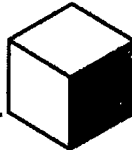


EXHIBIT B

FRANCHISE AGREEMENT

SMARTBOX[®]



SMARTBOX
FRANCHISE AGREEMENT

Franchisee:

Franchisee # and Address:

Agreement Date:

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SMARTBOX

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into on this _____ day of _____, 200__ (the "Effective Date"), by and between:

- SMARTBOX Portable Self-Storage, LLC, a Virginia limited liability company whose principal place of business is 2100 Dabney Road, Richmond, Virginia 23230 ("Franchisor," "we," or "us"); and
- _____ a [resident of] _____ [corporation organized in] [limited liability company organized in] _____ and having offices at _____ ("Franchisee" or "you").

INTRODUCTION AND BACKGROUND

A. We operate a portable self-storage business featuring the use of portable, modular storage units ("Containers") (further defined in Section 1) and specialized equipment specifically designed for lifting and transporting the Containers ("Forklifts") (further defined in Section 1). We own or have the rights to license certain trade names, trademarks, service marks and trade dress, including the mark "SMARTBOX MOVING AND STORAGE & Design," and may hereafter adopt, use and license additional or substitute trade names, trademarks, service marks and trade dress in connection with the operation of the business (collectively, the "Marks"). We have developed and own a comprehensive system relating to the franchising of the storage and moving business which system includes specially designed portable, modular storage containers, accounting methods, computer software, advertising, sales and promotional techniques, personnel training, the Marks and signage, equipment, and specifications for authorized equipment, methods of inventory and operations control and certain business practices and policies, all of which we may improve, further develop or otherwise modify from time to time (the "System").

B. You wish to enter into the business of operating a Smartbox Business (defined in Section 1) under the System, utilize the Marks, and obtain a franchise from us for that purpose, as well as to receive the training and other assistance that we provide in connection therewith.

C. You understand and acknowledge the importance of our high standards of quality, appearance, and service, and the necessity of operating the franchised Smartbox Business in conformity with our standards and specifications.

NOW, THEREFORE, you and we, in consideration of the undertakings and commitments of each of us to the other set forth herein, hereby agree as follows:

1. **CERTAIN DEFINITIONS**

The terms listed below have the meanings which follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

“Accounting Period” – The semi-monthly periods for reporting and for paying royalty fees and other payments. We may specify, in the Manual or otherwise in writing, that an “Accounting Period” will be a period of one (1) week, two (2) weeks, four (4) weeks, or one (1) calendar month, and you must comply with our rules and policies including, without limitation, the payments and reports that must be paid or submitted during or following the end of such Accounting Period. As of the date of this Agreement, the semi-monthly Accounting Periods will be days 1 through 15 of a month, and days 16 through the last day of the month.

“Affiliate” – Any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

“Business Assets” – The assets of the Franchised Business, and will include Containers, Forklifts, trucks, inventories of non-perishable products, materials, supplies, furniture, equipment, signs, and any and all leasehold improvements, fixtures, building and land, but excluding any cash and short-term investments and any items not meeting our specifications for a Smartbox Business.

“Call Center” - We will provide a toll free number which your customers can use to contact our Customer Order Center. Our Customer Order Center will initially be designed as a primary contact point for incoming orders from new or prospective customers. Our current expectations for the Customer Order Center include: Our customer service coordinators will answer inquiries and attempt to obtain customer orders from prospects calling from your Territory or any Open Area we approve at your request; orders will be entered and transmitted to you as they are entered in our system. We expect that transmission of orders to you and other franchisees and operators will be via an intranet or internal website, using software that we specify. We may modify the nature, scope, and functions of the Customer Order Center over time, and the Customer Order Center may be owned and operated by us or an Affiliate, or we may designate a third party to operate the Customer Order Center for us. Continuing provision of the Customer Order Center service is contingent on your prompt and regular payment of all amounts you owe us.

“Competitive Business” – Any (a) storage business, (b) self-storage business, (c) moving business, and/or (d) portable moving and/or storage business. Restrictions in this Agreement on competitive activities do not apply to: (i) the ownership or operation of other Smartbox Businesses that are licensed or franchised by us or any of our Affiliates;

or (ii) the ownership of shares of a class of securities that are listed on a stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities.

“Confidential Information” – Our proprietary and confidential information relating to the development and operation of Smartbox Businesses, including: (a) licenses, processes, trade secrets and procedures for the development or marketing of products or services delivered in connection with the operation of the Franchised Business; (b) our technical information, methods, the Manual, drawings, data, formulae and inventions which relate to the System; (c) improvements to the System including any addition or modification to, or any development, invention or improvement relating to, the System, including intellectual property rights relating to any such addition, modification, development, invention or improvement which has been or is made, discovered or developed or comes to be in your possession prior to termination of the Term; (d) sales, marketing and advertising programs and techniques pertaining to the System; (e) identity of suppliers and customers and knowledge of specifications and pricing for services; (f) knowledge of operating results and financial performance of Smartbox Businesses, other than the Franchised Business or other Smartbox Businesses you own; (g) methods of inventory control, storage, product handling, training and management relating to Smartbox Businesses; (h) computer systems and software programs of Smartbox Businesses or the System; and (i) any information on the design, construction and operation of the Smartbox Facilities. Publicly known information is not considered confidential.

“Containers” – Portable, modular storage units designed to be used in tandem with the Forklifts and other equipment of the Smartbox Business.

“Copyrights” – We claim Copyright protection for all Manuals and all proprietary software (if any) used in the Franchised Business. New and/or updated versions of Manuals and software programs will be Copyright protected.

“Dates” – The dates are distinguishable as follows:

- (a) **“Contract Date”** - The date the Franchise Agreement is signed.
- (b) **“Opening Date”** - The first actual day your franchised Smartbox Business is open for business.
- (c) **“Anniversary Date”** - The first day of the thirteenth month from Opening Date.

“Designated Hardware” - A computer and the associated physical equipment directly involved in the performance of data-processing or communications functions. For purposes of this Agreement, it will include at least one of each of the following: CPU, printer, monitor, and modem. We may modify the requirements for the Designated Hardware from time to time.

“Facility” – The storage centers, office(s) and equipment of the Franchised Business you operate in the Territory, one of which shall be designated your principal place of business or Premises.

“Forklifts” – Specialized equipment specifically designed for lifting and transporting the Containers, which may include storage facility forklifts and moffett forklifts.

“Franchised Business” – The Smartbox Business which you conduct pursuant to this Agreement, utilizing Containers, Forklifts, equipment, the Marks, and the System.

“Immediate Family” – Spouse, parents, brothers, sisters and children, whether natural or by adoption.

“Improvement” – Any addition or modification to, or any development, invention or improvement relating to the System, including Intellectual Property Rights relating to any such addition, modification, development, invention or improvement which has been or is made, discovered or developed or is or comes to be in the possession of Franchisor or Franchisee prior to the termination of the Term.

“Index” – The Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor (or such equivalent index as may be adopted in the future) between January 1, 1995 and January of the then-current year. All fixed dollar amounts used in this Agreement (i.e., the Minimum Royalty, the minimum required local advertising expenditure) will be adjusted on January 1 of each year in proportion to the changes in the Index. Each adjustment will be made effective on January 1 based on the January index, but the first adjustment will not be made until the second January following the Agreement Date (i.e., for an Agreement Date of July 1, 2003, the first adjustment would be effective as of January 1, 2005).

