

## **8.16 Brand Integrity and Quality Assurance**

You must comply fully with Filta's brand integrity and quality assurance programs. The programs may include, among other things, customer satisfaction surveys, mystery shopper reports, employee satisfaction and perception surveys, health and safety reviews, observation of services as they are being performed, assessment of the use of Proprietary Marks, and inspection of the Vans, MFUs, warehouse, waste oil storage facility, Equipment, supplies, Stationery, and marketing materials. If You fail to achieve the minimum score prescribed in the Manual for a specific brand integrity or quality assurance assessment, Filta may require You and/or your employees to complete additional training at a location that we designate, at your expense. In addition, You must pay Filta's out-of-pocket costs (including any fees paid to third-party vendors) to carry out a follow-up assessment. Your failure to achieve the prescribed minimum score on two consecutive assessments or on three or more assessments in any five (5) year period will constitute a material breach of this Agreement.

## **8.17 Van Tracker**

Each Van that You operate must be equipped with the geo-location device and subscribed to the geo-location service designated by Filta from time to time. Filta will pay for and install the geo-location device for Your first Van. For each additional Van that You acquire under clause 8.6.2, Filta will install the geo-location device at Your expense. Filta will pay 50% of the monthly tracking fee for each Van. You acknowledge that Filta will have access to all data generated by the geo-location service and You hereby consent to Filta's access to and use of that data for internal purposes related to the Environmental Kitchen Solutions business. Filta will not sell or transfer such data to any third party outside of the FILTA ENVIRONMENTAL KITCHEN SOLUTIONS franchise system without Your prior consent. You acknowledge that, to the extent that You elect to make personal use of the Van not related to the Franchise, such data will reflect Your personal use, and You agree that Filta will have no liability for collection of or access to such data. Your failure to keep the geo-location service in operation, except in cases of unavoidable mechanical failure, will constitute a material breach of this Agreement.

# **9 NATIONAL ACCOUNT CONTRACTS AND CENTRALIZED ACCOUNTS**

## **9.1 National Accounts**

You acknowledge that Filta's negotiation of National Account Contracts, including rates and services to be performed, enhances the potential value of the Franchise and inures to Your benefit as well as to the benefit of Filta and other Filta franchisees. Accordingly, You agree to the following terms:

9.1.1 Subject to clause 9.1.2 below, You must service National Account Contracts in the Territory on behalf of Filta, in accordance with the pricing and other terms negotiated between Filta and the National Account Contract customer. You may not enter into any relationship with a customer that, in Filta's reasonable judgment, conflicts with a National Account Contract with that customer. You must comply with

all rules and regulations that Filta may issue from time to time for National Account Contracts.

- 9.1.2 Unless otherwise directed by Filta, all billing and collection for services performed under a National Account Contract will be done by Filta. Filta will synchronize with your Information Systems weekly for downloading National Account Contract invoices and processing them for submittal to the National Account Contract customer. You must also leave an invoice at each site where You perform services. This invoice must be in the form of Filta's National and Centralized Account Invoice. Within 30 days after Filta's receipt of payment and remittance advice from the customer showing that the payment is for National Account Contract services that You performed, Filta will remit such payment to You, except that Filta will have the right to deduct up to 10% of the amount invoiced in order to compensate Filta for marketing and negotiating the National Account Contract and for providing billing and collection services, customer relations, and administration of the National Account program. Certain National Account Contracts may require additional volume rebates from Filta, which Filta will negotiate with the customer on a case-by-case basis. If an additional rebate is required, notwithstanding clause 9.1.1, You will have the option not to participate in that National Account Contract. Filta will have no obligation to pay You for National Account Contract services if You have not submitted the appropriate documentation within 1 year after Filta's receipt of the funds from the customer. Filta will transfer any unclaimed funds for National Account Contract services into the account for the Advertising/Promotions Levy.
- 9.1.3 You understand that certain National Account Contracts may require You to comply with account specific rules of service, which may include but not be limited to check in and check out procedures, mandatory days of service, fixed service routines, and reporting methods as a condition of servicing the brand's locations. Filta will notify You of any special service obligations and may require You to agree in writing to follow the rules of service as a condition of participating in the National Account Contract. If You fail to satisfy the conditions and obligations of any National Account Contract, or choose not to provide service under any National Account Contract, Filta will have the right to service and/or authorize others to service the National Account Contract within the Territory without any compensation to You. Filta will have no obligation to readmit You into the National Account program or to transfer any National Account Contract business to You if You are subsequently willing and able to provide service within the Territory. Service of National Account Contracts by Filta and/or its designee in accordance with this clause will not be deemed to violate clause 2.2.

