

**EXHIBIT B**

**THE LEASE COACH INTERNATIONAL, INC.  
FRANCHISE OFFERING CIRCULAR**

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**FRANCHISE AGREEMENT**

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DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

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**FRANCHISE AGREEMENT**

**THE LEASE COACH INTERNATIONAL INC.**

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FOR THE LEASE COACH INTERNATIONAL INC.**

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SCHEDULES

SCHEDULE "A" – DESCRIPTION OF PREMISES

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SCHEDULE "D" – INDIVIDUAL GUARANTY

STATE OR PROVINCIAL ADDENDA (See Exhibit G to Offering Circular)

**THE LEASE COACH INTERNATIONAL INC.**  
**FRANCHISE AGREEMENT**

This Franchise Agreement ("Agreement") is effective this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, (the "Effective Date") between The Lease Coach International Inc., a Washington corporation ("We", "Us" or "Franchisor"), and \_\_\_\_\_, ("You" or "Franchisee").

In consideration of the mutual promises in this Agreement, the parties agree as follows:

**1. SECTION 1 - RECITALS**

1.1 We or our affiliates as the result of the expenditure of time, effort and money, have developed and acquired experience and skills in the development and operation of businesses using the System (as defined below).

1.2 We or our affiliates are the owner of the System and we have been licensed to operate and to grant franchises to others to operate businesses using the System.

1.3 The Franchisee understands the importance of the high and uniform standards of quality, efficiency, appearance and service to the value of the System and the necessity of opening and operating the Franchisee's Franchised Business (as defined below) in conformity with the System and in accordance with the standards and specifications set forth in this Agreement and in the Operations Manual (as defined below).

1.4 The Franchisee wants to be franchised to operate a Franchised Business from the Premises (as defined below), and the Franchisee has been encouraged to and has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this agreement and all related agreements required to be entered into pursuant to this agreement, by an independent lawyer, accountant and other advisors of the Franchisee's own choosing.

**2. DEFINITIONS, SCHEDULES, AFFILIATE AND ASSOCIATE**

**2.1. Definitions**

- (a) "Business" – the business of providing lease consulting services to business owners, entrepreneurs and tenants or prospective tenants of retail, commercial office and industrial space. You will have to be licensed as a real estate agent, salesperson, or broker.
- (b) "Business Day" – a day other than a Saturday, Sunday or applicable state or federal statutory holiday;
- (c) "Client and Lead List" – the list, in whatever form it may be recorded, of all persons and entities who have contacted Franchisee about the Business (leads), and to whom the Franchisee's Franchised Business has provided, is providing or has agreed to provide the

Products and Services, which shall include all address, telephone, facsimile, email, contact person and other contact information for each;

- (d) "Disabled" – a condition of the Franchisee or the majority owner of the Franchisee (if an entity) rendering the Franchisee or such majority owner of the Franchisee mentally or physically incapacitated or where an appointment under an enduring power of attorney or similar instrument becomes effective or the appointment of an agent pursuant to an advanced personal directive or similar instrument becomes effective with respect to the Franchisee or such partner or shareholder;
- (e) "Franchised Business" – a business which uses the System which includes without limitation a business operated by a franchisee, the Franchisor or its associate or affiliate;
- (f) "Gross Sales" – includes, without limitation, all sales of Products and Services and all revenues derived directly or indirectly from the Franchisee's Franchised Business. Where sales are made for consideration other than money, the Franchisee will be deemed to have received the full retail cash price of those items which were sold or traded for consideration other than money.
- (g) "Guarantor" - any person or entity that signs this Agreement or signs a guaranty relating to this Agreement, and that is bound by this Agreement.
- (h) "Information Gathering and Reporting System" – the systems for recording, monitoring, communicating and transmitting data and information including, without limitation, point of sale cash and other forms of payment recording and accounting, data processing, video, electronic and other forms of visual and voice transmission and communication and all computer and other equipment, hardware and software designated by the Franchisor from time to time;
- (i) "Initial Fee" - the Initial Fee payable by the Franchisee to the Franchisor pursuant to Section 8.1 of this Agreement;
- (j) "Interest" – Interest at the rate of eighteen (18%) per cent per annum calculated from and including the date upon which a payment is due to be made under this agreement to the date that such payment is made, both before and after default and judgment provided that payments made after 1:00 o'clock p.m. or made on any day which is not a Business Day shall be deemed to have been made on the next Business Day;
- (k) "Lease" – the agreement to lease or lease or other agreement granting occupancy of the Premises (as defined below);
- (l) "Operations Manual" - the manuals and directives contained in any recorded form, whether written or electronic or otherwise which contain the standards, specifications, procedures and techniques of the System as are developed, revised, expanded and updated from time to time by the Franchisor and communicated to the Franchisee.



- (m) "Other Agreements" – any agreements, other than this Agreement, between the Franchisee or any entities or persons associated or affiliated with the Franchisee and the Franchisor or any entities or persons associated or affiliated with the Franchisor whether relating to the Premises or any other location or matter;
- (n) "Premises" – the location or locations described on Schedule "A" attached to this Agreement, from which the Franchisee operates or is to operate the Franchisee's Franchised Business or failing specification in Schedule "A", to be agreed upon as required by Section 7 of this Agreement;
- (o) "Products" – all of the books, seminar materials, educational materials and other products, goods, merchandise, supplies and other items used, dealt with, served or sold in the operation of the Franchisee's Franchised Business in accordance with the System as it exists or is modified from time to time;
- (p) "Services" – all of the services used, dealt with, supplied, provided or performed in the operation of the Franchisee's Franchised Business pursuant to the System as it exists or is modified from time to time;
- (q) "System" – the system developed and used by the Franchisor as it now exists and as it may be changed from time to time for the operation of a business providing consulting and educational services exclusively to tenants and prospective tenants for the leasing of commercial, office, industrial, retail or institutional premises, which system includes, without limitation:
  - (i) methods, specifications, forms, contents and programs for seminars and educational materials and programs and for promoting and marketing and providing and performing the Products and Services and managing a Franchised Business;
  - (ii) the design, layout, style, colors and other distinguishing characteristics and images associated with the Franchised Business;
  - (iii) standards of operation including without limitation, service, quality and appearance; and
  - (iv) the Trademarks (as defined below);
- (r) "Term" - the term specified in paragraph 4.1 of this agreement.
- (s) "Territory" – the State of \_\_\_\_\_ *[for the territory described in Schedule "C" attached to this Agreement]*;
- (t) "Trademarks" - the trademarks, trade names, logos titles, slogans and service marks including, without limitation, those which are listed in Schedule "B" to this agreement together with such other trademarks, trade names, logos titles, slogans and service marks which are in the future developed, acquired or licensed by the Franchisor to identify for the

public the Franchised Business and the goods, wares and services marketed or supplied in connection with the System and also including any variations of those trademarks, trade names, logos titles, slogans and service marks alone or in combination with slogans or other logos or otherwise.

## 2.2. Schedules

The following schedules are attached to and form part of this agreement:

Schedule "A" – Premises

Schedule "B" – Trademarks

Schedule "C" – The Territory

## 3. GRANT OF THE FRANCHISE

### 3.1. Grant

The Franchisor hereby grants to the Franchisee and the Franchisee hereby accepts a franchise to operate a Franchised Business only within the Territory using the System only from the Premises. The Franchisor agrees that during the Term, except as provided for in this Agreement including Section 3.3, the Franchisor will not itself operate or grant to any other person the right to operate a Franchised Business within the Territory under the Trademarks.

### 3.2. Right to Use Trademarks and System

The franchise includes the non exclusive right to use the Trademarks and the System including the confidential and valuable information which now exists or may be acquired or developed hereafter and set forth in the Operations Manual or otherwise disclosed to franchisees of the System, pursuant to the terms of this Agreement.

### 3.3. Exceptions to Exclusivity

Franchisee acknowledges and agrees that except as provided in Section 3.1 this franchise is non-exclusive and that the Franchisor is keeping the rights:

- (a) to use and franchise and license others to use the System and the Trademarks at other locations;
- (b) to use and franchise and license others to use the System and methods competitive with the System under trademarks different than the Trademarks;
- (c) to sell and distribute directly or indirectly both at wholesale or retail any goods or services, including, without limitation, Products and Services under the Trademarks or under any other trademarks to businesses or persons or other entities which may or may not be located in the Territory, through the use of other retail outlets, direct mail, mail order, internet, Web site, catalogue sales, book stores, grocery stores, convenience stores or any other method network or method of distribution;

- (d) to be purchased by, or merge with or combine with, competing businesses, wherever located;
- (e) to provide lease coaching, training consulting and document review services and to speak for hire to businesses, persons or other entities everywhere, including within the Territory but, unless the Franchisee otherwise agrees, the Franchisor will not provide lease negotiation or site selection services within the Territory.
- (f) provide the services to multi-area accounts.