“Intellectual Property Rights” – All intellectual property rights, including, without limitation: (a) patents, copyrights, registered designs, trademarks, service marks, trade dress, domain names, and the rights to have confidential information kept confidential; and (b) any application or right to apply for registration of any intellectual property right.

“Lender” - Any financial institution that has provided financing to franchisee(s) for Containers and has obtained a security interest in the Containers.

“Manager” – The person you appoint to operate the business on a day to day basis and who has full authority equal to the Operating Partner should the Operating Partner not be available. Before being appointed, the Manager must be approved by us and complete our training program to our satisfaction. Our approval may be based in part on a background check that you provide on our request, and such approval will not be unreasonably withheld.

“Manual” – Our confidential manual, as amended from time to time, which may consist of one or more manuals, containing our mandatory and suggested standards, specifications and operating procedures relating to the development and operation of Smartbox Businesses and other information relating to your obligations under this

Agreement, including the procedures for Smartcare operations. The term “**Manual**” also includes alternative or supplemental means of communicating such information to you, including bulletins, electronic mail, Internet communications, videotapes, audio tapes, compact discs, DVDs, training materials, and computer diskettes.

“**Marketing and Advertising Program**” – A fund, also referred to as “**MAP**,” that we may establish and administer to create and develop marketing, advertising and related programs and materials.

“**Marks**” – Our current and future trademarks, service marks, and trade dress used to identify the services and/or products offered by Smartbox Businesses, including the marks “**SMARTBOX**,” “**SMARTBOX MOVING & STORAGE**,” and “**SMARTBOX MOVING & STORAGE & Design**.”

“**Material Event**” – Events which include but are not limited to a corporate merger, acquisition, or initial public offering.

“**Minimum Royalty**” – The minimum monthly payment that you must pay to us. There is no Minimum Royalty during the first 6 partial or full calendar months of operation, commencing on the Opening Date. The Minimum Royalty will be \$1,000 per month for months 7 through 24, and \$2,000 per month for months 25 through 36. The Minimum Royalty for months 37 through the end of the Term will be \$3,500 per month, as adjusted by the Index.

“**National Accounts**” – A customer or group of customers that operate under common ownership or control, which may operate under the same trademarks or service marks, including independent franchises and businesses, or other associations for which we have arranged to provide services at multiple locations.

“**Net Sales**” – The aggregate amount of sales, revenues, fees, charges and other consideration received for services and products sold in connection with operations conducted by the Franchised Business including income derived from sales at or away from the Franchised Business, whether for cash, check or credit, and regardless of collection in the case of check or credit, but excluding: (a) all federal, state or municipal sales or service taxes collected from customers and paid to the appropriate authority; (b) all insurance premiums (excluding administrative fees and expenses) billed to and collected from customers and paid to the appropriate insurance company; (c) the amount of all customer refunds and adjustments and pre-approved, in writing, promotional discounts; (d) any amounts written off as bad debt expense; (e) revenue from the sale of Containers as a part of a long distance move program, if and when we might establish, organize, and manage such a program; and (f) any other sale of Containers, Forklifts or other assets that we have approved in advance between you and other franchisees or us. Net Sales shall not include any revenues earned or other consideration received by you in connection with: (i) your sale to third parties, not in the ordinary course of business, of the equipment or assets of the Franchised Business (such as trucks, forklifts, and other assets of the Franchised Business), which do not bear the Marks; or (ii) any Transfer that is subject to Section 15 of this Agreement. Generally, and subject to more detailed

policies in the Manual, the sale of Containers on a regular or occasional basis shall be considered a sale in the ordinary course of business, and shall be included in Net Sales; however, the sale of Containers for the purpose of disposing of or replacing depreciated or old equipment (if permitted with our prior approval) is not considered a sale in the ordinary course of business and would therefore not be included in Net Sales. The royalties and MAP payments shall be calculated on the "Net Sales," which is the total revenue as accurately and truthfully recorded on our designated sales reporting forms, excluding sales tax and insurance as explained above, less discounts, credit memos or adjustments and bad debt expense, plus monies received as part of any cross country move program, which are distributed separately on a monthly basis and not included in this summary.

"Open Area" – An area that we designate, which may comprise one or more zip codes, immediately bordering on your Territory that is not the territory of another franchisee, of one of our company operations, or of one of our Affiliates, and which is not reserved by us.

"Operating Partner" – The individual you designate in Exhibit A who is an Owner of the franchisee entity, and has completed our training program to our satisfaction. The Operating Partner will manage the Franchised Business. If the Franchisee is an individual, "you" will be the Operating Partner.

"Operations Calendar" - The schedule you submit to us on a periodic basis showing the days and hours that your Franchised Business will be open for business during the following 3-calendar month period. Your Franchised Business must be open a minimum number of days each month, as we prescribe in the Manual. Your Operations Calendar is subject to our approval, and our approval will not to be unreasonably withheld.

"Owner" – Each person or entity that has a direct or indirect legal or beneficial ownership interest in you of 10% or more, if the Franchisee is a corporation, partnership, limited liability company or other legal entity.

"Patents" – If obtained by us, certain U.S. Patent Application(s), the number(s) of which is/are/will be recorded in confidential documents and may be made available to you on written request, and other patents and patent applications pertaining to equipment or methods relating to the products or services offered by the Smartbox Business, filed with or issued by the U.S. Patent and Trademark Office, from time to time, for the benefit of Franchisor or its Affiliates.

"Premises" – Your principal place of business at which your Smartbox Business is located.

"Smartbox Facilities" – The physical facilities of a Smartbox Business from which we or any of our Affiliates or franchisees own and operate, and which use the System.

"Smartbox Business" - The business of owning and operating a portable self-storage business that utilizes our System, and operates under our Marks.

“Software” – The computer software that we require each Franchised Business and Smartbox Business to use from time to time. We may in the future designate proprietary computer software as the Software.

“Storage Center” – The storage facility located in the Territory. The Storage Center may be a temporary or a permanent facility, as specified and/or approved by us. See Section 3.3(a).

“System” – We have developed and own a comprehensive system relating to the franchising of our portable self-storage business, which system includes accounting methods, computer software, advertising, sales and promotional techniques, personnel training, the Marks, equipment and specifications for authorized equipment, methods of inventory and operations control and certain business practices and policies, all of which we may improve, further develop or otherwise modify from time to time (the **“System”**).

“Term” – The time period beginning on the Contract Date and ending 10 years after that date.

“Territory” – The geographic area described on Exhibit B in which you conduct the Franchised Business. We will designate the precise boundaries of the Territory, which may comprise more than one zip code, prior to your signing this Agreement.

“The Plan” – Either the Standard Plan or the Custom Plan for the development of the Franchised Business. The Custom Plan is a Plan you determine, and submit to us for review and approval. The Standard Plan is the Plan utilized if there is no Custom Plan.

“Transfer the Franchise” – or similar words – The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of this Agreement, any interest in or right under this Agreement, or any form of ownership interest in Franchisee or the assets, revenues or income of the Franchised Business, including: (a) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, or a partnership interest in, Franchisee or of any interest convertible to or exchangeable for capital stock of, or a partnership interest in, Franchisee; (b) any merger or consolidation of Franchisee, whether or not Franchisee is the surviving corporation; (c) any transfer in, or as a result of, a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (d) any transfer upon the death of Franchisee or any Owner of Franchisee by will, declaration of or transfer in trust or under the laws of intestate succession; or (e) any foreclosure upon any assets of the Franchised Business or the transfer, surrender or loss by Franchisee of possession, control or management of the Franchised Business.

