EXHIBIT C

Franchise Agreement

PAUL DAVIS RESTORATION, INC.
One Independent Drive, Suite 2300
Jacksonville, Florida 32202

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement"), is made effective as of ____________________, 2006, by and among PAUL DAVIS RESTORATION, INC., a Florida corporation ("PDRI"); and the following individual(s): ______________________________ ____ (singly, or collectively if more than one, the "Principal Owner"); and ____ d.b.a. Paul Davis Restoration of ____ (the "Franchisee"). Because the obligations of Franchisee and Principal Owner are joint and several under this Agreement, the term "Franchisee" throughout this Agreement shall refer to both Franchisee and Principal Owner, except in those circumstances where the term Principal Owner is specifically used.

WITNESSETH:

WHEREAS, as a result of the expenditure of time, effort and money in research and development, PDRI has acquired experience and knowledge with respect to insurance restoration construction, remodeling, loss mitigation, emergency services and cleaning of residential and commercial buildings and structures ("PDRI's Business");

WHEREAS, PDRI has developed certain systems, methods, procedures, know-how, computer software programs and other associated trade secrets (collectively the "Franchise System"), as described in the Paul Davis Restoration Operations Manual, as now compiled and as amended from time to time (the "Operations Manual"), and the Paul Davis Restoration Procedures Manual, as now compiled and as amended from time to time (the "Procedures Manual"), for the operation of a business engaging in PDRI's Business;

WHEREAS, in connection therewith, PDRI has established a reputation, demand and goodwill for the aforesaid services; and

WHEREAS, all of the foregoing have a unique, novel and valuable significance to the public, and Franchisee, being cognizant thereof, desires to obtain the commercial benefits of the use of the Franchise System, the name of PDRI and the benefits of the knowledge, experience and reputation of PDRI.

NOW, THEREFORE, in consideration of the mutual covenants, promises, conditions and agreements hereinafter set forth, PDRI and Franchisee agree as follows:

ARTICLE 1: FRANCHISE SYSTEM

1.1 Grant of Franchise. Subject to the terms of this Agreement, PDRI hereby grants to Franchisee a non-exclusive license to use the Franchise System to operate a Paul Davis Restoration® franchise in the territory (the "Franchise Territory") described in Exhibit A, attached hereto and incorporated herein.

1.2 Operations Manual. During the term of this Agreement, PDRI grants to Franchisee a non-exclusive license to use the Operations Manual, the provisions of which are hereby incorporated by reference into this Agreement. Franchisee acknowledges that the Operations Manual remains the property of PDRI and Franchisee shall be bound by the terms of the Operations Manual and shall return the Operations Manual and any copies thereof to PDRI upon termination of this Agreement. Franchisee further acknowledges that PDRI may amend the Operations Manual in accordance with the procedures set forth in the Operations Manual and Franchisee shall be bound by any such amendment. In the event of any conflict between the terms of this Agreement and the terms of the Operations Manual, the terms of this Agreement shall govern.

1.3 Tradename and Logos. PDRI grants to Franchisee, for the term of this Agreement, a non-exclusive license to use the Paul Davis Restoration® name and logo in the operation of the Franchise System in accordance with this Agreement and the Operations Manual. Franchisee shall operate exclusively under the Paul Davis Restoration® name and logo and shall not use or display any other tradename or service mark without the prior written consent of PDRI. All names and logos owned by PDRI and/or its affiliates and licensed to Franchisee are hereafter referred to as the "Marks."

Franchisee shall not use either the Marks or any variation thereof as part of its corporate, firm or business name or for any other purposes save and except in accordance with the terms and conditions of this Agreement or as may otherwise be specifically authorized by PDRI in writing, nor shall Franchisee hold out or otherwise employ the Marks to perform any activity, or to incur any obligation or indebtedness in such manner as might make the Franchisor liable therefore.

Franchisee shall not register or attempt to register the Marks in its name or the name of any person, firm, corporation or entity, and shall not take any action which might invalidate the Marks, impair any rights of Franchisor in and to such Marks or create any rights adverse to those of Franchisor. Moreover, Franchisee shall use the Marks correctly spelled and/or depicted and not as a verb or in the plural or in any other manner which might endanger the validity of the Marks and/or, if registered, their registration. Franchisee shall use the Marks only in the style as may be registered, or if not registered, as prescribed by Franchisor.

In order to preserve the validity and integrity of the Marks licensed herein and to assure that Franchisee is properly employing same in the operation of the Franchisee's business, Franchisor and its agents shall at all reasonable times have the right to inspect Franchisee's premises and other sites of Franchisee's operation within the Franchise Territory and make periodic evaluations of the services provided and the goods sold and used therein. Franchisee shall co-operate with Franchisor and its agents in such inspections and render such assistance to it as it may reasonably request.

PDRI reserves the right, in its sole discretion, to modify, replace, substitute or terminate any of the Marks.

1.4 Optional Programs. PDRI and/or affiliates of PDRI may from time to time establish and offer to Franchisee additional programs ("Optional Programs") related to PDRI's Business such as the Remodeling program. Subject to the requirements, terms and conditions established for such Optional Programs, Franchisee may participate in any such Optional Programs. All Optional Programs are developed and offered at the sole discretion of PDRI, and may be terminated by PDRI at any time upon written notice to Franchisee.

ARTICLE 2: FRANCHISE FEE

2.1 Franchise Fee. As consideration for the granting of the license to use the Marks and the Franchise System, Franchisee shall pay to PDRI a fee (the "Franchise Fee") in the amount and manner provided in Item A of the Schedule of Additional Terms and Conditions, set forth on Exhibit B, attached hereto and incorporated herein.

2.2 Fees for Optional Programs. Franchisee acknowledges that any Optional Programs may require additional training and additional training and fees (an "Optional Program Fee").

2.3 Fees Non-Refundable. Franchisee agrees that the Franchise Fee and any Optional Program Fee are non-refundable after payment thereof except at PDRI's election pursuant to Section 8.6 of this Agreement.

ARTICLE 3: ROYALTY AND OTHER FEES

3.1 Royalty Fee. Franchisee shall pay to PDRI a monthly royalty fee (the "Royalty Fee") equal to Three and One-Half Percent (3½%) (the "Royalty Rate") times the amount of Gross Sales. "Gross Sales" includes the total amount of all sales or other revenue for labor, material, and services performed or rendered (a) by Franchisee or (b) by third party vendors and subcontractors who provide services or materials for Franchisee's clients as a part of Franchisee's services. Gross Sales include all items included on an estimate or work authorization including items paid for directly by the client or insurer. In the case of jobs involving multiple franchisees, each franchise will be responsible to report Gross Sales to the extent the franchisee bills, or is paid by, the ultimate customer or insurer. Sales are deemed to be closed on the earlier of: (i) the day an executed work authorization or contract is received; or (ii) the day work commences. Franchisee shall report Gross Sales using such forms or in such format as PDRI may specify from time to time. PDRI may at any time modify the required format and content of the sales report. Franchisee agrees to report the amount of Gross Sales and to pay the Royalty Fee as provided in section 3.10. All Royalty Fees are non-refundable.

3.2 Minimum Royalty. The term "Minimum Royalty" shall mean an annual amount equal to the Royalty Rate times the Minimum Sales Amount times the population of the Franchise Territory. The term "Minimum Sales Amount" shall mean: (a) $0.00 for the partial year and the first full calendar year following the effective date of this Agreement; (b) $0.50 for the second full calendar year; (c) $1.00 for the third full calendar year; (d) $1.50 for the fourth full calendar year; (e) $2.00 for the fifth full calendar year; (f) $2.50 for the sixth full calendar year; and (g) $3.00 for the seventh full calendar year and years thereafter. If the Minimum Royalty amount exceeds the amount of the Royalty Fee for the previous twelve (12) months, then Franchisee shall pay the amount of such excess to PDRI. Any amendment, addition to, or modification of, the Franchise Territory shall not affect the commencement date of the Minimum Royalty. The annual Minimum Royalty amount shall be prorated for any partial years resulting from the termination, renewal or non-renewal, or transfer of the franchise. PDRI shall notify Franchisee in writing of any amounts due pursuant to this section and such amounts shall be due and payable within thirty (30) days of such notice. Beginning on the fifth (5^{th}) anniversary of the effective date of this Agreement, the Minimum Sales Amount shall be increased annually to reflect changes in the Consumer Price Index since the date of this Agreement. PDRI and Franchisee agree that the population for calculating the Minimum Royalty will be the latest population as determined from generally accepted demographic sources, such as U.S. Department of Commerce - Bureau of Census, Rand McNally, or Donnelley Marketing Information Services, adjusted by the applicable discount, if any. The current population and the discount, if any, are set forth in Item B of the Schedule of Additional Terms and Conditions. If this franchise was acquired from a prior franchisee, then, for purposes of this section 3.2, the effective date of the prior franchise shall be deemed to be the effective date of this Agreement. If this Agreement is a renewal of a prior franchise agreement, then, for purposes of this section 3.2, the effective date of the prior franchise agreement shall be deemed to be the effective date of this Agreement.

3.3 Computer Software Fee. Franchisee shall pay to PDRI, for providing support of the PDRI Software (defined in section 9.1), a monthly fee of $75, or such other amount as may be set from time to time by the General Council (as defined in Article 10. This fee does not cover Franchisee's costs of local support or training, if required, the cost of replacing Franchisee's computer hardware if required during the term of this Agreement, or support for software obtained from third party suppliers.

