

EXHIBIT B

to

**YOUR DOLLAR STORE WITH MORE, INC.
OFFERING CIRCULAR**

FRANCHISE AGREEMENT



FRANCHISE AGREEMENT



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FRANCHISE AGREEMENT

THIS AGREEMENT made on the _____ day of _____, 20_____

BETWEEN:

YOUR DOLLAR STORE WITH MORE, INC., a Washington corporation
(the "Franchisor")

AND:

(the "Franchisee")

RECITALS

Franchisor and its affiliates have developed, and Franchisor has the right to sublicense the Your Dollar Store With More, Inc. System as defined below. Franchisor or its affiliates have expended time, effort and expense to develop the System of development, opening and operating of retail stores specializing in the sale of low cost items. Franchisor has gained experience and contacts in the acquisition and purchasing of items suitable for sale at Your Dollar Store With More™ stores.

Franchisor has the right to use and sublicense the use of Your Dollar Store With More, Inc. Marks, as defined below.

Franchisee has applied for and desires to acquire a franchise agreement to open a Your Dollar Store With More Store™ utilizing the valuable System and Marks, and such application has been approved by Franchisor in reliance upon all the representations made by Franchisee. Franchisee has had an adequate opportunity to be informed and advised of the terms of this Franchise Agreement by independent legal counsel.

The parties agree as follows:

DEFINITIONS

- A. Confidential Information. Confidential Information is defined in Section 7.08 of this Agreement.
- B. Gross Sales means the entire amount of the actual sales price and all other consideration, receipts, and receivables, received or earned in connection with the Store and with related activity. There shall be no deductions allowed for uncollected

or uncollectable credit accounts and no allowances shall be made for bad debts. "Gross sales" shall not include any tax imposed by the government or any refund or credit given or any goods returned or exchanged by a customer.

- C. Guarantor means any person or entity that signs this Agreement or signs a guaranty relating to this Agreement, and that is bound by this Agreement.
- D. Internet means any of one or more local or global interactive communications media, that is now available, or that may become available, and includes Web sites and domain names. Unless the context otherwise indicates, Internet includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.
- E. Location means the one location within the Territory and as described in Schedule 1 at which you may operate the franchised business using the System.
- F. Manual means Franchisor's confidential: (i) manual or manuals, and (ii) any Intranet or password protected portion of an Internet site, and (iii) any embodiment of the System, including notices of new standards and techniques, and (iv) any amendments, supplements, derivative works, and replacements; whether embodied in electronic or other media.
- G. Marks means Franchisor's trade names, trademarks, service marks, logos, décor, trade dress, lay out, and commercial symbols, and similar and related words or symbols, now or in the future associated with us, you, the System, whether or not they are registered, including "Your Dollar Store With More™" and the design shown on the top of page 1 of this Agreement.
- H. Multi-Area Marketing Programs means regional, national, or international programs designed to increase business, such as multi-area customer, Internet, yellow pages, directory, affinity, vendor, and co-branding programs. Such programs may require Franchisor's cooperation (including refraining from certain channels of marketing and distribution), participation, and adherence to maximum pricing to the extent permitted by law. All such programs are Franchisor's proprietary trade secrets.
- I. Store means a Your Dollar Store With More™ franchisee's business, operated pursuant to a franchise agreement, or related to retail sale of low cost items.
- J. System. The System relates to retail sale of low cost items, and includes information, know how, trade secrets, methods, manuals, standards, designs, methods of usage of the Marks, Copyrightable works, software, product and service sources and specifications, confidential communications, methods of Internet usage, marketing programs, and research and development. Systems may be modified by Franchisor at anytime, and such modifications become Franchisor's property.
- K. Transfer means to voluntarily or involuntarily transfer, assign, sell, or encumber any interest in or ownership or control of, the franchise, or the franchised business, or substantial assets of the franchised business, or of this Agreement.