“Truck/Forklift Lessor” – Any truck and equipment leasing companies approved by us.

2. GRANT OF RIGHTS

2.1 Grant of Franchise. Subject to the terms of this Agreement, we grant to you the right, and you assume the obligation, to operate the Franchised Business from one or more Facilities (one of which will be designated the Premises) and to use the System solely in connection therewith, for the Term of this Agreement. Except as provided elsewhere in this Agreement, you may not conduct the Franchised Business, use the System or provide products or services beyond the geographical area (the "Territory") depicted or described on Exhibit B. All of the Facilities must be located within the Territory. You may not relocate any Facility, without our consent. Our consent will be given or withheld based on our evaluation of security, cost and appropriateness of purpose and shall not be unreasonably withheld.

2.2 Your Territory. This Agreement allows you to operate the Franchised Business solely in the Territory, and to conduct limited activities outside of the Territory. You agree to use your best efforts to market, advertise and promote the System and optimize the Franchised Business in the Territory. As long as you are in full compliance with this Agreement and you continue to pay us all amounts owed when due, you will have:

(a) The right to operate the Franchised Business within the Territory and to market and sell the services offered by Smartbox Businesses in conformance with the Manual, including use of the Marks. This right includes providing moving services for a customer originating in your Territory to a location in an adjoining franchise territory regardless of whether such territory is an Open Area or is the territory of another franchisee. In return for the right to provide moving services from your Territory into an adjoining territory, you agree that other franchisees, ourselves, or our Affiliates, in adjoining territories to yours may provide moving services into your Territory for their customers who originate the move from within that franchisees' territory;

(b) The non-exclusive right to market and sell services offered by the Franchised Business to individuals and organizations located outside of the Territory, in an immediately adjacent Open Area;

(c) Your marketing, operations and performance of services are restricted to your Territory, except for adjacent Open Areas and as otherwise provided in this Agreement or by us in writing. You must not market, promote or solicit customers for your Franchised Business within, or solicit customers who are located within, a geographic area awarded to another franchisee, or one of our Affiliates or reserved for us, without our prior consent. You acknowledge that we may grant a franchise to anyone in any geographic area other than the Territory with no obligation or compensation to you whatsoever, and if we do, you must cease all operations, including selling services and marketing, in that area within the time period that we specify. We may do so at any time so that your operations outside of your Territory (i.e., in an Open Area) are at your own risk.

2.3 Long Distance, Cross-Border Transactions. We anticipate, and you acknowledge the possibility of, transactions with customers that transcend the borders of your Territory that are adjacent and not immediately adjacent to your Territory. In those cases, we retain the exclusive right to allocate revenues received from those transactions with such customers

between the franchisees or other operators of the Smartbox Businesses and us, as we deem appropriate from time to time. You recognize that the division of revenues may change from time to time and may vary depending upon the circumstances. You also recognize that our experience in such cross-border transactions is limited at this time and, therefore, our policy regarding them will likely change periodically, as set forth in the Manual from time to time.

2.4 Our Territorial Restrictions. During the Term of this Agreement and subject to the terms of this Agreement, we will not operate, nor grant a franchise to anyone else to operate, another Smartbox Business within the Territory, as long as you pay Royalty Fees (defined in Section 6.2) equal to or greater than the associated Minimum Royalty and otherwise comply with this Agreement. If you fail to pay to us the Minimum Royalty, we will have full rights to operate and grant others the right to operate Smartbox Businesses in the Territory.

2.5 National Accounts. We may develop a national accounts program for the benefit of the System and franchisees and operators of Smartbox Businesses. A "**National Account**" is a customer or a group of customers that operate under common ownership or control, and may operate under the same trademarks or service marks, and may operate through independent franchises or some other association, and for which we have arranged to provide services at multiple locations. National Accounts may include a variety of different organizations. The locations of some of the National Accounts may be in your Territory and they may also have locations in other geographic areas. You want to encourage us to develop this program. Accordingly, regardless of any contrary provision of this Agreement, you and we agree as follows:

(a) **Territorial Rights:** You agree that we may solicit customers located in your Territory, whether or not you currently provide services to them, in order to develop them as National Accounts. We may do so without violating any of your territorial rights as described in this Agreement.

(b) **Best Efforts:** You agree to use your best efforts to perform services to National Accounts located in your Territory on the terms and conditions specified in the program for such National Accounts. These terms may vary from National Account to National Account depending on the situations and circumstances. You agree that we may set price structures including maximum charges for services to such National Accounts.

(c) **Alternative Services:** At your option, you may decide not to perform services for any one or more of the National Accounts operating in your Territory. In addition, you recognize that some National Accounts, for whatever reason, may decide that they do not want to do business with you. If that happens, we will cooperate with you to the fullest extent practicable to resolve the National Account's concerns. However, if, after we exercise what we believe to be reasonable efforts to rectify the problem, the National Account continues to refuse to do business with you, then you agree that we or any other franchisee we designate may provide services for such National Account in your Territory. You also agree that we or any franchisee we designate may perform services for any National Account located in your Territory for whom you have declined to provide services. Neither we nor any of our franchisees will be liable or obligated to pay you any compensation for doing so, and neither we nor any franchisee will be considered in breach of any provision of this Agreement or any other

agreement between you and us. You release us and such franchisees from any liability or obligation to you for providing services to such National Accounts. We will indemnify, defend and hold you harmless from and against any claims brought by a National Account arising out of our or other franchisees' performance of services in your Territory.

(d) **Billing, Reports and Forms:** For purposes of coordinating efforts and results of National Account programs, you must timely provide us with copies of all reports, forms and notices relating to performing services for National Accounts that we may specify from time to time. You also agree to coordinate with us any solicitations you conduct that may have potential for development as National Accounts. National Accounts may require uniform billing terms, central billing by us, and various other practices and formats for you to follow.

(e) **Eligibility:** Due to the need to assure adherence to our standards in performing services for National Accounts, you will not be eligible for assignment of National Accounts unless you are in compliance with this Agreement.

2.6 **Acquisitions.** In the event we are, or a substantial portion of our assets is, acquired by a third party that owns, operates, franchises, or is involved in a business similar to Smartbox Businesses, or that we acquire a third party or the assets of a third party that owns, operates, franchises, or is involved in a business similar to a Smartbox Business, we may own, establish, acquire or operate, or license others to establish and operate, businesses under other systems or other proprietary marks. These businesses may offer or sell products or services that are the same as, similar to, or different from the products and services offered from the Franchised Business. These businesses may be located within or outside the Territory, notwithstanding such businesses' proximity to your Facilities or their actual or threatened impact on sales at your Franchised Business. If we acquire another business or chain, you will be given the first right of refusal to purchase any corporately acquired similarly situated businesses at the same price, plus costs, we paid for it to the extent we have the legal right to do so. You will have 15 days following notice of availability of such option to exercise said right. Otherwise, we reserve the right to operate or assign such right within the Territory. If such event does occur, we agree not to operate using the Marks. It is, however, not our intent to compete against you.

2.7 **Our Reservation of Rights.** Except as otherwise expressly provided in this Agreement, we retain all of our rights and discretion with respect to the Marks, the System and Smartbox Businesses anywhere else, including the right to: (a) operate, and grant to others the right to operate, Smartbox Businesses at such locations and on such terms and conditions as we deem appropriate; (b) sell any products, equipment or services under the Marks or under any other trademarks, service marks or trade dress, through other channels of distribution; (c) operate, and grant to others the right to operate, facilities or businesses identified by trademarks, service marks or trade dress, other than the Marks, pursuant to such terms and conditions as we deem appropriate; and (d) sell equipment and services to National Accounts.