### 3.4. Changes to System

Franchisee acknowledges and agrees that the System may be expanded, improved, and otherwise modified from time to time by the Franchisor. Franchisee further agrees that the Franchisor will have full control and discretion over such developments and that the Franchisee will comply with all reasonable requirements of the Franchisor in order to implement such modifications.

## 4. TERM AND OPPORTUNITY FOR SUCCESSOR LICENSE

### 4.1. Term and Termination by Franchisee

The Term of this agreement is ten years starting on \_\_\_\_\_, 20\_\_, unless sooner terminated in accordance with this Agreement. Provided the Franchisee is not in default of any of its obligations under this Agreement or any Other Agreement, the Franchisee may at any time upon giving ninety (90) days advance written notice to the Franchisor terminate this Agreement. Upon any such termination, the Franchisee must pay all fees required by this Agreement for such 90 day period, and shall be subject to all of the provisions of this Agreement as if the Term had expired or if this Agreement had otherwise been terminated in accordance with the terms of this Agreement, including without limitation all of the provisions of Sections 12 and 13.

### 4.2. Renewal

Provided that Franchisee shall have complied with all of the terms and conditions of this Agreement and any Other Agreements, then at the expiration of the term hereof, Franchisor will offer Franchisee the opportunity to remain a franchisee for a term of five (5) years provided that:

- (a) Franchisee must have the right to remain in possession of the Premises for the new term, and produce evidence thereof satisfactory to the Franchisor;
- (b) Franchisee must have given Franchisor written notice (the "Renewal Notice") of its desire to exercise its option to continue as a franchisee not more than twelve (12) months or less than six (6) months prior to the expiration of the Term;
- (d) Franchisee pays to the Franchisor at the time of delivery of the Renewal Notice, a renewal fee of \$2,400, and shall be responsible for the legal and other expenses incurred by the Franchisor in connection with the renewal;

- (e) Franchisee has executed a franchise agreement and other related agreements in the forms then being used by the Franchisor, which may contain substantially different terms than this agreement and other related agreements, including, without limitation, differences in fees; and
- (f) the owners, officers and directors of the Franchisee must have executed and delivered to the Franchisor such personal covenants and guarantees in the forms then being used by the Franchisor for new franchisees.

## 5. INITIAL SERVICES FURNISHED BY THE FRANCHISOR

The Franchisor agrees:

### 5.1. Training Program

To make available to the Franchisee, or the Franchisee's designated representative, prior to the opening of the Franchisee's Franchised Business, a training program with respect to the operation of the System.

### 5.2. Operations Manuals

To lend an Operations Manual to the Franchisee.

**It is acknowledged by the Franchisee that any assistance or advice given by the Franchisor is not to be interpreted as a guarantee of success of the Franchisee's Franchised Business which success will depend on the Franchisee's skills and dedication to the operation and development of the Franchisee's Franchised Business as well as market factors which are beyond the control of the Franchisor.**

## 6. CONTINUING ASSISTANCE

### 6.1. Continuing Consultation and Operations Manual

The Franchisor agrees:

- (a) during normal business hours, to respond to inquiries for general information and support on specific questions relating to the Operations Manual or relating to any specific lease consulting inquiry which may be reasonably requested by the Franchisee from time to time;
- (b) to continue to lend the Operations Manual to the Franchisee together with the revisions, expansions and updates thereto.

## 6.2. No Contingency or Commissions Suggested Prices

The Franchisee agrees and acknowledges that charges for the Products and Services must not be made on the basis of a percentage, contingency or commission basis and shall not be dependent on the amounts of rent, rent savings, inducements or allowances but shall be on a stated fee or hourly rate for Products and Services. You are not required to follow any particular sales price for the Products and Services, except that we may recommend prices and set maximum prices, each to the extent permitted by law.

## 7. PREMISES

### 7.1. Selection and Lease of Premises

The Premises must be in an executive business center or other commercial center acceptable to the Franchisor and approved in writing, with full reception, conference, telephone answering and meeting room facilities. If the location of the Premises is not specified in Schedule "A", the location of the Premises must be agreed upon by the parties within thirty (30) days from the Effective Date. In any event, the Franchisee must, within thirty (30) days from the Effective Date have secured a signed binding Lease which:

- (a) gives the Franchisor or its nominee the option to assume the Lease if this Agreement terminates or expires without extension or if the Franchisee defaults under the terms of the Lease;
- (b) which is in all other respects acceptable to the Franchisor, acting reasonably.

The Franchisee shall obtain the Franchisor's prior written approval of the Premises and the Lease, which approval shall not be unreasonably withheld. If no such Lease is executed by the Landlord and the Franchisee and approved by the Franchisor within thirty (30) days of the Effective Date, then this Agreement shall, at the option of the Franchisor, terminate and the Franchisor will be entitled to retain any monies paid to it by the Franchisee without any obligation to account therefore to the Franchisee.

### 7.2. Opening for Business

Within thirty (30) days of the Effective Date, or such further period as the Franchisor may specify in writing, the Franchisee shall:

- (a) have applied for or obtained all required permits, licenses and authorizations, including without limitation real estate, broker and brokerage licenses, business and other permits. Real estate licenses requiring testing must be obtained within one year after the Effective Date; and
- (b) purchase such opening inventory of Products and supplies as the Franchisor determines necessary to commence operation of the Franchisee's Franchised Business; and
- (c) have completed the initial training program and be open for business to the public.

## **8. INITIAL FEE, CONTINUING FEE AND PAYMENT METHOD**

### **8.1. Initial Fee**

As consideration for the grant of this franchise, the Franchisee agrees to pay to the Franchisor an initial fee of \$11,800 by certified check or bank draft on execution of this Agreement by the Franchisee. The Initial Fee is fully earned on payment and is non refundable. The initial fee shall be allocated \$7,000 for training, and \$4,800 for access to confidential information and other intellectual property.

### **8.2. Continuing Fees**

In addition, during the Term, the Franchisee shall pay to the Franchisor on or before the first day of each month the monthly continuing fee. This amount is determined by the population of the Franchisee's Territory, in accordance with the latest available U.S. Census. If the population of the Territory is one million or less the continuing fee will be \$2,200 per month; between one million and two million people, the continuing fee will be \$2,500 per month; if the population is between two million and three million people, the continuing fee will be \$2,800 per month; if the population is more than three million, the continuing fee will be \$3,200 per month. If the population changes, the fee will change in accordance with this section. In addition, Franchisee will pay 8% of all gross revenue of Franchisee over \$500,000 in any calendar year, payable by March 1<sup>st</sup> of the following calendar year.

### **8.3. Post-dated Checks and Preauthorized Payment or Automatic Debit**

The Franchisor may require the Franchisee to provide each year, in advance, twelve (12) post-dated checks for the continuing fees and taxes thereon, or at the option of the Franchisor, by credit card, pre-authorized payment or automatic debiting or charging instructions to automatically facilitate the payments to be made under this Agreement or any Other Agreements as may be required by the Franchisor or its associate or affiliate or their bank or other financial institution, and the Franchisee agrees to sign all documents and authorizations and directions to the Franchisee's own bank and financial institution in favor of the Franchisor or its associate or affiliate, as the case may be, for those purposes.

## **9. COVENANTS OF THE FRANCHISEE**

### **9.1. Offer Only Products and Services**

Because the reputation of the System, Trademarks and Franchised Business depends on a uniform high quality of Products and Services, Franchisee may sell only those Products and Services expressly approved for sale in writing by the Franchisor and will offer for sale all Products and Services and use only those methods and techniques which have been designated or approved by the Franchisor. Without limiting the generality of the foregoing, Franchisee's Business will be limited to providing the Products and Services on the tenant side only in a buyer's (tenant) agency capacity. Franchisee is prohibited from doing work for or receiving payments or other benefits from any owner or landlord, or from a representative of an owner or landlord. Franchisee is not permitted to

charge for its services on a percentage, contingency or commission basis. All charges for Franchisee's services must be based on a stated fee or hourly rate.

## 9.2. Prescribed Supplies

Franchisee will use only Products, displays, booth set-ups, supplies, stationery, decals, promotional literature, uniforms, furniture, fixtures, software, signs, equipment, merchandise, methods and techniques prescribed by or which conform with the System's standards and specifications as set by the Franchisor.

## 9.3. Referrals

Franchisee will not offer or provide Products or Services to any persons or entities outside of the Territory without the prior written consent of the Franchisor and any franchisee who is operating a Franchised Business who has been granted a franchise for the territory in which the Products or Services are to be provided. If the Franchisee receives any inquiries for speaking engagements for hire anywhere, Franchisee shall refer such inquiries to the Franchisor who shall have the option in its discretion to accept and perform such engagement. If Franchisee receives any inquiries for the provision of Products or Services outside of the Territory, Franchisee will refer such inquiries to the Franchisor. If the Franchisor receives any inquiries for the provision of Products or Services within the Territory, except as expressly reserved pursuant to this Agreement and, provided the Franchisee is not in default of the Franchisee's obligations under this Agreement or any Other Agreement, the Franchisor will refer such inquiries to the Franchisee. Franchisee shall pay Franchisor a referral fee of 20% of all fees earned for services provided pursuant to such referral, if the referral results from Franchisor direct marketing or from referrals from other franchisees.