The parties agree as follows:

1. GRANT OF FRANCHISE

- 1.01 Subject to the provisions of this Agreement, Franchisor hereby grants to Franchisee the non-exclusive right to operate a Your Dollar Store With More™ Store at and only at the following Location: _____ using _____ Franchisor's System and Marks. Termination or expiration of this Agreement will constitute a termination of this right and license. Franchisee may not re-locate without Franchisor's written consent, which consent will not be unreasonably withheld.
- 1.02 Franchisor agrees not to permit the location of any other Your Dollar Store With More™ Store within one mile from a location within an enclosed shopping center, and two miles from other locations, including a location in a strip mall or in line facing a street or outdoor walkway. The exceptions to the foregoing are that Franchisor may: (i) develop and implement Multi-Area Marketing Programs wherever they may reach, and (ii) Franchisor may acquire, merge with, or be acquired by competitors wherever located. Franchisor and Franchisee may solicit customers anywhere, except that Franchisee must comply with Franchisor's Multi-Area Marketing Programs in doing so. Outside of the one or two mile protected area from Franchisee's Store, Franchisor may establish other franchise-owned or Franchisor or affiliate-owned stores that may compete with Franchisee's Store.

2. TERM OF FRANCHISE

- 2.01 The term of this Franchise Agreement shall commence on the date Franchisee's Store opens for business and shall expire at midnight on the day preceding the TENTH (10TH) ANNIVERSARY of said opening, unless terminated sooner in accordance with the terms and conditions of this Agreement;
- 2.02 Provided Franchisee shall have complied with this Agreement and any other agreements between Franchisor and Franchisee, then at the expiration of the term hereof, Franchisee may remain a Franchisee for a further term of TEN (10) years, provided that:
- (a) Franchisee must have the right to remain in possession of the Location, at the Location, for the new term, and produce evidence thereof satisfactory to Franchisor; and
 - (b) Franchisee shall have given Franchisor written notice of its desire to exercise its option to continue as a Franchisee not less than SIX (6), nor more than TWELVE (12) CALENDAR MONTHS prior to the expiration of the term of this Agreement; and
 - (c) Franchisee shall have paid to Franchisor an administrative fee of TWO THOUSAND (\$2,000.00) DOLLARS to extend the franchise term for TEN (10) YEARS.
 - (d) Franchisee shall have signed Franchisor's then current form of Franchise Agreement, which may contain terms materially different from those in this Agreement.
- 2.03 In the event Franchisee should fail to open its Store within ONE HUNDRED AND EIGHTY (180) DAYS of the execution of this Agreement, then this Agreement shall be terminated at

Franchisor's option, and upon written confirmation by Franchisee of its post-termination obligations, including non-disclosure and non-competition, one-half of the initial franchise fee shall be returned to Franchisee. Franchisor shall retain one-half as compensation for the time and expenses incurred, on this franchise.

3. SERVICES FURNISHED BY FRANCHISOR

Franchisor agrees:

- 3.01 To assist Franchisee in the selection and leasing of an appropriate location of the new Your Dollar Store With More™ Store, and to approve the Location if it meets the criteria and conditions used by Franchisor at the time. Franchisor does not guarantee the success of any location, and Franchisee is responsible for its location and lease. If Franchisor assists Franchisee in negotiating the lease or negotiating Franchisor's required option to assume the lease, Franchisor may charge Franchisee \$2,000.
- 3.02 To assist Franchisee in choosing a floor plan with the benefit of Franchisor's experience in the set up of a Your Dollar Store With More™ Store, which floor plan is subject to the approval of Franchisor.
- 3.03 To make available to Franchisee prior to the opening of the Your Dollar Store With More™ Store a training program with respect to the operation of the Your Dollar Store With More™ Store retail system.
- 3.04 To make available to Franchisee any other assistance that may reasonably be required, based on the experience and judgment of Franchisor in the pre-opening, opening and initial operation of the Your Dollar Store With More™ Store and in conforming to the requirements of the Your Dollar Store With More Store™ retail system.
- 3.05 To maintain a continuing advisory relationship with Franchisee, including consultation in the areas of marketing, merchandising and general business operations.
- 3.06 To continue its efforts to maintain high and uniform standards of operations, including quality, cleanliness, appearance and service at all Your Dollar Store With More™ Stores.

4. PAYMENTS TO FRANCHISOR

- 4.01 The franchise fee is \$17,000. As consideration for grant of this franchise, Franchisee agrees to pay to Franchisor a single initial payment SEVENTEEN THOUSAND (\$17,000.00) DOLLARS (plus Franchisor applicable taxes where required) payable by certified check upon the execution of this Agreement.
- 4.02 During the term of this Franchise Agreement, Franchisee shall also pay to Franchisor on or before Wednesday of each week: (i) as Franchise Royalty fees, a sum equal to (4%) PERCENT; (ii) plus as shared advertising fees, a sum equal to (0.5%) PERCENT; of the Gross Sales of Franchisee's Your Dollar Store With More™ Store for the previous week ending Sunday.

