliver to Company copies of all federal and state income or other tax returns filed by Franchisee within ten (10) days of any filing.

F. Forms. Franchisee shall use only those forms specified by Company.

G. Audits. Company, or its designee, may conduct an audit of Franchisee's accounts, books, records and tax returns during regular business hours. If Franchisee has failed to timely submit complete, accurate and legible reports, statements or documentation, then the cost of the audit shall be borne by Franchisee. Such payment by Franchisee shall not be deemed to cure Franchisee's defaults arising out of any underreporting of Gross Receipts or other violation of this Agreement.

## 11. MANUALS AND CONFIDENTIAL INFORMATION

A. Manuals. Within a reasonable time after the Effective Date, Company will provide to Franchisee, either in hard copy or electronic format, one copy of the Manuals. The Manuals may be delivered in hard copy or transmitted via e-mail or via Company's intranet or extranet system. The Manuals at all times will remain Company's property. Franchisee must keep them in a secure place on the Store premises, and must return them to Company immediately upon request or upon termination, expiration or Transfer of this Agreement. Company may periodically revise the contents of the Manuals, or any Standards contained in the Manuals, as it deems appropriate in its sole discretion. Franchisee shall promptly conform to the modified Standards at Franchisee's expense. Franchisee shall keep the Manuals current and up-to-date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Company at its corporate offices will control. If Franchisee loses or misplaces the Manuals, Franchisee shall pay a \$300 replacement fee.

B. Confidential Information. Franchisee and its Principals acknowledge that all Confidential Information belongs exclusively to Company. Franchisee and its Principals shall maintain the confidentiality of all Confidential Information, and may neither duplicate nor divulge the Confidential Information to any person except its employees and professional advisors, on a need to know basis, and may not use Confidential Information for any purpose except for the purpose of operating and promoting the Store. This obligation will survive the expiration or termination of this Agreement or any Transfer, and will be perpetually binding upon Franchisee and each of its Principals. Franchisee and its Principals recognize that the disclosure or use of any such Confidential Information, by Franchisee or any of its Principals or any members of their immediate families, would result in irreparable harm to Company and constitute an unfair trade practice.

C. Modifications By Franchisee. If Franchisee develops any new concept, product or improvement in the operation or promotion of Dollar Discount Stores, Franchisee shall promptly notify Company. Franchisee hereby assigns to Company all of its rights in all such inventions and improvements that Franchisee may develop during the Term, and Franchisee waives any claim to additional compensation for such assignment. Company shall have the right to use and to disclose information concerning such inventions and improvements as it deems appropriate, in its sole discretion.

## 12. STANDARDS OF OPERATION

A. Compliance With Agreement and Standards. Franchisee shall operate the Store in full compliance with this Agreement and the Standards including, among other things, mandatory hours of operation. Company may modify any Standards at its discretion, and all such modifications shall be communicated to Franchisee via amendment to the Manuals, or otherwise in writing. Franchisee shall promptly comply with all modifications. Franchisee shall instruct all employees in the Standards and all revisions and modifications of the Standards.

B. Compliance With Laws. Franchisee shall comply with all applicable state, federal and local laws, regulations and ordinances (including, among other things, licensing, building and permit requirements) imposed by the jurisdiction in which the Store operates. Franchisee shall pay, when due, state and local sales and income taxes. It is Franchisee's sole responsibility to obtain and maintain any appropriate licenses or permits from governmental entities, and to pay applicable sales tax on all sales, and applicable income tax on all revenues, derived from Franchisee's operation of the Store.

C. Staffing and Customer Service. Company may specify minimum staffing requirements for Store personnel, which requirements may be modified from time to time. Franchisee shall adhere to all such requirements. Franchisee and its employees shall render prompt, willing and courteous service to all customers. Franchisee and its employees shall present a neat and clear appearance at all times, and shall wear uniforms of such color and design as Company periodically may designate.

D. Management. Franchisee is responsible for compliance with this Agreement and shall exercise overall supervision of the Store. However, Franchisee may employ a Designated Manager to handle the day-to-day operations of the Store. Either the Franchisee or the Designated Manager must devote full time and effort to operation of the Store. Franchisee must notify Company of the identity of each Designated Manager before such person assume managerial responsibility, and Company has the right to disapprove such Designated Manager. The Designated Manager and all managerial personnel must be trained in a manner satisfactory to Company prior to assumption of duties. Company may revoke approval of any Designated Manager, if such person operates the store in an improper or inefficient manner, fails to adhere to the Standards. After notification from Company to replace any Designated Manager, Franchisee must do so within one month. If a Designated Manager leaves Franchisee's employ, such person must also be replaced within one month; provided that Franchisee shall ensure the efficient operation during the interim.

E. Merchandising and Sale Requirements. Franchisee shall offer, provide and sell all services and products that Company periodically prescribes for the System including a wide variety of goods, including toys, candy, foods, housewares, party supplies, gadgets, health and beauty aids, pet supplies and tools. Franchisee may offer, provide and sell only the services and products that Company has approved for the Store. Before opening the Store, Franchisee shall purchase such inventory as Company shall recommend. Thereafter, Franchisee shall maintain inventory levels of such items sufficient to meet consumer demand or projected demand. Franchisee shall at all times actively promote the sale of products and services. Franchisee shall offer items to consumers at or below the retail price of one dollar (\$1.00) or such other recommended or mandatory (to the extent permitted by applicable law) discount price points as Company prescribes. Company may add, eliminate, change or modify the goods or services required for sale; provided that Franchisee's cost of offering new products or services (specifically, the cost of acquiring necessary fixtures, furnishings and initial (but not ongoing) inventory) shall not exceed \$5,000 per 12-month period.

F. System Suppliers. Franchisee acknowledges that Company has established System Suppliers with which it may negotiate purchase arrangements. Franchisee further acknowledges that Company may receive money or other benefits from System Suppliers as a result of Franchisee's purchases. Franchisee is not required to purchase any item from any System Supplier; however, if Franchisee purchases from System Suppliers, Franchisee shall comply with the terms of this Agreement concerning System Suppliers.