## 9.4. Maintain Sufficient Supply and Staff

Franchisee will maintain at all times a sufficient supply of approved Products to provide the clients of the Franchisee's Franchised Business with the Products and Services on a timely and efficient basis. Franchisee is responsible for training any administrative assistant and is solely responsible as employer of all of its staff.

## 9.5. Purchase from Designated Sources Only

Franchisee will purchase all products and services required for the operation and inventory of the Franchisee's Franchised Business from suppliers who are authorized by the Franchisor, which may be the Franchisor or its affiliate or associate. Prior to purchasing any items from any supplier not previously approved by the Franchisor, the Franchisee shall submit to the Franchisor a written request for approval of the supplier. The Franchisor may require an opportunity to inspect the proposed supplier's facilities and that samples from the supplier be delivered to the Franchisor for inspection prior to approval and use. A charge for the costs of such inspections of facilities, testing and handling may be made by the Franchisor and shall be paid by the Franchisee immediately on invoicing. Franchisor may also require the Franchisee to join in a buying group or consortium for the purposes of obtaining the benefits of volume purchasing. Franchisee acknowledges that the Franchisor or its associates or affiliates may receive rebates, allowances or other incentives from

suppliers as a result of purchases made by or on behalf of Franchisee, which rebates, allowances and incentives Franchisor will be entitled to keep for its own use and credit without having to account or share with Franchisee.

#### 9.6. No Changes to the Products or Services

Franchisee shall not make any changes, additions or replacements to any of the Products or the Services without the prior written consent of the Franchisor.

#### 9.7. Personal Involvement and Training

The Franchisor is entering into this Agreement with the Franchisee based on the qualifications of the Franchisee or, in the case of an entity franchisee, the individual who is the majority owner of the Franchisee. The Franchisee (or in the case of an entity, a designated majority owner who is a natural person) must participate personally and full-time in the direct operation of the Franchisee's Franchised Business.

Franchisee must attend and successfully complete the Franchisor's training program to the satisfaction of the Franchisor prior to opening for business. The initial training is expected to take four days as determined in the discretion of the Franchisor. Franchisee must also complete all of the required reading prescribed by the Franchisor. The Franchisee acknowledges that this will require approximately 100 hours of reading and must be completed in accordance with a schedule provided by the Franchisor. The Franchisee must also attend such additional or advanced training as the Franchisor shall from time to time reasonably prescribe, but not more than once per year.

In addition, the Franchisor also requires the Franchisee to attend at Franchisee's expense at up to two conventions per year at a time and place designated by the Franchisor. The Franchisee must also participate in "web cam" or video conferences with the Franchisor from time to time as required by the Franchisor.

The Franchisee acknowledges that the training programs, conventions and meetings will take place in Edmonton, Alberta or at such other locations as the Franchisor may designate from time to time. Accommodations, travel, and salaries of the Franchisee for such training, conventions and meetings shall be paid by the Franchisee. The tuition for the initial training and the course written materials for the Franchisee will be borne by the Franchisor. The tuition for the initial training and the course written materials for any additional persons or any training subsequent to the initial training course and requisite materials and convention fees will be paid by the Franchisee.

Franchisee also acknowledges that the Franchisor may require the Franchisee to permit the Franchisor to train new franchisees at the Franchisee's Franchised Business with such compensation to the Franchisee, if any, to be agreed upon in advance.

Franchisee acknowledges and understands that in addition to the training program provided by the Franchisor, the Franchisee and its employees and contractors must successfully complete, at Franchisee's own expense, all real estate licensing and other courses and obtain its license as an agent, salesperson, or broker or equivalent designations, and obtain such other licenses or certifications as may be required by any governmental or other competent authority, agency or



association that may be necessary to carry on the Franchised Business and provide the Products and Services.

#### 9.8. Records and Reporting

Franchisee will keep full, complete and accurate books and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed below or as may be further prescribed by the Franchisor from time to time. Franchisor and Franchisee shall both comply with the Franchisor's privacy policies and with applicable law with respect to the handling of all records, including all customer contact information. Without limiting the generality of the foregoing, the Franchisee shall:

- (a) deliver to the Franchisor, by the tenth (10<sup>th</sup>) day of each month, in the forms prescribed by the Franchisor, a signed statement of Gross Sales for the previous month and an updated Client and Lead List which shall also highlight the names of any new clients of the Franchisee's Franchised Business and list all projects on which the Franchisee is working.
- (b) for each new client engagement, deliver to the Franchisor a copy of the complete customer contact information and a signed client engagement letter in whatever form, paper or electronic, reasonably specified by the Franchisor, within one week after the new client approves of the engagement; and
- (c) submit to the Franchisor such other periodic forms and reports as may be prescribed and at the times prescribed by the Franchisor; and
- (d) preserve for a period of not less than four (4) years all accounting records and supporting documents and information in whatever form relating to the Franchisee's Franchised Business.

#### 9.9. Information Gathering System, Vehicle and Other Equipment

Franchisee will purchase and use the Information Gathering and Reporting System as specified by the Franchisor from time to time. Franchisee will connect the Information Gathering and Reporting System to the Franchisor's internet, intranet, telecommunication, cable or other services provider and, if required by the Franchisor, to subscribe to a high speed internet and intranet service as may be designated by the Franchisor (which may be the Franchisor or an affiliate or associate). Franchisor must also own or lease:

- (a) a motor vehicle of an age, model and condition acceptable to the Franchisor for use by the Franchisee in the Franchised Business;
- (b) a cellular phone with a separate phone number dedicated to the Franchisee's Franchised Business;
- (c) a facsimile machine which is separate from the computer used in the Franchisee's Franchised Business, with a separate facsimile number (i.e. in addition to the

telephone number of the Franchisee's Franchised Business) dedicated to the Franchisee's Franchised Business.

#### 9.10. Insurance

Franchisee will procure before the commencement of business, and will maintain in full force and effect during the Term, at the Franchisee's sole expense, an insurance policy or policies protecting the Franchisee and the Franchisor and its associates and affiliates with whom the Franchisee has agreements and their respective directors, officers and employees against any loss, liability or expense whatsoever from professional negligence, fire, personal injury, theft, death, property damage, products liability or otherwise, arising or occurring upon or in connection with the Franchisee's Franchised Business or by reason of the Franchisee's operation of the Franchisee's Franchised Business. The Franchisor and The Lease Coach Inc. shall be an additional named insured in such policy or policies. Such policy or policies shall:

- (a) be written by an insurance company prescribed or approved by the Franchisor;
- (b) include comprehensive general liability coverage of \$1,000,000 per incident;
- (c) include all risk property damage coverage of \$1,000,000;
- (d) include business interruption insurance including rent, additional rent and continuing royalties and other charges under this Agreement for at least twelve (12) months after casualty;
- (e) include legally required coverage as required by applicable legislation (such as workers' compensation insurance);
- (f) include separate, non-owned automobile coverage insurance;
- (g) include insurance as may be required under the Lease.

The Franchisor may require that the amounts of such insurance coverage as set forth above shall be increased from time to time during the Term. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by the Franchisor. No later than the day before the date on which the Franchisee's Franchised Business is opened for business, evidence of insurance issued by the insurance company showing compliance with the foregoing requirements shall be furnished by the Franchisee to the Franchisor. The evidence of insurance shall include a statement that the policy or policies may not be cancelled or altered without at least thirty (30) days prior written notice to the Franchisor. Maintenance of insurance and the performance by the Franchisee of the obligations under this paragraph shall not relieve the Franchisee of liability under the indemnity provisions set forth in this Agreement. Franchisor reserves the right to arrange for and require the Franchisee to participate in group or blanket insurance policies for franchisees' participation at Franchisee's expense. If Franchisee fails to place and maintain insurance as required by the Franchisor, Franchisor may but will not be obliged to place insurance and the Franchisee will promptly, upon invoicing, reimburse the Franchisor for the cost of the premiums paid for such insurance.

#### 9.11. Hours of Operation

Franchisee will keep the Franchisee's Franchised Business open and in normal operation during such hours and during such days of the year as shall be specified by the Franchisor from time to time. Until otherwise notified by the Franchisor the hours of operation are 8:00 a.m. to 5:00 p.m. local time, Monday to Friday inclusive excepting statutory holidays.