3.4 Intentionally omitted.

3.5 Quality Review Fee. PDRI shall have the right to assess fees and costs for two (2) annual quality control or sales audit inspections of Franchisee. Franchisee agrees that, so long as PDRI waives the right to impose the two annual quality control or sales audit inspections together with their accompanying costs, Franchisee shall pay a monthly fee to PDRI of $50, or such greater amount as may be established by the General Council. In consideration of payment of this fee, PDRI representatives shall provide certain consulting and technical assistance as described in Subsection 6.7(d) of this Agreement.

3.6 Monthly Mailer Fee. Following the discontinuation of the Strategic Marketing Plan (defined in section 3.13 below), PDRI shall have the right, at its option, to institute a direct mail program and Franchisee agrees to comply with the requirements of such program and to pay a fee equal to Franchisee's pro rata share of the cost of such program.

3.7 Warranty Fund Fee.

(a) Definition. The Job Completion and Guarantee Fund (the "Warranty Fund") is a cooperative program under Booklet One of the Operations Manual. The Warranty Fund is administered by Completion Services, Inc., a corporation owned by Paul Davis Restoration franchisees and managed by its Board of Directors (the "CSI Board").

(b) Franchisee Contribution. From commencement of operations, Franchisee shall pay a monthly fee equal to one-half percent (½%) of closed Gross Sales, up to an account balance of: (a) $15,000 for a population of 0-500,000; plus (b) $2,000 for each additional 100,000 population or portion thereof above in excess of 500,000, or such greater amount as may be established by the CSI Board. Franchisee's Warranty Fund contributions shall be held by CSI for the account of Franchisee in accordance with the Operations Manual. The monthly Warranty Fund contribution shall be paid as directed by CSI at the same time Royalty Fees are due to PDRI. If this franchise was acquired from a prior franchisee, then the amount of the monthly fee shall equal one percent (1%) of closed Gross Sales.

(c) PDRI Contribution. PDRI shall contribute One Thousand Dollars ($1,000) to Franchisee's account in the Warranty Fund within sixty (60) days of the signing of this Agreement or ten (10) days after Franchisee commences operations, whichever is later. Franchisee acknowledges that this is a one-time contribution by PDRI and PDRI will not make a similar contribution on behalf of a transferee of Franchisee. The balance to Franchisee's Warranty Fund Program account shall be contributed by Franchisee in accordance with Section 3.7(b). This subsection (c) shall not apply if this franchise was acquired from a prior franchisee or is a renewal of an existing franchise agreement.

(d) Payments Following Termination. Following termination of this Agreement for any reason, the balance in Franchisee's Warranty Fund account shall be paid to Franchisee two years following such termination in accordance with the procedures contained in the Operations Manual, provided however, that Franchisee agrees and hereby instructs CSI that CSI shall first deduct and remit to PDRI the sum of $1,000 (for PDRI's one-time contribution) plus the amount of any sums due to PDRI under this Agreement.

3.8 Fee Adjustments for Underpayment. Franchisee agrees to pay to PDRI, within ten (10) days after receipt of written notice, any amount due to PDRI as determined by either (a) the financial statements or reports prepared by Franchisee's certified public accountant as required by this Agreement or (b) the audit inspection performed by PDRI'S authorized agent in accordance with Section 6.7(b). If such an examination discloses any underpayment of the amounts required to be paid to PDRI, then Franchisee shall pay, in addition to the amount owed, interest on the unpaid amount as provided in Section 3.11. In addition, if such an examination discloses an underpayment greater than two percent (2%), Franchisee shall be subject to other actions allowed to PDRI under the terms of this Agreement, including, but not limited to, termination for breach of this Agreement.

3.9 Changes in Fees. Franchisee agrees to be bound by any change in fees set forth in this Article 3 or any additional fees so long as such change or addition has been submitted to and approved by the General Council in accordance with the procedures for modifying the Operations Manual as set forth therein; provided, however, that the Royalty Fee shall not be changed by the General Council.

3.10 Due Date of Royalty and Other Monthly Fees. Franchisee agrees to pay Royalty Fees for the prior month's closed Gross Sales and all other monthly fees payable to PDRI by the twenty-fifth (25th) day of each month. Royalty Fees shall be paid based on sales reports provided to PDRI by the fifth (5th) calendar day of the month for the prior month's closed Gross Sales in accordance with Section 6.7. For start-up franchises (not acquired from existing franchisees) all monthly fees other than the Royalty Fee shall commence in the second full month following the completion of new owner school, if applicable.

3.11 Late Payment. Franchisee agrees that any amounts due to PDRI and not received by PDRI on or before their due date shall immediately begin to accrue interest as of the due date at the maximum rate allowed by law or one and one-half percent (1½%) monthly, whichever is less, without waiver of any other rights of PDRI.

3.12 Additional Penalty for Failure to Timely Pay Fees. Franchisee hereby acknowledges that fees and royalties set forth herein are used to fund programs established under this Agreement and the Operations Manual. In addition to any other rights of PDRI hereunder, PDRI has the right to withhold all services, including the use of the PDRI Software, for failure of Franchisee to pay promptly all sums due PDRI.

3.13 Strategic Marketing Plan. The Strategic Marketing Plan ("SMP") is a cooperative program established by the General Council, which requires financial contributions from each Franchisee. The current SMP fee established by the General Counsel is: (a) a fixed monthly payment of $125 per month, plus (b) a variable monthly payment of thirty-three one hundredths of one percent (0.33%) of closed Gross Sales. The variable monthly payments of 0.33% of closed Gross Sales shall not exceed $16,500 per year. Following the discontinuation of the SMP, PDRI shall have the right, at its option, to institute a monthly marketing fee, not to exceed one-half percent (1/2%) of Gross Sales, and Franchisee agrees to pay such fee.

3.14 Convention Registration Fee. Franchisee shall pay the registration fee for the PDRI annual convention in twelve equal monthly installments and Franchisee shall be entitled to one free convention registration per year. The current Convention Registration Fee is $300 and the monthly installments are $25.

ARTICLE 4: TERRITORY

4.1 Territory Defined. The territory for which this Franchise is granted shall be the Franchise Territory, as described on Exhibit A. Franchisee agrees to locate the office of the franchise within the Franchise Territory. Franchisee shall not locate any additional offices outside the Franchise Territory without the prior written permission of PDRI and Franchisee acknowledges that such permission shall not entitle Franchisee to any franchise rights in such other locations. Franchisee acknowledges that, due to the nature of the business, any franchisee of PDRI may provide services to clients who are located in Franchisee's Franchise Territory, subject to each franchisee's adherence to the cross-territory provisions set forth in section 4.3 hereof and in the Operations Manual. The Franchise Territory is described on Exhibit A using political boundaries, such as counties and cities, or zip code boundaries or a combination thereof. In the event these political or zip code boundaries are modified by applicable authority, PDRI shall redescribe the Franchise Territory using such modified boundaries and maintaining as closely as possible the original geographic size and shape of the Franchise Territory but giving due consideration to any adjoining franchise territories.

4.2 Population. The parties acknowledge that the Franchise Territory currently has a population as set forth in item B on the Schedule of Additional Terms and Conditions.

4.3 Cross-Territory Agreement. Franchisee expressly agrees to be bound by the terms of Booklet Three of the Operations Manual relating to marketing and servicing of accounts by Franchisee and other franchisees of PDRI, including the payment of commissions for sales outside the Franchise Territory. Franchisee further acknowledges that he has read the provisions of Booklet Three of the Operations Manual.

4.4 Limitation on Franchise Territory. During the term of this Agreement, neither PDRI nor any affiliate of PDRI shall enfranchise or directly operate an insurance restoration construction business in the Franchise Territory. PDRI or any affiliate of PDRI may provide services to the insurance industry or to general contractors in the Franchise Territory provided that such services may not include insurance restoration construction.

ARTICLE 5: TERM AND RENEWAL OF FRANCHISE

5.1 Term. This Agreement and the rights granted to Franchisee hereunder shall be for an initial term of five (5) years.

5.2 Renewal. Following the initial term, Franchisee may renew this Agreement (without payment of additional fees) for successive five (5) year renewal terms, provided that the following conditions are met:

(a) Franchisee gives written notice of intent to renew at least ninety (90) days, but not more than one hundred eighty (180) days, prior to the expiration date;

(b) Franchisee has paid all amounts due and payable under this Agreement, including, without limitation, any Minimum Royalty due;

(c) Franchisee has remained throughout the term substantially in compliance with the terms of the Agreement and is in compliance as of the date of renewal;

(d) Franchisee replaces any equipment (including any computer equipment) used in operating the PDRI franchise so as to comply with the then-current requirements for new franchisees;

(e) Franchisee executes a general release, in a form prescribed by PDRI, of any and all claims against PDRI and its affiliates, and their respective officers, directors, agents and employees; and

(f) Franchisee executes a new franchise agreement and any other documents then customarily used by PDRI in granting new franchises. The terms and conditions of the new franchise agreement may differ materially from the terms of this Agreement; provided, however, that the Royalty Fee shall remain the same as in this Agreement and the Franchise Fee shall be waived.