G. Store Appearance, Maintenance and Repair. Franchisee shall maintain the Store premises (interior and exterior), and all equipment and signage in a high degree of sanitation, repair and condition and in accordance with all applicable laws and regulations (including, without limitation, the Americans With Disabilities Act). If the Store is damaged or destroyed by fire or other casualty, or required to be repaired or reconstructed by any governmental authority, Franchisee shall repair or reconstruct the building within a reasonable time under the circumstances. The minimum acceptable appearance for the restored structure will be that which existed just before the casualty; however, every effort will be made by Franchisee to have the restored building reflect the then-current image, design and specifications for a Dollar Discount Store. If the building is substantially destroyed by fire or other casualty, Franchisee may, if Company provides its written consent, find an alternative site for the Store instead of reconstructing the building.

H. Image. Franchisee shall at all times maintain the image required by Company, and shall conduct the business in such a manner that it will not detract from or bring into disrepute Company or the Marks. Company may change its image, or modify its operational procedures or service techniques from time to time. Franchisee shall promptly make, at Franchisee's expense, all required improvements or changes as Company may require to reflect such change or modification.

I. Inspections. Company or its designee may enter upon the Store premises at any time for the purpose of conducting inspections, without being liable to Franchisee for trespass or any other civil tort. Franchisee shall promptly remedy, at Franchisee's sole expense, any deficiency found during such inspection. If Franchisee fails to correct such deficiencies within a reasonable time as determined by Company, Company may, but is not obligated to, correct such deficiencies at Franchisee's expense.

J. Interference With Employment Relations. Franchisee shall not directly or indirectly induce any employee of Company or of another Dollar Discount Store to leave his employment, nor shall Franchisee hire an employee who leaves such employment of his own accord for one year after such date, without Company's prior written approval.

K. Equipment, Fixtures, Furnishings, and Supplies. Franchisee shall purchase, install, use, maintain in good working order, and upgrade as necessary, at Franchisee's expense, such equipment, fixtures, furnishings, and supplies as Company may periodically require. As any item of equipment or fixture becomes obsolete or inoperable, Franchisee shall replace such item with the types and kinds of equipment or fixtures then being installed in new Dollar Discount Stores at the time of replacement. If Company determines that additional or substitute equipment or fixtures are required, Franchisee shall install such new equipment or fixtures within a reasonable time specified. Franchisee shall neither install nor permit to be installed on or about the Store premises, without Company's prior written consent, any equipment, fixtures, furnishings, or other improvements not previously approved by Company. Franchisee shall neither install, nor permit to be installed, any telephone booths, newspaper racks, juke boxes, gum or candy machines, pinball machines, electronic or video games, game tables, mechanical machines, rides or similar items on or at the Store premises without Company's prior written consent.

L. Signs. Franchisee shall erect such exterior and interior signs as Company periodically may require, and may neither erect nor use any signage that Company has not previously approved in writing. Franchisee shall discontinue the use of and destroy such signs as are declared obsolete by Company within the reasonable time specified by Company.

M. Computer Systems. Franchisee shall acquire and use all Computer Systems that Company prescribes for use by System franchisees, and may not use any Computer System or components or software applications that do not conform to the Standards or that Company has not approved in writing. Requirements may include, among other things, hook up to remote servers, off-site electronic repositories, and Internet connections. Company may require Franchisee to update or upgrade computer hardware components and/or software applications as Company deems necessary from time to time, but not more than three (3) times per calendar year. Franchisee shall enter into all software license agreements and software maintenance agreements, in the form and manner Company prescribes, and pay all fees charged by third party software and software service providers thereunder. At Company's request, Franchisee shall execute or consent to a "terms of use" agreement with respect to all software applications that Company designates. Franchisee acknowledges that Company may independently access from a remote location, at any time, all information input to, and compiled by, Franchisee's Computer System or an off-site server, including information concerning Gross Revenues, purchase orders, inventory and expenditures.

N. Intranet/Extranet System. At Company's request, Franchisee shall participate in any intranet or extranet system developed for use by Dollar Discount Stores. Franchisee shall sign any and all agreements that Company requires concerning the use of such system, which agreement may contain, among other things, (1) confidentiality requirements for materials transmitted via the system, (2)

password protocols and other security precautions, (3) grounds and procedures for Company's suspension or revocation of access to the system by Franchisee and Franchisee's employees, and (4) a privacy policy governing the parties' access to and use of electronic communications posted on electronic bulletin boards or transmitted via the system. Franchisee shall pay any fee (or Franchisee's *pro rata* share of any fee, as applicable) imposed by Company or a third party service provider in connection with hosting the system.

O. Telecommunications. Franchisee shall maintain dedicated land-based, wireless and satellite telecommunications facilities of the types and number that Company prescribes periodically. The required facilities may include cable and satellite reception facilities; T-1 and DSL transmission facilities; Internet access and server facilities; and other reception and transmission facilities that Company periodically designates.

P. Debts and Obligations. Franchisee shall pay all debts and obligations relating to the operation of the Store and shall not fail to pay any debts to System Suppliers, or to any third parties which may result in claims of liability to Company.

Q. Accounting System. Company reserves the right to specify the accounting procedures, formats, systems and forms used by Franchisee in conduct of the Store. All bookkeeping and accounting records shall be maintained according to generally accepted accounting principles.

R. Representations and Warranties to Customers. Franchisee shall make no representations or warranties to customers unless the same shall have been authorized by Company in writing. Further, Franchisee shall make no representation or warranty on behalf of Company, without its prior written consent.

S. Additional Obligations for Corporations and Other Entities. If Franchisee is a corporation, limited partnership, limited liability company or other entity other than a natural person, such entity shall adhere to the following requirements:

1) The entity must be duly organized and validly existing under the laws of its formation, and its activities must be confined to acting exclusively as a Dollar Discount Store franchisee;

2) All persons holding an Ownership Interest in the entity must have been approved by Company. Company may require that Franchisee remain the owner of at least fifty percent (50%) of the outstanding shares or other Ownership Interest of a franchisee entity after any issuance or transfer, and be that entity's Chief Executive Officer.