- 4.03 In the event of the failure of Franchisee to remit the payments required above, Franchisee agrees to pay interest on the unpaid amounts at the rate of 1% per month. Franchisor may change the rate with 30 days written notice but will change the rate only if the prime rate charged by U.S. Bank to its best commercial customers in Seattle, Washington USA, or closest equivalent, increases 3% or more and in an amount equal to the increase, above current prime. The current prime rate of U.S. Bank at Seattle is 6.75%.
- 4.04 If Franchisor in its discretion approves Franchisee to acquire more than one Your Dollar Store With More™ franchise, the initial franchise fee for subsequent franchises will be reduced to one half of the then current initial fee paid by new franchisees. Franchisor may change the franchise fee for subsequent units upon four months written notice.

5. COVENANTS OF FRANCHISEE

Franchisee understands and acknowledges that every detail of the Your Dollar Store With More™ Store System is important to Franchisor, to Franchisee, and to other Franchisees, in order to develop and maintain high and uniform standards, and to protect and enhance the reputation and goodwill of all Your Dollar Store With More™ Stores. Franchisee accordingly agrees:

- 5.01 To offer for sale only such products as are reasonably suited for a store designed to sell items at the price points and mix ratios as provided in the Operations Manual and to immediately refrain from selling any specific item or type of item or any product as may be designated by Franchisor from time to time. Franchisee acknowledges that Franchisor may so designate items or products without giving reasons to Franchisee. Franchisee will maintain at all times a sufficient supply of inventory as required by the standards provided in the Operations Manual as determined by Franchisor and revised from time to time.
- 5.02 To immediately refrain from purchasing items or products from any particular supplier or suppliers as may be designated by Franchisor from time to time. Franchisee acknowledges that Franchisor may so designate suppliers without giving reasons to Franchisee.
- 5.03 To use all materials, supplies, paper goods, uniforms, fixtures, furnishings, signs, equipment and methods of exterior and interior design and construction as to conform to Franchisor's standards and specifications as set by Franchisor from time to time.
- 5.04 To comply with the System and Manuals, including Franchisor's operating standards and criteria, as established and modified by Franchisor.
- 5.05 To attend, or to require Franchisee's designated representatives to attend and to successfully complete all such training programs as may be determined by Franchisor to be necessary to the proper running of a Your Dollar Store With More™ Store.
- 5.06 To keep full, complete and accurate books and accounts in accordance with generally accepted accounting principles and as may be further described by Franchisor from time to time. Franchisor may require Franchisee to submit to it complete annual financial statements, compiled by an independent certified public accounting firm, within 90 days of Franchisee's fiscal year end.

- 5.07 Franchisee shall deliver to Franchisor on or before Wednesday of each week, in the form prescribed by Franchisor, a signed statement of Gross Sales for the week last ending on Sunday, including all monies required to be paid weekly under this Agreement. Franchisor may modify the date, forms, and method of payment, including via electronic means debited directly from your bank account, in its reasonable discretion.
- 5.08 Franchisee shall submit to Franchisor such other periodic forms and reports as may be reasonably prescribed by Franchisor and at the times and in the manner reasonably prescribed by Franchisor.
- 5.09 To preserve for a period of not less than THREE (3) YEARS all accounting records and supporting documents relating to Franchisee's operations under this Agreement.
- 5.10 To record all sales on a point-of-sale system approved by Franchisor, and containing a device that will record cumulative sales and that cannot be turned back or reset. To acquire and maintain the information processing and communication system that Franchisor may reasonably specify, including Internet access.
- 5.11 Franchisee shall at its own sole cost and expense take out and keep in full force and effect, such insurance coverage as may be required pursuant to the Lease or Sub-Lease for the Location of Store. Franchisee must maintain such other insurance as Franchisor may from time to time reasonably require, including, product liability insurance, fire and extended coverage insurance on equipment, leasehold improvements and stock of Franchisee and public liability and indemnity insurance in such amounts as Franchisor may reasonably require, fully protecting as the named insureds Franchisor and Franchisee against loss or damage occurring in connection with the operation of Store. All costs in connection with the placing and maintaining of such insurance shall be borne solely by Franchisee. The policy shall contain a clause that the insurer will not cancel or change or refuse to renew the insurance without first giving to Franchisor THIRTY (30) DAYS prior written notice. Copies of all policies or certificates of insurance and any renewals thereof shall be delivered promptly to Franchisor by Franchisee.