ARTICLE 6: OPERATIONAL OBLIGATIONS

6.1 Commencement of Operations. Franchisee agrees to commence operations within six (6) weeks after completion of new owner school as set forth in Article 8. For purposes of this Agreement, "commence operations" shall mean the date when Franchisee first offers its services to the public, including one or more of the following: having telephone or mail service in Franchisee's name, contracting for services with third parties, making estimates and contacting insurance adjusters or property owners.

6.2 Operating Capital. Franchisee shall have an initial operating capital of not less than FIFTY THOUSAND DOLLARS ($50,000.00) and acknowledges that PDRI recommends initial operating capital of SEVENTY FIVE THOUSAND DOLLARS ($75,000). After the initial year of operation, or if this franchise was acquired from a prior franchisee, Franchisee shall maintain working capital, including established and unused lines of credit, equal to at least ten percent (10%) of Franchisee's prior year's Gross Sales in accordance with the Operations Manual.

6.3 Operation under Corporate Structure. Franchisee shall be, and Principal Owner hereby represents and warrants that Franchisee is, a corporation (the term corporation shall be deemed to include a limited liability company) formed in accordance with applicable law and duly authorized to do business in the state in which the Franchise Territory is located. In the case where Franchisee is not a presently existing corporation, Principal Owner shall form such corporation within thirty days of the effective date of this Agreement and shall cause such corporate to ratify this Agreement and otherwise assume all of the obligations of Franchisee under this Agreement. The corporate name of the Franchisee shall be as set forth in Item D of the Schedule of Additional Terms and Conditions, or other such name as PDRI may approve in writing, but in no event shall the corporate name include "Paul Davis," "Paul Davis Restoration," or any of the Marks of PDRI. All shares of stock (or other ownership interests) of Franchisee shall be held solely by Principal Owner and any transfer of such shares shall be subject to the provision of Article 20 of this Agreement and all stock certificates shall include the legend: "The transfer of this stock is subject to the terms, conditions, and restrictions of a Franchise Agreement with Paul Davis Restoration, Inc." The franchise business, including any Optional Programs, shall be operated under Franchisee's corporate form and under the full fictitious name set forth in Item C of the Schedule of Additional Terms and Conditions. Franchisee shall register or file such fictitious name as required by local law.

6.4 Services Offered. During the term of this Agreement, Franchisee agrees to offer to customers within the Franchise Territory insurance restoration construction, loss mitigation, emergency services and cleaning services. Franchisee may also engage in Optional Programs. Franchisee shall not engage in any other business activity which is not directly related to this Agreement.

6.5 Compliance with Operations Manual. Franchisee agrees to carry on, conduct and operate the business contemplated by this Agreement on a full time basis, in accordance with good business practice and in accordance with the standards and policies of PDRI set forth in the Operations Manual; to maintain such records and furnish such reports to PDRI as are set forth in the Operations Manual; to acquire, retain and own, during the term of this Agreement, all assets determined by PDRI to be reasonably necessary for the operation of such business and to conduct no business other than the franchise operation from the location of Franchisee's operation.

6.6 Name Change on Termination. Upon termination of this Agreement, Franchisee shall immediately cease to use, and shall take such steps as are necessary to notify the public and to withdraw from any public records, any and all use of the Marks, tradenames, logos, or corporate name (or portions thereof) of PDRI.

6.7 Reports; Inspections; Records.

(a) Franchisee shall provide to PDRI on or before the fifth calendar day of each month a monthly statement of Gross Sales for the prior month, on the Gross Sales Report form and in the format designated by PDRI. Franchisee shall also submit job specific information in the form, format and frequency designated by PDRI. Franchisee shall submit quarterly and annual financial statement reports prepared in accordance with generally accepted accounting principles and in a format specified by PDRI. Quarterly reports shall be provided to PDRI within thirty (30) days following the end of the quarter and are not required to be prepared by a certified public accountant. Annual financial reports shall be provided to PDRI within ninety (90) days following the end of the fiscal year and are required to be compiled, but not audited, by a certified public accountant. Franchisee shall submit copies of all Federal tax returns filed by Franchisee if requested by PDRI.

(b) Franchisee shall maintain adequate books and records for its operations and such records shall be stored at Franchisee's principal place of business. Franchisee agrees to permit PDRI, through its authorized representatives and agents, to inspect Franchisee's records, premises and methods of operation from time to time during regular business hours in order to determine that Franchisee has complied with the sales reporting and other provisions of this Agreement. These records shall include but not be limited to: bank statements; check registers; canceled checks; federal tax returns of Franchisee and Principal Owners; state tax returns; financial statements; general ledgers; computer generated reports; and disbursement records including subcontractor files.

(c) Franchisee agrees to pay for all expenses incurred in connection with such inspections, including air fare, transportation, meals, motels, miscellaneous expenses, and an hourly fee based on a prorated percentage of the inspector's salary or the independent auditor's actual fee. Franchisee shall not, however, be obligated to pay expenses incurred in connection with more than two (2) inspections during any one year period. Inspections shall be performed by the designated inspector of PDRI.

(d) In consideration of payment of the fee set forth in Section 3.5, and until PDRI notifies Franchisee otherwise, Franchisee shall not be obligated to pay the inspection fees set forth in Subsection 6.7(c) for inspections described in Subsection 6.7(b) above. PDRI's representative (currently the assigned Regional Manager) shall provide such consulting and technical assistance to the Franchisee as PDRI deems appropriate and reasonable. PDRI's representative shall have the right to review all books and records of Franchisee.

(e) Franchisee agrees to allow PDRI or its designated representative to copy records and remove such copies from Franchisee's premises. Franchisee shall cooperate in PDRI's inspection and copying, including directing PDRI's designated representative to the records, responding fully to all inquiries with respect to them, and allowing reasonable use of photocopiers and any equipment necessary to read or copy information on magnetic or similar media.

6.8 Compliance with Law. "Law" means the collective body of constitutions, statutes, regulations, ordinances, codes, rules, official opinions, rulings, guidelines, orders, case precedents, and other expressions or prescriptions of civil authorities regulating conduct, property, and rights within or affecting their jurisdictions. Within the Law, Franchisee shall strictly follow and comply with the procedures, methods, and standards in this Agreement and the Operations Manual. If either of these documents conflict with the Law, Franchisee shall instruct its employees and agents in writing on how to comply with the Law, attach such instructions to its copies of the applicable document, and send a copy of the special instructions to PDRI. Any violation of Law by Franchisee is a breach of this Agreement. Franchisee acknowledges that PDRI will not, and properly could not, render legal, accounting, or tax advice to Franchisee and that it shall be Franchisee's obligation to retain independent counsel as needed in those areas. Franchisee shall comply with all Law regulating general contracting, including any licensing requirements.

6.9 Pricing Recommendations. From time to time, PDRI may advise Franchisee as to suggested prices for services offered. PDRI and Franchisee expressly agree that any such schedule of recommended prices furnished to Franchisee by PDRI is by way of recommendation only and is not binding or mandatory.

6.10 Quality Surveys. Franchisee shall submit to PDRI, or its designee (currently TLS), job information in a format specified by PDRI for the purposes of conducting customer satisfaction surveys. PDRI may reveal the results of such surveys to insurance company representatives and in its advertising.

6.11 Brand Identity Program. Franchisee agrees to comply with any brand identity programs instituted by PDRI and acknowledges that such program may include mandatory standard employee apparel or uniforms, vehicle appearance and signage, office appearance and signage, and use of a PDRI approved after-hours telephone answering service.

ARTICLE 7: RELATIONSHIP OF PARTIES

7.1 Independent Contractor Status. Franchisee is an independent contractor and is not an agent, partner, joint venturer or employee of PDRI. No fiduciary relationship between the parties exists. Franchisee shall have no right to bind or obligate PDRI in any way nor shall it represent that it has any right to do so.

7.2 Signage. Franchisee shall, if requested by PDRI, exhibit on its premises and display on its advertising, forms and paper products, in such places and in such format as PDRI may designate, a notification that the franchised business is owned and operated by a separate and independent corporation and not by PDRI.

ARTICLE 8: TRAINING PROGRAM

8.1 Training Obligation. The Franchisee's designated General Manager must satisfactorily complete the new owner training program which consists of: (i) up to four weeks of new owner training school conducted in Jacksonville, Florida; (ii) one week of new owner field training conducted at the franchise location; and (iii) PDRI may, at its discretion, require a three day advanced new owner training class in Jacksonville approximately six months after completion of new owner school. The Franchisee's Job Cost Accountant must satisfactorily complete the job cost accountant training program which may take the form of up to one week of field training conducted at the franchise location or training via computer desktop streaming. The fee for the new owner training program is included in the Franchise Fee, provided, however, that if this franchise was acquired from an prior franchisee, then Franchisee shall pay the training fee set forth item A of the Schedule of Additional terms and Conditions. All travel, living, and related expenses incurred by Franchisee or Franchisee's representative(s) during the new owner training school is at Franchisee's expense.

8.2 Paul Davis Restoration Classroom Training. PDRI will train one (1) designated representative of Franchisee at the next scheduled new owner training school or at such other regularly scheduled school as is agreeable to both parties. Franchisee may have one or more additional representatives participate in the new owner training school for an additional training fee of $2,500 per person. During the new owner training school PDRI shall provide to Franchisee's designated representative copies of the Operations Manual and of the PDRI Software.

