

**EXHIBIT G**

FRANCHISE AGREEMENT  
WITH  
PERSONAL GUARANTY AND AGREEMENT,  
EXHIBIT A-1, DESCRIPTION OF TERRITORY;  
EXHIBIT A-2, TELEPHONE LISTING AUTHORIZATION AGREEMENT,  
And  
EXHIBIT B, AUTHORIZATION FOR ELECTRONIC TRANSFER OF FUNDS

**EXHIBIT G**

**FURNITURE MEDIC FRANCHISE AGREEMENT**

THIS FURNITURE MEDIC FRANCHISE AGREEMENT is signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between

**FURNITURE MEDIC  
LIMITED PARTNERSHIP**

**By its general partner  
FM Medic L.L.C.  
3839 Forest Hill-Irene Road  
Memphis, Tennessee 38125  
(hereinafter referred to as "FM")**

**AND**

\_\_\_\_\_

\_\_\_\_\_

doing business as a \_\_\_\_\_ under the name

\_\_\_\_\_

("dba name")

\_\_\_\_\_

E-mail Address

(hereinafter the "Franchisee")

**RECITALS:**

WHEREAS FM has developed a system (hereinafter referred to as the "System") for the marketing of furniture repair products and other furniture repair services (hereinafter referred to as the "Franchised Services"); and

WHEREAS FM has created substantial goodwill associated with its trade name, trademarks, service marks, insignias, and logos, both as presently existing and as FM may hereafter designate (hereinafter collectively referred to as the "Commercial Symbols"); and

WHEREAS Franchisee desires to obtain the right to use the Commercial Symbols in conjunction with the operation of a mobile and/or fixed location furniture repair, restoration, and refinishing business (the "Franchised Business") and desires to obtain experience and know-how with respect to the sale of the Franchised Services and the System; and

WHEREAS Franchisee acknowledges that Franchisee has fully reviewed this Agreement and obtained advice and counsel from its own advisors prior to executing this Agreement; and

WHEREAS Franchisee acknowledges the importance of the Commercial Symbols and the need to maintain the uniform high standards of quality, appearance and service associated therewith and recognizes the necessity of operating the Franchised Business in accordance with the provisions of this Agreement and all of the standards and specifications of the System.

NOW THEREFORE, the parties hereby agree as follows:

**ARTICLE I: GRANT OF RIGHT**

A. Subject to the terms and conditions hereof, FM hereby grants to Franchisee and the Franchisee undertakes the obligation, upon the terms and conditions contained in this Agreement, the non-exclusive right (hereinafter referred to as the "License") to use the Commercial Symbols and solely in connection with the Franchised Business, the Franchisor's System, as it may be changed, improved and further developed from time to time in conjunction with the sale of Franchised Services in the territory described in the attached as Exhibit A-1 (hereinafter referred to as the "Territory"). The term "Territory" shall refer specifically to the Territory granted to the Franchisee by this Agreement. The Franchisee expressly acknowledges and agrees that this license relates solely to the license specified herein and does not grant the Franchisee any rights not specifically contained in this Agreement. The Franchisee understands and agrees that other franchisees have been and will be licensed to operate similar businesses that utilize the FM system within the Territory and elsewhere. Franchisee understands that other franchisees may be parties to agreements containing more or different rights than contained in this Agreement.

The Franchisee will operate the Franchised Business within the Territory at the office location set forth in the introductory portion of this Agreement. The franchisee may relocate to another office location within the Territory if the Franchisee notifies FM in writing of any change in

the location of the Franchised Business within ten (10) days prior to any such relocation.

The license includes the right to conduct a furniture repair, restoration and refinishing business including, but not limited to, Precision Repair, Moving Claims Repair, French Polishing, Magic Strip with Flow Over System and Restoration Refinishing, Motion Furniture Repair, Upholstery Repair, Polyester Repair and Recaning.

B. FM hereby grants Franchisee the non-exclusive License to operate the Franchised Business within the Territory, subject to the terms of Article V and the following provisions:

1. The Franchisee shall use its own judgment in determining which promotion, marketing and /or advertising methods it desires to utilize in the solicitation of customers in the Territory subject to Article V.H. of this Agreement;
2. The number of Licenses which have a designated territory in the Territory at any given time is determined by dividing the current population of the Territory by 100,000 and rounding to the nearest whole number to the quotient. The Territory will be determined by FM. The number of Licenses authorized within the Territory as the designated territory may vary from time to time and may not remain constant. Other pre existing franchisees may have greater rights or restrict Franchisee's rights to perform the Franchised Services. FM shall have the exclusive right to locate Licenses within the Territory and unrestricted right to engage directly or indirectly in the Territory or elsewhere in the distribution of services under the Trade Mark or other marks licensed herein.
3. The Franchisee may not market the Franchised Business or solicit an account or business outside the Territory

C. FM hereby grants Franchisee the non-exclusive right to service sales calls (hereinafter referred to as "National Account Sales Calls") from those National Accounts either inside or outside Franchisee's Territory under terms and conditions of the agreement between FM and each National Account the number of which may be added to from time to time. Such non-exclusive right shall be governed by the terms and conditions as set forth throughout this Agreement.

D. FM may service accounts for the benefit of FM in areas available per Article I.B. (2).

E. As used in Article I.C, the term "National Account Sales Calls" shall be defined as all customer service calls generated through or as a result of any National Account.

## ARTICLE II: TERM AND RENEWAL

A. Initial Term Except as otherwise provided in this Agreement, the term of this Agreement and the License granted hereunder shall be for a period of five (5) years from the effective date hereof. Thereafter, this Agreement shall continue on a month-to-month basis ("Extension"), subject to Franchisor's approval. Franchisor may terminate the Extension at any time upon written notice to Franchisee.

B. Renewal FM shall renew the license to operate the Franchised Business at no additional monetary consideration for an additional consecutive five (5) year term, provided that by the end of the term of this Agreement:

1. Franchisee has not given FM written notice of its election not to renew. Such notice must be given not less than two (2) months, nor more than four (4) months, prior to the end of the term of this Agreement.
2. Franchisee shall have delivered to FM written notice, at least three (3) months, but not more than six (6) months, before the expiration of this Agreement, of Franchisee's election to renew this Agreement;
3. Franchisee executes the then current form of franchise agreement. The then current form of franchise agreement shall supersede this Agreement in all respects and terms, and may contain commitments which differ from the terms of this Agreement, including, without limitation, an increased Continuing Service Fee;
4. Franchisee shall execute a release in a format designated by FM;
5. Franchisee has not received four (4) or more written notices, signed by an officer of FM, of a material breach of this Agreement from FM during the term of this Agreement, whether the breaches were corrected within the prescribed cure period after receipt of written notice of the breach;
6. All monetary obligations then due and owing by the Franchisee or its affiliates related to the Franchised Business have been satisfied prior to renewal; and
7. Franchisee has agreed, in writing to operate the Franchised Business in accordance with FM's then current standards and specifications.

## ARTICLE III: INITIAL AND CONTINUING FEES

A. Initial Franchise Fee. Upon submission of this Agreement for execution by FM, the Franchisee shall pay to FM the Initial License Fee of Twenty-Four Thousand Five Hundred and xx/00 dollars (\$24,500) unless this is a Renewal Franchise agreement, a Conversion Franchise agreement, or a discounted second license. A renewing franchise, having already paid an initial franchise fee, pays no additional initial franchise fee. A Conversion franchisee or an existing franchisee adding an additional license pays the appropriate discounted franchise fee agreed upon and approved by FM.

B. Training Supplies Fee. In the event Franchisee requires more than one individual to attend training, Franchisee agrees to pay a Training Supply Fee of \$750.00 per additional trainee(s) upon execution of this Agreement by Franchisee which covers the various training materials provided to the additional persons attending training and other expenses for two weeks. Franchisee will pay an additional \$500.00 fee for each additional person attending sales training. If additional trainee(s) attend the third week the cost is \$1,300 per additional trainee. The Initial Franchise Fee and Training Supplies Fee are fully earned and nonrefundable upon execution of this Agreement by FM, unless this is the purchase of a new license or transfer of an existing license to a new owner, in which case, Franchisee shall receive a refund of \$1,000 of the Initial Franchise Fee if Franchisee attends the first National Convention after execution of this Agreement.

C. Alternative Reporting or Payment Methods. ~~The Franchisee will report~~ ~~If FM implements a program for (i) the reporting of Gross Service~~

~~Sales and monthly Royalty Service Fees including the Software fees and National Ad Fund contributions ("Monthly Fees") due via wire transmission as outlined in Article III. The Franchisee agrees to pay, and/or (ii) the payment of these Monthly monthly Service Fees by automatic funds transfer from the Franchisee's bank account to FM's bank account, or authorization to charge Franchisee credit card, the. The Authorization for Electronic Transfer of Funds which Franchisee must sign for Royalty and NAF Fees payment is attached as Exhibit B. If Franchisee fails to have sufficient funds available to pay any Royalty and NAF Fees, interest and delinquency fees will be applied to Franchisee's account as outlined in Paragraph V.F. In addition, Franchisee agrees to pay any expense incurred by Franchisor, including costs and attorney's fees, for the collection of such Monthly Fees. Franchisee will comply in the implementation and the continuing operation of such program or programs as may be requested by FM. FM will give at least three (3) months prior written notice to the Franchisee of the implementation of any such alternative reporting or payment program.~~

D. Royalty Fees.

1. The Franchisee shall pay a Royalty Fee of the larger of \$250 per month or Seven percent (7%) of Gross Sales up to \$500,000 by the tenth (10th) day of the month following the month in which the Gross Sales are made. Royalty Fee will be paid at 2% or \$250 (if all combined fees fall below the minimum) whichever is greater for certain Identified Non-Core services. Certain Identified Non-Core Services are: Reupholstery, Furniture Manufacturing, Cabinet Manufacturing, Furniture Parts Fabrication, Construction, and Carpentry Services, and Hardwood Flooring Installation. Should the minimum monthly Royalty Fee be the larger of the two fee amounts due during the first 90 days after completion of training, (the "Grace Period") the Franchisee shall pay a Royalty Fee based only on actual Gross Sales. Once Gross Sales exceed \$500,000.00 in a calendar year, the Royalty Fee shall be reduced to 5% thereafter for the remainder of the calendar year. This initial minimum fee waiver shall not apply to transfer, renewal, or amended agreements. Moreover, the initial minimum Royalty Fee waiver does not affect or in any way alter the Franchisee's obligation to pay all monthly Royalty Fees for services performed by the Franchisee during the Grace Period or before the completion of training..
2. "Gross Sales," as used in this Agreement, shall be defined as the total of sales invoices or other items billed to the customer, less any bad debt, sales tax or credits allowed to the customer. Any bad debt adjustment or other restatement of Gross Sales must be taken within twelve (12) months of the invoice date and documented to FM's satisfaction.
3. Except as prohibited by applicable local, state or federal laws, FM reserves the right to apply any amount FM receives from or on behalf of Franchisee to Royalty Fees and/or supply account amounts then due and owing.