#### 9.12. Minimum Advertising, Approval of Advertising and Promotional Materials, and Participation in Promotions

Franchisee will submit to and obtain from the Franchisor the Franchisor's written approval of all advertising and promotional materials prepared by or for the Franchisee prior to the use of any such advertising and promotional materials. In addition, Franchisee will not send any unlawful mass emails or spam promoting the Franchisee or the Franchisee's Franchised Business or the System. Franchisee will use reasonable efforts to promote the Franchised Business. Franchisee will comply with the marketing strategies and promotions prescribed by Franchisor, which currently recommend a minimum of \$3,000 be spent on marketing and promotion each month on a variety of designated media and promotions.

#### 9.13. Requirements Where Franchisee is a Corporation or Other Entity

Where Franchisee is a corporation or other entity:

- (a) Franchisee shall be newly organized and its charter or other organizational agreement shall provide that its activities are confined exclusively to operating a Franchised Business licensed under this Agreement or under similar agreements;
- (b) all owners, directors and officers of the Franchisee shall enter into a written agreement, in a form satisfactory to the Franchisor, covenanting to be personally bound by the terms of this Agreement and any Other Agreements;
- (c) each share certificate or other certificate indicating ownership interest of the Franchisee shall have conspicuously endorsed upon it a statement that it is held subject to, and that the assignment, transfer or disposition thereof is subject to all restrictions imposed upon transfers by this Agreement;
- (d) no new shares or other equity interests in the Franchisee shall be issued to any person or entity without obtaining the Franchisor's prior written consent which consent will not be unreasonably withheld;
- (e) Franchisee will not issue shares or securities to the public.

#### 9.14. Internet

The Franchisor retains the sole right to market on the Internet, including all use of Web sites, domain names, URL's, linking, advertising, and co-branding arrangements. Franchisee will provide content for Franchisor's Internet marketing, and sign such Intranet and Internet usage agreements as

Franchisor may require. Franchisor also retains the sole right to use the Trademarks on the Internet, including on Web sites, as domain names, directory addresses, metatags, and in connection with linking, advertising, co-branding, and other arrangements. Franchisor retains the right to approve any linking or other use of Franchisor's Web site. Franchisee may use only an email address approved by the Franchisor in connection with the Franchisee's Franchised business. Franchisee may not establish a presence on the Internet except as Franchisor may specify, and only with Franchisor's prior written consent. Franchisee must follow Franchisor's policies concerning data collection and privacy, if any. Franchisee acknowledges that Franchisor may require Franchisee to enter into a Web site license agreement with Franchisor or its associate or affiliate and that Franchisee may be required to pay a license fee pursuant to such agreement, which fee may be increased from time to time.

#### 9.15. Driver's License

Franchisee shall have and shall at all times maintain a valid motor vehicle operator's license during the Term.

### 10. **ADDITIONAL RIGHTS OF THE FRANCHISOR**

#### 10.1. Inspection and Monitoring Rights

The Franchisor, or its agents and contractors, shall have the right to enter and inspect the Franchisee's Franchised Business and the Premises and to inspect any Products and Services supplied or provided by the Franchisee wherever supplied or situated and to select Products for evaluation purposes to assure that they conform to the standards and specifications of the Franchisor. The Franchisee hereby consents to the Franchisor and its agents and contractors monitoring the operation of the Franchisee's Franchised Business through the Information Gathering and Reporting System or otherwise. Franchisee agrees that if required by the Franchisor, Franchisee will require the Franchisee's employees to execute and deliver consents to the Franchisor acknowledging and consenting to such inspection and monitoring of the operations of the Franchisee's Franchised Business through the Information Gathering and Reporting System or otherwise. The Franchisor may require the Franchisee, on twenty-four hours (24) written notice, to replace any item or correct anything which does not conform with applicable standards and specifications.

#### 10.2. Franchisor May Perform

If, within twenty-four (24) hours following written notice by the Franchisor requesting replacement of any item or correction of any work that does not conform with applicable standards and specifications, the Franchisee has not made the replacement or correction, the Franchisor may, without being guilty of, or liable for, trespass or tort and without prejudice to any other rights or remedies, cause the replacements and corrections to be completed at the expense of the Franchisee. No notice will be required in cases where, in the Franchisor's reasonable opinion, there is an emergency.

## 11. TRADEMARKS

### 11.1. Acknowledgement of Trademarks

Franchisee acknowledges that the Trademarks listed on Schedule "B" to this agreement are registered trademarks of the Franchisor and that the Franchisor is the sole owner of the Trademarks and the goodwill associated with them and the Franchisee's license to use the Trademarks is being granted by the Franchisor. The Trademarks have been and are being used by the Franchisor and may be used by its affiliates and associates, franchisees and licensees and those Trademarks, and any which may be acquired in the future, constitute part of the System and that valuable goodwill is associated with and attached to the Trademarks. The Trademarks may only be used by the Franchisee in the manner and to the extent specifically licensed by this Agreement.

### 11.2. Non Exclusive

Franchisee understands that the Franchisee's license to use any or all of the Trademarks is non-exclusive and that the Franchisor has the right to operate or franchise other Franchised Businesses under, and to grant other licenses in, and to, any or all of the Trademarks in each case on such terms and conditions as the Franchisor deems acceptable.

### 11.3. Restricted Use of Trademarks

Franchisee agrees to use the Trademarks only in the Territory and only in association with the Products and Services in a manner which conforms to the standards, methods, procedures, techniques and specifications as may be set by the Franchisor in its sole discretion and communicated to Franchisee from time to time.

### 11.4. No Contesting Validity

Franchisee agrees that during the Term and any renewals and extensions of it and after the expiration or termination thereof, the Franchisee shall not directly or indirectly contest or aid in contesting the validity or ownership of the Trademarks or any registration thereof.

### 11.5. No Transfer

No right, or title or interest in the Trademarks is transferred to the Franchisee except the right to use them in the manner and subject to the terms and conditions set forth in this Agreement.

### 11.6. Notice and Conduct of Action

The Franchisee shall forthwith notify the Franchisor of any infringement or challenge to Franchisee's use of the Trademarks. The Franchisor shall have in its absolute discretion the right to institute proceedings or defend proceedings as it shall deem fit. The Franchisee shall not, under any circumstances whatsoever, institute any legal proceedings relating to the Trademarks without first obtaining the prior written consent of the Franchisor. In the event the Franchisor undertakes the defense or prosecution of any such legal proceedings, the Franchisee agrees to execute any and all

documents and do such acts and things as may, in the opinion of counsel for the Franchisor, be necessary to carry out such defense or prosecution.

#### 11.7. No Action to Impair or Use in Name

Franchisee will not take any action which might invalidate the Trademarks, impair any rights of the Franchisor in and to such Trademarks or create any rights adverse to those of the Franchisor and it will not register the Trademarks in any additional classes anywhere. The Franchisee will use the Trademarks correctly spelled and depicted and not as a verb or plural or any other manner which might endanger the validity of the Trademarks or of the registration thereof. The Franchisee shall use the Trademarks only in the style and manner approved by the Franchisor.

#### 11.8. No Good Will Accrues

It is expressly recognized that any and all goodwill associated with the Trademarks, including any goodwill which might be deemed to have arisen through the Franchisee's activities, inures directly and exclusively to the benefit of the Franchisor.

#### 11.9. Notice to Public and Prohibited Corporate Name Use

The Franchisee shall operate, advertise and promote Franchisee's Franchised Business under the name of The Lease Coach with no accompanying words or symbols of any nature, unless specifically prescribed by the Franchisor. The Franchisee's registered name shall be clearly marked on a conspicuous sign on the Franchisee's premises and Equipment as well as on all the Franchisee's invoices, signs, purchase orders, stationery, promotional materials, shipping material following the words:

"This Business is owned and operated by \_\_\_\_\_  
[INSERT NAME OF FRANCHISEE], which is an independently owned franchisee. The Lease Coach® trademarks and any related trademarks are being used under license from The Lease Coach International Inc.

#### 11.10. Use Only in Accordance with Operations Manual

In order to protect the rights of the Franchisor under the Trademarks licensed herein, the Franchisee agrees to carry out the business covered by this agreement in accordance with the operational standards and specifications established by the Franchisor and set forth in the Operations Manual and other documents as they presently exist or shall exist in the future or as may be otherwise disclosed to the Franchisor's franchisees from time to time.

#### 11.11. Access for Inspection

Franchisee agrees to permit Franchisor or its authorized representatives, at all reasonable times, to enter the Franchisee's Franchised Business for the purpose of inspecting Products and Services and operations and any relevant documents, materials and records pertaining to Franchisee's services in order to determine whether the Franchisee has complied with this Section 11.

## 11.12. Modification and Change of Trademarks

If the Franchisor elects at any time for any reason or is required by law to modify or discontinue the use of any of the Trademarks and to use one or more substitute Trademarks, the Franchisee agrees to comply with the Franchisor's direction in that regard within thirty (30) days after written notice by the Franchisor to the Franchisee. Franchisee acknowledges that in those circumstances, Franchisee may be required at Franchisee's expense to purchase and install new signs and decals and stationery, business cards, and any other items and to cease using the Trademarks that have been discontinued.