3. **THE FRANCHISE DEVELOPMENT PLAN**

3.1 **The Plan.** Within the first 20 days following the Contract Date, you may submit to us a custom development plan that describes your proposal for developing your Facilities and commencing operations of the Franchised Business (the "Custom Plan"). Within 20 days

following your submittal we will either approve or disapprove your Custom Plan. Should we disapprove your Custom Plan we will provide you with written reasons for our disapproval, and you will have up to 15 additional days to resubmit your Custom Plan with changes that address or correct the reasons for our disapproval. We will review and approve or disapprove any such resubmittals within 10 days of receipt. Our decision will be final, however we agree that we will not unreasonably withhold acceptance of your Custom Plan. The Custom Plan you submit must be in the form of a timeline and must address your proposed financing sources and terms for the Premises and Facilities, including any temporary facilities, if permitted, the trucks, Forklifts, and Containers. Additionally, the Custom Plan must address all of the items contained in the Standard Plan. If you do not submit or if we do not approve the Custom Plan, you agree to implement the Standard Plan and meet all of the time schedules within the Standard Plan. If we accept the Custom Plan, you agree to meet all of the time schedules of that Plan. However, we will not consider you in breach of this Agreement unless your failure to meet the time schedule is the later of the time schedule in the Standard Plan or the Custom Plan.

3.2 The Standard Plan. The Manual contains a list of activities and objectives for developing the Facilities and commencing operations of the Franchised Business, along with a proposed or suggested timeline for the Standard Plan. The items in the Standard Plan are summarized in the following paragraph, and are intended to describe some of the critical elements of the Standard Plan. The items should not be taken to be a complete list of activities and objectives. Additionally, other parts of this Agreement address subjects contained in this Section. In determining the specific meaning of the Agreement the contents of this Section and the contents of the other parts of this Agreement shall be considered as if they are a single section. Any conflict in meaning between other parts of this Agreement and the contents of this Section shall be decided in favor of the other parts.

Your Standard Plan or Custom Plan may not be implemented unless approved by us, and the Plan should include proposed time frames to accomplish the following suggested activities: analyzing and understanding the size, scope, and character of the Territory; creation of a business entity; signing this Agreement and paying the initial fees; purchasing or leasing equipment such as a truck and Forklift; locating and securing, by purchase or lease, a site for the Facility; securing insurance; developing pricing strategies; arranging for start-up, pre-opening, and grand opening advertising; placing "Yellow Pages" advertising; training; hiring personnel, including a driver; and conducting a grand opening and grand opening advertising.

3.3 Opening the Business.

(a) **Development:** You are responsible for developing the Facilities and for all expenses associated with it. You must submit a site plan depicting the location and type of improvements to be situated upon the Facilities as well as parking, access and signage specifications to us for our approval before starting to develop the Facilities. All development must be in accordance with the plans and specifications we have approved and comply with all applicable laws, ordinance and local rules and regulations. We will furnish such guidance to you in developing the Facility(s) as we deem appropriate. We may review with you data and other information regarding your proposed site and the economic and demographic aspects of the areas surrounding a proposed site. We may visit the proposed site, but we are not obligated to do so. We will not impose a timetable on you for locating a prospective site, or building a warehouse

approved by us, except that you must be open for business one hundred fifty (150) days after the Contract Date. We do not, by approving your plans or specifications or inspecting the Facility(s), assume any liability or responsibility to you or to any third parties.

(b) **Storage Center:** In addition to the requirements of Section 3.3(a) above, you may lease or acquire the Storage Center or Storage Centers from which you will operate, and you may acquire or lease your other Facilities. We may permit you to lease, acquire, and/or develop a temporary facility for your operations, but you may do so only if we provide you with prior written approval, and only if the temporary, and the permanent, facilities are developed according to our standards and specifications. Our approval may be based on, among other things, the size and location of the temporary facility and your commitment and promise to lease, acquire, and/or develop a larger permanent facility within a prescribed time period. You understand and agree that your failure to develop a subsequent facility in accordance with our specifications and the timetable you agree to is a default under this Agreement for which we may terminate this Agreement.

(c) **Opening For Business:** The requirement to complete construction of the Facility(s) includes obtaining all required construction and occupancy licenses and permits, developing the Facility(s) (including all outdoor features and landscaping), installing all required fixtures, furnishings, equipment and signs, and doing all other things as may be required pursuant to this Agreement, the Manual, or by practical necessity to have the Facility ready to open for business. The Facility may not be opened for business until we have notified you that the Facility meets our requirements for opening. Notwithstanding the foregoing, we may, in our sole discretion, conditionally approve opening of the Facility for business prior to satisfaction of all of our requirements, provided that you subsequently satisfy, on a timely basis, all conditions which we may establish. Time is of the essence. Unless otherwise approved by us in writing, you must open for business within one hundred fifty (150) days following the Contract Date.

(d) **Equipment, Vehicles, Fixtures and Signs:** You agree to purchase or lease all required equipment, including Containers and Forklifts, packing materials, vehicles, fixtures and signs for the conduct of the Franchised Business. You agree to purchase or lease only such equipment, vehicles, fixtures and signs used in connection with the operation of the Franchised Business which we approve for Smartbox Businesses. All equipment, supplies and materials may be purchased only from suppliers that we have previously approved (which may include us or our affiliates). You must order, from suppliers approved by us, at least 120 Containers sufficiently in advance of opening so that the Containers will be available for use and rental upon opening.

(e) **Approved Suppliers:** You may lease or purchase approved types, brands or models of equipment, vehicles, fixtures and signs only from suppliers approved by us (including us and any of our Affiliates). From time to time, we may modify the list of approved types, brands, models and/or suppliers, and you may not, after receipt of notice of such modification, reorder any type, brand or model, or from any supplier, which is no longer approved. If you propose to purchase any equipment, vehicles, fixtures and signs or supplies of a type, brand or model, or from a supplier, that we have not previously approved, you must notify us and submit to us such information as we may request. We may impose reasonable inspection and supervision fees on approved suppliers to cover our costs. In addition to the 120

Containers noted in Section 3.3(d) above, within 30 days following the Contract Date, you must order at least 1 truck and trailer, 1 moffett lift, and 1 (storage facility) forklift from suppliers approved by us.

(f) **Grand Opening Program:** You must provide a plan, subject to our approval, regarding the Grand Opening of the Franchised Business, which must include, at a minimum, opening assistance and advertising. You must modify the plan if we so request and you must implement the approved Grand Opening plan.

(g) **Site Acceptance Disclaimer:** Neither our acceptance of the Premises or Facilities nor any information communicated to you regarding our standard site selection criteria for Facilities constitutes a warranty or representation of any kind, express or implied, as to the suitability of the Premises or Facilities or for any other purpose. Our acceptance of the Premises or Facilities merely signifies that we are willing to grant permission for operation of a Facility at that location. Your decision to develop and operate the Premises or Facilities is based solely on your own independent investigation of the suitability of the Premises or Facilities for a Smartbox Business. You acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of the potential for all sites and that, subsequent to approval by us of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by us could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond our control. We are not responsible for the failure of a site approved by us to meet your expectations as to revenue or operational criteria. In consideration of our acceptance of the Premises or Facilities, you and your Owners release us, and our Affiliates, officers, directors, employees and agents from any and all loss, damages and liability arising from or in connection with the selection and/or acceptance of the Premises for development as a Smartbox Business.