8.3 Intentionally omitted.

8.4 Post Training Review. Franchisee agrees that during the initial eight (8) weeks of operation of the franchise, PDRI shall have the right to review and approve all of Franchisee's estimates for contracted services prior to the release of each such estimate. PDRI shall make best efforts to complete each review within thirty-six (36) hours after receipt but assumes no obligation to do so within this time period. This right may be waived by PDRI at any time during the eight (8) week period. The initial eight (8) week period may be extended up to an additional eight weeks at PDRI's discretion.

8.5 Post Opening On-Site Training. Upon commencement of Franchisee's operations, PDRI shall furnish to Franchisee, at PDRI's expense, a staff trainer for field operations to provide on-site training at Franchisee's place of business for a period of four (4) working days. PDRI shall also furnish, at PDRI's expense, a staff trainer for job cost functions for a period of four (4) working days or to provide training via computer desktop streaming and Franchisee agrees to require its designated Job Cost Accountant to satisfactorily complete this training.

8.6 Rescission and Refund. At its sole discretion, PDRI reserves the right at any time prior to the end of new owner training school described in Sections 8.2 above to rescind this Agreement and refund to Franchisee within five (5) business days any cash payment paid to PDRI, if, in PDRI's sole discretion, Franchisee fails to meet PDRI'S performance standards as evidenced through evaluations determined by classroom training and personal interviews. Franchisee agrees that if PDRI rescinds this Agreement as stated herein, Franchisee shall nevertheless continue to be bound by the arbitration provisions of the Operations Manual and the non-competition and the non-disclosure of trade secrets provisions set forth in Article 22 hereof and shall bear the costs incurred in pursuing the purchase of the franchise, other than the Franchise Fee paid to PDRI.

8.7 Recertification Training. Although PDRI does not currently require recertification training, PDRI reserves the right to implement such a program upon sixty (60) day's written notice. If PDRI implements such a program, Franchisee agrees to attend a three to five (3-5) day recertification training program at PDRI's place of business at least once every three (3) years. Franchisee agrees to pay PDRI's recertification training fee as well as Franchisee's travel and living expenses. PDRI shall provide no less than sixty (60) days notice to Franchisee of the date of each recertification training program.

8.8 Intentionally omitted.

8.9 Post Training On-Site Consultation. In its sole discretion, PDRI may provide personal consultation, advisory and supervisory services at Franchisee's principal place of business, at a fee based on time and expense incurred by PDRI's representative, as agreed in advance, at such time as is mutually agreed by the parties.

8.10 Optional Program Training. From time to time PDRI may offer Optional Programs, which require additional training and the payment of additional fees. If Franchisee elects to participate in one or more of these Optional Programs, Franchisee agrees to abide by all training requirements prior to beginning operations of any Optional Program, all in accordance with PDRI'S published policies and procedures for such Optional Program.

ARTICLE 9: EQUIPMENT AND SUPPLIES

9.1 Computer Software. Franchisee acknowledges that it is essential to the franchise network and to the future development of marketing and electronic commerce programs that all franchisees possess the ability to use a common software system (the "Common Software"). During the term of this Agreement, Franchisee shall acquire and maintain such computer system, including hardware and software components and electronic transmission capabilities (including internet connection), as may be required to operate the Common Software. Franchisee shall transmit (or "up-load" or "auto-sync") to PDRI data captured and maintained by the Common Software in the format, and using the protocols and frequency, designated by PDRI from time to time. PDRI has developed, and claims copyrights to, a proprietary computer software system for estimating and managing restoration work projects (the "PDRI Software"). PDRI has designated the PDRI Software, used in conjunction with the Xactimate™ estimating system, as the Common Software. Franchisee is responsible for costs of obtaining, installing and maintaining the Xactimate™ estimating system, including all license fees associated with its possession, use or operation. Franchisee acknowledges that the insurance restoration industry and technology are subject to change and therefore it may be desirable from time to time for PDRI to designate one or more commercially available software systems as the Common Software and Franchisee agrees to obtain, at Franchisee's expense, the designated Common Software and such computer system as may be required to operate the Common Software. PDRI shall support the PDRI Software for so long as it is designated the Common Software, provided that at such time as the PDRI software is no longer designated as the Common Software, PDRI may, at its option, discontinue such support. PDRI shall loan a copy of the PDRI Software to Franchisee during the new owner training school and Franchisee may use the PDRI Software during the term of this Agreement. Additional software (such as an operating system and an accounting program) will be required for the operation of the franchise and, in addition, some insurance companies may require a specific software system (other than the Common Software) be used to generate and submit estimates. All software other than the PDRI Software is the responsibility of Franchisee.

9.2 Initial Printing and Sales and Marketing Supplies Package. Except in the case where the franchise is being acquired from an existing franchisee or a franchise renewal, PDRI shall supply an initial printing and sales and marketing supplies package to Franchisee, to be delivered to Franchisee during the classroom training program attended by Franchisee or after receipt of required information from Franchisee, whichever is later. Franchisee shall thereafter use only such sales and marketing materials as shall be approved by PDRI.

9.3 Fax Machine. Franchisee shall purchase or lease prior to commencement of operations and maintain in good working order through the term of this Agreement a telefax machine to be used in the franchise operations.

ARTICLE 10: COUNCILS

10.1 Establishment of Councils. The Operations Manual includes a section entitled "Plan of Operation for the Paul Davis Restoration Council" (the "Plan of Operation") which describes the governing body for the franchisees: the General Council, comprised of all operating franchisees; the District Councils for each operating district, comprised of one representative of each PDRI franchise in a defined geographic area designated by PDRI, which serve as the decision making bodies for the PDRI franchisees; and the National Executive Committee, comprised of one (1) franchisee from each District Council, a representative of the Canadian Master Franchisee and a PDRI representative. The Plan of Operation establishes rules and regulations for the governance and operation of the General Council, the District Councils and the National Executive Committee. Such rules and regulations include procedures for consideration and approval of recommendations that may be submitted by District Councils, PDRI or any franchisee for new programs, for amendments to the Operations Manual (including amendments to the Plan of Operation) and for any other change in the operations of the franchises. Franchisee agrees to be bound by and comply with any and all such new programs, amendments to the Operations Manual and other changes in the operations of the franchises as may be approved from time to time in accordance with the Plan of Operation.

10.2 Designated District. PDRI shall assign Franchisee to a District Council designated by PDRI for the operating district, which encompasses the Franchise Territory.

ARTICLE 11: ADVERTISING

11.1 Franchisee's Right to Advertise. PDRI grants to Franchisee the right to establish, create, and undertake promotional and advertising programs at Franchisee's own cost and expense, with the prior written approval of PDRI or its designated representative. Such approval shall not be unreasonably withheld.

11.2 Approval of Electronic Transmission. Franchisee shall not use the name or Marks of PDRI in connection with any electronic commerce or other electronic transmission, including, without limitation, communication via the internet, e-mail, or interactive web sites, without the prior written approval of PDRI or its designated representative. Such approval shall not be unreasonably withheld.

11.3 Domain Names. Franchisee hereby irrevocably assigns to PDRI all rights, title and interest that Franchisee may have now or in the future in any internet domain name or Universal Resource Locator/URL (a "Domain Name") that Franchisee utilizes in the operation of the franchise, whether or not such Domain Name or the web site to which it relates was approved by PDRI.

ARTICLE 12: INSURANCE

12.1 General Provisions. Franchisee agrees to carry at its expense during the term of this Agreement such types and amounts of insurance as are set forth in the Operations Manual. Prior to the commencement of operations, Franchisee shall furnish to PDRI a Certificate of Insurance reflecting that the insurance coverage is in effect and a copy of all such insurance policies. All policies shall be renewed, and a renewal Certificate of Insurance for each required coverage received by PDRI, prior to the expiration of such coverage. Franchisee agrees that PDRI may, at its option, institute an insurance program under which Franchisee may be required to procure certain lines of insurance (such as worker's compensation, automobile liability, and general liability) from a specified insurance company, which insurance company may be owned in whole or part by PRDI.

12.2 Worker's Compensation Insurance. Franchisee agrees to secure and pay premiums on a Worker's Compensation policy as required by local or state law.

12.3 Automobile Liability Insurance. Franchisee agrees to secure and pay premiums on an automobile liability policy in an amount of $300,000 single limit, or such other amount as shall be required under the Operations Manual.

12.4 General Liability Insurance. Franchisee agrees to carry at its expense during the term of this Agreement such types and amounts of liability insurance as are set forth in the Operations Manual, provided that such coverage shall at a minimum include comprehensive general liability insurance, including products liability and broad form contractual liability, in an amount of not less than $2,000,000 in the aggregate and $1,000,000 per occurrence and shall also provide contractors pollution liability coverage. Each policy shall name PDRI and its subsidiaries as additional insureds, shall provide that the policy cannot be canceled without thirty (30) days prior written notice to PDRI, and shall insure the contractual liability of Franchisee.

ARTICLE 13: HOLD HARMLESS

13.1 Liability to Third Parties. Franchisee is solely responsible for all claims, demands, losses, obligations, liens (including any liens against the Franchise Territory resulting from the payment of claims by CSI), costs, expenses, liabilities, debts or damages to or by third parties arising out of or in connection with the possession, ownership, operation or transfer of the franchised business, and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom (collectively, a "Claim").