3) Franchisee shall not issue new shares or other Ownership Interests in the franchisee entity without Company's prior written approval. Company may limit the number of shareholders or holders of an Ownership Interest in a franchisee entity. Issuance of new shares or transfer of shares shall be subject to the provisions of this Agreement relating to assignment;

4) Franchisee's organizational and governing documents must reflect that all Ownership Interests in Franchisee is held subject to the Transfer restrictions contained in this Agreement. All certificates evidencing an Ownership Interest in the franchisee entity shall be endorsed as follows:

"The transfer of the interest represented by this certificate is subject to the terms and conditions of a Franchise Agreement with Dollar Discount Stores of America, Inc. These certificates are not transferable nor subject to sale, pledge, mortgage or assignment without the prior written consent of Dollar Discount Stores of America, Inc.";

5) The entity's governing documents shall reflect these requirements and others specified by Company, and Franchisee shall provide to Company such documents relating to the entity as Company may require; and

6) The franchisee entity shall adhere to the requirements set forth in this Agreement relating to management of the Store.

### 13. INSURANCE

A. General Requirements. Franchisee shall purchase and maintain at Franchisee's sole expense at all times during the Term such insurance coverage as Company shall periodically specify. This shall include, but not necessarily be limited to, comprehensive general liability insurance, automobile insurance, product liability and broad form contractual liability insurance. Each policy shall be written by an insurance company acceptable to Company, and be rated by Best Insurance as A+ or better with a financial rating of 10 or better. Each policy shall name Company as an additional insured. Franchisee shall promptly deliver to Company original certificates evidencing that all insurance required by it is in full force and effect before opening the Store for business. Franchisee shall deliver to Company each year renewal certificates, demonstrating that all such insurance policies remain in full force and effect. All policies shall provide that the policy may not be canceled without thirty (30) days prior written notice to Company. If Franchisee fails to obtain or maintain the required insurance, Company has the option to do so on Franchisee's behalf, and its failure to do so shall not be cause for any claim against it by Franchisee, nor be construed as a waiver of Franchisee's obligations under this section or any other section of this Agreement. Coverages specified by Company are minimum amounts only and such should not be construed as a warranty of the adequacy of any such coverages. Company may change or modify its requirements as it deems appropriate, in its sole discretion and Franchisee shall promptly comply with all new and modified requirements.

B. Coverage Required By Law. Franchisee shall secure and pay premiums on workmen's compensation, unemployment insurance and any other insurance coverage required by federal, state or local law.

C. Claims. Franchisee shall promptly notify Company of any and all claims against Company and/or Franchisee.

### 14. INDEPENDENT CONTRACTOR

A. Independent Contractor. Franchisee is an independent contractor, and not an agent, employee, servant, partner, or joint venturer of Company. Franchisee is not authorized to make any promise, agreement or contract on behalf of Company. Franchisee shall not hold himself out as anything but an independent business person and shall not claim any relationship excluded above. The relationship intended hereby is that of independent contracting parties to a business relationship and no fiduciary relationship is intended or contemplated by the parties.

B. Responsibility for Debts. Franchisee acknowledges full responsibility for all the debts and obligations of the Store and the franchise represented by this Agreement, including, but not limited to, all bills, debts, taxes, rents, employee taxes, unemployment compensation insurance and employee benefits. Company shall not be liable for any of the debts or obligations of Franchisee.

C. Franchisee's Business Efforts. Franchisee, as an independent business person or entity, recognizes that there are economic hazards in connection with the operation of any business, including the type contemplated by Franchisee pursuant to this Agreement. Success, whether financial or otherwise, is not guaranteed by Company, even though Franchisee may follow or may rely on Company's advice, recommendations, programs, policies and procedures. Franchisee acknowledges that Franchisee has made an independent investigation of the franchised business and that no representation has been made by Company regarding the potential or future profitability of Franchisee's business. Franchisee understands that any income or profits Franchisee may realize will be the result of the efforts and labors of Franchisee and not those of third parties. This franchise is not a security and Franchisee acknowledges that

Franchisee is not relying on Company or any third party to produce income to Franchisee pursuant to this Agreement.

D. Statement of Independent Ownership. Franchisee shall at all times display a conspicuous notice in a prominent place in the store and include on printed materials a statement that the Store is independently owned and operated by Franchisee. All such statements and notices shall conform to the Standards.

## 15. ASSIGNMENT

A. Assignment By Company. Company may transfer or assign this Agreement and all or any part of its rights or obligations in this Agreement to any entity, including an entity who operates one or more businesses that are similar to or competitive with Dollar Discount Stores. Company also may sell its assets, its rights in the Marks or other Intellectual Property, or the System to a third party; may offer its securities privately or publicly; may merge, spin-off, acquire other companies or be acquired by another company; may undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and Franchisee expressly and specifically waives any claims, demands or damages against Company arising from or related to any or all of the above sales, assignments and dispositions. Upon any such transfer, the transferee shall be solely responsible to Franchisee for all obligations and duties arising subsequent to such sale, assignment or disposition, and Company shall have no further liability to Franchisee. Company is not required to provide to Franchisee prior notice of any intended sale, assignment or disposition.

B. Assignment By Franchisee. This Agreement is a personal obligation of Franchisee and Franchisee shall not effect a Transfer without Company's prior written consent, which consent shall not unreasonably be withheld. Any Transfer, other than in strict compliance with this Agreement, shall constitute a material breach of this Agreement and shall be grounds for termination of this Agreement.

C. Transfer To a Controlled Entity. Subject to Company's written consent, Franchisee may assign this Agreement to an entity, if the transferee conforms to the Standards described in Section 12.S. of this Agreement, and if Franchisee maintains a Controlling Interest in the entity.