(h) **Acquisition Terms:** We have the right to approve the terms of any lease, sublease or purchase contract for the Facilities, and you agree to deliver a copy to us for our approval before you sign it. You agree that any lease or sublease for the Facilities must, in form and substance, be satisfactory to us, and include all of the provisions set forth on Exhibit C hereto. You may not execute a lease, sublease or purchase contract or any modification thereof without our approval. We do not, by virtue of approving the lease, sublease or purchase contract assume any liability or responsibility to you or to any third parties nor will our approval constitute a warranty or representation as to that document's fairness or suitability or as to your ability to comply with its terms. You must deliver a copy of the fully signed lease, sublease or purchase contract to us within 5 days after its execution. If you or one of your Affiliates at any time owns the Facilities, you must immediately notify us and we may require that you or such Affiliate enter into a lease with us at commercially reasonable rates for a term co-terminant with the Term and we will sublease the Facilities to you on the same terms as the prime lease.

(i) **Specifications and Standards:** Equipment, materials and supplies that are not purchased from either us or our Affiliates, or from approved suppliers, must meet our standards and specifications, including standards and specifications for quality, design, warranties, appearance, function and performance. We may change our specifications and standards at any time. But if we do so, we will either revise our Manuals or provide other notice

to you. The change in specifications and standards will only apply to items that you purchase after notice of the change.

(j) **Opening Assistance:** We anticipate that you will want our assistance with opening your Smartbox Business. But we recognize that if you have already owned or managed a Smartbox Business, that you will not need our help. If you want our help in opening your Smartbox Business, you must notify us at least 30 days prior to the anticipated opening date so that we can coordinate with the personnel that we will need to schedule on-site. Our opening personnel will be available to provide on-site opening assistance for up to 3 business days, subject to schedule availability. Thus, it is important to make scheduling arrangements as soon as possible when you target your opening date. You may need to change your anticipated opening date, in order to accommodate the schedule of our opening personnel. Otherwise, we will provide you with such opening assistance as we deem appropriate to assist you in starting your operations from our headquarters. We will provide you with such additional on-site pre-opening and opening supervision and assistance as we deem advisable.

4. TRAINING AND GUIDANCE

4.1 Initial Training Program. Prior to the opening of your Franchised Business, we will train three individuals that you designate. The three individuals will be you, or if you are an entity, your Operating Partner, and two other individuals. The three trainees must attend and successfully complete, to our satisfaction, the initial training program that we offer. Two of the three individuals must have designated full-time roles, and the three individuals shall be responsible for (a) day-to-day management of the Franchised Business (this person is referred to as the “**Manager**”) (b) administration and customer service (this person is referred to as the “**Administrator**”); and (c) storage facility operations and driver operations. You may allocate functions, roles, and responsibilities among the three trainees, subject to our prior approval. Each of the two full-time personnel must be capable of training, and must train, additional or new employees. The person responsible for storage facility and driving operations must be fully qualified and certified to drive and operate the required Smartbox trucks. You or your Operating Partner may assume the duties of one such person. Your Franchised Business must be operated under the active full-time management of the Manager, but either you or the Operating Partner must supervise the overall Franchised Business. Active supervision need not be full-time, on-premises management, unless you or the Operating Partner is the Manager. For the purposes of this Section 4.1, the Operating Partner must be an Owner, and must have executed the Guarantee, Indemnification and Acknowledgement appended to this Agreement as Exhibit E.

4.2 Training of Replacement Personnel. If you (or your Operating Partner), any other Owner who has completed our initial training program, the Manager or others who completed our initial training program (collectively, the “**Highly Trained Personnel**”) cease active management of, or employment at, the Franchised Business, you must enroll a qualified replacement (who must be reasonably acceptable to us) in our initial training program. This must be done not more than 30 days after the former person’s full-time employment and/or management responsibilities terminate. The replacement must attend and successfully complete the basic training program, to our reasonable satisfaction, as soon as it is practical to do so.

4.3 Refresher Courses and Additional Training. You and/or the Operating Partner, the Highly Trained Personnel, and other employees may also be required to attend refresher courses, seminars, and other training programs that we may reasonably specify from time to time. As of the date of this Agreement, we expect that the refresher courses and other programs will be up to five (5) days per person per year, and may include up to three (3) days per person per year for attendance at an annual or national business meeting or convention of Smartbox franchisees and operators.

4.4 Training Costs. We will bear the cost of initial training (which will include only instruction and required materials) for up to three (3) Highly Trained Personnel. You must pay for the cost of initial training for any additional personnel and Highly Trained Personnel, as well as all other expenses incurred in connection with initial, replacement, and/or continuing training, including without limitation, the costs of transportation, lodging, meals, wages, and worker's compensation insurance.

4.5 Manual. We will loan you 1 copy of the Manual (or make the Manual accessible to you, or loan, via electronic format, such as the Internet, an Intranet, CD ROM or DVD). You agree to comply fully with all mandatory standards, specifications and operating procedures and other obligations contained in the Manual. We may modify the Manual from time to time to reflect changes in standards, specifications and operating procedures, provided no addition or modification may alter your fundamental status and rights under this Agreement. Mandatory specifications, standards and operating procedures and other obligations that we prescribe from time to time in the Manual, or otherwise communicate to you in writing, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all such mandatory specifications, standards and operating procedures and other obligations. You must keep your copy of the Manual current. You must adhere to updated changes within 30 days notice that a modification has been made regarding our policies and procedures. However, you may not alter or amend the electronic format Manual. If a dispute develops relating to the contents of the Manual, our master copy will be controlling. The Manual contains Confidential Information, and you agree neither to copy any part of the Manual nor to make any portion of or all of the electronic format Manual accessible to others, or disclose its contents without our express written consent.

5. MARKS

5.1 Ownership of the Marks. We represent that, with respect to the Marks:

(a) Our Affiliate, SMARTBOX Moving & Storage, LLC ("SBMS") is the owner of all right, title, and interest in and to the Marks.

(b) -SBMS has licensed to us the right to use the Marks and to authorize others to use the Marks.

(c) We have taken and will take all steps reasonably necessary to preserve and protect SBMS and our ownership of, and validity in, the Marks.

5.2 Use of the Marks. With respect to your use of the Marks, you agree that:

(a) You will use only the Marks designated by us, and will use them in, and only in, the manner authorized and permitted by us. All items bearing the Marks must bear the then-current logo.

(b) You must use the Marks only for the operation of the business franchised hereunder and only at the location authorized hereunder and on approved and authorized vehicles and Smartbox Containers, or in Franchisor-approved marketing and advertising for the Franchised Business.

(c) You must operate and advertise the Franchised Business only under the name "Smartbox" without prefix or suffix unless we otherwise direct you to do so in writing.

(d) During the Term and any renewal of this Agreement, you must identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Business in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts. Also, you must display a notice indicating your ownership of the Franchised Business in such content and form and at such conspicuous locations on the premises of the Smartbox Facility, and on any vehicles and equipment, as we may designate in writing.

(e) Your right to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof will constitute an infringement of our and SBMS's rights.

(f) You may not use the Marks to incur any obligation or indebtedness on behalf of us.

(g) You may not use the Marks as part of your corporate or other legal name, or as part of any e-mail address, domain name, or other identification of you or your business entity in any electronic medium.

(h) You must execute any documents that we deem necessary to obtain protection for the Marks or to maintain their continued validity and enforceability.