E. Advertising Fund Contribution.

1. In addition to other fees and charges provided for herein, Franchisee shall pay to FM an Advertising Fund Contribution (hereinafter referred to as "A. F. Contribution") of the larger of Fifty dollars (\$50.00) or one percent (1%) of Gross Sales as defined above. Should the minimum monthly A. F. Contribution be the larger of the two fee amounts due during the first 90 days after completion of training, (the "Grace Period"), the Franchisee shall pay an Ad Fund Contribution based only on actual Gross Sales. This initial minimum fee waiver shall not apply to transfer, renewal, or amended agreements.
2. FM shall spend contributions accumulated in the Advertising Fund on national, regional or local media and other market techniques or programs designed to communicate the Franchised Services to the public, including advertising support for the National Account Program whether or not Franchisee participates in the National Account Program. In addition, these funds may also be expended by FM in its discretion for market research and development, test or target marketing, the conducting of surveys, creative and production costs, employee salaries related to advertising and marketing, reimbursement to FM or ServiceMaster Consumer Services for reasonable accounting, administrative and legal expenses associated with the Advertising Fund, or for other purposes deemed appropriate to enhance and promote the general recognition of the System and Commercial Symbols.
3. The specific use of the Advertising Fund for the purposes set forth herein shall be determined and budgeted by FM as deemed necessary. The parties hereby acknowledge and understand that funds of the Advertising Fund may be expended in any territory (national, regional or local) without any requirement that expenditures of the Fund be apportioned on the amount of contributions by Franchisee, or by other formula or system.

F. Date Due: Interest. All monthly payments required by this Article II shall be paid to FM by the 10th day of each month for the preceding calendar month, and shall be submitted to FM. Any payment or report not actually received by FM on or before such date shall be deemed overdue if not postmarked at least one (1) day prior to the due date. If any payment owed to FM for any outstanding amount is overdue, the Franchisee shall pay FM, in addition to the overdue amount, interest on such amount from the date it was due until paid at the rate of one and one-half percent (1-1/2%) per month or the maximum rate permitted by law, whichever is less. If any fee report is overdue, the Franchisee shall pay to FM a delinquency fee of \$50.00 per delinquent fee report. Entitlement to such interest and/or the delinquency fee shall be in addition to any other remedies FM may have. The Franchisee understands that FM may, at FM's discretion, assign the payment of such fees and the submission of the monthly reports to a third party.

G. Opening Package. The Franchisee shall acquire an Opening Package as designated by FM needed to make the Franchised Business operational. The Franchisee must purchase such Opening Package from FM at a cost Twelve Thousand Five Hundred Dollars (\$12,500.00), plus any applicable sales tax, shipping and handling charges. Neither a Franchisee renewing his license nor an existing Franchisee adding an additional license is required to purchase another Opening Package. A Conversion Franchise may have products and equipment that meet product and equipment standards of FM and with FM approval may not be required to purchase the entire Opening Package.

H. Kits. Kits will be presented to Franchisee from time to time to expand the Franchised Services. These kits are optional and are priced individually. However, the Franchisee shall be prohibited from performing any additional Franchise Services until the special kit for such services is purchased and the Franchisee is certified to perform the Services represented by the kit.

I. Service Vehicle Detail Package. The Franchisee shall purchase and install a logo package ("Detail Package") on the service vehicle which meets FM's standards and specifications unless this is a Renewal Franchisee agreement. A Renewal Franchisee will have already properly identified its service vehicle.

J. J. National Account Fees. Each National Account agreement governs the amount charged for work done by the Franchisee under the

specific National Account, and Franchisee agrees to be bound by such.

K. Franchisee May Not Withhold Payments. The Franchisee shall not withhold any payments whatsoever due to the Franchisor. No endorsement or statement on any check or payment of any sum less than the full sum due to the Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and the Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. The Franchisor may apply any payments made by the Franchisee against any past due indebtedness of the Franchisee as the Franchisor may see fit. The Franchisor may set off against any sums payable to the Franchisee hereunder any unpaid amounts due from the Franchisee to the Franchisor.

#### ARTICLE IV: OBLIGATIONS OF FM

A. Pre-Operating FM shall be obligated to:

1. designate the Territory; and
2. provide the initial training, training supplies and orientation; and
3. make available to Franchisee an Opening Package for the Franchised Business; and
4. give Franchisee access to SCOR-[fmsupport.com](http://fmsupport.com) via a confidential password.

B. Training FM shall provide one (1) person with training including:

1. Providing the loan of operations and marketing materials including access to [fmsupport.com](http://fmsupport.com) and the ServiceMaster Complete On-Line Resource ("SCOR") website for the term of this Agreement, and sales and training aids, including a home study program, deemed advisable by FM from time to time. FM shall provide, from time to time updated information and revisions to such materials as new and improved methods, systems, and procedures are adopted; and
2. Providing a training program relating to the Franchised Services and the System consisting of a mandatory Pre-Academy course of study which must be passed before Franchisee may attend the two-week Academy at FM headquarters in Memphis, Tennessee, or other locations as deemed appropriate by FM. The cost of this training is included in the Initial Franchisee Fee and covers one (1) individual. Additional individuals may be trained but will be accepted on a "space available" basis at Franchisee's expense. At the end of this initial training, Franchisee will be tested. If Franchisee fails the test, Franchisee must re-attend training within 6 months at his or her own expense. Those Franchisees who successfully pass the test will be required to attend a third week of training in 90 to 120 days, the cost of which is included in the Initial Franchisee Fee for the first attendee. The cost for each additional attendee is \$1,300 for the third week.
3. Any further additional training shall be available at the request of Franchisee, in which personnel of FM for the then current rate per day, plus expenses to include travel, lodging and meals, will train at the sole discretion of FM.

Upon the written request of a Franchisee and approval by FM, a Franchisee's Manager (non-owner) may attend the training academy and other training as set forth above. The Franchisee will be responsible for all training fees for this non-owner manager to attend.

Franchisee will be responsible for all travel and living expenses incurred in obtaining training except as set forth above.

C. On-Going Training

1. FM shall at its sole discretion make available to Franchisee additional training in furniture repair technique and business operations for the Franchised Business granted to Franchisee after business operations have begun and at mutually agreeable times when requested by Franchisee in writing. Such training will be at a location and time designated by FM or by other reasonable medium
2. FM shall provide at its sole discretion periodic training and communications to upgrade the skills of Franchisee, including training at conventions and seminars, at locations to be determined by FM. Franchisee shall pay travel and daily living expenses incurred to attend the training and seminars.
3. FM may charge a reasonable fee for these additional training sessions to offset costs.

D. On-Going Support. National Account Sales Calls Allocation.

1. All National Account Sales Calls shall be allocated to FM, who, in turn, shall allocate such National Account Sales Calls to its franchisees or other vendors at its sole unrestricted discretion.
2. FM may, at its sole discretion, allocate to Franchisee National Account Sales Calls outside Franchisee's Territory and may allocate National Account Sales Calls to others inside Franchisee's Territory
3. FM may, at its sole discretion enter into National Account Agreements with any National Account at any time and agrees to notify Franchisee of the terms and conditions of such new National Account Agreements.
4. FM may, at its sole discretion, terminate any National Account Agreement and shall notify Franchisee of such termination.
5. FM may apply National Account revenue to any delinquency in Franchisee's fees.
6. FM may remove access to National Accounts when a franchisee is in default under the contract.

E. Advertising Approval. FM shall review all advertising materials submitted by Franchisee and shall approve or deny use of such advertising materials at FM's sole discretion.

F. Approved Suppliers. FM shall provide supplies and equipment needed to operate the Franchised Business or shall provide approved suppliers from which Franchisee may purchase supplies and equipment needed to operate the Franchised Business.

G. Violations By Other Franchisees. In connection with FM's duties under this Agreement, the Franchisee understands and agrees that FM shall not be responsible to the Franchisee for violations by another franchisee of FM of any agreement between FM and such other franchisee.

H. Franchise Council. FM shall convene the Franchise Council ("FC") no less than two times per year. The FC shall be made up of Franchisees in good standing under the Franchise Agreement, with members appointed by the current members of the FC, as the term of each

existing member expires, with FM only able to reject such appointments because of lack of good standing under the agreement by the appointee.

#### ARTICLE V: FRANCHISEE'S OBLIGATIONS

In consideration of the License granted herein, Franchisee agrees and covenants as follows:

A. Approved Products and Services. Subject to the provisions of Article V, the Franchisee shall use or offer for sale in Franchisee's Franchised Business only those Franchised Services and products that FM deems to be consistent with and beneficial to the System. All purchases from FM are shipped F.O.B. Carol Stream, IL, and invoices for such products are payable in thirty (30) days.

B. Service Vehicle. Franchisee shall acquire a van (or other appropriate vehicle) that is properly identified in accordance with the Identity Package Guidelines, or as approved by Home Office, as a service vehicle meeting FM specifications, suitable for carrying supplies and equipment to the customer's home or business, shall maintain the service vehicle according to the standards established by FM from time to time and shall make all sales calls using Franchisee's service vehicle. If a service vehicle is taken out of service or sold to someone other than another Furniture Medic franchisee, franchisee must de-identify the vehicle.