Franchisee agrees to defend, indemnify and save PDRI, its parent, subsidiaries, affiliates, officers, directors and employees harmless from and assume all liability of, with respect to and for any such Claims unless resulting from the gross negligence of PDRI. PDRI shall notify Franchisee of any Claim, and Franchisee shall be given the opportunity to assume the defense of the matter. If Franchisee fails to assume the defense, or if an actual or potential conflict of interest exists or arises for any counsel selected by Franchisee to represent PDRI, PDRI may defend the action in the manner it deems appropriate. Franchisee shall pay to PDRI all costs, including attorney's fees, incurred by PDRI in defending any Claim, in addition to any sum, which PDRI may pay by reason of any payment, settlement or judgment against PDRI.

PDRI's right to indemnity under this Agreement shall arise notwithstanding that joint or concurrent liability may be imposed on PDRI by statute, ordinance, regulation or other law. This Article 13 shall survive the termination of this Agreement.

ARTICLE 14: TAXES; LICENSING

14.1 Taxes. Franchisee agrees that it will promptly pay any and all personal property taxes, real property taxes, or other taxes of any nature that may be imposed, levied or assessed against Franchisee by any federal, state, county or municipal government.

14.2 Licensing. Franchisee agrees to obtain any general contracting and other licenses required by the laws of the jurisdiction(s) in which Franchisee operates the franchise and to promptly pay any licensing fees that may be required from time to time under local or state law to operate the franchise in the Franchise Territory. Franchisee hereby represents that Franchisee has investigated the licensing requirements of the jurisdiction(s) in which Franchisee intends to do business prior to the execution of this Agreement.

ARTICLE 15: EMPLOYEES OF FRANCHISEE

15.1 Franchise Staffing. Franchisee shall at all times employ a full-time General Manager, with training or experience equivalent (determined in PDRI's sole judgment) to the new owner training program, and a full-time trained Job Cost Accountant, as set forth in the Operations Manual. The General Manager may be a franchise employee and not a Principal Owner if approved by PDRI.

15.2 Employees Under Control of Franchisee. Franchisee agrees that all persons hired or employed by or under contract with Franchisee in connection with the operation of the franchise shall be considered to be employees or agents of Franchisee and not of PDRI, and such employees and agents shall be solely and exclusively under Franchisee's orders, direction and control, and Franchisee shall at its own cost and expense comply with all unemployment insurance, old age pension, and other social security acts or statutes applicable to employers or employees or both, and whether now in force, or hereafter enacted, and shall pay, duly and punctually, any and all rates, taxes, assessments, and contributions that may be required or demanded under or by virtue of any of such acts or statutes.

ARTICLE 16: RECRUITING OF EMPLOYEES

16.1 Covenant Not To Solicit. Franchisee acknowledges that the operation of a PDRI franchise depends in large part on the skills of the employees and associates of each PDRI franchisee, who are trained as a result of that franchisee's efforts. Franchisee agrees that it shall not contact the employees or associates of any other PDRI franchisee for the purpose of soliciting association or employment of that person unless and until Franchisee has taken all of the following steps:

(a) Franchisee shall seek and obtain written permission from the principal owner or manager of the PDRI franchisee with whom the solicited employee or associate is then currently employed or under contract (the "Releasing Franchisee");

(b) If the solicited person is a sales associate, Franchisee shall verify that the solicited associate has reimbursed the Releasing Franchisee for all negative balances in its finance account or Franchisee shall reimburse the Releasing Franchisee for any such negative balance;

(c) The Releasing Franchisee shall have agreed to remit to Franchisee for credit to the finance account of the solicited associate any and all commissions and income which accrue to the solicited associate's account with the Releasing Franchisee after the date of termination of association with the Releasing Franchisee; and

(d) Franchisee shall agree to pay to Releasing Franchisee, without charge to the finance account of the associate or employee, a "solicitation fee" in the amount of three percent (3%) of the solicited associate's first year's sales while under contract with Franchisee or fifteen percent (15%) of the solicited employee's first year's salary while employed by Franchisee (in either case, payable in 12 equal monthly installments beginning the first day of the second full month of transfer).

Franchisee further agrees that neither it, its associates nor its employees shall contact any former associate or employee of PDRI or any other franchisee of PDRI for the purpose of association or employment, for a period of ninety (90) days after termination of association or employment. Franchisee further agrees that during this ninety day period it shall not finance, support, make loans to or otherwise assist the former associate or employee of PDRI or of any other franchisee of PDRI so as to circumvent the intent of this Article.

Nothing contained in this Article shall restrict any employee or associate from becoming a franchise owner and in such case no fee shall be due.

ARTICLE 17: TERMINATION BY PDRI

17.1 Termination with Opportunity to Cure. PDRI may terminate this Agreement and all franchise rights granted hereunder at any time, if Franchisee fails to cure within fifteen (15) days of written notice any of the following:

(a) Non-payment by Franchisee of any sums due PDRI as required by the terms of this Agreement or by any other agreement, note, or instrument signed by the parties, including non-payment of sums due to third parties whose payments by Franchisee have been guaranteed by PDRI.

(b) Failure by Franchisee to maintain and operate the franchised business in accordance with good business practices and in accordance with the rules, regulations, methods and procedures contained in the Operations Manual as now compiled or as amended from time to time during the term of this Agreement;

(c) Misuse or any unauthorized use of PDRI's name or any of the Marks, the PDRI Software, or the Operations Manual, or other impairment of the goodwill associated with them or PDRI's rights in them;

(d) Failure by Franchisee to enforce to the fullest extent permitted by law any non-competition and trade secrets provision in this Agreement or in any agreement between Franchisee and any of Franchisee's employees or associates; or

(e) Commission or omission by Franchisee of any other act, not enumerated herein, which constitutes a breach of the terms and conditions of this Agreement.

17.2 Termination Without Opportunity to Cure. PDRI may terminate this Agreement and all rights granted hereunder at any time, without a right to cure, upon written notice of termination, in the event of any of the following:

(a) Three (3) repetitions of the same breach within any twelve (12) month period, for which PDRI has provided notice and a right to cure the first two breaches under Section 17.1;

(b) Filing by Franchisee or Principal Owner of a voluntary petition in bankruptcy, adjudication of bankruptcy, any assignment for the benefit of creditors, or appointment of a trustee or receiver in bankruptcy for Franchisee;

(c) Failure of Franchisee to commence operations (as defined in this Agreement) within six (6) weeks after completion of the classroom training program;

(d) Abandonment by Franchisee of the franchise operation, defined as failure to operate the business for fifteen (15) consecutive days after commencement of operations;

(e) The Franchisee's omission or misrepresentation of any material fact relevant to the decision of PDRI to enter into this Agreement.

(f) Conviction of Franchisee or Principal Owner of a felony offense;

(g) An unapproved Transfer, as defined in Article 20;

(h) A violation of the in-term covenant not to compete or of the covenants of non-disclosure of trade secrets set forth in Article 22 of this Agreement;

(i) A violation of the terms of Section 6.7 relating to reporting and inspection requirements;

(j) Other acts which may bring discredit on the entire franchise organization such as, but not limited to, willful acts of dishonesty toward PDRI, property owners, insurers, and other third parties dealing with Franchisee, PDRI or other franchises;

(k) Fraudulent reporting of financial or operational information to PDRI; or

(l) Failure to maintain insurance as set forth in Article 12 of this Agreement.

ARTICLE 18

18.1 Intentionally omitted.

ARTICLE 19: PROCEDURES AFTER TERMINATION

19.1 Obligations of Franchisee. Upon termination of this Agreement for any reason and by any party, Franchisee and Principal Owner agree to immediately do the following:

(a) Surrender all rights under this Agreement;

(b) Pay in full all outstanding amounts due to PDRI, Franchisee's employees, independent agents, tradespeople, subcontractors, vendors and suppliers;

(c) Refrain from using the Marks, which have been licensed to Franchisee, or any name or initials similar thereto in Franchisee's corporate name, on signs, places of business or advertising of any nature, directly or indirectly;

(d) Surrender to PDRI or its designated representative, the Operations Manual and the PDRI Software and not utilize the system, procedures and methods contained in the Operations Manual or PDRI Software for the conduct of any construction business at any time or any place thereafter forever;

(e) Assign to PDRI or its designee, or, at PDRI's election, disconnect, any telephone numbers (including telefax numbers) and Domain Names used in operating, or associated with, the franchise;

(f) De-identify the premises used in operating the franchise, including, but not limited to, removal and destruction of signs, markings and materials containing the Marks;

(g) Forego use of and destroy any materials containing the Marks; and

(h) Abide by the Non-Competition and Trade Secrets provisions set forth in Article 22.

(i) Surrender to PDRI or its designated representative all lists and contact information for all customers, clients, suppliers, and subcontractors with which the franchise business has had business relations of any kind.

19.2 Rights of PDRI. Upon termination of this Agreement for any reason PDRI may, in its sole discretion:

(a) Enter Franchisee's premises and destroy all computer programs supplied by PDRI or containing PDRI's Trade Secrets (as defined in Section 22.3), on any and all computers owned, leased, rented or in any way operated for the benefit of Franchisee;

(b) Have all existing telephone numbers and Domain Names, which have been used in any way in the operation of, or associated with, Franchisee's business transferred, disconnected or referred to another number;

(c) Collect the Operations Manual and any other of PDRI's proprietary material and the PDRI Software;

(d) Take over the territory assigned herein to Franchisee and resell the territory to another party; and

(e) De-identify the premises at Franchisee's expense to the extent such de-identification has not been timely accomplished by Franchisee.