## 12. RESTRICTIONS AND NON-COMPETITION

### 12.1. In Term Restrictions

During the Term or any extension or renewal thereof:

- (a) Neither the Franchisee, nor any owner if the Franchisee is an entity, shall, either directly or indirectly, for himself, or on behalf of, or in conjunction with any other person or entity, own, maintain, engage in, participate in, lend money to, be employed by or have any interest in the operation of any enterprise which:
  - (i) is the same or substantially similar to the Business; or
  - (ii) provides any lease coaching, consulting or brokering or referral or other advice to any landlords or lessors or sublessors of retail, commercial, office or industrial space; or
  - (iii) conduct, sponsor or otherwise participate in public or private seminars or write or publish books, newspaper or articles or publish or distribute audio, video, electronic or internet materials relating to leases or leasing of retail, commercial, office or industrial space, except for those which have been provided to the Franchisee as part of the System.

### 12.2. In Term and Post Term Restrictions

During the Term or any extension or renewal thereof, and for a period of three (3) years after termination, expiration, transfer, assignment or other disposition, regardless of the cause of termination or expiration, or the nature of the transfer, assignment or disposition, the Franchisee and any owner if the Franchisee is an entity, shall not, except with the prior written consent of the Franchisor which may be withheld in the sole discretion of the Franchisor:

- (a) directly or indirectly, divert or attempt to divert any business of, or any clients of the Franchisee's Franchised Business to any other business providing products or services which are the same or similar to the Products and Services; or
- (b) seek to employ any person who is at that time operating or employed by the Franchisor or its associate or affiliate, or at any other Franchised Business or to

otherwise directly or indirectly induce such person to leave his or her employment thereat.

### 12.3. Post Term Non Competition Area

Except with respect to the ownership or operation of additional Franchised Businesses through agreements with the Franchisor, following the termination, expiration, transfer, assignment or other disposition of this Agreement, for a period of three (3) years, regardless of the cause of the termination or expiration or the nature of the transfer, assignment or other disposition, the Franchisee and any owner if the Franchisee is an entity, shall not directly or indirectly for itself, or on behalf of, or in conjunction with any other person or entity, own, maintain, engage in, participate in, lend money to, be employed by or have any interest in the operation of any enterprise which is the same or substantially similar to the Business within:

- (a) the Territory; or
- (b) a fifty (50) mile radius of any Premises from which a Franchised Business is carried on.

If the Franchised Business is located in a jurisdiction in which any portion of this Section 12.3 is unenforceable, the Franchisor shall have the option to purchase any or all of the assets of the Franchisee's Franchised Business for a price not to exceed \$1,200. The assets that may be purchased shall include all customer and prospect lists and contact information, leasehold estates and improvements, all advertising materials, all outstanding bids and proposals, and work in process for undelivered services, both in electronic and paper form.

The Franchisor shall exercise, if it chooses to do so, its option by giving Franchisee notice within thirty (30) days after termination, expiration, transfer, assignment or other disposition of this Agreement. In the event the Franchisor exercises its option, the closing shall be held and the purchase price shall be paid within thirty (30) days of the date of such exercise.

### 12.4. Non Disclosure

During the Term or any extension or renewal thereof, and thereafter the Franchisee and any owner, if the Franchisee is an entity, shall not, except as permitted for the purposes of providing the Products and Services to clients of the Franchisee's Franchised Business, communicate or divulge to, or use, or copy, for the benefit of themselves or any other person or entity any information or knowledge concerning the System including without limitation, the methods of establishing, equipping, or operating a Franchised Business as contained in the Operations Manual or as otherwise communicated to the Franchisee, or of which the Franchisee may be apprised, by virtue of the Franchisee's operation under the terms of this Agreement.

### 12.5. Covenants Reasonable and Injunctive Relief

The covenants contained in this Section 12 shall be construed as severable and independent and the parties acknowledge that the restrictions contained herein are reasonable and necessary under the



circumstances hereof and the Franchisee and each owner of the Franchisee agree that breaches of this Section 12 shall entitle the Franchisor to injunctive relief.

#### 12.6. Employee's Covenants

The Franchisee agrees that it will not hire employees or agents without the prior written consent of the Franchisor, and that each such employee or agent will be subject to the approval of the Franchisor. The Franchisee agrees that any such employees or agents will be required to execute agreements containing all or a portion of the covenants contained in this Section 12 in such form as required by the Franchisor from time to time. The Franchisee acknowledges that the Franchised Business is a personal services business, and that it is not anticipated that there will be any employees or agents approved except one personal assistant.

### 13. TERMINATION

#### 13.1. Termination Without Notice or Opportunity to Cure

The Franchisor may, at its option, declare this agreement terminated, without the need for any notice or opportunity to cure in any of the following events:

- (a) Franchisee fails to successfully complete the initial training program or complete the required reading to the satisfaction of the Franchisor;
- (b) Franchisee fails to secure an executed binding Lease for the Premises approved by the Franchisor within thirty (30) days of the Effective Date;
- (c) if the Franchisee has failed to open the Franchisee's Franchised Business within thirty (30) days of the Effective Date;
- (d) if the Franchisee becomes insolvent or makes an assignment for the benefit of creditors or if an assignment is made in bankruptcy by the Franchisee or such a petition is filed against and consented to by the Franchisee, or is not dismissed within thirty (30) days;
- (e) if the Franchisee is adjudicated bankrupt, or a proceeding for the appointment of a receiver of the Franchisee or other custodian for the Franchisee's business or assets is filed and is consented to by the Franchisee, or is not dismissed within thirty (30) days;
- (f) if the Franchisee knowingly or intentionally submits false statements of Gross Sales or Client and Lead Lists to the Franchisor;
- (g) if the Franchisee or any of its owners, officers or directors is in breach of their respective covenants and restrictions contained under Section 12 or their respective undertakings and covenants to be personally bound;

- (h) if the Franchisee or any of its owners, officers or directors is convicted of, or plead guilty or no contest to a criminal charge of, violating a law material to the Franchised Business;
- (i) if the Franchisee or an owner of the Franchisee, attempts or purports to transfer, assign or dispose of any interest in this franchise, the franchise agreement, all or substantially all of the assets of the Franchisee or their ownership interest in the Franchisee without complying with the requirements of Section 14;
- (j) if the Franchisee ceases or threatens to cease carrying on the Franchisee's Franchised Business;
- (k) if the Franchisee makes unauthorized use of the Trademarks or unauthorized disclosure of the Operations Manual;
- (l) if the Lease expires without renewal or extension or is terminated for any reason without being replaced with a lease of other premises acceptable to the Franchisor;
- (m) if there are more than three (3) breaches in respect of which Notices to Cure (as defined below) have been served in any twelve (12) month period, regardless of whether or not such breaches have been cured and regardless of whether or not the Franchisee would have otherwise been entitled to an opportunity to cure the current defect.
- (n) if the Franchisee or an owner of the Franchisee loses or fails to obtain or renew any license permit or certification or registration required in order to lawfully carry on the Franchised Business.

### 13.2. Termination With Notice and Opportunity to Cure

Except as provided in paragraph 13.1, if the Franchisee is in default under this Agreement, or any Other Agreements and such default is not cured, in the case of a default under Section 13.2(a), within five (5) days, or in the case of other defaults referred to below, after fourteen (14) days, written notice (the "Notice to Cure") from the Franchisor, or the Franchisor's associate or affiliate, as the case may be, then, in addition to all other remedies at law, the Franchisor may immediately terminate this Agreement. Without limiting the generality of the foregoing, the Franchisee shall be in default under this Agreement:

- (a) if the Franchisee, refuses or neglects to pay when due to the Franchisor or its associates or affiliates any monies owing to the Franchisor or to any advertising and promotion fund that is created;
- (b) if the Franchisee fails to submit when due, reports and financial data which the Franchisor requires under this Agreement;
- (c) if the Franchisee, or any associate or affiliate, fails to fulfill any of its obligations under any this Agreement or any Other Agreement or under any equipment

agreement, promissory note, general security agreement, conditional sales contract, financing or loan agreement affecting the premises, machinery, equipment, furniture or fixtures, or other contract affecting the Franchisee's Franchised Business to which the Franchisee or any of its associates or affiliates is a party or by which the Franchisee is bound;

- (d) if the Franchisee fails to comply with any of the requirements imposed upon the Franchisee by this Agreement or the Operations Manual;
- (e) if the Franchisee fails to attend any regularly scheduled meeting required by the Franchisor, whether such meeting be in person, via video conference or other means, without prior written approval;
- (f) if the Franchisee is in breach of any provision under the Lease.