D. Transfer or Sale. If Franchisee desires to effect a Transfer, except as described in Subsection (D), above, Franchisee may do so provided:

- 1) The purchase is first approved by Company. Company agrees to approve a purchaser if Company is satisfied that the purchaser has a good reputation, sufficient business experience and financial qualifications;
- 2) All financial obligations of the Franchisee are fully paid and satisfied;
- 3) The purchaser has attended and satisfactorily completed, at the purchaser's expense, Company's initial training program;
- 4) Franchisee and its Principals execute a general release of all claims against Company and its affiliates, and their respective former and present officers, directors, shareholders, employees and agents, including, without limitation, claims arising under this Agreement or under any federal, state or local laws, rules, regulations or orders; provided that the release will not be inconsistent with any state law regulating franchising;
- 5) Franchisee or the transferee pays the Transfer Fee;
- 6) If the purchaser is an entity other than a natural person, all of Company's Standards for such entity are met;

7) The purchaser executes Company's then-current franchise agreement for the remainder of the Term; provided that the purchaser shall not be required to pay any initial license fee due thereunder.

E. Right of First Refusal. Company has the irrevocable first right and option to purchase the Store's assets on the same terms and conditions as any bona fide purchaser. If Franchisee receives an acceptable bona fide offer from a third party to purchase the Store's assets, Franchisee shall provide to Company a copy of the offer to purchase, which must contain all of the terms of the proposed sale and the identity of the proposed purchaser. The proposed purchaser shall immediately provide to Company an executed franchise application. Company may request that Franchisee or the proposed purchaser provide it with such other information as it may request in order to evaluate the offer and proposed purchaser. Company may exercise the right of first refusal by notifying Franchisee of its decision to do so in writing within thirty (30) days after receipt of all items required above. Silence on the part of Company shall constitute rejection. If Company fails to exercise this option, all provisions relating to assignment of this Agreement remain in full force and effect. The election by Company not to exercise its option as to any offer shall not affect its right of first refusal as to any subsequent offer. Any sale or attempted sale without first giving Company the right of first refusal shall be void and of no force or effect.

F. Franchisee's Death. If Franchisee is a natural person and dies during the Term, the executor, administrator or other personal representative of Franchisee's estate shall transfer Franchisee's interest in this Agreement and sell the Store's assets to a third party whom Company has approved. If Franchisee is a corporation or other legal entity and any of its Principals die during the Term, Company may, at its option, require either that Franchisee repurchase or extinguish the deceased person's interest, or cause the transfer of the deceased person's interest to a third party whom Company has approved. Any transfer required under this paragraph must be concluded within a reasonable time after communication of Company's requirement, not to exceed six (6) months, and shall be subject to the conditions described in Subsection 16.E, above; provided that no Transfer Fee will be payable on account of the transfer.

G. Franchisee's Disability. If Franchisee is a natural person and becomes Permanently Disabled during the Term, Company may require Franchisee to transfer Franchisee's interest in this Agreement and sell the business' assets to a third party whom Company has approved. If Franchisee is a corporation or other legal entity and any of its Principals becomes Permanently Disabled during the Term, Company may, at its option, require either that Franchisee designate a new Principal, acceptable to Company, to supervise the operation of the Store, or if no other Principal is acceptable to Company, that Franchisee transfer this Agreement and sell the Store's assets to a third party whom Company approves. Any transfer required under this paragraph must be concluded within a reasonable time after communication of Company's requirements, not to exceed six (6) months, and shall be subject to the conditions described in Subsection 16.E, above; provided that no Transfer Fee will be payable on account of the transfer. If the parties disagree as to whether a person is "Permanently Disabled," the determination shall be made by a licensed practicing physician, selected by Company, upon examination of the person; or, if the person refuses to submit to an examination, then for purposes of this paragraph, the person will be considered Permanently Disabled as of the date of the refusal. The costs of any examination required by this paragraph shall be paid by Company.

H. No Waiver. Company's consent to a Transfer of any interest described in this Agreement will not be considered a waiver of any claims that Company may have against the transferring party, nor shall it be deemed a waiver of its right to demand compliance with any of the terms of this Agreement by the transferee.

## **16. DEFAULT AND TERMINATION**

A. Automatic Termination. This Agreement shall terminate automatically if Franchisee becomes insolvent, files a voluntary petition under any bankruptcy law or under any similar law or

statute, makes a general assignment for the benefit of creditors, admits in writing its inability to pay any debt as and when it becomes due; if an involuntary bankruptcy action is instituted against Franchisee and is not dismissed within sixty (60) days from the date of filing; if Franchisee is adjudicated bankrupt or insolvent in proceedings filed under any bankruptcy laws or under any similar law or statute; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for Franchisee or the Store is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of any of the Franchisee's assets or property is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors are instituted by or against Franchisee; if a final judgment against Franchisee remains unsatisfied or of record for thirty (30) days or longer (unless an appeal bond is filed); if execution is levied against the Store's business or property; if suit to foreclose any lien or mortgage against the Store premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; if any real property or a significant portion of the personal property related to the operation of the Store is sold after levy thereupon by any sheriff, marshal, constable or other government official; or if Franchisee (if other than a natural person) is dissolved under the laws of the jurisdiction under which it was formed.

B. Termination By Franchisee. Franchisee shall have the right to terminate this Agreement as provided under applicable law, provided that Franchisee shall have delivered to Company written notice, specifically describing the nature of the default and providing Company at least thirty (30) days to effect a cure. If the default is of such a nature that a cure is impracticable within thirty (30) days, Company will be deemed to have cured the default if it undertakes efforts to cure the default within the thirty (30) day cure period and thereafter diligently continues its efforts until a cure is completed.

C. Termination By Company. Company may terminate this Agreement, which termination shall become effective upon delivery of written notice of termination, if:

- 1) Franchisee fails for seven (7) days after receiving written notice from Company to pay any sum owed to Company;
- 2) Franchisee fails for twenty (20) days to perform any other obligations under this Agreement (except as stated below), or to assure that each Principal, if applicable, adheres to all such obligations;
- 3) Franchisee has falsified any information or documentation provided to Company;
- 4) Franchisee fails to offer all required products and services or offers unauthorized products or services;
- 5) Franchisee abandons the business or closes the Store for a period of more than five (5) days,
- 6) Franchisee attempts to terminate this Agreement orally or in writing,
- 7) Franchisee attempts to assign this Agreement without complying with its terms,
- 8) Franchisee misuses the Marks or other Intellectual Property, or violates the Standards concerning Confidential Information;
- 9) Franchisee violates the covenant not to compete,
- 10) Franchisee is in default under this Agreement, or any other franchise agreement between Company and Franchisee, on three (3) more occasions during any eighteen (18) month period, regardless of whether such default ultimately is cured;
- 11) Franchisee refuses to permit Company to exercise any of its rights of inspection,
- 12) Any of the Principals commit acts which constitute a violation of this Agreement if committed by Franchisee; or

13) Franchisee commits other violations for which a notice to cure would be impracticable.