ARTICLE 20: ASSIGNMENT, SALE OR TRANSFER

20.1 Restriction on Transfers. "Transfer" shall mean any sale, assignment, transfer or encumbrance, in whole or part, of: (i) this Agreement; (ii) Principal Owner's or Franchisee's rights and interests under this Agreement; or (iii) the capital stock or other ownership interest of the Franchisee. Franchisee and Principal Owner shall not make any Transfer (except pursuant to Article 6 hereof) without the prior written consent of PDRI, which shall not be unreasonably withheld. In addition to the consent of PDRI, all Transfers (except Minority Transfers, hereinafter defined) shall be conditioned on the following:

(a) Franchisee shall have submitted to PDRI a written request for PDRI's consent to Transfer, accompanied by a copy of the fully executed agreement for such Transfer (the "Transfer Contract");

(b) Franchise shall have paid to PDRI a transfer fee of $2,500 (such transfer fee must accompany the request for consent to Transfer and shall be non-refundable;

(c) There shall be no existing default in the performance or observance of any of Franchisee's obligations under this Agreement or any other agreement between Franchisee and PDRI and Franchisee shall be current in all sums due PDRI and CSI;

(d) The Franchisee and the proposed transferee shall execute a Tri-Party Agreement for the Transfer of a Paul Davis Restoration Franchise, in its then current form, and the proposed transferee shall agree to assume all liabilities of Franchisee for completion of work in progress and for servicing all warranties in effect for work completed by Franchisee;

(e) The proposed transferee shall have completed, to the satisfaction of PDRI, all documents required by PDRI as part of its then current application process and shall meet PDRI's then current criteria for the granting of a new franchise, including a personal interview with a PDRI representative; and

(f) The proposed transferee shall have agreed with PDRI to:

(i) attend PDRI's next available training program for new franchisees at a time and location designated by PDRI;

(ii) pay to PDRI the then established training fees for all training required to qualify the proposed transferee as a new franchisee;

(iii) execute the then current franchise agreement (the standard franchise agreement used for a new franchise) and perform all the duties and obligations required to be performed, fulfilled and observed by the franchisee under such franchise agreement (excluding the payment of the initial franchise fee);

(iv) acquire, if necessary, computer hardware compatible with the PDRI Software in use by PDRI franchisees as of the date of transfer; and

(v) assume all conditions and obligations set forth in Article 13 hereof, holding PDRI harmless for loss or damage to third parties.

20.2 Minority Transfers. "Minority Transfer" shall mean any sale, assignment, transfer, or encumbrance of less than fifty percent (50%) of the total capital stock or other ownership interest of Franchisee, measured both individually and in the aggregate of all Minority Transfers. Franchisee and Principal Owner shall not make any Minority Transfer without the prior written consent of PDRI. In addition to the consent of PDRI, all Minority Transfers shall be conditioned on the following:

(a) Franchisee shall have submitted to PDRI a written request for PDRI's consent to Minority Transfer, accompanied by a copy of the fully executed agreement for such Minority Transfer;

(b) PDRI shall be paid a transfer fee of $250.

(c) There shall be no existing default in the performance or observance of any of Franchisee's obligations under this Agreement or any other agreement between Franchisee and PDRI and Franchisee shall be current in all sums due to PDRI and CSI; and

(d) The Franchisee and the proposed transferee shall execute an Agreement and Consent to a Minority Transfer, in its then current form.

20.3 Right of First Refusal. At any time within thirty (30) days after receipt by PDRI of both the written request to consent to a Transfer and a copy of the Transfer Contract, PDRI shall have the option to purchase or otherwise acquire such of Franchisee's rights under this Agreement together with all such other property and rights of Franchisee as may be the subject matter of such Transfer Contract, upon the same terms and conditions as those set forth in the Transfer Contract. PDRI may exercise its option by giving written notice of its acceptance to Franchisee. The provisions of this paragraph shall not apply to any proposed Transfer to any child, parent, sibling or spouse of Principal Owner.

20.4 Involuntary Transfer. The personal confidence reposed in Principal Owner is a material part of the consideration for PDRI's entering into this Agreement and no person or entity shall succeed to any of the rights of Franchisee or Principal Owner under this Agreement by virtue of any voluntary or involuntary proceeding in bankruptcy, receivership, attachment, execution, assignment for the benefit of creditors or other legal process.

20.5 Violation. Any attempt by Franchisee or Principal Owner to affect a Transfer without the prior written consent of PDRI shall constitute a material breach of this Agreement and any such Transfer shall be null and void.

20.6 Transfer to Heirs. The legal heirs of Principal Owner may inherit the Principal Owner's rights under this Agreement, subject to approval by PDRI and completion by the new Principal Owner at PDRI's training program within three (3) months after the date of transfer. Such heirs shall be subject to all of Franchisee's obligations hereunder but shall not be required to pay any transfer fee.

20.7 Transfer by PDRI. PDRI may assign, sell, transfer or encumber its rights under this Agreement without the prior consent of Franchisee. Any such assignment, sale, transfer or encumbrance by PDRI shall relieve PDRI of its liability to Franchisee under the terms of this Agreement.

ARTICLE 21: REFUND POLICY

21.1 No Refund. Neither Franchisee nor Principal Owner, upon termination or cancellation of this Agreement or the franchise for any reason, shall be entitled to any refund or rebate in whole or in part of the Franchise Fee, or of any Royalty Fee or other fees herein agreed to be paid, other than as provided in Section 8.6 of this Agreement.

ARTICLE 22: NON-COMPETITION; NON-SOLICITATION AND TRADE SECRETS

22.1 Non-Competition. Franchisee and Principal Owner hereby agree to the following limitations on their right to engage in the business of insurance restoration construction of residential or commercial buildings and the business of residential or commercial remodeling, loss mitigation or cleaning (collectively, "PDRI's Business"):

(a) During the term of this Agreement, Franchisee and Principal Owner shall not, except pursuant to the terms hereof, directly or indirectly engage in PDRI's Business.

(b) During the two (2) year period commencing on the termination of this Agreement, including, but not limited to: (i) termination at PDRI's option during the training period; (ii) termination pursuant to Article 17 of this Agreement; (iii) the non-renewal of this Agreement pursuant to Article 5; or (iv) a Transfer, as defined in Article 20 (collectively, "Termination"), Franchisee and Principal Owner shall not directly or indirectly engage in PDRI's Business within the geographic area identified as the Franchise Territory.

(c) During the two (2) year period commencing on Termination, Franchisee and Principal Owner shall not, in any geographical area in which PDRI or any franchisee or affiliate of PDRI is now or is hereafter engaging in PDRI's Business, directly or indirectly engage in PDRI'S Business.

(d) Franchisee and Principal Owner acknowledge that the limitations contained in this Article are necessary to protect the legitimate business interests of PDRI, including, but not limited to, its confidential business processes and training provided to Franchisee and Principal Owner and the protection of its trade secrets, as defined herein.

(e) For purposes of this Article, the term "directly or indirectly" engaging in PDRI's Business shall include, but not be limited to: (i) acting as an agent, representative, consultant, officer, director, independent contractor or employee of any entity or enterprise; and (ii) participating directly or indirectly in any such entity or enterprise as an owner, partner, limited partner, joint venturer, material creditor or stockholder (except as a stockholder holding less than a one percent (1%) interest in a corporation whose shares are traded on a national securities exchange or in the over-the-counter market).

(f) Franchisee and Principal Owner agree that PDRI, or any franchisee or affiliate of PDRI, as the case may be, shall be entitled to enforce the provisions of this article. Each such party shall be entitled, in addition to any other remedies that it may have under this Agreement or otherwise, to preliminary and permanent injunctive and other equitable relief to prevent or curtail any breach or threatened breach of this Agreement by Franchisee or Principal Owner. No reference in this Agreement to a specific legal or equitable remedy shall be construed as a waiver of other legal or equitable remedies in the event of such a breach.

(g) Except to the extent required to operate its business and to train its employees, associates and independent subcontractors in accordance with the Operations Manual, Franchisee and Principal Owner agree that they will at no time, regardless of the terms of this Agreement, reveal any of the methods or systems used by PDRI in its business to any person, corporation, or other entity unless written permission is given in advance by PDRI.

(h) Franchisee agrees that it will enforce these non-competition provisions as to contracts with its employees and associates.

22.2 Non-Solicitation. Franchisee and Principal Owner acknowledge that they may develop relationships with various insurance companies (each, an "Insurance Company") as a result of introductions by PDRI or by other Paul Davis Restoration franchisees or their status as a PDRI franchisee. Franchisee and Principal Owner each agree that for a period of two years following Termination, they shall not, directly or indirectly, solicit or accept any business from any Insurance Company and that any business that Franchisee or Principal Owner accepts in violation of this restriction shall result in a sales commission, automatically and retroactively applied, of 25% of the gross sales amount, immediately due and payable from Franchisee and Principal Owner to PDRI. For purposes of this section 22.2, the term Insurance Company shall include any person or entity acting on behalf of an Insurance Company to assign, arrange for, or manage reconstruction, restoration or cleaning services for losses insured by such Insurance Company.