In the event that Franchisee fails to take out or keep in force any insurance required above, Franchisor has the right, to effect such insurance at the sole cost of Franchisee, and all outlays by Franchisor in this regard shall be immediately paid by Franchisee to Franchisor.

- 5.12 To keep its Your Dollar Store With More™ Store open and in normal operation during such hours of the day and during such days of the year as shall be specified in the lease agreement with the Landlord, the terms of which shall be subject to the prior written consent of Franchisor, and which hours shall not breach any applicable laws.

6. CERTAIN RIGHTS OF YOUR DOLLAR STORE WITH MORE, INC.

- 6.01 In order to preserve the Marks and to assure that the standards of the System are properly employed in the operation of Store, Franchisor, or its agents, shall have the right, at all reasonable times, to enter into and inspect the Store. Franchisor may inspect materials, supplies (other than items and products for resale), paper goods, uniforms, fixtures, furnishings, signs and equipment to assure that these items conform to the System. Franchisor may require Franchisee on THREE (3) DAYS written notice:

- (a) to remove any item of equipment, fixtures and signage which does not conform with applicable standards and specifications;
 - (b) to remove any stock designated as prohibited for sale by Franchisee or purchased from a prohibited supplier.
- 6.02 Franchisor or its agents shall have the right to inspect Franchisee's original books and records at all reasonable times. If an inspection reveals that the Gross Sales reported by Franchisee to Franchisor are less than the Gross Sales ascertained by the inspection, then Franchisee shall immediately pay to Franchisor any amount owing to Franchisor. If any inspection results from Franchisee's failure to prepare, deliver or preserve statements or records as required by this Agreement, or results in the discovery of a discrepancy in the Gross Sales reported by Franchisee of FIVE (5%) PERCENT or more, Franchisee shall pay or reimburse Franchisor for all expenses connected with the inspection, including but not limited to, reasonable accounting and legal fees, travel and lodging. All unpaid amounts shall bear interest at the rate of 1% per month, from the date payment was due to the date payment is received by Franchisor. Such payments will be without prejudice to any other remedies Franchisor may have under this Agreement or at law, including the right to terminate this Agreement.

7. MARKS AND CONFIDENTIAL INFORMATION

- 7.01 Franchisee acknowledges that the distinguishing characteristics of Franchisor's System include the Marks "Your Dollar Store With More™" and all other Marks as may be adopted, amended or designated by Franchisor. The Marks constitute part of Franchisor's System and that valuable goodwill is associated with and attached to the Marks that the Marks be used by Franchisee only in the manner and to the extent specifically licensed by this Agreement, and as directed by Franchisor.
- 7.02 Franchisee understands that Franchisee's license to use any or all of the Marks are non-exclusive and that, only Franchisor has the right to operate or franchise other Your Dollar Store With More™ Stores and to grant licenses to use the Marks.
- 7.03 Franchisee will not directly or indirectly contest the validity or ownership of the Marks.
- 7.04 No right or title or interest in the Marks is transferred to Franchisee except the right to use them subject to this Agreement, and as directed by Franchisor.
- 7.05 Franchisee shall immediately notify Franchisor of any infringement or threatened infringement or piracy or imitation of the Marks, or that any third party claims that any of the Marks infringe on its trademark. Franchisor shall have in its absolute discretion the right to institute or defend trademark proceedings as it shall deem fit. Franchisee shall not, under any circumstances whatsoever, institute any legal proceedings relating to the trademark without first obtaining the prior written consent of Franchisor. In the event that Franchisor undertakes the defense or prosecution of any such legal proceedings, Franchisee agrees to execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution. Franchisor may change or discontinue, or ask Franchisee to change or discontinue, use of any or all Marks.