C. Performance Responsibility The Franchisee covenants that during the term of this Agreement except as otherwise approved in writing by FM, the Franchisee and its officers, managers and employees shall devote their full time, energy and best efforts to the management and operation of the Franchised Business. Unless otherwise specified the term "Franchisee" as used in this Article V shall include, collectively and individually, all managers, employees, officers, directors, shareholders and/or members of the Franchisee, and of any corporation or other entity directly or indirectly controlling the Franchisee, if the Franchisee is a corporation, limited liability company or other similar legal entity, the general partners and any limited partner (including any corporation and the officers, directors and shareholders of a corporation which controls, directly or indirectly, any general or limited partner), if the Franchisee is a partnership. The Franchisee makes this commitment with the understanding that the application of the Franchisee's best efforts is required for the benefit of the Franchisee as well as the entire FM franchise network. At a minimum:

1. The Franchisee shall use a telephone line dedicated to the operation of the Franchised Business and shall maintain a person, an answering service, or forward all business calls to a cellular phone which is answered live at all times during business hours;
2. The Franchisee shall contract with an ISP (Internet Service Provider) for a high-speed internet connection where available.
3. The Franchisee (or its employees) shall devote a minimum of forty (40) hours per week to the operation of the Franchised Business;
4. The Franchisee shall hold itself solely responsible for the quality and results of the Franchised Services performed under this Agreement maintaining a continuous responsibility with respect to such services performed even after the termination of this Agreement; and
5. The Franchisee shall hold itself responsible for the successful operation of the Franchised Business and be directly responsible to FM under the terms and conditions of this Agreement.
6. The Franchisee shall support the national programs instituted by FM to generate service sales including, but not limited to, the promotion of the ServiceMaster Family of Brands, ServiceMaster.com web site, prompt and courteous response to information, and service requests, and compliance with requirements established by FM to implement and maintain such programs.
7. The Franchisee shall maintain a clean and safe place of business in compliance with all applicable laws, and with the Occupational Safety and Health Act standards. The Franchisee shall conduct its operation of the Franchised Business under this Agreement on sound business principles.
8. The Franchisee will, at its expense, comply with all applicable federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the operation of the Franchised business, including all laws relating to employees and all applicable state and federal environmental laws. The Franchisee will, at its expense, be absolutely and exclusively responsible for determining the licenses and permits required by law for the Franchised Business, for obtaining and qualifying for all such licenses and permits, and for complying with all applicable laws.
9. The Franchisee shall check on a daily basis, Franchisee's e-mail mailbox assigned by Franchisor and Franchisor's proprietary websites such as FMSupport.com for communications between Franchisee. Franchisee shall keep the password issued to Franchisee for access to Franchisor's website confidential at all times.
10. The Franchisee shall comply with all reasonable requirements of Franchisor to measure Franchisee's customer satisfaction with the services provided by Franchisee under this Agreement, and to participate in all programs of Franchisor designed to review and improve the process of operating the Franchised Business.

D. Commercial Symbols. As to the use of the Commercial Symbols, the Franchisee agrees as follows:

1. To use only the Furniture Medic name with a proper identifier when soliciting or carrying out Franchised Services and to display the required Commercial Symbols, on all vehicles, uniforms and equipment used in carrying out Franchised Services and to maintain neat and clean uniforms for use of all personnel associated with directly soliciting or carrying out Franchised Services.
2. To adopt and use the licensed Commercial Symbols as prescribed by FM and in accordance with usage guidelines published by FM from time to time and on fmsupport.com.
3. To place on all forms and stationery -in small but readable letters, a notation that the Franchise is "An independent business licensed to serve you by Furniture Medic Limited Partnership"
4. Not to contest FM's non-exclusive license to you of the FM Commercial Symbols, other trademarks, service marks and logos developed by FM and its affiliates;
5. Not to attempt to register any of the Commercial Symbols or other trademarks, service marks or logos developed by FM and its affiliates for use in the Franchised Business in any state or other government organization;
6. Not to incorporate using in the name of that corporation the Commercial Symbols or other trademarks, service marks or logos or any derivatives of any such marks developed by FM or its affiliates for use in the Franchised Business.
7. Not to have displays, advertising, literature, business cards, signs or any other promotional or identifying literature or business name portraying the Commercial Symbols or trademark or service mark developed by FM or its affiliates for use in the Franchised Business, alone without an immediately adjacent identifier as to product, business name or service. The Franchisee agrees to provide

and advertise its services only under the d/b/a name listed on page 1 of this agreement, except for identification of the Furniture Medic van as set forth on [fmsupport.com](http://fmsupport.com), on SCOR, and published by FM. The Franchisee d/b/a name shall comply with the guidelines as published by FM and on [fmsupport.com](http://fmsupport.com) and SCOR.

8. To immediately notify FM of any unauthorized use or legal action involving the Commercial Symbols or the System and cooperate in FM's prosecution or defense of any such action which shall be at FM's sole discretion. FM shall defend the Franchisee in any such infringement action.
9. To immediately cease using or immediately modify any of the Commercial Symbols if so directed by FM. Any expense incurred for such cessation or modification shall be at the expense of Franchisee.
10. That any goodwill associated with the licensed Commercial Symbols inures exclusively to FM's benefit and that, upon expiration or termination of this Agreement and the license granted in this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with the Franchisee's use of the Commercial Symbols.
11. Not to establish a Web site on the Internet using any domain name or an e-mail address containing the words "Furniture Medic" or "Furniture Medic.Com" or any variation thereof without the prior written approval of FM.
12. That FM shall have the right to review the substance and content of Franchisee's Web page and Franchisee agrees to immediately delete any material which improperly uses FM's trademarks or logos, or contains, in FM's sole discretion, derogatory or inappropriate material.
13. That FM retains the right to pre-approval of Franchisee's use of linking and framing between Franchisee's Web pages and all other Web sites and to dismantle any frames and links between Franchisee's Web page and any other Web sites within five (5) days, if and as requested by FM.

E. Software Requirements. Franchisee shall purchase and use software as required by FM or as set forth on [fmsupport.com](http://fmsupport.com), on the ServiceMaster Complete On-Line Resource ("SCOR") website or otherwise in writing. Franchisee agrees that FM shall have the right, at its sole discretion, to change the monthly rate of the Software service fee from time to time.

F. fmsupport.com and ServiceMaster Complete On-Line Resource Website ("SCOR")

1. In order to protect the reputation and goodwill of FM and to maintain uniform standards of operation under the Commercial Symbols, the Franchisee shall conduct the Franchised Business in accordance with the guidelines, standards and specifications as set forth on [fmsupport.com](http://fmsupport.com) and SCOR. Franchisee shall receive a confidential password for access to [fmsupport.com](http://fmsupport.com) and SCOR and agrees to limit its use to the Franchisee and employees of the Franchisee.
2. Any training or other similar materials on loan from FM shall at all times remain the sole property FM.
3. FM may from time to time revise the contents of [fmsupport.com](http://fmsupport.com) and SCOR, and the Franchisee expressly agrees to comply with the new terms and conditions set forth on [fmsupport.com](http://fmsupport.com) and SCOR.

G. Quality Control. Franchisee agrees:

1. To meet all operational standards and quality control standards established by FM.
2. To keep updated in training under the standards set forth by FM and to complete additional training as may be required by FM.
3. To permit the Franchisor or its agents, at any reasonable time, to enter the Franchisee's business premises for the purpose of conducting Quality Assured and other inspections and to remove from the premises samples of any inventory items without payment for such items, in amounts reasonably necessary for testing by the Franchisor or an independent certified laboratory to determine whether the samples meet the Franchisor's then-current standards and specifications.
4. Franchisee will utilize "Tell Furniture Medic" surveys (or the then-current customer survey system) with its customers.

H. Advertising. Franchisee agrees to use only advertising or promotional materials, including telephone listings approved by FM in writing prior to their use.

I. Corporate Promotion. Franchisee agrees to allow FM to use Franchisee's name or picture of Franchisee including employees thereof at any time during this Agreement for the purpose of any publication, brochure or advertisement. Further, FM shall have the right to distribute and/or publish the Gross Sales for the Franchised Business without compensation or prior consent of Franchisee.

J. Accounting Responsibility. Franchisee agrees to pay for all equipment and supplies purchased from FM or other suppliers within the time allowed by this Agreement and to make any reports when requested which are related to this Agreement.

K. Payments. Franchisee agrees to make all payments due FM, including but not limited to Royalty Fees and A. F. Contributions, within the time allowed.

L. Insurance. The Franchisee shall, at its expense, procure prior to providing the services licensed under this Agreement, and maintain in full force and effect during the term of this Agreement, an insurance policy or policies insuring the Franchisee and FM, and their respective parents, partners, affiliates, subsidiaries, successors and assigns and their respective officers, directors, employees, agents and partners, against any loss, liability, personal injury, death, or property damage or expense whatsoever from theft, vandalism, malicious mischief, and the perils included in the extended coverage endorsement arising or occurring upon or in connection with the Franchised Business. The Franchisee shall furnish FM with proof of coverage prior to commencing business, and of continued coverage during the term of this agreement. Such policies shall be written by an insurance company satisfactory to FM and shall include, at a minimum the following:

1. Workers' compensation and occupational disease insurance as well as such other insurance as may be required by statute or rule of the state in which the Franchisee operates the Franchised Business.
2. Comprehensive general liability insurance, including product liability coverage, with minimum limits of \$1,000,000 per occurrence.
3. Business automobile liability coverage for both owned and non-owned vehicles, with minimum limits of \$1,000,000 bodily injury and property damage.
4. Such additional coverage and higher policy limits as may reasonably be specified for all franchisees from time to time by FM.
5. All other insurance required by applicable state or federal law.