(i) With respect to litigation involving the Marks, you and we agree that:

i) You must promptly notify us of any suspected infringement of, or any suspected unauthorized use of, the Marks, any known challenge to the validity or ownership of the Marks, or any known challenge to SBMS's ownership of, or our or your right to use, the Marks licensed hereunder. You acknowledge that we and/or SBMS have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. We and/or SBMS also have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks.

ii) If you have used the Marks in accordance with this Agreement, we will defend you at our expense against any third-party claim, suit, or demand involving the Marks arising out of your use thereof. If you have not used the Marks in accordance with this

Agreement, we will defend you, at your expense, against such third-party claims, suits, or demands. If we and/or SBMS undertake the defense or prosecution of any litigation relating to the Marks, you must execute any and all documents and do such acts and things as may, in the opinion of our counsel, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket litigation costs in doing such acts and things, except that you must bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. To the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of this Agreement, you must reimburse us for the cost of such litigation (or, upon our written request, pay our legal fees directly), including without limitation attorney's fees, as well as the cost of any judgment or settlement.

5.3 Franchisee Acknowledgements. You expressly understand and acknowledge that:

(a) The Marks are valid and serve to identify the System and those who are authorized to operate under the System.

(b) Neither you nor any of your Owners or principals will directly or indirectly contest the validity of SBMS's or our ownership of the Marks, nor will you, directly or indirectly, seek to register the Marks with any government agency, except with our express prior written consent.

(c) Your use of the Marks does not give you any ownership interest or other interest in or to the Marks, except the license granted by this Agreement.

(d) Any and all goodwill arising from your use of the Marks will inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the Marks.

(e) The right and license of the Marks granted hereunder to you is non-exclusive, and we thus have and retain the rights, among others:

i) To use the Marks ourselves in connection with selling products and services;

ii) To grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees;

iii) To develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to you.

(f) We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder if the Marks no longer can be used, or if we, exercising our right to do so, determine that substitution of different proprietary marks will be beneficial to the System. In such circumstances, you must implement at your

expense such substituted proprietary marks in such ways as we may direct, and the use of the substituted proprietary marks will be governed by the terms of this Agreement.

6. FEES

6.1 Initial Franchise Fee. At the time you sign this Agreement, you must pay us an initial franchise fee in the amount specified in Exhibit B. Payment of the initial franchise fee will be non-refundable in consideration of administrative and other expenses incurred by us in granting this franchise, for our lost or deferred opportunity to franchise others, and for our providing certain opening items and assistance described in this Agreement, including, but not limited to, those items noted in Exhibit B.

6.2 Royalty Fees. During the Term of this Agreement, you must pay us royalty fees (“Royalty Fees”) in the amount of equal to the greater of (a) seven percent (7%) of Net Sales or (b) the Minimum Royalty. In addition, you must provide to us each Accounting Period, in writing (or electronically), a report of your Net Sales (a “Sales Report”) for the immediately preceding Accounting Period.

6.3 Customer Order Center Fee. Beginning with the first month your Smartbox Business opens for business, and continuing during the Term of this Agreement, you must pay us a Customer Order Center Fee in an amount equal to the greater of (a) two percent (2%) of Net Sales or (b) a minimum of \$1,000 per month. This \$1,000 per month minimum amount may be paid pro rata each Accounting Period, if the Accounting Period is a one-week, two-week, or semi-monthly period. The monthly minimum amount will be increased annually according to the Index. In addition, we reserve the right to increase these amounts, or collect additional fees, in the event we add to or expand, and/or add new services or features to the Customer Order Center.

6.4 Timing/Due Dates. You must make all payments required by this Section 6 and Section 12 below, based on the Net Sales for the preceding Accounting Period, and submit the Sales Report required by Section 6.2 for the Net Sales for the preceding Accounting Period. For so long as each Accounting Period is a semi-monthly period, the payments and reports must be received by us by the third (3rd) business day following the end of each Accounting Period. In the event the Minimum Royalty is owed to us at the end of any month, you must make the Minimum Royalty payment, or such amount that, when added to the Royalty Fees paid for the previous Accounting Period(s), equals the Minimum Royalty payment, on the third (3rd) business day following the end of the month.

6.5 Other Reports. You must deliver to us any and all reports, statements, and or other information required under Section 13.3 below, at the time and in the format requested by us.

6.6 Alternative Payment Methods and Electronic Funds Transfer. If we request, you must establish an arrangement for electronic funds transfer or deposit of any payments required under Sections 6 and 12. You must execute our then-current form of “Authorization Agreement for Prearranged Payments (Direct Debits),” a copy of which is attached to this Agreement as Exhibit F, and you must comply with our payment and reporting procedures as specified in the

Manual. If you make any payments to us under this Agreement by check, and such check is returned to you without having made payment to us, or if there are insufficient funds in your account to complete the required electronic funds transfer or deposit, then we have the right, in addition to all other remedies hereunder, to charge you a fee of One Hundred Dollars (\$100) for each such returned check and/or each instance of insufficient funds.

6.7 Overdue Payments; Interest on Late Payments. Any payment or report not actually received by us (or the MAP) on or before the due date will be deemed overdue. If any payment is overdue, you must pay us, in addition to the overdue amount, a late payment fee of One Hundred Dollars (\$100) per late payment or report, and interest on such amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. Entitlement to such interest will be in addition to any other remedies we may have. We will not impose, or require you to pay, interest on late payments unless you have been delinquent by more than 30 business days, or unless you have been delinquent on 2 or more occasions during the immediately preceding 12 calendar months. However, your failure to pay all amounts when due may constitute grounds for termination of this Agreement otherwise in accordance with its terms.

6.8 Full Payment Owed. You must not subordinate to any other obligation your obligation to pay us the Royalty Fees and/or any other fee or charge payable to us, whether under this Agreement or otherwise. You expressly acknowledge and agree that your obligations for the full and timely payment of Royalty Fees and Marketing Contributions (and all other amounts provided for in this Agreement) shall be absolute, unconditional, fully earned, and due upon your generation of Net Sales. You may not for any reason (including grounds of any alleged non-performance by us or others) delay or withhold the payment of all or any part of those or any other payments due hereunder (including without limitation Royalty Fees or Marketing Contributions), put the same in escrow or set-off same against any claims or alleged claims, nor may you withhold or delay submission of any reports due hereunder, including without limitation, Sales Reports.

7. RESTRICTIVE COVENANTS

7.1 Confidential Information. We will disclose parts of our Confidential Information to you solely for your use in the operation of the Franchised Business. The Confidential Information is proprietary and includes our trade secrets. During the Term and thereafter: (a) you may not use the Confidential Information in any other business or capacity (you acknowledge such use is an unfair method of competition); (b) you must exert your best efforts to maintain the confidentiality of the Confidential Information; (c) you may not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form; and (d) you must implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including the use of nondisclosure agreements (in a form specified or approved by us) with your officers, directors, managers and assistant managers and the delivery of such agreements to us. Information will not be deemed confidential or proprietary if generally known to the public.

7.2 In-Term Covenants. You acknowledge that, pursuant to this Agreement, you will receive valuable specialized training and confidential information, including, without limitation,

information regarding the operational, sales, promotional, and marketing methods and techniques of us and the System. You agree that during the Term, except as we may otherwise approve in writing, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(a) Divert or attempt to divert any business or customer of the Franchised Business or of any Smartbox Business using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by us, by our Affiliates, or by any other franchisee of ours, or otherwise directly or indirectly induce such person to leave his or her employment.

(c) Own, maintain, operate, engage in, or have any interest in any Competitive Business.