- 7.06 Franchisee will not take any action which might invalidate the Marks, impair any rights of Franchisor in and to such Marks or create any rights adverse to those of Franchisor, and it will not register the Marks anywhere. Moreover, Franchisee will use the trademarks correctly spelled and depicted and not in any other manner which might endanger the validity of the Marks. Franchisee shall use the Marks only as directed by Franchisor. Franchisee will not use the marks as part of its business name, or part of any Internet domain name, or for Internet access or marketing, unless Franchisor consents in writing.
- 7.07 All goodwill associated with the Marks, including goodwill which might be deemed to have arisen through Franchisee's activities, inures directly and exclusively to the benefit of Franchisor.
- 7.08 Franchisee acknowledges that it will be given access to valuable confidential matters, trade secrets, know how, methods, information, recruiting techniques, accounting procedures, control procedures, and marketing, customer and prospect data, and techniques (the "Confidential Information"). The Confidential Information was developed by Franchisor or its affiliates at significant cost, and is owned by Franchisor or its affiliates, and is necessary to the operation of the Franchise. Franchisee further acknowledges that such Confidential Information was unknown to Franchisee prior to negotiation for and execution of this Agreement, and that the Confidential Information is unique to Franchisor. Franchisee shall take all steps necessary, at its own expense, to protect such Confidential Information and Manuals and shall not divulge it either during the term of this Agreement or thereafter. Employees of Franchisee may have access to the Confidential Information and to the Manuals only to the extent necessary to perform particular tasks, and only after first signing a confidentiality agreement, in a form acceptable to Franchisor.

8. RESTRICTIONS ON FRANCHISEE'S ACTIVITIES

- 8.01 During the term of this Agreement and any renewal or extension thereof:
- (a) Franchisee, or Franchisee's designated representative, shall devote full time, energy and effort to the management and operation of its Store except to the extent that Franchisor may specifically agree otherwise in writing;
 - (b) neither Franchisee, nor any Guarantor, nor if Franchisee is an entity, any owner, shall, either directly or indirectly, for himself, or on behalf of, or in conjunction with any other person or entity engage in, participate or have any interest in any enterprise which is the same or similar to the business covered by this Agreement.
- 8.02 During the term of this Agreement or any extension or renewal thereof, and for a period of EIGHTEEN (18) MONTHS thereafter, regardless of the cause of termination, neither Franchisee nor any Guarantor, or if Franchisee is an entity any owner, shall:
- (a) divert or attempt to divert any business of, or any customers of Franchisor licensed herein to any other competitive establishment, by direct or indirect inducement or otherwise;

- (b) employ or seek to employ any person who is at that time operating or employed by, or at any other Your Dollar Store With More™ Store, or to otherwise directly or indirectly induce such a person to leave his or her employment thereat.
- 8.03 Following the termination of this Agreement and for a period of EIGHTEEN (18) MONTHS thereafter regardless of the cause of termination, neither Franchisee nor any Guarantor, or if Franchisee is an entity any owner, shall either directly or indirectly for itself, or on behalf of, or in conjunction with any other person or entity, own, engage in, participate or have any interest in any enterprise which is the same or similar to the business covered by this Agreement within a radius of FIVE (5) MILES of any Your Dollar Store With More™ Store.
- 8.04 For the term of this Agreement, and for 18 months thereafter neither Franchisee nor any Guarantor, nor any owner or manager, shall disclose information about store operations or enter into discussions or negotiate or formalize an agreement to sell or transfer, independent of this Agreement, the business, or assets of the business which would allow operations of a competitor or independent operator in the franchised location. Such action would entitle the Franchisor to compensation from the Franchisee in a minimum amount equal to royalty payments extrapolated based on sales to date, for the full term of the franchise and payable on notice by the Franchisor.
- 8.05 During the term of this Agreement and thereafter neither Franchisee nor any Guarantor, or if Franchisee is an entity any owner, shall communicate or divulge to, or use, or copy for the benefit of any other person or entity any information or knowledge concerning the System and the Confidential Information.
- 8.06 The covenants contained in this paragraph shall be construed as severable and independent. The restrictions contained are reasonable and necessary under the circumstances and are given by Franchisee party in consideration for access to Franchisor's Confidential Information and System.

9. TERMINATION OF THE FRANCHISE AGREEMENT

- 9.01 Franchisee shall be deemed to be in default under this Agreement and without any need for notice to Franchisee this Agreement may immediately be terminated in the event that: Franchisee shall become insolvent and make an assignment for the benefit of creditors, or if Franchisee filed for liquidation or bankruptcy, or such a petition is filed against and consented to by Franchisee, or if Franchisee is adjudged a bankrupt, or a receiver or other custodian of Franchisee's business is appointed, or if the assets of the Store shall be sold or offered for sale after seizure by any court or legal authority or procedure.
- 9.02 Except as provided above, if Franchisee is in default under the terms of this Agreement, and such default is not cured within THIRTY (30) DAYS after the receipt of written notice to cure from Franchisor, then Franchisor may immediately terminate this Agreement.
- 9.03 Upon any termination or expiration of this Agreement:
 - (a) Franchisee shall promptly pay to Franchisor all sums owing or accrued prior to such termination or expiration by Franchisee to Franchisor. Such sums shall include any

damages, costs and expenses incurred by Franchisor by; reason of default on the part of Franchisee;