All insurance policies procured and maintained by the Franchisee will name FM, its parents, partners, affiliates, subsidiaries, successors and assigns and its officers, directors, employees, agents and partners, as an additional insured (except Workers' compensation policy), will contain endorsements by the insurance companies waiving all rights of subrogation against FM, and will stipulate that FM will receive copies of all notices of cancellation, non-renewal or coverage reduction or elimination at least thirty (30) days prior to the effective date of such cancellation, non-renewal or coverage change.

M. Resale. Franchisee agrees to comply with the resale procedure established by FM prior to any sale of the License to another party as provided for in the provisions of Article VII of this License.

N. Franchised Services. To offer and perform only authorized Franchised Services for which Franchisee is certified by FM unless otherwise approved by FM in writing.

O. Location. Franchisee agrees to operate or conduct its Franchised Business from a single location from which it may operate as many crews, teams, sales forces and vehicles as desired. All personnel operating under the Franchised Business shall be under the direct control and supervision of Franchisee and be using Franchisee's business name. Franchisee shall not expand its operations to more than one (1) location within the territory without the prior express written consent of FM which shall take into consideration the effect such expansion may have on other Franchisees within the Territory. Any permission to expand operations to more than one location within the Territory will be upon such terms and conditions as are mutually agreeable to both FM and Franchisee. Franchisee shall not open a retail service location without FM's prior written consent.

P. Operation Setup. Franchisee agrees that no later than thirty (30) days after the completion of training, the Franchised Business will become operational within the Territory including the following:

1. Except as set forth in Article V.C a business telephone will be installed, maintained and answered with the full approved Franchised Business name during regular business hours.
2. A listing of the applicable Franchised Business name will be made in the next business telephone directory.

Q. Training and Retraining.

1. Franchisee shall be required to successfully complete the FM Pre-Academy study program as well as the two-week training program provided by FM no later than six (6) months from the date of execution by Franchisee of this Agreement as set forth in Article XIII.R(4). FM reserves the right to cancel the scheduled Academy if less than ~~six (6)~~ four (4) people are scheduled to attend until the next scheduled Academy, but still within the six (6) month period after the execution by Franchisee of this Agreement. Further, FM recommends any employees, partners or agents who render services in the Franchised Business complete the training program. If the officer or manager so trained is replaced by another officer or manager, the Franchisee agrees to have the replacement officer or manager attend and complete the FM Academy, at the Franchisee's cost and expense, within three (3) months after replacement. The Franchisee, its managers or other employees, as designated by the Franchisor, shall attend and complete to the Franchisor's satisfaction, such other training programs as the Franchisor may require on SCOR or otherwise in writing. All expenses incurred for any training including, without limitation, training fees (if applicable) and the cost of travel, room, board and wages, shall be borne by the Franchisee.
2. Franchisee and employees, partners or agents of Franchisee who render Franchised Services may be required to take additional training under the provisions of Article V.G. Franchisee and all employees, partners or agents who render services in the Franchised Business are required to keep updated in training, and shall successfully complete a training course for each authorized Franchised Service at least once every calendar year. The initial training will fulfill the training requirement for the calendar year in which this Agreement is dated. In subsequent calendar years, the training must be updated by December 31 of each year. This updated training can be obtained by two (2) methods:
  - a. The Franchisee, employee, shareholder or officer, partner or agent must attend an authorized training session given at a location selected by FM; or
  - b. The Franchisee, employee, shareholder or officer, partner or agent can attend the National Convention.

R. Goodwill. Franchisee acknowledges that any and all goodwill associated with the Commercial Symbols and the System inures exclusively to the benefit of FM and upon termination of this Agreement no monetary amount shall be attributable to Franchisee for any goodwill associated with Franchisee's use thereof.

S. Confidentiality. Franchisee shall not directly or indirectly, reveal the contents of any FM trade secrets, manual, Pre-Academy program, training manual, bulletin, franchise operation, promotional plan, newsletter, report, electronic data, password or publication except to Franchisee's employee(s), partner(s) or agent(s) who require such information to fulfill their duties. The Franchisee shall at all times treat as confidential, and require its employees and agents to treat as confidential, [fmsupport.com](http://fmsupport.com), SCOR, FM access.com, the information contained therein and all other aspects of the FM System, and shall use all reasonable efforts to maintain [fmsupport.com](http://fmsupport.com), SCOR and FM System as secret and confidential.

T. Competition.

1. As long as this Agreement is in force, Franchisee and its principals, employees, partner(s), officers and agent(s) and their spouses agree not to engage in or have any financial interest in, either as officer, agent, employee, director, stockholder, owner or partner, or in any other capacity, any business which performs any service conducted by FM or its franchisees under the terms and conditions of this Agreement. Franchisee may hold for investment purposes, up to five percent (5%) of the outstanding stock of any competitive corporation whose stock or securities are publicly held or traded.
2. For a period of two (2) years following the later of expiration or termination of this Agreement for any reason, or from the date of Franchisee's last use of FM's trade marks, trade names, trade dress or systems in any manner, Franchisee and its principals, employees, partner(s) officers, agent(s) and their spouses agree not to engage in or have any financial interest in, either as officer, agent, employee, director, stockholder, owner or partner, or in any other capacity, any business which performs any wood restoration,



refinishing, upholstery repair, wood or wood laminate flooring, cabinet manufacturing, installation or repair service conducted by FM or its franchisees under the terms and conditions of this Agreement, within an area extending 75 miles from the outer perimeter of an area to include the county or counties in which the Franchised Business is conducted. Franchisee may hold for investment purposes, up to five percent (5%) of the outstanding stock of any competitive corporation whose stock or securities are publicly held or traded.

U. Sources of Supplies.

1. To safeguard the integrity of the System and Commercial Symbols, the Franchisee shall purchase from FM or from sources approved by FM all supplies which the Franchisee proposes to use in the operation of the Franchised Business.
2. If the Franchisee wishes to utilize sources of supplies which have not been approved by FM, the Franchisee shall first submit to FM documentation as follows:
  - a. product specifications,
  - b. product components,
  - c. product performance history,
  - d. product samples, and
  - e. any other relevant factors which the Franchisee deems appropriate.
3. FM will then evaluate the usage of the proposed product. Consideration will be given to the technical, wear, and performance properties of any such proposed item. FM shall be free to consider various additional factors to evaluate the suitability of products offered by alternative suppliers. FM may weigh such considerations as design, appearance, product reliability, durability, the manufacturer's warranties, quality control methods, and financial ability to stand behind its products, and other relevant information which FM deems important to the welfare of the FM franchise network. FM will notify the Franchisee in writing of its decision regarding the proposed product within 60 days of receipt of the request from Franchisee.

V. Standardized Dress. The Franchisee and all employees shall, when making sales presentations or providing the Franchised Services, wear the proper FM image attire, including a Furniture Medic Staff Shirt with logo.

W. Use of Franchisee Information. The Franchisee agrees to give FM and those acting under its authority the right to reasonably and fairly use the Franchisee's (or, if applicable, the Franchisee's officers' and directors') name, photograph or biographical material in any publication, circular or advertisement related to the business of FM or the Franchisee in any place for an unlimited period without compensation.

X. Personnel Management. Franchisee shall:

1. properly train its employees,
2. comply with all federal, state, and local laws regulating its work force. The Franchisee shall pay all contributions, taxes, and assessments on payrolls or other charges under all applicable federal, state, and local laws, including withholding from wages from its employees where required. The Franchisee shall comply with all federal, state, local laws and regulations regarding compensation, hours of work or other conditions of employment including, but not limited to, all laws and regulations regarding minimum compensation, overtime pay, Title VII, equal employment opportunities or any other similar requirement; and

Z. National Account Program Obligations. Payments for National Account work may be paid to franchisee through an electronic funds transfer system requiring franchisee to establish an automated clearing house (ACH) account with Home Office.

1. Franchisee agrees to service National Account Sales Calls under terms and conditions agreed to between FM and each National Account.
2. Franchisee acknowledges that National Account Agreements shall be entered into or terminated between FM and any given National Account at the sole discretion of FM.
3. Franchisee acknowledges and agrees that FM may allocate National Account Sales Calls in Franchisee's Territory to other franchisees.
4. Franchisee agrees to have high-speed Internet service on a separate telephone line with e-mail capability.

AA. Corporate Franchisee. The Franchisee agrees that its authorization to operate as a corporation shall be conditioned on the following requirements:

1. Its principal officers and shareholders and their spouses shall at all times be personally bound by the terms of this Agreement.
2. Each stock certificate of the Franchisee shall have conspicuously endorsed upon its face a statement in a form satisfactory to FM that it is held subject to this Agreement, and that any assignment or transfer of the stock certificate is subject to all restrictions imposed upon assignments by this Agreement;
3. Certified copies of the Franchisee's Articles of Incorporation, By-Laws, and other governing documents, including the resolutions of the Board of Directors authorizing entry into this Agreement, shall be promptly furnished to FM.

AB. Stock Ownership. If the Franchisee is a corporation, then the individuals named in Article XIII.S shall remain the owners of not less than sixty-seven percent (67%) of the total voting capital stock of the corporate Franchisee during the entire term of this Agreement, with the effective unencumbered right to vote the capital stock. The loss or surrender of the ownership or effective unencumbered right to vote the capital stock, by any means whatever, shall constitute a breach of the terms of this Agreement.

## ARTICLE VI: ACCOUNTING AND RECORDS

A. Record Maintenance and Reporting.

1. Franchisee shall record income and expenses, calculate taxes and determine profitability in accordance with Generally Accepted Accounting Principles ("GAAP").
2. Franchisee shall submit to FM on a monthly basis, in conjunction with the submission of monthly payments due FM, standard reports as may be required by FM including, but not limited to:
  - a. Invoices from all Franchised Services performed including National Account Sales Call sales invoices; and invoices for subcontracted work;

- b. A monthly summary of National Account Sales Calls that have been contracted or a statement that no National Account Sale Calls have occurred during the month.

FM shall have the right to distribute and/or publish the monthly sales reports for the Franchised Business without compensation to or the prior consent of the Franchisee.