## 17. PROCEDURES AFTER TERMINATION OR EXPIRATION

A. Procedures After Termination or Expiration. Upon termination or expiration of this Agreement, Franchisee loses all rights to use the Marks and other Intellectual Property, the System and the Confidential Information. Franchisee shall thereafter cease to be an authorized franchisee of Company, and shall immediately:

1) Pay to Company and any Advertising Group of which Franchisee is a member any sums due and owing, and to other persons sums which may result in a claim of liability of Company;

2) Cease all use of all Marks and other Intellectual Property, and refrain from referencing any past association with Company;

3) Discontinue all advertising as a Dollar Discount Store or franchisee of Company's;

4) Cancel all telephone numbers and directory or other business listings (including, without limitation, online directory listings) used in connection with the former Store. At Company's option, Franchisee must assign to Company or its designee all rights to such telephone numbers and directory or other business listings, and must sign all forms and documents required by Company and any telephone company or online directory service provider to effect such transfer.

5) Take such action as may be necessary to cancel any assumed name or equivalent registration that contains the mark "Dollar Discount" or any other Mark, and furnish Company with evidence satisfactory to Company of compliance with this obligations within ten (10) business days after termination or expiration of this Agreement or any Transfer;

6) Cease using all Internet web pages, domain name listings, email addresses and registrations containing all or a portion of the Marks, and notify the applicable domain name registrar and all listing agencies of the termination or expiration of Franchisee's right to use such pages, listings, addresses and registrations. At Company's request, Franchisee shall do all things necessary to cancel or to otherwise cause the transfer to Company of such pages, listings, addresses and registrations which may include, among other things, signing all documents, in the form and manner prescribed by Company, to effectuate such cancellation or transfer. Franchisee is not entitled to any compensation from Company if Company exercises its rights or options under this Subsection.

7) Deliver to Company all Confidential Information and all items bearing the Marks, and all copies thereof.

8) If directed by Company, make such changes and modifications in signs, decor, and otherwise as Company directs so as to effectively distinguish the former Store from its appearance as a Dollar Discount Store;

9) Destroy or surrender to Company all signs, stationery, letterhead, forms, and printed, packaging and advertising materials containing the Mark "Dollar Discount" or all or any portion of any of the Marks;

10) Return to Company the Manual, newsletters, advertising layouts, aids and other materials provided by Company or containing Confidential Information or the Standards;

11) Maintain all books, records and reports required by Company for a period of not less than one (1) year, and permit Company to inspect such documents during normal business hours;

12) Upon written notice of Company's exercise of its option to accept assignment of Franchisee's real estate lease, promptly take all steps to effectuate the transfer of the lease. Franchisee shall vacate the leased site on or before the effective termination date of this Agreement. Whether the site is leased or owned by Franchisee, Company shall have a security interest in any equipment, inventory, supplies or other personal property of Franchisee on the site, if Company has not received all funds due and owing from Franchisee and if Company is entitled by law to possession and a lien against such property. If Franchisee owns the premises of the Store, Franchisee hereby grants to Company or its assignee a standard commercial lease at fair market value for a term of ten (10) years with a ten-year renewal option. Such lease shall be fully assignable by Company without Franchisee's further consent.

13) Within thirty (30) days after the termination or expiration of this Agreement, Company shall have an option, but not an obligation, to buy, and if Company exercises its option, Franchisee hereby agrees to sell to Company, all of Franchisee's right, title and interest in and to any and all equipment, Computer Systems, fixtures, furniture, supplies, inventory, and other personal property used in connection with the operation of the Store. The purchase price shall be the book value of the property existing on the books of Franchisee as at month end immediately preceding the date of termination or expiration. Company shall be entitled to offset the purchase price by the amount of any money owed by Franchisee to Company and for any payments necessary to acquire clear title to property. Company has the unrestricted right to assign any such option mentioned above. The purchase price is payable with a closing no later than ninety (90) days after receipt by Franchisee of Company's notice of exercise of any option to purchase. If Company exercises its option to purchase, pending the closing of such purchase, Company has the right to appoint a manager to maintain operation of the store, or it may require Franchisee to close the store during such time period without removing therefrom any such assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of closing.

14) Provide Company within thirty (30) days after the effective date of termination or expiration with evidence satisfactory to Company of Franchisee's compliance with the foregoing obligations; and

15) Adhere to all provisions of this Agreement which by their nature survive the termination or expiration hereof.

## **18. COVENANT NOT TO COMPETE**

A. During the Term of this Agreement. During the term of this Agreement, neither Franchisee nor any of its Principals shall directly or indirectly, through any corporation, partnership, limited liability company trust, association, joint venture, or other unincorporated businesses, perform any services for, engage in or acquire, participate nor have any financial or other interest in any business offering general merchandise similar to that offered by the Dollar Discount Store.

B. After the Term of this Agreement. In addition, for a period of eighteen (18) months following termination or expiration of this Agreement, or a Principal's Ownership Interest in Franchisee, neither Franchisee nor any such Principal shall directly or indirectly act as set forth above at the Store Location, within fifteen (15) miles of the Store, or within fifteen (15) miles of any Dollar Discount Store. Franchisee acknowledges that it also shall be deemed a breach of this Agreement if Franchisee's or any Principal's spouse or other member of Franchisee's immediate family shall engage in any conduct prohibited above to Franchisee.

C. Additional Acknowledgments. The parties acknowledge and agree that each of the covenants contained in Subsections (A) and (B), above, are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Company. The parties agree that each of the covenants in this Section 21 will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 21 is held unreasonable or unenforceable by a court of agency having valid jurisdiction in an unappealed final decision to which Company is a party, Franchisee will be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 21.