### 13.3. Rights and Obligations on Termination or Expiration

Upon any termination or expiration of this Agreement:

- (a) Franchisee shall promptly pay to the Franchisor all sums owing or accrued prior to such termination or expiration by the Franchisee to the Franchisor;
- (b) Franchisee shall immediately thereafter cease to use, by advertising or in any manner whatsoever, the Trademarks and any methods associated with any of the Trademarks, and any other trade secrets, confidential information, operating manuals, slogans, signs, symbols or devices forming part of a Franchised Business or otherwise used in connection with the operation of a Franchised Business;
- (c) Franchisee shall immediately thereafter deliver to the Franchisor all copies of the Operations Manual, plans, specifications and other materials containing information prepared by or for the Franchisor and relative to the operation of a Franchised Business, the Client and Lead List and all of the files in whatever form they are in, with respect to all of the clients of the Franchisee's Franchised Business;
- (d) Franchisee and its owners, directors and officers shall continue to comply with, for the period specified therein paragraphs 12.2, 12.3 and 12.4 of this Agreement;
- (e) Franchisee shall immediately notify all telephone and telecommunications service providers, telephone directory publishers, any internet service providers (collectively the "Service Providers") of the termination or expiration of Franchisee's right to use any telephone, fax and cellular phone numbers and any regular, classified or other telephone directory listings, email addresses, Web sites, domain names, microsites or links associated with any Trademark and to authorize transfer thereof to the Franchisor or as directed by Franchisor. The Franchisee agrees that concurrent with the execution of this Agreement or at the time Franchisee obtains such telephone, fax and cellular phone numbers, listings, email addresses, Web sites, domain names, microsites or links, whichever is later, Franchisee will execute and deliver to

Franchisor written directions or authorizations, in such forms as the Franchisor may require, addressed to such Service Providers authorizing and directing those Service Providers to transfer those numbers, listings, email addresses, Web sites, domain names, microsites and links to Franchisor or its nominee, which authorization and direction will be held by Franchisor for use by it, at its option, in the event of termination or expiration of this Agreement. Franchisee acknowledges that, as between Franchisee and Franchisor, Franchisor has the sole rights to an interest in all telephone, fax and cellular phone numbers, directory listings, email addresses, Web sites, domain names, microsites or links associated with any Trademarks. Franchisee authorizes Franchisor, and hereby appoints Franchisor and any of Franchisor's officers or employees as Franchisee's attorney in fact, to direct each Service Provider to transfer any telephone, fax and cellular phone numbers and directory listings, email addresses, Web sites, domain names, microsites or links and all Service Providers may accept such direction to Franchisor or as directed by Franchisor, should Franchisee fail or refuse to do so, and the telephone companies and all Service Providers may accept such direction or this Agreement as conclusive of Franchisor's exclusive rights in such telephone, fax and cellular phone numbers, directory listings, email addresses, Web sites, domain names, microsites or links and Franchisor's authority to direct their transfer and by execution of this Agreement, the Franchisee hereby irrevocably appoints the Franchisor as the Franchisee's lawful attorney-in-fact with full power and authority to execute and deliver in the Franchisee's name all documents required to effect such transfer;

- (f) The Franchisee shall immediately change its name, including its corporate name, business name or proprietorship or partnership name to a name that does not include the word "lease" and "coach" or either of them; and
- (g) The Franchisee shall not use or permit anyone in its employ to use the title "Certified Lease Consultant".

#### 13.4. Right of Set-off

Franchisor shall have the right to set off against and reduce any purchase price payable under this Section 13 by any and all amounts Franchisee owes Franchisor or any of Franchisor's associates or affiliates.

#### 13.5. Power of Attorney

If Franchisee fails or refuses to execute and deliver any document required hereunder, Franchisee, by execution of this Agreement, irrevocably appoints Franchisor as Franchisee's lawful attorney-in-fact with full power and authority to execute and deliver in Franchisee's name all such documents.

## 14. TRANSFERABILITY OF INTEREST

### 14.1. Franchisor's Right to Assign

This Agreement shall enure to the benefit of the successors and assigns of the Franchisor. The Franchisor and its affiliates and associates shall have the right to assign its rights under this Agreement and any Other Agreements to any person or entity provided that the transferee agrees in writing to assume all obligations undertaken by the Franchisor or its affiliates or associates. Upon such assignment and assumption, the Franchisor and its affiliates and associates shall be under no further obligation hereunder or under any Other Agreements so assigned.

### 14.2. Restriction on Franchisee, Owners

Except as hereinafter provided, neither the Franchisee nor any owner, if the Franchisee is an entity, without the Franchisor's prior written consent, shall, by operation of law, or otherwise transfer, assign or dispose to any person or entity, any interest in this Agreement, or any interest in the franchise granted hereby, or any interest in any entity which owns any interest in the franchise, nor offer, permit or suffer the same. Any purported assignment or transfer not having the written consent of the Franchisor shall be null and void and shall constitute default hereunder.

### 14.3. Conditions for Consent

The Franchisor shall not unreasonably withhold consent to any transfer, assignment or disposition referred to in paragraph 14.2 of this Agreement when requested, provided, however:

- (i) the transferee must be of good moral character and reputation and shall have a good credit rating and business qualifications and experience acceptable to the Franchisor; the Franchisee shall provide the Franchisor with such information as the Franchisor may require to make such determination concerning each such proposed transferee;
- (ii) the purchase price to be paid by the proposed transferee shall not, in the opinion of the Franchisor, be excessive relative to: the value of the Franchisee's Franchised Business; or the ability of the proposed transferee to meet the obligations under the purchase agreement as well as the other financial obligations of the Franchisee's Franchised Business; or the capacity of the Franchisee's Franchised Business to meet all such obligations;
- (iii) the transferee shall have successfully completed the Franchisor's training course, all at the transferee's expense, then in effect for franchisees;
- (iv) the transferee shall execute both or either (as the Franchisor shall direct):
  - (A) a franchise agreement with the Franchisor, and any other standard ancillary agreements with the Franchisor or its affiliates or associates

on the standard forms then used by the Franchisor or its affiliates or associates;

- (B) a written assignment, under seal, in a form satisfactory to the Franchisor, with the transferee assuming all of the Franchisee's obligations hereunder and any other standard ancillary agreements with the Franchisor or its affiliates or associates;
- (v) Franchisee or individual proposing to transfer an interest in the franchise, shall execute a general release under seal of all claims against the Franchisor and its affiliates and associates;
- (vi) unless a longer period is agreed upon by the Franchisor and the transferee, the term of the agreements required pursuant to subparagraph 14.3(b)(iv) shall be for the unexpired term of this Agreement;
- (vii) if transferee is a corporation or other entity:
  - (A) each share certificate or other certificate indicating ownership interest of the transferee entity shall have conspicuously endorsed upon it a statement that it is held subject to, and that assignment, transfer or disposition thereof is subject to, all restrictions imposed upon transfers by this Agreement;
  - (B) no new shares of common or preferred voting shares or other equity interests in the transferee entity shall be issued to any person or entity without obtaining the Franchisor's prior written consent; and
  - (C) all of the owners, directors and officers of the transferee entity shall enter into a written agreement in a form satisfactory to the Franchisor and covenanting to be personally bound by the terms of this Agreement and any Other Agreements to the extent that the owners, directors and officers of the Franchisee were required to be personally bound under this Agreement and any Other Agreements;
- (viii) the Franchisee shall have fully paid and satisfied all of the Franchisee's obligations to the Franchisor and to any affiliate or associate of the Franchisor;
- (ix) the transferee shall, concurrent with making the request for the Franchisor's consent, have fully paid a transfer fee of \$2,400 to the Franchisor and, in addition, the Franchisee shall be responsible for the legal and other expenses incurred by the Franchisor in connection with the transfer, assignment or disposition;

- (x) notwithstanding compliance with the aforesaid conditions of the Franchisor, the Franchisee shall not be relieved of any obligations under the terms of this Agreement relating to the period up to the effective date of the transfer, unless expressly released in writing by the Franchisor but in any event the Franchisee, its shareholders, officers, directors and partners shall remain obligated under the restrictive covenants contained in Section 12 of this agreement.

Notwithstanding the foregoing, the Franchisor shall not be considered unreasonable in withholding its consent to any transfer, assignment or disposition referred to in this Section 14.3 which is proposed within two (2) years of the date of the Effective Date.

#### 14.4. Death or Disability of Franchisee, Owner

In the event of the death of the Franchisee, or any majority owner thereof, or in the event of the Franchisee or any majority owner thereof becoming Disabled, the legal representative of the Franchisee or majority owner, together with all remaining owners, if any, jointly, shall, within three (3) months of such event apply, in writing, for the right to transfer the franchise, or the interest of the deceased or Disabled Franchisee, or majority owner in such franchise, to such person or persons as the legal representative may specify. Such right shall be granted by the Franchisor upon the fulfillment of all of the conditions set forth in paragraph 14.3 of this Agreement. During such three (3) month period, if in the opinion of the Franchisor, the Franchisee's Franchised Business is not providing a reasonable level of the Products and Services to clients of the Franchisee's Franchised Business, the Franchisor may provide Products and Services to those clients or may designate another franchisee or the Franchisor's associate or affiliate to do so.