22.3 Trade Secrets. Franchisee and Principal Owner hereby agree to the following limitations on their right and the right of Franchisee's employees to use certain information obtained in connection with this Agreement:

(a) Trade Secret Defined. Upon completion of the Training Program, Franchisee shall possess certain secret and confidential information of PDRI consisting of customer lists; contract forms; appraisal techniques; ideas and data contained in the PDRI Software and Operations Manual; knowledge of sales and profit performance of PDRI's other franchisees; sources of construction suppliers; methods of selecting subcontractors and other methods, techniques, know-how, formulas and data, now existing or hereinafter developed or acquired relating to the operation and franchising of a Paul Davis Restoration franchise, but not including information or techniques in the public domain and generally known and used by general contractors and cleaning service suppliers other than through disclosure by Franchisee. All of the foregoing is hereinafter referred to as the "Trade Secrets."

(b) Right to Use Trade Secrets. PDRI shall disclose the Trade Secrets to Franchisee by lending to Franchisee, for the term of this Agreement, the Operations Manual and other written materials, and the PDRI Software, all containing the Trade Secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of PDRI's other obligations under this Agreement. Franchisee acknowledges that PDRI is the sole owner of all Trade Secrets; that such information is being imparted to Franchisee only by reason of its special status as a Franchisee of the Paul Davis Restoration franchise; and that the Trade Secrets are not generally known to the trade or public and are not known to Franchisee except by reason of such disclosure. Franchisee further acknowledges that it shall acquire no interest in the Trade Secrets other than the right to use them in the development and operation of the Franchise during the term of this Agreement. Franchisee further acknowledges that the use or duplication of the Trade Secrets except as expressly permitted by this Agreement shall constitute an unfair method of competition and that PDRI shall suffer irreparable injury thereby.

(c) Covenant Not to Disclose. Franchisee acknowledges that the Trade Secrets are disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee hereby does agree, that:

(i) It will use the Trade Secrets in strict accordance with the Operations Manual and with directions given by PDRI from time to time;

(ii) It will not use the Trade Secrets in any other business or capacity;

(iii) It will maintain the absolute confidentiality of the Trade Secrets during and after the term of this Agreement;

(iv) It will not duplicate, copy or otherwise reproduce any written materials or computer software containing the Trade Secrets unless it has received prior written consent from PDRI;

(v) It will observe and implement those procedures established by PDRI and set forth in the Operations Manual to control the use and disclosure of Trade Secrets by employees of Franchisee; and

(vi) It will immediately notify PDRI in writing of any suspected or actual use of the Trade Secrets by a third party.

(d) Covenant to Secure Materials. Franchisee shall keep all Operations Manual, other written materials and the PDRI Software containing the Trade Secrets in a secure location and shall maintain control over such materials at all times. Franchisee shall disclose the Trade Secrets to employees or independent contractors only to the extent required for such employees or independent contractors to perform their duties of employment.

(e) Changes to Trade Secrets. PDRI retains the right to make additions, deletions and revisions to the Trade Secrets. Such changes shall become binding upon Franchisee upon notification thereof and Franchisee agrees to take all steps necessary to implement such changes and to update all written materials evidencing such changes.

22.4 Reformation of Provisions. Any arbitration panel or court, which reviews the terms of this article, shall have the right to reform this article to make it reasonable and enforceable under applicable law. PDRI reserves the right to reduce the scope of Franchisee's obligations under the foregoing covenants without Franchisee's consent, effective immediately upon notice.

ARTICLE 23: DISPUTE RESOLUTION

23.1 Arbitration. Any controversy or claim arising out of or relating to this Agreement or the acquisition or operation of the franchise shall be settled by binding arbitration in accordance with the arbitration procedures as set forth in the Operations Manual. Any arbitration governed by this Agreement shall not be given class status and shall not be consolidated with any claim by anyone not a party to this Agreement without the express consent of the parties. The initiation or pendancy of any arbitration proceeding involving the Franchisee shall have no effect on PDRI's right to terminate this Agreement.

23.2 Costs and Attorneys' Fees. In any dispute arising out of this Agreement each party shall be responsible for their own costs and expenses, including reasonable attorneys' fees, Provided, however, that any party hereunder failing to comply with Section 23.1 above including, but not limited to, failing or refusing to arbitrate a dispute or to abide by the decision of the arbitration panel shall be liable to the other party for all costs and attorneys' fees incurred in enforcing the arbitration provisions

23.3 Bankruptcy Costs and Attorneys Fees. In the event of a bankruptcy by the Franchisee, the Franchisee shall be liable to PDRI for all of PDRI's costs and attorneys fees associated with the bankruptcy.

23.4 Federal Arbitration Act. Any controversies or disputes concerning the enforceability or scope of this arbitration agreement shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. section 1, et. seq.(the "FAA"), and Franchisee acknowledges that, notwithstanding any contrary language in PDRI's Franchise Offering Circular, the FAA preempts any state law restrictions on the enforcement of this arbitration agreement according to its terms.

ARTICLE 24: RECEIPT OF OFFERING CIRCULAR

24.1 Acknowledgment of Receipt. By the signing of this Agreement, Franchisee and its Principal Owner acknowledge receipt of a Paul Davis Restoration Franchise Offering Circular at least ten (10) business days prior to the signing of this Agreement, or at the first personal meeting, whichever occurred first.

ARTICLE 25

25.1 Intentionally omitted.

ARTICLE 26: MODIFICATION

26.1 Written Consent Requirement. No other agreement or understanding hereafter modifying or supplementing this Agreement shall be binding in any way upon either party unless confirmed in writing and signed by the duly authorized representatives of each party.

ARTICLE 27: VALIDITY

27.1 Effect of Invalidity of Clause. Should one particular article or provision of this Agreement, or any word, phrase, sentence, clause or paragraph thereof be declared invalid or illegal by any federal, state, county or municipal government, such invalidity or illegality shall not affect the other articles or provisions hereof, but the remainder of the articles and provisions hereof shall, nevertheless, remain in full force and effect and shall be construed in all respects as if such invalid or illegal articles or provisions were omitted.

ARTICLE 28: WAIVER

28.1 Waiver of Breach. A waiver or forbearance of any of the terms, covenants, or conditions of this Agreement shall not be deemed or considered as a waiver in the future of any new or continuing breach of the terms, covenants or conditions of this Agreement.

ARTICLE 29: CONSTRUCTION

29.1 Governing Law. This Agreement shall be deemed to have been written, approved and accepted at Jacksonville, Duval County, Florida, and the construction and interpretation of said Agreement, wherever executed and wherever to be performed, shall be governed by and construed under the laws of the State of Florida, excluding its conflict of laws principals. In the event of any conflict between this Agreement and the Operations Manual, the provisions of this Agreement shall govern and supersede any contrary provisions contained in the Operations Manual.

ARTICLE 30: NOTICE

30.1 Provision of Notice. Any notices required to be given by this Agreement shall be directed to PDRI, Franchisee or any one of the Principal Owner(s) at their respective last known business address and facsimile transmission number. The notice must be delivered prepaid by one of the following methods: personal delivery; Federal Express® or other similar overnight delivery service; verified facsimile transmission; or United States express, certified, or registered mail, return receipt requested. A notice shall be deemed received on the earliest of the day it was actually received, the day its delivery was refused, or the third business day following the day it was deposited with one of the specified carriers.

ARTICLE 31: ENTIRE AGREEMENT

31.1 Integration of Agreement. This Agreement, including all addenda signed by the parties, contains the entire agreement between the parties. All prior and collateral representations, promises and conditions in connection with the subject matter hereof are deemed to have been merged herein, and any representation, promise or condition not incorporated herein shall not be binding upon either party. This Agreement may be executed in counterparts and each such counterpart is deemed an original. The signature of any party on any one counterpart binds that party to the Agreement.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals effective the day and year first above written.

PDRI:

PAUL DAVIS RESTORATION, INC.

_________________ By: ______________________________

date signed Its: ____ President

PRINCIPAL OWNER: (% OWNERSHIP)

_________________ ______________________________(_____%)

date signed Print name: ______________________________

_________________ ______________________________(_____%)

date signed Print name: ______________________________

_________________ ______________________________(_____%)

date signed Print name: ______________________________

FRANCHISEE:

____

_________________ By: ______________________________

date signed Print name: ______________________________

Its: ____ President

EXHIBIT A

Description of the Franchise Territory

EXHIBIT B

Schedule of Additional Terms and Conditions

This Schedule of Additional Terms and Conditions is incorporated in the Franchise Agreement to which it is attached. In the event of any conflict between the Franchise Agreement and this Schedule of Additional Terms and Conditions, the provisions of this Schedule of Additional Terms and Conditions shall govern.

A. [Applicable for sale of a new franchise] The amount of the Franchise Fee shall be $ ____________, which is the sum of (i) $52,500; plus (ii) $0.10 per person for the population within the Franchise Territory in excess of 300,000. The Franchise Fee shall be due and payable: (i) $2,000 upon the signing of this Agreement; (ii) $23,000 on or before the date Franchisee begins the Paul Davis Restoration new owner training school; and (iii) the remainder in the form of a four year eight percent (8%) promissory note.