3. The Franchisee shall, at its expense, submit to FM, upon request, within thirty (30) days after request, a complete income statement and balance sheet or copies of the annual and interim financial statements prepared by the auditors or accountants of the Franchisee. Each shall be signed by the Franchisee attesting that it is true and correct.
4. The Franchisee shall, at its expense, submit to FM upon request, within ninety (90) days after request, a complete financial statement for the preceding calendar year, including both a profit and loss statement and a balance sheet certified by an independent public accountant, all federal, state or other tax returns, together with such other information in such form as FM may reasonably require.

B. Customer Information. Franchisee must also keep accurate lists of all customers and supplies.

C. Retention of Records.

1. Franchisee agrees to keep all such records available for a period of seven (7) years following the year for which they were kept.
2. Termination of this Agreement shall not alter Franchisee's obligation to retain records for said seven (7) year period.

D. Right To Audit Franchisee's Records.

1. FM or its designated agents shall have the right at all reasonable times to examine, at its expense, the books, records, and tax returns of the Franchisee and any other business in which the Franchisee or its principal owners have a financial interest. In connection with any such examination, the Franchisee will execute IRS Form 4506, or other similar form, authorizing FM to obtain the applicable tax returns of the Franchisee, at the request of FM. FM shall also have the right, at any time, to have an independent audit made at its cost of the books of the Franchisee. If an audit or inspection is caused by Franchisee's failure to prepare or forward required reports or if an audit or inspection should reveal that payments have been understated in any report to FM, then the Franchisee shall immediately pay to FM the amount understated and interest from the date such amount was due until paid, at one and one-half percent (1-1/2%) per month or the maximum rate permitted by law, whichever is less. If an audit or inspection discloses an understatement of five percent (5%) or more, the Franchisee shall reimburse FM for any and all costs and expenses connected with the audit or inspection including, without limitation travel, lodging, wage expense and reasonable accounting and attorneys' fees. The remedies set forth in this Article shall be in addition to any other remedies FM may have and shall survive termination of this Agreement.

## ARTICLE VII: TRANSFERABILITY OF INTEREST

A. Franchisee's Right To Transfer.

1. Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee (or, in the case of a corporate or partnership Franchisee, to the Franchisee's principal[s]), and that FM has entered into this Agreement with Franchisee in reliance upon individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Accordingly, the Franchisee shall not sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement without the prior written consent of the Franchisor. Any purported assignment or transfer, by operation of law or otherwise, without the prior written consent of the Franchisor, shall be null and void and shall constitute a material breach of this Agreement.

B. Approval Procedure.

1. FM shall not unreasonably withhold its consent to a transfer of any interest in this Agreement or the Franchised Business; provided, however, that prior to the time of transfer, the Franchisee has fulfilled the terms of the transfer policy of FM then in effect. FM may, in its sole discretion, as part of the transfer policy require that:

- a. All of the Franchisee's accrued monetary obligation to FM and all other outstanding obligation related to the Franchised Business shall have been satisfied;
- b. Franchisee shall have executed a general release, in a form satisfactory to FM, of any and all claims against FM, its affiliates, subsidiaries, parents, partners, their officers, directors, shareholders, agents and employees, in their corporate and individual capacities including, without limitation, claims arising under any federal, state and local laws, rules and ordinances;
- c. The transferee does not, and does not intend to, own, operate or be involved in any business that competes directly or indirectly with or is similar to the Franchised Business;
- d. The transferee shall demonstrate to FM's satisfaction that it meets FM's managerial and business standards, possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Franchised Business;
- e. The transferee shall execute (and/or, upon the Franchisor's request, cause all interested parties to execute) the then-current standard Franchise Agreement and such other ancillary agreements as the Franchisor may require for transfer of the Franchised Business;
- f. At the transferee's expense and upon such other terms and conditions as FM may reasonably require, the transferee (or if the transferee is a corporation, the transferee's officer or manager) or managerial employees of transferee acceptable to FM must have successfully completed FM's training program then in effect for new franchisees. Except as set forth in Section VII.C, Franchisee or the transferee must pay FM the then-current transfer, training, and processing fees to complete the transfer.
- g. If this is transfer of an existing business, transferee agrees to purchase the then current Opening Package of those items therein not included in the sale of the business. The transferee must upgrade equipment and products consistent with those set forth in the Opening Package and must have acquired a service vehicle pursuant to Section V.B of this Agreement;
- h. The transferor, agrees that for a period of not less than two (2) years, commencing on the effective date of the transfer, neither Transferor nor any member of Transferor's immediate family nor any partner(s) or shareholder(s) of Franchisee shall have any direct or indirect interest as a disclosed or beneficial partner, shareholder or franchisee in any mobile or fixed location furniture or wood care business within an area extending 75 miles from the outer perimeter of an area to include the county or counties

in which the Franchised Business is conducted.

- i. Transferor must enter into an agreement with FM providing that all obligations of the transferee to make installment payments of the purchase price or interest thereon to Franchisee shall be subordinate to the obligations of the transferee to pay Royalty Fees, ~~A-F-Advertising Fund~~ Contributions, and obligations for purchases from FM and approved suppliers authorized to furnish supplies and products to FM franchisees.
- j. Transferor and transferee will be responsible for the transfer of material assets; any missing assets will be replaced at transferee's expense.
- k. ~~The Transferee does not, and does not intend to, own, operate or be involved in any business that competes directly or indirectly with or is similar to the Franchised Business;~~
- l. The Transferor must make provision for the continued operations of the business in the interim period between transfer of the business and the transferee's successful completion of the transfer.
- m. FM must approve the material terms and conditions of such transfer, including without limitation, that the price and terms of payment are not so burdensome as to affect adversely the continuation of the Franchised Business.
- n. All obligations imposed on Franchisee by this Agreement must be assumed by the transferee.

C. Transfer to a Spouse or Child. In the event of a transfer of a controlling interest in the Franchised Business or License governed by the terms of Section VII.B.1 of this Agreement where the transferee is the spouse or child of Franchisee, the transfer fee, set forth in Section VII.B.1.f, shall not be assessed.

D. Transfer Upon Death or Disability. Upon Franchisee's death or permanent disability as defined under the Social Security Act, the executor, administrator, conservator, or other personal representative of such person shall assign Franchisee's interest in the Franchised Business or License to a third party only upon approval of FM. Such disposition shall be completed within a reasonable time, not to exceed six (6) months from the date of death or permanent disability, and shall be subject to all the terms and conditions applicable to assignments contained in Section VII.B of this Agreement. If the interest is not disposed of within a reasonable time, FM may terminate this Agreement.

E. Transfer to Competitor Prohibited. The Franchisee will not sell, assign or transfer this Agreement, any interest in the Franchisee or the Franchised Business, or any assets or accounts of the Franchisee or the Franchised Business, to any person, partnership, corporation or entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any business that is in any way competitive with FM or the Franchised Business. If FM refuses to permit a transfer or assignment based upon this provision, the Franchisee's only remedy will be to have a court of competent jurisdiction determine whether the proposed transferee is a competitor of FM.

F. Bulletin Board. FM may remove access to the Bulletin Board when a franchise is in default under the contract or has violated the rules to post in the Bulletin Board.

G. Transfer to Franchisee's Corporation or Limited Liability Company. Franchisee acknowledges that FM entered into this Agreement in reliance upon and in consideration of the personal qualifications and representations of Franchisee if Franchisee is an individual, or those individuals who will actively and substantially participate in the operations of the Franchised Business if Franchisee is a corporation, limited liability company or a partnership. If, with the consent of FM, the rights of Franchisee hereunder are assigned to a corporation or limited liability company, and the individual or individuals executing this Agreement remain the owner(s) of not less than fifty-one percent (51%) of the total voting capital shares thereof with the effective unencumbered right to vote said shares, there will be no transfer fee levied. FM's consent to ~~such~~ transfer to the corporation or limited liability company shall not be unreasonably withheld if:

1. The corporation or limited liability company is closely held;
2. The corporation or limited liability company conducts only such business as is authorized by this Agreement;
3. The front of each share certificate clearly indicates that the shares represented by the certificate are subject to the terms of this Agreement;
4. The bylaws reflect that the shares are so restricted; and
5. Each officer, director, and holder of five percent (5%) or more of the issued and outstanding shares and their spouse executes the attached Guaranty.
6. The corporation of limited liability company and its shareholders or members and officers execute the then current Franchise Agreements and any such other ancillary agreements as FM may require.

The Franchisee acknowledges that the purpose of the foregoing restrictions is to protect the FM System, Commercial Symbols, trade secrets, and operating procedures, as well as FM's reputation and image, for the mutual benefit of FM, the Franchisee, and the entire FM franchise network.

Further, the individuals, including all shareholders or members and officers executing this Agreement on behalf of the corporation or limited liability company shall be jointly and severally liable for the faithful and timely performance of all covenants of this Agreement. The loss or surrender of said ownership or effective unencumbered right to vote said shares, by any means whatever, shall constitute a breach of the terms of this Agreement.

Such transfer to a Franchisee's corporation or limited liability company does not preclude subsequent transfers.

H. FM as Broker. Franchisee may enlist FM to act as a broker to facilitate the sale of the franchise. If FM is enlisted as a broker, FM will process telephone calls, leads and documents for the Franchisee, and make reasonable efforts to make inquiries into Franchisee's Territory available to the Franchisee. If FM is successful in selling the franchise, a brokerage fee of 10% of the total sales price will be charged to Franchisee for FM's assistance.

I. FM's Right To Transfer. This Agreement and all rights hereunder may be assigned and transferred by FM without Franchisee's consent and, if so, shall be binding upon and inure to the benefit of FM's respective assignee(s).

J. Non-Waiver of Claims. FM's consent to a transfer of any interest in the Franchised Business shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of FM's rights to demand exact compliance with any of the terms of this Agreement by the transferee.

K. Transfer of Assets. The transfer fee paid to FM does not include any equipment, products or marketing material to transferee. Further, FM makes no warranty as to the viability of any assets purchased from the transferor.