#### 14.5. Failure to Find Acceptable Buyer

If the legal representative and all surviving or remaining owners, if any, do not comply with the aforesaid provisions of paragraph 14.4 or do not propose a transferee acceptable to the Franchisor under the standards set forth in paragraph 14.3, all rights licensed to the Franchisee under this Agreement shall terminate forthwith and automatically revert to the Franchisor. The Franchisor shall have the right and option, exercisable on such termination, to purchase all or a portion of the assets of the Franchisee's Franchised Business at a price to be agreed upon by the parties or, if no agreement as to price is reached by the parties, at such price as may be determined by a qualified independent appraiser selected by the Franchisor in its sole discretion provided there shall be no recognition of goodwill of the business, the Trademarks or the System in such price. The Franchisor shall give notice of its intent to exercise said option within sixty (60) days of the failure by the Franchisee to comply with the provisions of paragraphs 14.3 and 14.4.

#### 14.6. Franchisor's Right of First Refusal

Notwithstanding anything else contained in this Agreement, if the Franchisee or any owner of the Franchisee or any of their respective administrators, executors, heirs, successors, permitted assigns or other legal representatives has received and desires to accept a signed bona fide written offer from a third party, or otherwise wishes to enter into a bona fide agreement with a third party for the

purchase and sale (any such offer or agreement is referred to herein as an "Offer") of any part or all of the Franchisee's interest in this Agreement or the Franchisee's Franchised Business or any part of it, or any or all of its rights or privileges hereunder, or in the case of an owner of the Franchisee, where the Franchisee is an entity, for any part or all of the interest of such owner in the Franchisee, the Franchisee, or such owner as the case may be, shall notify the Franchisor of such Offer and shall provide the Franchisee with a true copy of such Offer and the Franchisor shall have the right and option exercisable within thirty (30) days after notification and receipt of a copy of the Offer to purchase the Franchisee's interest in this Agreement or the Franchisee's Franchised Business or any of its rights or privileges hereunder or such owner's interest in the Franchisee, as the case may be, that is the subject of the Offer on the same terms and conditions as are contained in the Offer. If the Offer contains a form of consideration other than cash or cash over time, the Franchisor shall have the right to substitute the cash equivalent of such non-cash form of consideration in an amount as determined by the Franchisor based upon an appraisal to be obtained by the Franchisor. Should the Franchisor not exercise this option and the terms of the Offer are altered, the Franchisor shall, in each instance, be notified of the change or changes to the Offer and shall have thirty (30) days from receipt of such notification to purchase on the altered terms. Should the Franchisor not exercise this option, the terms of paragraph 14.3 shall apply to any Offer which may be contemplated.

**15. PAYMENT OF INTEREST AND FRANCHISOR'S RIGHT TO OPERATE FRANCHISED BUSINESS**

**15.1. Interest Payable**

Upon failure to pay any monies owing to the Franchisor by the Franchisee or to any of the Franchisor's associates or affiliates by the Franchisee under this Agreement or any Other Agreements, the Franchisee agrees to pay Interest from the date upon which such payments were due. This provision for the payment of Interest is not to be construed as an agreement to accept late payment and any acceptance of late payment will be without prejudice to any other remedies the Franchisor may have under this Agreement or at law including without limitation the Franchisor's right to terminate this Agreement.

**15.2. Franchisor's Right to Operate Business**

To assure protection of the System, for the benefit of the Franchisor and other franchisees of the Franchisor and other operators of Franchised Business, the Franchisee hereby irrevocably makes, constitutes and appoints the Franchisor, or its designee, as the Franchisee's true and lawful attorney-in-fact, with the powers set forth in this Agreement, which may, in the Franchisor's sole discretion, be exercised if any of the following events occur:

- (a) Franchisee ceases to carry on the Franchised Business or threatens to do so;
- (b) Franchisee or its majority owner becomes Disabled or otherwise is, in the opinion of the Franchisor, mentally or physically unable to run the Franchisee's Franchised Business either permanently or temporarily; or
- (c) the Franchisor is in a position to terminate this Agreement for any reason.



Upon the occurrence of any of the foregoing events, the Franchisor may, or its designee, may, but will not be obliged to, take possession and control of the Franchisee's Franchised Business to operate it for the account of the Franchisee. Such right shall continue only for such period of time as the reason or reasons for such taking of possession and control continues. The Franchisor or its designee will act in good faith and honestly in its actions hereunder. Without limiting the generality of the foregoing, the Franchisor or its designee may:

- (d) collect any and all revenues due and payable to the Franchisee or the Franchisee's Franchised Business and endorse the Franchisee's name on checks received;
- (e) pay all expenses incurred to operate the Franchisee's Franchised Business including, but not limited to, wages, salaries and other compensation to the Franchisee's employees, or to persons the Franchisor or its designee employs on the Franchisee's behalf to manage the Franchisee's Franchised Business and to others for professional services;
- (f) pay any amounts due to the Franchisor or the Franchisor's affiliates or associates, including without limitation, the continuing royalty fees, advertising and promotion fees, amounts due for purchases of products and supplies and any other amounts due;
- (g) incur debts in the ordinary course of the business for inventory, materials, supplies and other items needed for the operation of the Franchisee's Franchised Business;
- (h) execute documents or instruments on behalf of the Franchisee;
- (i) receive a reasonable fee for the services performed hereunder;
- (j) institute legal or administrative proceedings on behalf of and defend actions brought against the Franchisee or arising out of the operation of the Franchisee's Franchised Business; and
- (k) take any other action deemed necessary or appropriate in furtherance of this provision.

The Franchisor and its designee or either of them, as the case may be, will not be liable to the Franchisee except for willful misconduct or gross negligence in the operation of the Franchisee's Franchised Business. The Franchisee will indemnify and hold the Franchisor and its designee from and against any loss, claim, expense, damage, liability or other obligation of any nature, including without limitation, legal fees and expenses, arising from or in any manner connected with their actions hereunder, excepting only those arising from willful misconduct or gross negligence. This appointment and power of attorney is irrevocable.

**16. RELATIONSHIP OF PARTIES**

**16.1. Independent Contractor**

This Agreement does not constitute the Franchisee an agent, legal representative, joint venturer or partner, employee or servant of the Franchisor for any purpose whatsoever; and it is deemed understood between the parties hereto that the Franchisee shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of the Franchisor or to create any obligation, express or implied on behalf of the Franchisor. The parties agree that this Agreement does not create a fiduciary relationship between the Franchisor and the Franchisee.

**17. NON-WAIVER**

No failure of the Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by the Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of the Franchisor's right to demand strict compliance with the terms hereof. Waiver by the Franchisor of any particular default by the Franchisee shall not affect or impair the Franchisor's right in respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance or omission of the Franchisor to exercise any power or rights arising out of any breach or default by the Franchisee of any of the terms, provisions or covenants hereof affect or impair the Franchisor's rights, nor shall such constitute a waiver by the Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by the Franchisor of the payments due to it hereunder may not be deemed to be a waiver by the Franchisor of any preceding breach by the Franchisee of any terms, covenants or conditions of the Agreement.

**18. NOTICES**

**18.1. To Franchisor**

All notices to the Franchisor shall be in writing and shall be delivered or faxed to it at its offices at:

**6908 Roper Road, Suite 206  
Edmonton, Alberta T6B 3H9  
1-780-448-2670 (fax)**

or at such other address or fax number as it shall from time to time designate in writing.

18.2. To Franchisee

All notices to the Franchisee shall be in writing and shall be delivered or faxed to the Franchisee at:

\_\_\_\_\_  
*Address*

\_\_\_\_\_  
*City/Town and Postal Code*

\_\_\_\_\_  
*Fax number*

or such other addresses or fax number as the Franchisee may from time to time designate in writing.

18.3. Deemed Receipt

All such notices shall be deemed to have been received on the date of delivery or date of confirmed transmission of the fax, as the case may be, unless such date is not a Business Day in which event the notice shall be deemed to have been received on the next Business Day.

**19. INDEMNIFICATION AND HOLD HARMLESS**

Except in the case of liability, claims or damages resulting from the willful act or gross negligence on the part of the Franchisor, the Franchisee shall indemnify and hold harmless the Franchisor from any liability, claim, damages and costs (including without limitation attorneys' fees and costs) arising out of the use of the System or the operation of the Franchisee's Franchised Business. The Franchisee in addition shall assume all warranty obligations to its clients and the Franchisor shall have no liability either to the Franchisee or to its clients in respect of warranty obligation. In the case of liability, claims or damages resulting from the willful act or gross negligence on the part of the Franchisor, the Franchisor shall indemnify and save harmless the Franchisee from such liability, claims or damages to the extent due to such willful act or gross negligence of the Franchisor.