7.3 Post-Term Covenants. You agree that, except as we may otherwise approve in writing, you will not, for a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 15; (b) expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 7.3; either directly or indirectly (through, on behalf of, or in conjunction with any persons, partnership, corporation or entity), own, maintain, operate, manage, engage in, or have any interest in any Competitive Business, or other business which is the same as or similar to the Franchised Business, and which business is, or is intended to be, located: (a) at the Premises or any Facility owned or operated by you; (b) within the Territory; (c) within a thirty (30) mile radius of the Premises or any Facility owned or operated by you; or (d) within a thirty (30) mile radius of any other Smartbox Businesses operating under the System as of the commencement of the post-term period. In addition, during the two (2) year period described above, you may not contact, directly or indirectly, or solicit for new business or services or a continuation of business or services from, any National Account with whom you or your Franchised Business offered or sold services during the one (1) year period prior to termination, expiration, or transfer described above.

7.4 Individual Covenants. You must require and obtain execution of covenants similar to those set forth in Sections 5.3(b), 7.1, 7.2, and 7.3 (as modified to apply to an individual) from any or all of Franchisee's Owners and Highly Trained Personnel. The covenants required by this Section 7.4 must be in the form provided in Exhibit G to this Agreement. If you fail to obtain execution of a covenant required by this Section 7.4, that will be a default under Section 16.3.

7.5 Information Exchange. All ideas, concepts, methods, techniques useful to the Franchised Business, whether or not constituting protectable intellectual property, that you create, or that are created on your behalf, must be promptly disclosed to us. If we adopt any of them as part of the System, they will be deemed to be our sole and exclusive property and deemed to be works made-for-hire for us. You agree to sign whatever assignment or other

documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials. You will be entitled to whatever award or recognition programs we institute, from time to time, to reward franchisees for developing Improvements.

8. THE COMPUTER SYSTEM

8.1 Computer System. We have the right to specify and/or require that certain brands, types, makes, and/or models of communications, computer systems, computer software, and hardware (including the Designated Hardware and the Software) are to be used by, between, or among Smartbox Businesses and us, including without limitation: (a) our designated point-of-sale management, order tracking, and marketing system, data storage and retrieval systems, and transmission systems, that must be used at your Franchised Business, between or among Smartbox Businesses, and between and among your Franchised Business and us; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; and (e) high-speed Internet access (collectively, the "**Computer System**"). We may change, modify, alter, upgrade and enhance the Computer System and even designate new or replacement software programs and hardware ("**Computer Software Changes**"), at any time in our discretion.

8.2 Use of the Computer System. At our request, you must purchase or lease, and thereafter maintain, the Computer System. We will have the right at any time to retrieve and use the data and information on your Computer System that we deem necessary or desirable. In view of the contemplated interconnection of computer systems and the necessity that such systems be compatible with each other, you expressly agree that you will strictly comply with our standards and specifications for all item(s) associated with your Computer System, and you will otherwise operate your Computer System in accordance with our standards and specifications. To ensure full operational efficiency and optimum communications capability between and among equipment and computer systems installed by you, us, and other franchisees, you agree that you will keep, at your own expense, your Computer System in good maintenance and repair. We may require, and you will promptly install, any Computer System Changes as we direct in writing.

8.3 Manuals. We may specify numerous requirements relating to the use of the Software in our Manuals. Any Manuals provided to you or any portion of the Manuals that are devoted to the Computer System are strictly confidential and proprietary. You may not copy the Manuals for any reason whatsoever.

8.4 Certain Responsibilities. You are exclusively responsible for supervising, managing and controlling the use of the Software by you, your agents and your employees, including:

- (a) assuring proper configuration of the Designated Hardware and related equipment or devices;
- (b) implementing and enforcing procedures sufficient to discharge your obligations of confidentiality and security under this Agreement; and

(c) immediately disclosing all steps taken by you to satisfy your obligations regarding the Computer System to us on request.

8.5 Access. We have the right at all times to access the Computer System and to retrieve, analyze, and use all data in your files for the Computer System at any time. You must not in any way bar, restrict or limit our access to your files in the Computer System. If you deny us access, it will constitute a material breach of this Agreement.

9. YOUR ORGANIZATION AND MANAGEMENT

9.1 Organizational Documents. If you, or the Franchised Business, are, or at any time become, a corporation, partnership, limited liability company or other legal entity (a "**Business Entity**"), you and each of your Owners represent, warrant and agree that: (a) you are duly organized and validly existing under the laws of the state of your organization, and, if a foreign business corporation, partnership, limited liability company or other legal entity, you are duly qualified to transact business in the state in which the Franchised Business is located; (b) you have the authority to execute and deliver this Agreement and to perform your obligations hereunder; (c) true and complete copies of the articles of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to your ownership, organization, capitalization, management and control have been delivered to us and all amendments thereto shall be promptly delivered to us; (d) your activities are restricted to those necessary solely for the development, ownership and operation of the Franchised Business in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates; (e) the articles of incorporation, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interest is restricted by the terms of this Agreement; and (f) all certificates representing direct or indirect legal or beneficial ownership interests now or hereafter issued must bear a legend in conformity with applicable law reciting or referring to such restrictions.

9.2 Disclosure of Ownership Interests. You and each of your Owners represents, warrants, and agrees that Exhibit A is current, complete and accurate. You agree that updated Exhibit A will be furnished promptly to us, so that Exhibit A (as so revised and signed by you) is at all times current, complete and accurate. Each person who is or becomes an Owner must execute an agreement in form as we prescribed, undertaking to be bound jointly and severally by the terms of this Agreement.

9.3 Operating Partner/Management of Franchised Business. If you, as Franchisee, are, or at any time become, a corporation, partnership, limited liability company or other legal entity, you must designate in Exhibit A as the "Operating Partner" an individual approved by us who must have completed our training program to our satisfaction. As described in Section 4, the Franchised Business must be managed by you (or your Operating Partner) or by a Manager at all times.

9.4 Principal Owners Guaranty. If you are a business entity, then all of your Owners must personally guarantee all of your obligations under this Agreement. Our current form of Principal Owners Guaranty is attached as Exhibit E to this Agreement.

10. OPERATING STANDARDS

10.1 Condition of Facility, Vehicles and Equipment. You must maintain all Facilities and all vehicles, Containers, Forklifts, signs, and other equipment in an attractive and clean condition. If a Facility is damaged or destroyed by fire or other casualty, you must notify us immediately and initiate within 30 days (and substantially complete within 120 days) all repairs or reconstruction to restore the Facility to its original condition or find and move to a replacement Facility within that time frame.

10.2 Security Interest in Equipment. We reserve the right to require that you:

(a) Grant to us a first priority security interest in all products or equipment that you might purchase from us from time to time;

(b) Sign and deliver to us UCC-1 Financing Statements, in the form and content provided by us, describing the collateral;

(c) Sign and deliver to us any of our standard form conditional assignment of equipment and Assumption of Leases; and

(d) Sign and deliver to us all other documents and take all other steps, acts and measures that may be necessary to ensure that we are able to fully perfect a first priority security interest in the products and equipment.

In the event that you chose to finance or lease the equipment and we have not provided financing for your purchase from us, we will allow a first security position to be taken by the lessor and/or lender and our position will be second. However, any such lender must agree in writing to release their security interest on the equipment for the lesser of the original purchase price or the outstanding debt.