#### ARTICLE VIII: VIOLATION AND TERMINATION

A. Automatic Termination. Franchisee shall be deemed to be in default under this Agreement and all rights granted to Franchisee hereunder shall terminate automatically without notice to Franchisee upon the occurrence of the following:

1. Franchisee or a Guarantor becomes insolvent, makes a general assignment for the benefit of creditors, or is adjudicated a bankrupt, unless otherwise restricted by the relevant bankruptcy laws; or
2. A petition in bankruptcy for liquidation, reorganization, or other proceeding is filed by or against Franchisee; a receiver is appointed; a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's Franchised Business or assets is allowed; or the real or personal property of Franchisee is attached or levied upon by any sheriff, marshal, or constable.

B. Termination For Incurable Defaults. Franchisee shall be deemed to be in default under this Agreement and FM may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, upon the occurrence of any of the following events:

1. Franchisee voluntarily abandons or ceases to actively operate the Franchised Business, which is defined as:
  - a. two (2) consecutive months without sales, unless prior approval is obtained in writing from FM; or
  - b. disconnecting the Franchised Business phone;
  - c. not having a service vehicle.
2. Franchisee or any of its officers or directors is or has been convicted, pleads guilty, or pleads no contest to a felony or other crime or offense that FM believes is reasonably likely to have an adverse effect on the Commercial Symbols, the goodwill associated therewith, or FM's interest therein;
3. Franchisee fails on three (3) or more occasions to comply with any material provisions of this Agreement or any other FM Franchise Agreement, whether or not such failures to comply are cured after written notice thereof to Franchisee;
4. Franchisee (including its shareholders, guarantors or agents) engages in activities in an unethical manner which cause harm to the goodwill associated with the Marks and System;
5. Franchisee discloses or misuses FM's trade secrets or other confidential information to persons unauthorized by this Agreement to receive such information or misuses FM's trade secrets or other confidential information;
6. Franchisee breaches without cure any other FM Franchise Agreement which is then terminated.

C. If this Agreement is terminated by FM pursuant to Paragraph B above, then this Agreement will automatically terminate on the receipt of the written notice of immediate termination.

D. Curable Defaults. Except as otherwise provided in this Article VIII, Franchisee shall have thirty (30) days from the date of the written notice of breach from FM within which to remedy any default hereunder and to provide evidence thereof to FM. If any such default is not cured within that time or such longer period as applicable law may require, this Agreement may terminate without further notice to Franchisee effective immediately upon expiration of the thirty (30) day period or such longer period as applicable law may require. Franchisee shall be in default hereunder for any failure to comply with any of the requirements imposed by this Agreement, as it may reasonably be supplemented by the Operations Manual and other rules and regulations of the System or to carry out the terms of this Agreement in good faith. Such defaults shall include, without limitation, the occurrence of any of the following events:

1. Franchisee fails, refuses, or neglects to pay amounts due FM for the Initial Franchise Fee, Royalty Fees, A. F. Contributions, purchases made, or services provided;
2. Franchisee fails to submit or accurately report Gross Sales or annual Gross Sales or any other report required under this Agreement;
3. Franchisee fails to obtain a business license and keep it in force;
4. Franchisee fails to abide by or perform any provision, standard, specification or requirement in the text of this Agreement or in one or more manuals of franchise operations; or
5. Franchisee defaults in the observance of performance of any requirement or obligation contained in any Promissory Note payable to FM or any of its affiliates or in any contract with FM; or
6. Franchisee makes a material misrepresentation or omission relating to the acquisition of the License or Franchisee knowingly maintains false books or records, submits any false reports to FM or fails to submit standard reports as provided under Article VI;
7. Franchisee (including its shareholders, guarantors or agents) engages in any solicitation of sales or marketing of the Franchise Business outside the Territory, contrary to Article I; or
8. Franchisee fails to provide FM notice and receive approval of products as provided for in Article V.SU, Sources of Supplies; or
9. Franchisee or any other person(s) required to complete training fails to complete training in a manner satisfactory to FM; or
10. Franchisee attempts or completes an unauthorized transfer, assignment, sale or encumbrance of its rights, title or interest to this Agreement or of the Franchised Business in any respect; or
11. Franchisee does not comply with all of the provision of Article V.L. Insurance; or
12. Franchisee is in default of any provision of this Agreement, or any other agreement between Franchisee and the Franchisor or its affiliates and subsidiaries.

E. Correction of Breach. For purposes of this Agreement, an alleged breach of this Agreement by the Franchisee will be deemed to be cured if both FM and the Franchisee agree in writing that the alleged breach has been corrected.

F. Other Remedies. Nothing in this Article VIII precludes FM from seeking other remedies or damages under state or federal laws, common law, or under this Agreement including, but not limited to, attorneys' fees, damages and equitable relief.

G. Upon receipt by Franchisee of Notice of Termination all Bulletin Board privileges shall be revoked.

#### ARTICLE IX: RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION, TERMINATION OR NON-RENEWAL

A. Franchisee's Obligations. Upon expiration or termination of this Agreement and the License granted hereunder for any reason, and regardless of any dispute which may exist between the parties, Franchisee shall:

1. Immediately cease using and thereafter abstain from using all Commercial Symbols, as well as all signs, structures, vehicles, and forms of advertising indicative of FM or the Franchised Business or products thereof, and make or cause to be made such changes in signs, buildings, vehicles and structures as FM shall reasonably direct to effectively distinguish them from their former appearance and from any other aspect of the Franchised Business. Further, Franchisee shall release and transfer to FM all telephone numbers used in directory listings and advertising in which any of the Commercial Symbols are used. Franchisee will execute a telephone supersedure form which can be submitted to the telephone company upon the termination of this Agreement to effectuate the assignment of the telephone number(s) and listing(s). (Exhibit A-2) If Franchisee shall fail or omit to take such actions or cause them to be taken, then FM shall have the right but not the obligation to enter upon the Franchised Business premises without being deemed guilty of trespass or any other tort, and shall have the right to make such changes or cause them to be made at the expense of Franchisee, which expense Franchisee shall pay on demand. This right includes authority to communicate directly with the companies which furnish telephone lines service or directory publishing (printed and electronic) to enforce this provision. Franchisee agrees to reimburse FM for all costs, expenses and legal fees incurred by FM to require Franchisee to cease using such, Commercial Symbols, telephone numbers, signs, stationery, advertising, or other means of identification;
2. Within ten (10) days, ship all printed forms, advertising pieces and manuals bearing the Commercial Symbols, (all of which are acknowledged to be FM's property) as well as all supplies, chemicals and equipment and photographic proof of service vehicle de-stripping, freight prepaid, in good condition, to an address designated by FM; and
3. Within ten (10) days, ship all van logo markings, printed forms, advertising pieces and manuals bearing FM Commercial Symbols, supplies and equipment (all of which are acknowledged to be FM's property), freight prepaid, in good condition, to an address designated by FM; and
4. Pay to FM, as directed, within fifteen (15) days after the effective date of termination or expiration, such Initial Franchise Fee, Royalty Fees, A. F. Contribution, amounts owed for purchases by Franchisee, interest and fees due on any of the foregoing, and all other amounts which are then due and unpaid including the minimum fees due for the remainder of the term of this Agreement.
5. The Franchisee shall immediately turn over to FM all manuals, records, files, instructions, computer software and any and all other materials relating to the operation of the Franchised Business in the Franchisee's possession, except for the Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents which the Franchisee reasonably needs for compliance with any provision of law.

B. Post Term Competition. Franchisee shall comply with the terms and conditions set forth in Article V, Paragraph T, 2, set forth above.

#### ARTICLE X. RELATIONSHIP OF PARTIES

It is expressly understood and agreed by and between FM and Franchisee that Franchisee will, at all times, act as and shall be an Independent Contractor. Franchisee agrees that it will not at any time, directly or indirectly hold itself out as an agent or employee of FM or make any commitment or incur any liability on behalf of FM without FM's expressed written consent.

#### ARTICLE XI: INDEMNIFICATION

Franchisee acknowledges that Franchisee is solely responsible for all loss, damage or other claims arising out of the Franchised Business and the conduct of Franchisee's affairs and shall hold FM and its present and future officers, directors, employees, agents, shareholders, parents, affiliates, subsidiaries and representatives harmless from all costs, expenses, legal fees and liabilities with respect to all claims from any loss or damage arising either directly or indirectly there from.

#### ARTICLE XII: ALTERNATE DISPUTE RESOLUTION

A. Arbitration.

1. Disputes Subject to Arbitration. Unless precluded by state law or explicitly exempted otherwise herein, any controversy or claim arising out of or relating to this Agreement or with regard to its interpretation, formation or breach, including allegations of fraud, misrepresentation and violation of any state or federal laws or regulations will be subject to and resolved exclusively by arbitration conducted in accordance with the commercial arbitration rules of the American Arbitration Association. FM, the Franchisee and their officers, directors and shareholders, if any, do hereby agree that all arbitration hearings will take place exclusively in Memphis, Tennessee.

2. Notice of Dispute. The party alleging the dispute must provide the other party with written notice setting forth the alleged dispute in detail. The party who receives written notice alleging the dispute will have thirty (30) days after receipt of the written notice to resolve the dispute specified in

the written notice. If the written notice alleges that the Franchisee is delinquent in the payment of any fees or other payments payable to FM, the Franchisee will have ten (10) days to make full payment, including interest as provided for herein, to FM.

3. Demand for Arbitration. If the dispute alleged by either party has not been corrected, settled or compromised within the time period provided for in this Agreement, then either party may commence arbitration by sending written demand for arbitration to the other party and the American Arbitration Association invoking the binding arbitration provisions of this Agreement. The American Arbitration Association will provide each party with a written list of proposed arbitrators. Each party will have fourteen (14) days from the date of mailing by the American Arbitration Association of the written list of proposed arbitrators within which to return the written list of proposed arbitrators with their choice of arbitrator to the American Arbitration Association. The arbitrator selected by FM and the arbitrator selected by the Franchisee will select the third arbitrator. The parties further consent to the jurisdiction of any appropriate court to enforce the provisions of this Paragraph and/or to confirm any award rendered by the panel of arbitrators.