**20. LIABILITY FOR BREACH**

In the event of any default on the part of the Franchisee, the Franchisee shall pay to the Franchisor all damages, costs and expenses, including, without limitation, attorneys' fees and costs, incurred by the Franchisor as a result of any such default. All such damages, costs and expenses may be included in and form a part of the judgment entered in any proceedings brought by the Franchisor against the Franchisee. The provisions of this Section 20 shall be in addition to and not in limitation of any other rights of the Franchisor hereunder or at law.

**21. ENTIRE AGREEMENT**

This Agreement and the documents referred to herein shall be the entire, full and complete agreement between the Franchisor and the Franchisee concerning the subject matter hereof, and supersedes all prior agreements, no other representation having induced the Franchisee to execute

this Agreement. There are no representations, inducements, promises and agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

## **22. SEVERABILITY**

Each section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation of a court or agency having valid jurisdiction, such shall not impair the operation or affect the remaining portions, sections, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid section, part, term or provision shall be deemed not to be a part of this Agreement.

## **23. MEDIATION, ARBITRATION, APPLICABLE LAW AND LOCATION**

### **23.1. Mediation, Arbitration**

The parties agree that any dispute between them, other than a claim of the Franchisor relating to protecting its Trademarks, copyrights, trade secrets, or the standards of the System, actions for the enforcement of restrictive covenants, or claims for non-payment of any fees or other amounts owing by the Franchisee, must be first submitted to non-binding mediation. Mediation shall be before a single skilled independent mediator mutually and reasonably agreed upon by the parties, and the costs of mediation shall be borne equally by the parties.

If no agreement is reached within thirty days of a written request for mediation or at the conclusion of the mediation process, then the parties agree that any dispute subject to mediation as described above must be submitted to binding arbitration. Arbitration shall be conducted by and according to the rules of the American Arbitration Association in King County, Washington, or another arbitration service agreed to by you and us. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree. Arbitration shall be before a single independent arbitrator. Judgment upon the award may be entered and enforced in any court having jurisdiction, and will be binding. During the course of the arbitration proceedings, the arbitrator's fees and costs shall be paid equally by each of the parties promptly upon the rendering of the interim accounts by the arbitrator pending the order of the arbitrator as to costs at the conclusion of the arbitration.

Any party who discovers a claim or demand against another party that is subject to arbitration under this Agreement shall have two years from the date of such discovery in which to settle such claims or demand, or to start arbitration on it. If any party fails to initiate arbitration within the time period stated, that party shall be deemed to have abandoned the claim or demand in question.

The venue of any mediation, arbitration or judicial proceedings shall be in the city where Franchisor maintains its principal office, unless otherwise mutually agreed upon by the parties.

### 23.2. Governing Law and Consent to Jurisdiction

This Agreement shall be interpreted, construed and governed by the laws of the State of Washington and subject to section 23.1, the parties hereby agree to consent to the jurisdiction of the courts of the King County, Washington. This choice of laws will not affect the scope of any state law, and nothing in this Agreement will be considered to extend the scope of application of any of those laws.

### 23.3. No Bar to Injunctive Relief to Other Jurisdiction

No party is prohibited from seeking interim or expedited remedies in either judicial or arbitration proceedings (including use of arbitration rules providing emergency measures of protection), in any forum having jurisdiction. Any party may seek such remedies to preserve or protect Trademarks, copyrights, or trade secrets, or for extraordinary relief, such as an injunction or eviction.

## 24. FUNDS AND APPLICABILITY OF SALES TAXES, GOODS AND SERVICES TAXES, ETC.

### 24.1. Currency

All reference to payments and prices in this Agreement shall be deemed to be a reference to the currency of the United States of America.

### 24.2. Sales Taxes

The Franchisee agrees that all payments to be made hereunder do not include any applicable sales, transfer, value added, or goods and services taxes or similar taxes that may be payable thereon (collectively "Sales Taxes"). The Franchisee agrees to pay to the Franchisor or to the Franchisor's affiliates or associates, as the case may be, all Sales Taxes at the time that the payments, which are subject to such Sales Taxes, are due.

## 25. MISCELLANEOUS

### 25.1. Further Documents

The parties hereby agree to execute such other documents as may be necessary or desirable to carry out the purpose of this Agreement.

### 25.2. Enurement

This Agreement shall be binding upon and enure to the benefit of the parties, their heirs, successors and permitted assigns.

### 25.3. Headings, Gender, Plural, Joint Liability

The headings used herein are for purposes of convenience only and should not be used in construing the provisions hereof. As used herein, the male gender shall include the female and neuter genders. The singular shall include the plural and the plural shall include the singular. In the event that there

is more than one party comprising the Franchisee, all of the obligations, covenants, liabilities and agreements of the Franchisee shall be joint and several obligations, covenants, liabilities and agreements of each party comprising the Franchisee.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and signed this Agreement and have dated it as of the date first hereinabove mentioned.

**THE LEASE COACH INTERNATIONAL INC. :**

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

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

\_\_\_\_\_

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

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

\_\_\_\_\_

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

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

**NOTE: MUST BE SIGNED INDIVIDUALLY BY ALL OWNERS AND SPOUSES OF OWNERS OF FRANCHISEE.**

**SCHEDULE "A"**

**DESCRIPTION OF PREMISES**

The Premises are described as:

**SCHEDULE "B"**

**TRADEMARKS**

**TRADEMARK**

**APPLICATION NUMBER**

**THE LEASE COACH**

**78607037 (filed April 12, 2005)**



**SCHEDULE "C"**

**THE TERRITORY**

[Insert Map or Description:]

(USE FOR ENTITY FRANCHISEES: MUST BE SIGNED INDIVIDUALLY BY ALL OWNERS AND SPOUSES OF OWNERS OF FRANCHISEE.

## **SCHEDULE "D"**

### **INDIVIDUAL GUARANTY**

This Guaranty is to the Franchise Agreement between The Lease Coach International Inc. ("Franchisor") and \_\_\_\_\_ ("Franchisee") dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and to any other agreement between Franchisor and Franchisee ("Agreements").

### **RECITALS**

Guarantors know Franchisee, and that Franchisee voluntarily executed the Agreements for the purposes expressed, and are familiar with all provisions of the Agreements, and have received Franchisor's offering circular at least 10 business days before the date set forth below; and

Guarantors consulted legal counsel of their own choosing as to their responsibilities and liabilities under this Guaranty.

### **AGREEMENT**

In consideration of, and as an inducement to, the execution of the Franchise Agreement, each of the undersigned personally, irrevocably and unconditionally, individually and for any marital community, agrees as follows:

(1) To guarantee the performance of Franchisee under the Agreements, including that Franchisee will punctually pay and perform all obligations under this Agreement upon default of Franchisee. The undersigned further agree to pay any judgment or award against Franchisee obtained by Franchisor. Guarantors are also bound by covenants of the Agreement that by their terms or by reasonable implication survive the expiration or termination of the agreement, including but not limited to noncompetition, indemnity, and nondisclosure provisions.

(2) That:

(a) Liability under this Guaranty is joint and several;

(b) Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;

(c) Each will comply individually with all provisions of the Agreements and associated documents;

(d) Liability is not contingent or conditioned on Franchisor's pursuit of any remedies against Franchisee or any other persons; and

(e) Liability is not affected by any extension of time, acceptance of part performance, release of claims, or other compromise which Franchisor may grant.

(f) Each waives acceptance by Franchisor; and waives notice of demand to Franchisee or other parties except as may be required in the Franchise Agreement, waives protest by the other party, and waives notice of default to it;

Dated on the \_\_\_\_\_ date of \_\_\_\_\_, 20\_\_\_\_.

(Set forth the name, address and percentage ownership of each Owner of the Franchisee, and their percentage ownership, if applicable):

NAME	ADDRESS	Percentage Ownership
_____ (Printed)	_____ _____ _____	_____
_____ (Signed)		
_____ (Printed)	_____ _____ _____	_____
_____ (Signed)		
_____ (Printed)	_____ _____ _____	_____
_____ (Signed)		
_____ (Printed)	_____ _____ _____	_____
_____ (Signed)		

**ADDENDUM**

This Addendum is intended to amend or supplement the Franchise Agreement and in case of any conflict between the provisions of the Franchise Agreement and this Addendum the provisions of this Addendum will prevail.

The Franchisor and the Franchisee agree as follows:

IN WITNESS WHEREOF this Addendum has been executed by the parties to the Franchise Agreement as of the \_\_\_\_\_, 20\_\_.

**THE LEASE COACH INTERNATIONAL INC.**

PER: \_\_\_\_\_

PER: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
(Signature By Franchisee)

***[ATTACH THIS FORM ONLY IF THERE ARE SPECIAL PROVISIONS AND INCLUDE ANY SUCH SPECIAL PROVISIONS IN THIS ADDENDUM]***