10.3 Uniform Image. Unless you have received approval from us to the contrary, you agree that:

(a) the Franchised Business will offer for sale all of the products and services that we determine from time to time to be appropriate for the Franchised Business;

(b) the Franchised Business will not offer any products or services (including promotional items) not then authorized by us; and

(c) the Facility will not be used for any purpose other than the operation of the Franchised Business in compliance with this Agreement, that either:

- i) materially detracts from its efficient operation;
- ii) displays trademarks, service marks or commercial symbols that overshadow the Marks;
- iii) competes with the Franchised Business; or

iv) we determine may materially detract from the desirable image of the Smartbox Businesses.

10.4 Products and Services. You acknowledge that our reputation and goodwill is based on, and can be maintained only by, the sale of distinctive high quality products and services, and the use of equipment and supplies we feel are appropriate. Therefore, you agree that the Franchised Business will use and/or offer for sale only products and services that either conform to our specifications and quality standards and/or are purchased from suppliers we approve (which may include us and/or any of our Affiliates). We may modify the list of approved brands and/or suppliers. After notice of such modification, you may not reorder any brand or from any supplier which is no longer approved.

If you propose to use any brand and/or supplier which is not then approved by us, you must first notify us and submit sufficient information, specifications and samples concerning such brand and/or supplier so that we can decide whether such brand complies with our specifications and standards and/or such supplier meets our approved supplier criteria. We have the right to charge reasonable fees to cover our costs; which may include travel and lodging costs to inspect facilities, interview suppliers, etc. We will notify you of our decision within a reasonable period of time, it being understood that because of the nature and durability of the products comprising the System, testing and scientific verification may be required. We may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which we may require to be incorporated in a written agreement. We may impose limits on the number of suppliers and/or brands for any of the foregoing items. You agree that we may withhold our consent to the approval of a particular brand and/or supplier, in our sole discretion.

You must maintain at all times and at your expense an inventory of approved products and equipment sufficient in quantity, quality and variety to realize the Franchised Business's full potential. You must maintain, upgrade, and implement any changes to the Containers as we specify from time to time as may be applicable to Containers that we offer and sell. A condition for obtaining authorization to supply Containers to you will be an agreement from the supplier enabling us to inspect its facilities and the Containers that they manufacture at any time during normal business hours but without prior notice. Suppliers unwilling to meet these conditions and other conditions we establish for supplying Containers will result in the loss of their authorization to supply Containers to you and other franchisees. If you obtain Containers from sources that are unauthorized, you will be in material violation of this Agreement.

We may conduct market research to determine consumer trends and salability of new products and services. You agree to cooperate by participating in our market research programs by test marketing new products and services and providing us timely reports and other relevant information regarding such market research. You must purchase a reasonable quantity of such test products and make a reasonable effort to sell them.

10.5 Specifications and Standards. You acknowledge that each and every aspect of the operation of the Franchised Business is important to us and is subject to our specifications and standards. You agree to comply with all mandatory specifications, standards and operating procedures, as modified from time to time (whether contained in the Manual or any other written

communication) relating to the appearance or operation of a Smartbox Business, vehicles and equipment, including: (a) type, quality, uniformity, and manner of delivery of products, equipment and services; (b) sales procedures and customer service; (c) advertising and promotional programs; (d) appearance and dress of employees; (e) safety, maintenance, appearance, cleanliness, standards of service and operation of the Franchised Business; (f) days and hours of operation; and (g) bookkeeping, accounting and record keeping systems and forms.

10.6 Compliance With Laws. You must maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchised Business. You must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, driving, hauling and storage permits, and fire clearances. To the extent that the requirements of said laws are in conflict with the terms of this Agreement, the Manuals, or other instructions of ours, you must: (a) comply with said laws; and (b) immediately provide us with written notice describing the nature of such conflict. You must notify us in writing within 3 days after: (a) the commencement of any legal or administrative action, or the issuance of any order of any court, agency or other governmental instrumentality, which may adversely affect the development, occupancy or operation of the Franchised Business or your financial condition; or (b) the delivery of any notice of violation or alleged violation of any law, ordinance or regulation.

All of your advertising and promotion must be completely factual and must conform to the highest standards of ethical advertising. In all dealings with us, as well as your customers, suppliers and the public, you must adhere to the highest standards of honesty, integrity, fair dealings and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business, to the business of other Smartbox Businesses or to the goodwill associated with the Marks.

10.7 Personnel. The Franchised Business must at all times be: (a) operated under the direct, on-premises supervision of: (i) a manager who has completed our training program to our satisfaction, or (ii) a qualified and trained supervisor who has been appropriately trained (in accordance with the Manual); and (b) staffed by a sufficient number of competent and properly trained employees. You, your Operating Partner, or your Manager at all times must remain active in overseeing the operations of the Franchised Business (including being available "on call" if the Franchised Business is being supervised by a manager or employee other than your Operating Partner or Manager). If the relationship with your Operating Partner or Manager terminates, you must promptly hire or appoint a successor. Any successor Operating Partner or General Manager must meet our approval and must successfully complete our training program. You are responsible for hiring all employees of the Franchised Business and are responsible exclusively for the terms of their employment, including compensation, and for their proper training in the operation of the Franchised Business. You must establish at the Franchised Business an employee training program (regarding the operation of a Smartbox Business) meeting our standards.

10.8 Insurance. You must maintain in force: (a) comprehensive, commercial general and product liability insurance, including premises and operations; (b) general casualty insurance, including fire and extended coverage, vandalism and malicious mischief insurance,

for the replacement value of the Facility, and Containers; (c) Motor Cargo Insurance, if applicable and (d) such other insurance policies, (including, but not limited to, business interruption, vehicle, worker's compensation and unemployment insurance), as we may determine from time to time as described in the Manual. All insurance policies must: (i) be issued by carriers approved by us; (ii) contain such types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe; (iii) name us and our Affiliates as additional insureds; (iv) provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy; and (v) include such other provisions as we may require from time to time.

Within one week following the Contract Date, you must furnish us with evidence of insurance coverage and payment of premiums for all policies we require. Furthermore, prior to commencement of construction of the Smartbox Business, you must obtain the policies described in (a) and (b) above. During the Term, you must provide updated insurance information within 7 days following our request for the information. If you fail or refuse to maintain any required insurance coverage, or to furnish satisfactory evidence thereof, we, at our option and in addition to our other rights and remedies hereunder, may obtain such insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain such insurance policies and pay us any costs and premiums we incur.

Additionally, you agree to offer content insurance to your customers and receive their release if they elect not to purchase such content insurance, and you understand that we will periodically audit your performance in getting 100% of your customers to complete and submit the content insurance form. We may specify your sources of this insurance to offer your customers. Additionally we have established a minimum criteria for such a policy. The criteria is as follows:

- (a) Coverages must be available for a minimum of \$10,000 and at least up to \$20,000;
- (b) Coverages must be available to all customers for Containers stored in the Storage Center and on your property at your Storage Center; and
- (c) Types of coverages must be submitted to us for review and approval.

Your obligation to maintain insurance coverage is not diminished in any manner by reason of any separate insurance we may choose to maintain, nor does it relieve you of your indemnification obligations to us.

We may designate certain insurers, insurance products and insurance providers as mandatory either to ensure coverages meeting our standards or to obtain group coverages and rates. If we do so, you must procure such insurance from the designated insurers on the terms and conditions we have established with them. In these cases, we may maintain the group insurance program for the benefit of us, our affiliates and franchise owners and pay the associated premiums. If we do so, you must reimburse us for the premiums attributable to your Franchised Business within 30 days of our invoice.