4. Powers of Arbitrators. The authority of the arbitrators will be limited to making a decision and award relating to the interpretation of or adherence to the written provisions of this Agreement. The Federal Rules of Evidence will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any arbitration hearing. The arbitrators will have no authority to add to, delete or modify in any manner the terms or provisions of this Agreement. The arbitrators will not have the right or authority to award punitive damages to either FM or the Franchisee or their officers, directors, shareholders, if any, and the parties expressly waive their right to plead or seek punitive damages.

5. Disputes Not Subject to Arbitration. The following disputes between FM and the Franchisee will not be subject to arbitration:

- a. Any dispute involving the Commercial Symbols or which arises under the Lanham Act, 15 U.S.C. § 1051, et seq.;
- b. Any dispute involving the FM's right to immediately terminate this Agreement pursuant to Article VIII of this Agreement;
- c. Any dispute involving enforcement of covenants contained in Article V, Paragraph R of this Agreement; and
- d. Any dispute involving the sale, transfer, assignment or renewal of this Agreement.

6. No Collateral Estoppels or Class Actions. No arbitration finding, conclusion or award may be used to collaterally estop either FM or the Franchisee from raising any like or similar issue or defense in any subsequent arbitration, litigation, court hearing or other proceeding involving third parties, including other franchisees. It is the intent of the parties that any arbitration proceeding between the FM and the Franchisee will be of their individual claim and that no claims subject to arbitration will be arbitrated on a class-wide basis. The Franchisee waives its right to a jury trial of any claims it may have against the FM arising out of or relating to this Agreement or the relationship between the parties, including claims of fraud and the inducement.

7. De Novo Action on the Merits. If the arbitrators award either party damages (including actual damages costs and attorneys' fees) in excess of \$100,000 in any arbitration proceeding commenced pursuant to this Agreement, either party will have the right to a de novo action on the merits by commencing a court action in accordance with the provisions of this Agreement. If either party commences such a court action, then neither party will have the right to introduce the arbitrators' decision or findings in any court action and the arbitrators' decision and findings will be of no force and effect and will not be final or binding on either party. If either party fails to commence a court action within thirty (30) days after receiving the arbitrators' written award, then the arbitrators' findings, judgment, decision and award will be final and binding on the FM, the Franchisee and all other parties and may be entered as a final decree and judgment in any court of competent jurisdiction by any party.

8. Confidentiality. All evidence, testimony, records, documents and information disclosed in any arbitration hearing between the FM and the Franchisee will be secret and confidential in all respects. Neither party will disclose any evidence, testimony, records, documents or information from the arbitration hearing to any other person or entity except as required by law.

9. Performance During Arbitration. The FM and the Franchisee will fully comply with all of the terms and conditions of this Agreement and will fully perform their respective obligations under this Agreement during the entire time of the arbitration process.

#### ARTICLE XIII: MISCELLANEOUS

A. Construction. In this Agreement, the neuter pronoun "it" and the masculine pronouns "he" or "his" have been used to refer to the Franchisee. Where appropriate, this terminology is considered to also include both masculine and feminine genders.

B. Severability. If any provision of this Agreement is found invalid, both parties agree that all other provisions shall remain in full force and effect.

C. Effect of Waivers. No failure of FM to exercise any power reserved to it by this Agreement, or to insist on strict compliance by Franchisee with any obligation or condition hereunder and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of FM's right to demand exact compliance with any terms herein. A waiver by FM of any particular default by Franchisee shall not affect or impair FM's rights with respect to any default of the same, similar or different nature, nor shall any delay, forbearance or omission of FM to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof affect or impair FM's rights hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by FM of any payments due to it hereunder shall not be deemed to be a waiver by FM of any terms, covenants or conditions of this Agreement.

D. Costs of Enforcement. If either party to this Agreement (an "Initiating Party") brings any action under or in connection with this Agreement (whether an arbitration or court action) and does not prevail in such action, it shall pay, as part of any judgment or arbitrator's decision rendered against it, the attorneys fees, arbitration filing fees, court costs, travel and living expenses, witness and deposition fees, costs of investigation and other costs related to the action (collectively "Litigation Costs") incurred by the other, prevailing party in such action. If an

Initiating Party does prevail in any such action, and the amount of its recovery or award exceeds the last settlement offer made by the Initiating Party to the other party, then the other, non-prevailing party shall also pay, as part of any judgment or arbitration's decision rendered against it, the Litigation Costs incurred by prevailing Initiating Party.

E. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal service or by forwarding a copy thereof by telex, facsimile, federal mail or Federal Express or similar carrier and in the case of federal mail or such carrier, shall be fully prepaid, in a sealed envelope, addressed to FM or the Franchisee, at the address that appears on page 1 of this Agreement. The addresses hereby given for the service of notice justify may be changed at any time by any party through written notice given to the other as herein provided. Notices will be deemed to have been received on the next business day following the day of receipt in the case of telex or facsimile and when ten (10) working days from dispatch have elapsed, or when signature information is available from the carrier used to send the notice.

F. Successors. This Agreement shall bind and inure to the benefit of the successors and assignees of FM and to the heirs, administrators and executors and permitted successors and assignees of Franchisee.

G. Law.

1. This Agreement shall be interpreted and construed under the laws of the State of Tennessee and any dispute between the parties shall be governed by and determined in accordance with the substantive law of the State of Tennessee, which laws shall prevail in the event of any conflict of law.
2. Franchisee acknowledges that he has and will continue to develop a substantial and continuing relationship with FM at its principal offices in Tennessee where FM's decision-making authority is vested and franchise operations are conducted and supervised. Therefore, any action arising out of or relating to this Agreement shall be commenced in any state or federal court of general jurisdiction in the State of Tennessee. Franchisee irrevocably submits to the jurisdiction of such court and waives any objection he may have to either jurisdiction or venue of such court.
3. Franchisee, its employee(s), partner(s) and agent(s) and FM waive right to a jury trial.

H. Independent Covenants. If any provision of this Agreement is found invalid, both parties agree that all other provisions shall remain in full force and effect.

I. Modifications. The Franchisee recognizes and agrees that from time to time FM may reasonably change the System presently identified with the Commercial Symbols under any conditions and to any extent which FM in its sole and absolute discretion may deem advisable to meet the demands of the industry, to protect its Commercial Symbols, to improve the quality of the System, or for other valid business purpose. Accordingly, FM may adopt and use new or modified Commercial Symbols, copyrighted materials, products, equipment or techniques, without liability to Franchisee and Franchisee agrees to comply with such modifications.

J. Quality Control. Because the reputation and commercial success of FM's and Franchisee's Franchised Business operations under this Agreement depend greatly upon Franchisee's proper use and application of designated supplies and the image created by Franchisee in promoting and carrying out the Franchised Services, Franchisee agrees to use only equipment, supplies and promotional materials which have either been obtained from or approved in writing by FM. Franchisee also agrees that FM may inspect and investigate the quality of work done by Franchisee. Failure to use authorized equipment, supplies and promotional materials or failure to comply with then-current operating standards and quality control standards or not to allow inspections or investigations shall be considered a material breach of this Agreement and may be cause for loss of the Franchised Business through termination of this Agreement. If, upon inspection or investigation, FM finds that the quality of work done by Franchisee is substandard, FM may, as an alternative to termination, require Franchisee, at its own expense, to take additional training and to correct the quality of its work and services. Failure of Franchisee to take additional training or to correct the quality of its work and services will also be a material breach of this Agreement which can be cause for loss of the Franchised Business through termination of this Agreement.

In order to obtain maximum results from promotional materials and to maintain the integrity of FM's Commercial Symbols, Franchisee shall not use promotional materials of any kinds that have not been approved in writing by FM. If Franchisee develops or obtains any promotional materials from a source other than FM, such materials shall first be submitted to FM for written approval. If approved, FM shall have the right to duplicate and distribute such materials to all franchisees.

K. Right of First Refusal. The Franchisee may not sell, transfer, assign, or otherwise convey any interest in the Franchised Business without first offering it to FM in writing at a stated dollar price exclusive of broker fees and upon stated terms which FM may accept in writing at any time within sixty (60) days from the receipt of the written offer by the Franchisee. If FM shall decline or not accept the offer within the said time period the Franchisee may thereafter sell or dispose of the Franchised Business to a third party, but not at a lower price or on more favorable terms than had been offered to FM, and subject to the prior written permission of FM, as provided in Article VII of this Agreement. If the Franchised Business is not then sold by the Franchisee within six (6) months from the date it is offered to FM, then the Franchisee must re-offer to sell to FM prior to the sale to any third party.

L. Entire Agreement. This Agreement and attachments hereto contain the entire understanding of the parties hereto and it is acknowledged by both parties that, except as expressly provided in this Agreement, there are no representations, warranties or other agreements expressed or implied in any way relating to the provisions hereof. Franchisee agrees that no claims of success or failure have been made to him prior to signing this Agreement. This Agreement when fully executed shall supersede all prior and existing agreements between the parties having to do with the subject matter of this Agreement. In the event of a breach of this Agreement, the prevailing party shall be entitled to reasonable fees, costs and expenses incurred in enforcing the provisions of this Agreement or securing damages for its breach, including, but not limited to, reasonable attorney's fees and court costs.

M. Financing. FM does not represent that the Franchisee will qualify for service vehicle or any other type of financing. FM does not warrant that the Franchisee or its customers will qualify under standards set by credit granting financial institutions. FM does not represent that any

supplier will grant a line of credit to the Franchisee or the Franchisee's customers. Any failure of the Franchisee or its customers to secure such financing or financing arrangements shall not subject this Agreement to rescission or subject FM to any costs, refunds, or penalties. The Franchisee acknowledges that decisions of credit-granting firms are beyond the control of the parties to this Agreement and holds FM harmless for the results of such decisions.

N. Pricing. Franchisee shall be free to set and determine its own pricing structure for Franchised Services sold and rendered under the terms of this Agreement. Franchisee may request suggested pricing from FM but all prices charged shall be solely at the discretion of Franchisee.