D. Right to Reduce Scope of Covenant. Company has the unilateral right, in its sole discretion, to reduce the scope of any covenant set forth in Subsections (A) and (B), above, or any portion thereof, which reduction shall become effective immediately upon delivery to Franchisee. Upon receipt of notification, Franchisee shall comply with any covenant as so modified, which shall be fully enforceable notwithstanding Subsection (C) of this Section. Company may enforce the covenants contained in this Section 21 notwithstanding any claim that Franchisee may have against Company.

E. Franchisee's Acknowledgment. Franchisee acknowledges that a violation of any of the terms of this Section 21 would result in irreparable injury to Company for which no adequate remedy at law may be available. Franchisee acknowledges and agrees that Company may seek to obtain injunctive relief against actual or threatened violation of this Section 21.

## 19. ARBITRATION

A. Agreement to Arbitrate. All disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the performance of either party, and/or the action relating to the performance of either party, and/or the purchase of the franchise or goods by Franchisee shall be settled by arbitration at the office of the American Arbitration Association in Philadelphia, Pennsylvania, in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the American Arbitration Association. The following shall supplement and, in the event of a conflict, shall govern any arbitration pursuant thereto.

B. Selection of Arbitrator. The parties shall select one arbitrator from the panel provided by the American Arbitration Association and the arbitrator shall refer to the laws of Pennsylvania for interpretation and enforcement of this Agreement.

C. Judgment Upon the Award. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof.

D. Preliminary Relief. Nothing herein contained shall prevent Company from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, and/or other emergency relief available to safeguard and protect Company's interest prior to the filing of any arbitration proceeding or pending the trial or handing down of a decision or award pursuant to any arbitration proceeding. In addition, the provisions of this paragraph are subject to the terms of Section 20 and 22, below.

E. Survival. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

F. Rights of the Parties are Cumulative. The rights of Company and Franchisee hereunder are cumulative and no exercise or enforcement by Company or Franchisee of any rights or remedy hereunder shall preclude the exercise or enforcement by Company or Franchisee of any other right or remedy hereunder to which either party is entitled.

## **20. VENUE AND JURISDICTION**

With respect to any proceeding not subject to arbitration, the parties agree and consent to the personal jurisdiction and venue of any court of general jurisdiction in Delaware County, Pennsylvania, and the personal jurisdiction and venue of the United States District Court for the Eastern District of Pennsylvania. All appeals from arbitration shall be heard before federal courts in such district. This provision shall only apply where an arbitrator would not have jurisdiction, a claim cannot be arbitrated as a matter of law, or where there is an appeal from or relating to arbitration.

## **21. JURY TRIAL WAIVER**

Franchisee and its Principals and Company hereby agree that they shall and hereby do agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties hereto which is properly brought before a court rather than an arbitrator, and which arises out of or is related in any way to this Franchise Agreement, the performance of either party, and/or the purchase of the franchise or of goods by Franchisee.

## **22. GOVERNING LAW**

This Agreement shall be deemed to have been made in the Commonwealth of Pennsylvania, and shall be construed according to the laws of Pennsylvania. Franchisee hereby acknowledges that mailing to Franchisee's last-known address by certified or registered mail of any process shall constitute lawful and valid process.

## **23. NO WAIVER BY COMPANY**

Company's failure to insist upon strict compliance with any provision of this Agreement shall not be a waiver of its right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Company respecting any breach or default shall not affect its rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement shall be cumulative. Company's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

## **24. SEVERABILITY**

In the event that any portion, term or provision of this Agreement shall be decided by any court to be in conflict with the law of a state or jurisdiction, then the validity of the remaining portions, terms or provisions shall not be affected; the illegal part, term, or provision shall be deemed not to be part of this Agreement and this Agreement shall be construed as if the provision had never been part of it. If any material provision of this Agreement shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Company reserves the right to terminate this Agreement.

## **25. ENTIRE AGREEMENT**

This Agreement contains the entire agreement between the parties concerning Franchisee's franchise; no promises, inducements or representations not contained in this Agreement shall be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties; provided that Company has the unilateral right to change its Standards, including those contained in the Manuals, as provided in this Agreement.

## **26. WARRANTIES**

Company makes no warranties, express or implied, nor any representation whatsoever other than as expressly set forth in this Agreement. Franchisee warrants and represents to Company that Franchisee and all partners or shareholders in a corporate franchisee have the full right, ability and authority to enter into this Agreement, and that neither is a party to any agreement which might interfere with the performance of this Agreement, and that entering into this Agreement shall not in any way interfere with or constitute a breach of any prior existing contracts to which Franchisee or any of Franchisee's Principals is a party. The breach of any or all of these warranties shall be cause for immediate termination of this Agreement by Company. Franchisee further agrees to indemnify and hold harmless Company, its officers, directors, agents, and employees from any and all claims, demands, suits, expenses, costs, attorney's fees, judgments or other charges incurred by Company by reason of reliance on these warranties.

## **27. NOTICE**

Whenever this Agreement requires notice, it shall be in writing and shall be sent by registered or certified mail, return receipt requested, to the other party at the addresses set forth in the Data Sheet, unless written notice is given of a change of address. All notices to Franchisee shall be conclusively deemed to have been received by Franchisee upon the delivery or attempted delivery of such notice to Franchisee's address, as reflected in the Data Sheet.

## **28. SURVIVAL**

Any provisions of this Agreement which impose any obligation after termination or expiration hereof shall survive such termination or expiration and be binding upon the parties.

## **29. RECEIPT OF DOCUMENTS**

Franchisee acknowledges receipt of the Uniform Franchise Offering Circular, financial statements and contracts for the Dollar Discount franchise at least ten (10) business days prior to execution of this Agreement, or the payment of any consideration for the Dollar Discount Store franchise.