A. [Applicable for transfer of an existing franchise] Principal Owner and Franchisee have acquired the subject franchise rights from an existing franchisee, pursuant to a purchase and sale agreement to which PDRI is not a party. PDRI has approved the transfer of franchise rights effective as of the Transfer Date defined in the Tri-Party Agreement executed in connection with this Agreement and subject to the completion of all training requirements and the receipt of all sums due. Franchisee shall pay to PDRI the sum of $18,500, which sum includes a new owner training fee of $16,000 and a transfer fee of $2,500. PDRI shall provide to Franchisee the new owner training program described in section 8.1. For all purposes of this Agreement, including the Warranty Fund obligations described in section 3.7, the franchise shall be deemed to have been acquired from an existing franchisee. For purposes of determination of Minimum Royalty only, the anniversary date of this Agreement shall be deemed to be ______________.

A. [Applicable for the renewal of an existing franchise] This Franchise Agreement renews and replaces an existing franchise agreement dated ________________ (the "Prior Agreement"), but does not extinguish or otherwise release any sums due or other obligation due under the Prior Agreement. As a renewal of an existing franchise agreement, this Franchise Agreement is modified as follows:

1. The Franchise Fee provided in section 2.1 has already been paid.
2. For purposes of determining the Minimum Royalty provided in section 3.2, the anniversary date of this Agreement shall be deemed to be ______________.
3. PDRI's contribution of $1,000 to CSI provided in section 3.7(c) has already been paid.
4. Pursuant to section 6.1 the franchise commenced operation on __________.
5. Franchisee has already received the new franchise training provided in Article 8.
6. Franchisee has already received the initial printing and sales and marketing supplies package provided in section 9.2.

B. The current population of the Franchise Territory is deemed to be ___________. Such population is the determined as the gross population of _____________, discounted by ____%.

C. Franchisee shall use the fictitious name of "Paul Davis Restoration of _______ ____".

D. The name of the Franchisee corporation shall be _________________________ ________________________________.

EXHIBIT C

State Addenda

PAUL DAVIS RESTORATION, INC.
CALIFORNIA

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF CALIFORNIA ARE HEREBY AMENDED AS FOLLOWS:

1. Section 31125 of the California Corporation Code requires the Franchisor to give you a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to solicitation of a proposed material modification of an existing franchise.

2. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

3. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.).

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

5. The Franchise Agreement requires binding arbitration. This provision may not be enforceable under California law.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

PAUL DAVIS RESTORATION, INC.	**Franchisee:**
______________________________	______________________________
By: ______________________________	Print Name:
Title: ______________________________	
Date: ______________________________	Date: ______________________________

PAUL DAVIS RESTORATION, INC.
ILLINOIS

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF ILLINOIS ARE HEREBY AMENDED AS FOLLOWS:

1. The Franchisor and Franchisee hereby acknowledge that this Agreement shall be governed by the Illinois Franchise Disclosure Act.

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

3. The conditions under which the Franchised Business may be terminated and the Franchisee's rights upon non-renewal are governed by Illinois Compiled Statutes 1992, Chapter 815, Section 705/18 through 705/20.

4. With respect to any agreement executed and operational in the State of Illinois, any governing law or choice of law clause granting authority to a state other than Illinois is hereby amended to grant authority of the Illinois Franchise Disclosure Act.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

PAUL DAVIS RESTORATION, INC.	**Franchisee:**
______________________________	______________________________
By: ___________________________	Print Name:
Title: _________________________	
Date: _________________________	Date: _________________________

PAUL DAVIS RESTORATION, INC.
INDIANA

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF INDIANA ARE HEREBY AMENDED AS FOLLOWS:

1. Any agreement executed in and operative within the State of Indiana shall be governed by applicable Indiana franchise laws and the right of any franchisee to institute a civil action or initiate arbitral proceedings within the State of Indiana shall not be deemed to have been abridged in any form or manner by any provisions contained in this Agreement.

2. In compliance with Indiana Code 12-2-2.7-1(9), any provisions in this Franchise Agreement relating to non-competition upon the termination or non-renewal of the Franchise Agreement shall be limited to a geographic area not greater than the Franchise Area granted in this Franchise Agreement and shall be construed in accordance with Indiana Code 23-2-2.7-1(9).

3. Indiana Code section 23-2-2.7-1(10) prohibits the choice of an exclusive forum other than Indiana.

4. Indiana Code section 23-2.2.7-1(10) prohibits the limitation of litigation. The Indiana Secretary of State has interpreted this section to prohibit provisions in contracts regarding liquidated damages. Accordingly, any provisions in the Franchise Agreement regarding liquidated damages may not be enforceable.

5. In compliance with Indiana Code 23-2-2.7-1(10), any inference contained in this Franchise Agreement to the effect that the Franchisor "is entitled" to injunctive relief shall, when applicable to a Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted, understood to mean and replace the words "may seek".

6. Indiana Code section 23-2-2.5 and 23-2-2.7 supercedes the choice of law clauses of the Franchise Agreement.

7. Indiana Code section 23-2.2.7-1 makes it unlawful for a franchisor to terminate a franchise without good cause or to refuse to renew a franchise on bad faith.

8. Any reference contained in this Franchise Agreement to a prospective franchisee's "exclusive Franchise Area" shall, in any Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted and replaced with the words "non-exclusive Franchise Area".

9. In compliance with Indiana Code 23-2-2.7-1(5), any requirement that the Franchisee must execute a release upon termination of this Agreement shall not be mandatory and is hereby made discretionary. However, Franchisee shall execute all other documents necessary to fully rescind all agreements between the parties under this Agreement.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

PAUL DAVIS RESTORATION, INC.	**Franchisee:**
______________________________	______________________________
By: ______________________________	Print Name:
Title: ______________________________	
Date: ______________________________	Date: ______________________________

PAUL DAVIS RESTORATION, INC.
MINNESOTA

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF MINNESOTA ARE HEREBY AMENDED AS FOLLOWS:

1. Any reference to liquidated damages or termination penalties contained in this Franchise Agreement, shall be deleted and replaced with the words "actual damages".

2. Notwithstanding anything contained in the Franchise Agreement to the contrary, the Franchisor shall protect the Franchisee's right to use the trade marks, service marks, trade names, logotypes, symbols, and other commercial symbols belonging to the Franchisor and which the Franchisee has been permitted to use under the Franchise Agreement.

3. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80c. 14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

4. Any reference contained in the Franchise Agreement to the effect that the Franchisor "is entitled" to injunctive relief, or any imputation that the Franchisee can waive any rights under any law shall, in any Franchise Agreement entered into in the State of Minnesota be deleted and replaced with the words, "may seek".

5. Notwithstanding anything to the contrary in the Franchise Agreement, pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchisor is prohibited from requiring litigation to be conducted outside Minnesota. In addition, nothing in the offering circular or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Rule 2860.4400D which prohibits a franchisor from requiring a franchisee to assent to a general release as a requirement to renew or extend.

The undersigned agree and acknowledge that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

PAUL DAVIS RESTORATION, INC.	**Franchisee:**
____________________________	____________________________
By: _________________________	Print Name:
Title: ________________________	
Date: ________________________	Date: ________________________

PAUL DAVIS RESTORATION, INC.
NEW YORK

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF NEW YORK ARE HEREBY AMENDED AS FOLLOWS:

The foregoing choice of law should not be considered a waiver of any right conferred upon Franchisor or upon Franchisee by the General Business Law of the State of New York, Article 33.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

PAUL DAVIS RESTORATION, INC.	**Franchisee:**
______________________________	______________________________
By: ___________________________	Print Name:
Title: _________________________	
Date: _________________________	Date: _________________________

PAUL DAVIS RESTORATION, INC.
RHODE ISLAND

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF RHODE ISLAND ARE HEREBY AMENDED AS FOLLOWS:

1. Pursuant to the Rhode Island Franchise Investment Act, the choice of jurisdiction and venue provisions of this Franchise Agreement shall be governed by Section 19-28.1-14 of the Act.

2. Pursuant to Section 19-28.1-15 of the Act, any condition, stipulation or provision in this Franchise Agreement requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in the Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

PAUL DAVIS RESTORATION, INC.	**Franchisee:**
______________________________	______________________________
By: ___________________________	Print Name:
Title: _________________________	
Date: _________________________	Date: _________________________

PAUL DAVIS RESTORATION, INC.
WASHINGTON

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WASHINGTON ARE HEREBY AMENDED AS FOLLOWS:

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

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

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

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

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

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

PAUL DAVIS RESTORATION, INC.	**Franchisee:**
______________________________	______________________________
By: ______________________________	Print Name:
Title: ______________________________	
Date: ______________________________	Date: ______________________________

PAUL DAVIS RESTORATION, INC.
WISCONSIN

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WISCONSIN ARE HEREBY AMENDED AS FOLLOWS:

The Franchisor and Franchisee hereby acknowledge that the Franchise Agreement shall be governed by The Wisconsin Fair Dealership Law (Wisconsin Statutes, 1979-1980, Title XIV-A, Chapter 135, Sections 135.01 through 135.07) which makes it unlawful for a franchisor to terminate, cancel or fail to renew a franchise without good cause, as well as providing other protections and rights to the franchisee. To the extent anything in the Franchise Agreement is contrary to the laws in the State of Wisconsin, said laws shall prevail.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

PAUL DAVIS RESTORATION, INC.	**Franchisee:**
______________________________	______________________________
By: ______________________________	Print Name:
Title: ______________________________	
Date: ______________________________	Date: ______________________________