- (b) Franchisee shall immediately thereafter cease to use the System, Manuals, Confidential Information and the Marks. Franchisor and its agents may, without notice to Franchisee, enter upon the premises and remove any features using the Marks, at the expense of Franchisee.
- (c) Franchisee shall immediately thereafter return to Franchisor all Manuals, and any other materials containing Confidential Information, the Marks, and copyrighted materials.

10. TRANSFERABILITY OF INTEREST

- 10.01 This Agreement shall inure to the benefit of the successors and assigns of Franchisor. Franchisor shall have the right to assign its rights under this Agreement provided that the transferee agrees in writing to assume all of Franchisor's obligations.
- 10.02 Subject to Franchisor's right of first refusal described in this section below, providing the new prospective franchisee meets the approval of Franchisor, the Franchisee shall have the right, with the written consent of the Franchisor, to Transfer (as defined in this Agreement). Any such purported Transfer not having the written consent of Franchisor, which consent may not be unreasonably withheld or delayed, shall be null and void. Any approved Transfer by Franchisee shall be subject to the payment of a Franchise Transfer Fee to Franchisor in the amount of FIVE THOUSAND (\$5,000.00) DOLLARS.
- 10.03 In the event that there is an approval by Franchisor of a Franchisee's Transfer, the Transferee shall pay a \$5,000 transfer fee to Franchisor.
- 10.04 The Transferee must, in order for Franchisor to approve a transfer: (i) meet Franchisor's subjective standards for new franchisees; (ii) sign Franchisor's then-current form of franchise agreement, with terms that may differ materially from this Agreement, and (iii) satisfactorily complete Franchisor's training.
- 10.05 Franchisor shall have the first right of refusal to purchase or assume Franchisee's interest in the franchised business, or in its assets on the same terms as those contained in a bona fide offer from a third party. If Franchisee has ceased doing business, the right of first refusal will be at the actual out-of-pocket cost of the tangible assets. This right is governed by time limits and procedures described in this Agreement with respect to Franchisor's right of refusal in the event of an assignment. If Franchisor exercises its right of first refusal, Franchisee must transfer to Franchisor its interest in the franchised business and in the Assets.
- 10.06 Within seven days after receipt of a bona fide offer acceptable to Franchisee to Transfer all or part of the franchised business, Franchisee will notify Franchisor of the offer in writing, enclosing a signed copy of the offer. Franchisor will then have access to all Franchisee's books and records in order to evaluate this offer, including Franchisee's business financial statements and tax returns. Franchisor may then purchase the same assets or interest that is the subject of the offer to transfer at the price and on the same terms and conditions as offered to Franchisee. Franchisor may substitute cash for any other form of consideration contained in the offer and, at

Franchisor's option, may pay the entire purchase price at closing. Franchisor may exercise this right to purchase, by notifying Franchisee in writing within 30 days after receiving Franchisee's notice. Franchisor will close the transfer by the later of: 30 days after Franchisor's notice to Franchisee of exercise of this right, or the time for closing contained in the original offer.

- 10.07 If Franchisor does not exercise its right to purchase within the time set forth in the previous section, Franchisee may transfer the franchised business to a third party, but not at a lower price or on more favorable terms than disclosed to Franchisor in writing. Such transfer is subject to Franchisor's prior written approval and other conditions specified in this Agreement. If Franchisee does not transfer the franchised business to the transferee on the same terms offered to Franchisor, then Franchisee must again extend the right of first refusal to Franchisor in the manner described above, before another desired transfer.