## **30. BINDING EFFECT**

This Agreement shall be binding upon the parties, their heirs, executors, personal representatives, successors and assigns. All persons signing this Agreement as a Principal of Franchisee shall be personally bound by all obligations relating to Franchisee's "Principals," under this Agreement including, without limitation, the confidentiality provisions set forth in Section 11, the in-term and post term covenants contained in Section 21, and the arbitration and venue and jurisdiction provisions contained in Section 19 and 20, respectively, and shall be jointly and severally liable for Franchisee's payments of all amounts due under this Agreement, and Franchisee's performance of all terms, covenants, and conditions hereof.

## **31. CAPTIONS**

The paragraph captions are inserted only for convenience and reference, and are not intended to define, limit, or describe the scope, intent or language of this Agreement or any provisions hereof.

The parties hereto, hereunto set their hands and seal on the Effective Date.

DOLLAR DISCOUNT STORES OF AMERICA, INC.

\_\_\_\_\_  
Witness

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

FRANCHISEE

\_\_\_\_\_  
Witness

\_\_\_\_\_

FRANCHISEE'S PRINCIPALS

\_\_\_\_\_  
Witness

\_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**

**ILLINOIS AMENDMENT TO FRANCHISE AGREEMENT**

For purposes of complying with the requirements of Illinois law, including the Illinois Franchise Disclosure Act of 1987, Ill. Rev. Stat. ch. 815 para. 705/1 - 705/44 (1994) (the "Illinois Franchise Act"), Dollar Discount Stores of America, Inc. ("Franchisor") and \_\_\_\_\_ ("\_\_\_\_\_"), hereby amend the Franchise Agreement between them dated \_\_\_\_\_ (the "Agreement") as follows:

1. Section 705/19 and 705/20 of the Illinois Franchise Act provide rights to franchisees concerning nonrenewal and termination of a franchise. If the Agreement contains a provision that is inconsistent with the Illinois Franchise Act, the Illinois Franchise Act will control.
2. Section 41 of the Illinois Franchise Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control.
3. Any provision that designates jurisdiction or venue or required Franchisee to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except arbitration may take place outside the state of Illinois.
4. To the extent that Section 20 of the Agreement (pertaining to choice of law) conflicts with the Illinois Franchise Act, the Illinois Franchise Act will control.
5. To the extent that the Illinois Franchise Act prohibits the disclaimer of representations contained in a franchisor's Uniform Franchise Offering Circular, Section 26 of the Agreement is amended to include representations made in Franchisor's Franchise Offering Circular to the extent required by law.
6. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Illinois law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.
7. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, Franchisor reserves the right to challenge the enforceability of the state law.
8. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties acknowledge that they have read and understand the contents of this Amendment, that they have had the opportunity to obtain the advice of counsel. Intending to be legally bound, the parties have duly executed and delivered this Amendment on \_\_\_\_\_, 200\_.

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**  
**INDIANA AMENDMENT TO FRANCHISE AGREEMENT**

For purposes of complying with the requirements of the Indiana Franchises Act, Ind. Code Ann. §§ 1 -51 (1994) (the "Franchises Act") and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (the "DFPA"), Dollar Discount Stores of America, Inc. ("Franchisor") and \_\_\_\_\_ ("\_\_\_\_\_"), hereby amend the Franchise Agreement between them dated \_\_\_\_\_ (the "Agreement") as follows:

1. The DFPA provides rights to franchisees concerning nonrenewal and termination of a franchise. To the extent the Agreement contains a provision that is inconsistent with the DFPA, the DFPA will control.

2. Section 1 of the DFPA forbids that a franchise agreement between a franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana contain certain provisions. To the extent that any provision in the Franchise Agreement contains such a provision, the agreement is amended to the extent necessary to conform to the DFPA.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Indiana law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

4. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, Franchisor reserves the right to challenge the enforceability of the state law.

5. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties acknowledge that they have read and understand the contents of this Amendment, that they have had the opportunity to obtain the advice of counsel. Intending to be legally bound, the parties have duly executed and delivered this Amendment on \_\_\_\_\_, 200\_.

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**

\_\_\_\_\_  
Witness

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

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

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

**FRANCHISEE:**

\_\_\_\_\_  
Witness

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

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

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

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**  
**MARYLAND AMENDMENT TO FRANCHISE AGREEMENT**

For purposes of complying with the requirements of Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., Bus. Reg. §§ 14-201 – 14-233 (1998 & Supp. 2000) (the "Maryland Franchise Law"), Dollar Discount Stores of America, Inc. ("Franchisor") and \_\_\_\_\_ ("\_\_\_\_\_"), hereby amend the Franchise Agreement between them dated \_\_\_\_\_ (the "Agreement") as follows:

1. Section 14-226 of the Maryland Franchise Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. To the extent that the Franchise Agreement requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law in order to purchase your franchise, the Agreement is amended to reflect that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.

2. Pursuant to COMAR 02.02.08.16L, the Agreement is amended to reflect that:

(a) Any release required as part of the Agreement or as a condition of the sale, renewal, or assignment or transfer of the franchise shall not apply to any liability under the Maryland Franchise Law.

(b) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(c) Any provision in the Agreement which requires litigation to be conducted in a forum other than the State of Maryland will not limit any rights you may have under the § 14-216(c)(25) of the Maryland Franchise Law to bring suit in the State of Maryland.

3. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal (as set forth in Section 4.B) shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Maryland law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

5. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, Franchisor reserves the right to challenge the enforceability of the state law.

6. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties acknowledge that they have read and understand the contents of this Amendment, that they have had the opportunity to obtain the advice of counsel. Intending to be legally bound, the parties have duly executed and delivered this Amendment on \_\_\_\_\_, 200\_.

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**

\_\_\_\_\_  
Witness

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

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

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

**FRANCHISEE:**

\_\_\_\_\_  
Witness

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

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

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

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**  
**MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT**

For purposes of complying with the requirements of Minnesota law, including the Minnesota Franchise Act, Minn. Stat. Section 80.01 *et seq.*, and the rules and regulations promulgated thereunder, Dollar Discount Stores of America, Inc. ("Franchisor") and \_\_\_\_\_ ("\_\_\_\_\_"), hereby amend the Franchise Agreement between them dated \_\_\_\_\_ (the "Agreement") as follows:

1. The Minnesota Department of Commerce requires that Franchisor to indemnify you against liability to third parties for infringement resulting from your use of the trademarks licensed under the Agreement. Section 6.D. of the Agreement describes the circumstances under which Franchisor will indemnify you against third party liability for trademark infringement. Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in Section 6.D. of the Agreement.