O. Headings. Headings of sections or order of specific articles are deemed by the parties to be merely descriptive in nature and not intended to limit or preclude information contained therein.

P. Binding Agreement. Franchisee and its signators to this Agreement agree to abide by all terms and conditions contained herein as individuals as well as officers or principals if incorporated.

Q. Acknowledgments. By signing this Agreement, Franchisee certifies that it has received and reviewed the Offering Circular and its exhibits and this Agreement ten (10) business days prior to signing this Agreement or prior to paying any monies.

The Franchisee acknowledges that:

1. Franchisee has received, read and understands this Agreement and the attachments hereto; FM has fully and adequately explained the provisions hereof to Franchisee's satisfaction; and Franchisee has been accorded sufficient time and opportunity (as may be required by state and federal law) to consider this Agreement and to consult with advisors of Franchisee's own choosing concerning the potential benefits and risks of entering into this Agreement.
2. FM expressly disclaims, and Franchisee acknowledges that it has not received any warranty, promise, or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.
3. The success of the Franchised Business contemplated to be undertaken by the Franchisee depends to a large extent upon the ability of the Franchisee or its principal(s) as independent business person(s) and upon the Franchisee's efforts, skill, business background and sales.

R. Significant Dates: The Franchisee hereby certifies that the following information and dates are true and correct and the undersigned understands that FM is relying on these statements in consideration of entering into this Agreement.

- (1) \_\_\_\_\_ The date on which Franchisee received a Disclosure Statement or Uniform Franchise Offering Circular with all exhibits. (Must be same date as date entered on Receipt Page)
- (2) \_\_\_\_\_ The date of the Franchisee's first personal meeting with a Marketing Representative to discuss the possible purchase of this Agreement. (Does not apply to renewal)  
Name of Marketing Representatives(s) \_\_\_\_\_
- (3) \_\_\_\_\_ The date the Franchisee received a completed copy (except for signatures) of this Agreement that was later signed.
- (4) \_\_\_\_\_ The date on which the Franchisee signed this Agreement. (Must be 10 full business days after date on Line 1 above and 5 full business days after date on line 3.)
- (5) \_\_\_\_\_ The date on which the Franchisee delivered any deposit, down payment, purchase price or other payment in the form of cash, check, or other consideration to the Marketing Representative. (Must be 10 full business days after date on Line 1 above and 5 full business days after date on Line 3 above.)

S. Specific Claims and/or Representations to Franchisee.

1. No oral, written, or visual claim or representation which contradicted the Disclosure Statement or the Offering Circular was made to the Franchisee except: \_\_\_\_\_

(if none, the Franchisee shall write "none").

2. No oral, written, or visual claim or representation which stated or suggested any sales, income or profit levels was made to the Franchisee except: \_\_\_\_\_

(if none, the Franchisee shall write "none").

T. Officers, Shareholders or Partners of Franchisee. If Franchisee is a Corporation, Partnership or Limited Liability Company, set forth below is a list of all officers, shareholders, partners or members of Franchisee, their respective holdings and spouses. If Franchisee is a sole proprietor, list name of spouse below.

Name	Percentage (Total must =100%)	Office Held
_____	_____	_____




IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day, year and place first above written.

"FRANCHISOR"  
FURNITURE MEDIC Limited Partnership  
By its General Partner,  
FM Medic L.L.C.

| ATTEST WITNESS:

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

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

Its: \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Secretary (if corporation)

"FRANCHISEE"

By: \_\_\_\_\_  
Signature of owner, partner, or duly  
authorized officer, indicating office held

By: \_\_\_\_\_  
(If partnership with spouse or other person,  
partner signs here)

SEAL

(If corporation)

By: \_\_\_\_\_  
(If third partner, the third partner signs here)

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

In consideration of the execution of the Franchise Agreement by FM, and for other good and valuable consideration, the Franchisee and spouse, and if the Franchisee is a corporation, each of the principal officers of the corporation and their spouses and each owner of a five percent (5%) or greater beneficial interest in the Franchisee and their spouses, in their individual capacities do, jointly and severally hereby become surety and guaranty, and agree to be personally bound for the payment of all amounts and the performance of the covenants, terms and conditions of the Franchise Agreement, to be paid, kept and performed by the Franchisee as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Franchise Agreement.

In addition, if the Franchisee fails to comply with or defaults on any other terms and conditions of the Franchise Agreement, then the undersigned, and any successors or assigns to this agreement, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Franchise Agreement for and on behalf of the Franchisee.

Notwithstanding anything in this Guaranty to the contrary, the undersigned, if the Franchisee is in full compliance with this Franchise agreement and all other agreements between the Franchisee and FM and its affiliates, shall have no personal liability for any indemnity obligation under Article XI of the Franchise Agreement if and for so long as the Franchisee obtains and maintains in full force and effect the following additional insurance policies, with FM named as an additional insured under all such policies which provide actual coverage for the claim for which FM is to be indemnified. For revenue reported by the franchisee for the last twelve (12) months which equal or are less than five million dollars (\$5,000,000.00), a general liability umbrella or excess liability policy of five million dollars (\$5,000,000.00) (including automobile liability) of additional coverage. For revenues reported by the Franchisee for the last twelve (12) months which exceed five million dollars (\$5,000,000.00): one million dollars (\$1,000,000.00) in additional coverage for each additional one million dollar (\$1,000,000.00) increment. (Example: \$5,000,001 to \$6,000,000 in revenue, \$6,000,000 in additional coverage).

Except as precluded by applicable law, each of the undersigned hereby submits to personal jurisdiction exclusively in the state and federal courts of the State of Tennessee with respect to any litigation, action or proceeding pertaining to this Personal Guaranty or the Franchise Agreement, and agrees that all such proceedings will and must be venued in the State of Tennessee.

**PERSONAL GUARANTORS**

\_\_\_\_\_, individually  
Signature

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

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
-City, State, Zip

\_\_\_\_\_, individually  
Signature

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

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
-City, State, Zip

\_\_\_\_\_, individually  
Signature

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

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Home Address;

\_\_\_\_\_  
-City, State, Zip

\_\_\_\_\_, individually  
Signature

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

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Home Address;

\_\_\_\_\_  
-City, State, Zip

EXHIBIT A-1

DESCRIPTION OF TERRITORY

**EXHIBIT A-2**

**TELEPHONE LISTING AUTHORIZATION AGREEMENT**

THIS AGREEMENT, entered into between Furniture Medic Limited Partnership, of Memphis, Tennessee (hereinafter referred to as "Furniture Medic"), and \_\_\_\_\_ (hereinafter referred to as "Franchisee").

**WITNESSETH**

WHEREAS, Furniture Medic is the franchisor of the Furniture Medic System and the owner of the "Furniture Medic" trademark; and

WHEREAS, Furniture Medic and Franchisee have entered into a Franchise Agreement (the "Franchise Agreement") pursuant to which Franchisee is granted the limited right to use the trademark and related commercial symbols in Franchisee's business telephone directory listings; and

WHEREAS, Franchisee is authorized to continue using the Furniture Medic commercial symbols until such time as the Franchise Agreement is terminated or expires.

NOW, THEREFORE, the parties hereby agree as follows:

1. Franchisee is authorized to obtain separate telephone service, and/or participate in a central telephone service for franchisee's Furniture Medic franchised business. Such service shall not be used in conjunction with any other business or residential telephone service.
2. Franchisee is authorized and agrees to secure white pages, yellow pages and directory assistance listings only in the name of "Furniture Medic." No other names may be used in conjunction with the Furniture Medic trademark and no additional listings may be used with the telephone number assigned unless approved in writing in advance by Furniture Medic.
3. All telephone listings, Yellow Page display advertising, layout, and copy shall be approved in advance in writing by Furniture Medic, and Franchisee agrees that the telephone company shall not accept placements of any such copy unless written approval by Furniture Medic is attached. However, placement of display advertising by Furniture Medic or its advertising agency for Franchisee through a national Yellow Pages service will constitute automatic approval.
4. Franchisee shall be responsible for the payment of all monthly service charges, directory listings and Yellow Page advertising or reasonable share of central numbers and associated listings and advertising.
5. Franchisee agrees such telephone number(s) and listings and advertisements shall be considered to be the sole property of Furniture Medic. Upon termination of the Franchise Agreement for whatever reason, Franchisee agrees that Franchisee shall immediately cease all use of such telephone number(s) and listings and advertisements and that all such telephone number(s), listings and advertisements shall become the sole property of Furniture Medic, at its option, subject to Furniture Medic's obligation to pay all fees due therefore becoming due and payable after the date of cessation of use.
6. Franchisee, by this Agreement, hereby releases and forever discharges Furniture Medic and its successors or assigns and the telephone company from liability of any kind or character which results or may result directly or indirectly from Furniture Medic's exercise of its rights hereunder or from the telephone company's cooperation with Furniture Medic in effecting the terms of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

FURNITURE MEDIC LIMITED PARTNERSHIP  
By its General Partner, FM Medic L.L.C.

FRANCHISEE

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

Name \_\_\_\_\_

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

**EXHIBIT B**

**AUTHORIZATION AGREEMENT FOR ELECTRONIC TRANSFER OF FUNDS**

This form below is an authorization that allows for electronic transfer of funds from your checking account for the payment of amounts owed, and other authorized payments.

**AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)**

I (we) hereby authorize Furniture Medic Limited Partnership, hereinafter called COMPANY, to initiate variable debit entries for amounts owed COMPANY and other authorized payments due COMPANY to my (our) Checking Account indicated below at the depository financial institution named below, hereafter called DEPOSITORY, and to debit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U. S. Law.

Depository Name: \_\_\_\_\_ Branch: \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

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

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Name of Franchise: \_\_\_\_\_  
(Please print.)

Franchise License #: \_\_\_\_\_ Franchise Phone Number \_\_\_\_\_

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

A blank check marked "void" must be attached to this form.

[ATTACHED VOIDED CHECK HERE]