11. MISCELLANEOUS

- 11.01 This Agreement does not constitute Franchisee an agent, legal representative, joint venturer or partner, or employee of Franchisor. Franchisee shall be an independent contractor and is not authorized to make any contract, agreement, warranty or representation on behalf of Franchisor or to create any obligation, express or implied, on behalf of Franchisor. This Agreement does not create a fiduciary relationship between Franchisor and Franchisee.
- 11.02 Under no circumstances shall Franchisee or Franchisor be liable for any act, omission, debt or any other obligation of the other. Each party shall indemnify and save the other harmless against any such claim and the cost of defending against such claims arising directly or indirectly from, or as a result of, or in connection with Franchisee's operation of its Your Dollar Store With More™ Store.
- 11.03 No failure of Franchisor to exercise any power reserved to it, or failure to insist upon strict compliance by Franchisee with any obligation or condition, and no custom or practice of the parties shall constitute a waiver of Franchisor's right to demand strict compliance with the terms hereof. Waiver by Franchisor of any particular default of Franchisee shall not affect or impair Franchisor's rights in respect of any subsequent default. No delay, waiver, forbearance or omission of Franchisor in exercising any power or right shall affect Franchisor's rights, nor shall such constitute a waiver by Franchisor of any right.
- 11.04 All notice to Franchisor shall be in writing and shall be delivered or sent by registered mail, postage full prepaid, to either of:

**Your Dollar Store With More, Inc.
102, 1626 Richter Street
Kelowna, British Columbia V1Y 2M3
CANADA**

or

**Your Dollar Store With More, Inc.
7503 NE 163rd Ave
Vancouver, WA 98682**

or at such other addresses as it shall from time to time designate in writing.

All notices to Franchisee shall be in writing and shall be sent by registered mail, postage prepaid addressed to Franchisee at its Store or at such other address as Franchisee may from time to time designate in writing.

- 11.05 Except in the case of liability claims or damages resulting from the fault or the negligence of Franchisor, Franchisee shall indemnify and hold harmless Franchisor from any liability, claim or damages arising out of the use of the System. Franchisee, in addition, shall assume all warranty obligations to its customers and Franchisor shall have no liability either to Franchisee or to Franchisee's customers in respect of any warranty obligation.
- 11.06 Franchisee shall pay to Franchisor all damages, costs, and expenses, including Franchisor's legal fees incurred by Franchisor as a result of any default by Franchisee.
- 11.07 This Agreement and the documents referred to herein shall constitute the entire and complete agreement between Franchisor and Franchisee and supersedes all prior agreements or representations. There are no representations, inducements, promises or agreements, between the parties not embodied herein. No amendment, change or variance from this Agreement shall be binding on either party unless signed and executed in writing.
- 11.08 Each section and provision of this Agreement shall be considered severable, and if, for any reason, any section or provision is determined to be invalid by a court, such shall not impair the operation or affect the remaining sections or provisions.
- 11.09 This Agreement shall be interpreted, construed and governed by the laws of the State of Washington, without expanding the applicability of any Washington statute.
- 11.10 Nothing herein contained shall bar the right of either party to obtain injunctive relief against threatened conduct that will cause loss or damages. All remedies shall be cumulative, and not exclusive.
- 11.11 Whenever in this Agreement Franchisor is empowered to do any thing, to exercise a right, give notice, make a demand or review a document, such may be done on Franchisor's behalf by its agent, designating in writing, as though the agent so designated was Franchisor, and without further proof of authority. The word "including" in this Agreement shall also mean "including but not limited to."

12. MEDIATION AND ARBITRATION

- 12.01 Mediation and Arbitration. Except as specifically otherwise provided in this Agreement, the parties and their principals, employees and agents agree that any and all disputes arising out of or relating to this Agreement between them shall be first mediated by W.A.M.S. or its successor, in Seattle, WA, with each party bearing half of the costs. If the dispute is not resolved within 60 days of first submission to mediation, the dispute shall be determined exclusively by arbitration under the rules of the American Arbitration Association, at its offices nearest Franchisor's U.S. corporate office.
- 12.02 No Limitation on Injunctive Relief. Nothing contained in this Agreement shall limit either party's right to obtain provisional, injunctive, or equitable remedies.

The parties have signed this Agreement on the date recorded on the first page of this Agreement.

ALL OWNERS MUST SIGN, AND WILL BE PERSONALLY BOUND BY THIS AGREEMENT.

FRANCHISOR:

YOUR DOLLAR STORE WITH MORE, INC.

Per: _____

FRANCHISEE:

TYPE OF ENTITY:

OWNERSHIP INTEREST PERCENTAGE:

Name

Signature

Name

Signature

Name

Signature

Name

Signature

SCHEDULE 1

FRANCHISE AGREEMENT: TERRITORY

Territory: (Insert description below or attach a map).

Approximate Size of Territory: _____

Business Address/Premises: (or if not known, insert later):