2. Sec. 80C.14, Subd. 4 of the Minnesota Franchises Act requires, except in certain specified instances, that COMPANY give you written notice of its intention not to renew the franchise 180 days before the franchise expires, and to give you sufficient opportunity to operate the franchise in order to enable you to recover the fair market value of the franchise as a going concern. Requirements imposed under the Minnesota Franchise Act will supersede inconsistent provisions contained in the Agreement.

3. Sec. 80C.14, Subd. 3 of the Minnesota Franchises Act requires, except in certain specified instances, that the Company give you ninety (90) days notice of termination (with sixty (60) days to cure). Requirements imposed under the Minnesota Franchises Act will supersede inconsistent provisions contained in the Agreement.

4. To the extent that you are required to execute a general release in favor of the Company, such release shall exclude liabilities arising under the Minnesota Franchises Act or a rule or any order promulgated thereunder.

5. Sec. 80C.17, Subd. 5 of the Minnesota Franchises Act provides that no action may be commenced thereunder more than three (3) years after the cause of action accrues.

6. Secs. 80C.21 of the Minnesota Franchises Act and Minn. Rule 2860.4400J prohibit the Company from requiring litigation to be conducted outside Minnesota. Nothing in the Agreement will, or is intended to, abrogate or reduce any of your rights as provided for in the Minnesota Franchises Act or your rights to any procedure, forum or remedies provided for by the laws of the Minnesota.

7. Section 21 of the Agreement (entitled "Jury Trial Waiver") is hereby deleted in its entirety.

8. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Minnesota law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

9. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, Franchisor reserves the right to challenge the enforceability of the state law.

10. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties acknowledge that they have read and understand the contents of this Amendment, that they have had the opportunity to obtain the advice of counsel. Intending to be legally bound, the parties have duly executed and delivered this Amendment on \_\_\_\_\_, 200\_.

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**

\_\_\_\_\_  
Witness

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

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

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

**FRANCHISEE:**

\_\_\_\_\_  
Witness

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

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

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

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**  
**NEW YORK AMENDMENT TO FRANCHISE AGREEMENT**

For purposes of complying with the requirements of New York Law, including the New York General Business Law, Article 33, §§ 680 – 695 (1989) (the "New York Law"), Dollar Discount Stores of America, Inc. ("Franchisor") and \_\_\_\_\_ ("\_\_\_\_\_"), hereby amend the Franchise Agreement between them dated \_\_\_\_\_ (the "Agreement") as follows:

1. To the extent that the Agreement requires you to sign a general release, such provisions shall be supplemented by the following provision:

Provided that all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the New York Law and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the nonwaiver provisions of Sections 687.4 and 687.5 of the New York Law be satisfied.

2. Paragraph 22 of the Agreement shall be supplemented by the following provision:

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York Law.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of New York Law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

4. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, Franchisor reserves the right to challenge the enforceability of the state law.

5. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties acknowledge that they have read and understand the contents of this Amendment, that they have had the opportunity to obtain the advice of counsel. Intending to be legally bound, the parties have duly executed and delivered this Amendment on \_\_\_\_\_, 200\_.

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**

\_\_\_\_\_  
Witness

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

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

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

**FRANCHISEE:**

\_\_\_\_\_  
Witness

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

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

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

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**  
**NORTH DAKOTA AMENDMENT TO FRANCHISE AGREEMENT**

For purposes of complying with the requirements of the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, §§ 51-09-01 through 51-19-17 (1993) (the "NDFIL"), Dollar Discount Stores of America, Inc. ("Franchisor") and \_\_\_\_\_ ("\_\_\_\_\_"), hereby amend the Franchise Agreement between them dated \_\_\_\_\_ (the "Agreement") as follows:

1. Covenants not to compete are enforceable only under certain conditions under North Dakota law. If the Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable in North Dakota.
2. To the extent that the Agreement requires litigation, arbitration or mediation to be conducted in a jurisdiction other than North Dakota, the requirement is void. Any litigation, arbitration or mediation under the Agreement shall be conducted in North Dakota or a mutually agreed upon locations.
3. To the extent that the Agreement requires Franchisee to consent to the jurisdiction of courts outside of North Dakota, such provision may be unenforceable in North Dakota.
4. To the extent that the Agreement requires that the Agreement be governed by a state law other than North Dakota, the requirement may be unenforceable in North Dakota.
5. Section 21 of the Agreement (entitled "Jury Trial Waiver") is deleted in its entirety and shall have no further force or effect.
6. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of North Dakota law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.
7. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, Company reserves the right to challenge the enforceability of the state law.
8. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties acknowledge that they have read and understand the contents of this Amendment, that they have had the opportunity to obtain the advice of counsel. Intending to be legally bound, the parties have duly executed and delivered this Amendment on \_\_\_\_\_, 200\_.

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**

\_\_\_\_\_  
Witness

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

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

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

**FRANCHISEE:**

\_\_\_\_\_  
Witness

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

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

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

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**  
**WASHINGTON AMENDMENT TO FRANCHISE AGREEMENT**

For purposes of complying with the requirements of Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 – 19.100.940 (1991) (the "WFIPA"), Dollar Discount Stores of America, Inc. ("Franchisor") and \_\_\_\_\_ ("\_\_\_\_"), hereby amend the Franchise Agreement between them dated \_\_\_\_\_ (the "Agreement") as follows:

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

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

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

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

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

6. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Washington law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

7. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, Company reserves the right to challenge the enforceability of the state law.

8. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties acknowledge that they have read and understand the contents of this Amendment, that they have had the opportunity to obtain the advice of counsel. Intending to be legally bound, the parties have duly executed and delivered this Amendment on \_\_\_\_\_, 200\_.

**DOLLAR DISCOUNT STORES OF AMERICA, INC.**

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Addendum to FA - 8