## 9.2 **Centralized Accounts**

You acknowledge that a customer that You are servicing may request to be designated as a Centralized Account even though the customer may not wish to enter into a National Account Contract with Filta. If a customer requests to be designated as a Centralized Account, all billing and collection for services performed for that customer will be done by Filta. You must follow the invoicing and reporting procedures as specified by Filta from time to time. Within 30 days after Filta receives payment and remittance advice from the

Centralized Account customer showing that the payment is for services that You performed, Filta will remit such payment to You, except that Filta will have the right to deduct up to 5% of the amount invoiced in order to compensate Filta for its billing, collection, and administration services. Filta will have no obligation to pay You for services to a Centralized Account customer if You have not submitted the appropriate documentation within 1 year after Filta's receipt of the funds from the customer. Filta will transfer any unclaimed funds for Centralized Account services to the account for the Advertising/Promotions Levy.

### 9.3 **Environmental Impact Reports**

You must gather and maintain Site evaluations and other usage data for the purpose of creating Environmental Impact Reports (EIRs) for National Account customers and Centralized Account customers. You must provide EIRs upon demand to you or Filta by the National Account customer or Centralized Account customer. All EIRs must also be made available to Filta upon request. It is a material breach of this Agreement if you do not or cannot provide an EIR to a National Account customer or Centralized Account customer when required.

## **10 TELEPHONE NUMBERS**

- 10.1 You must inform Filta before the Opening Date of all telephone numbers which You propose to use in connection with the Franchise (the "**Telephone Numbers**"). You must sign and provide to Filta a Contingent Assignment of Telephone Numbers authorization in the form of Exhibit 1 to this Agreement. Filta will not make use of the Contingent Assignment of Telephone Numbers until the expiration or termination of this Agreement.
- 10.2 You must use the Telephone Numbers exclusively for the Franchise and no other business. You may not subscribe for, either directly or indirectly, or use telephone numbers other than the Telephone Numbers for the Franchise, unless Filta has been previously informed in writing. You must if so requested by Filta execute an updated Contingent Assignment of Telephone Numbers relating to the further telephone numbers.

## **11 REPORTS AND RECORDS**

- 11.1 You must maintain accurate books of account and supporting records of all business conducted by the Franchise, including but not limited to all invoices, credit notes, statements and delivery notes and the pre-commencement and on-going monitor sheets referred to in clause 8.8. You must input into Quickbooks all invoices within two (2) days from services being rendered. You must submit to Filta a statement of Gross Monthly Revenue through the close of business on the last working day of each Month. You must prepare, in the form set out in the Manual, a monthly financial statement and such other reports as Filta may prescribe, and allow Filta ongoing access to Your Quickbooks invoices and lists of the customers that You are servicing. You must submit the financial statement and reports to Filta on or before each Fee Payment Date and allow Filta to access your Information Systems as often as Filta deems necessary, which will be no less than once a week on each Monday. If for any reason You fail to allow Filta access or fail to submit any of the reports or information required by this Article 11 by any due date, You will be in material breach of this

Agreement and Filta will have the right to: (i) charge You a fee of \$75 for each week Filta is unable to access Your Information Systems, (ii) charge You a fee of \$75 per late report for each week that the report is late, and/or (iii) terminate this Agreement.

- 11.2 You must preserve all books of account and records for not less than five years from the date of their preparation, notwithstanding the expiration or termination of this Agreement. You must submit to Filta copies of all sales tax returns as and when they are submitted to any taxing authority.
- 11.3 Within 90 days after the end of Your fiscal year, You must provide to Filta a balance sheet as of the end of the fiscal year, an income statement showing the results of operation of the Franchise during the fiscal year, and such other financial statements as Filta may specify, each of which must be compiled in accordance with GAAP and general good business practices, and done at Your own expense by either an independent certified public accountant or using QuickBooks as required by this Agreement. You must also furnish to Filta such other accounting and management information as may be set out in the Manual from time to time, and any other information which Filta may from time to time reasonably require.
- 11.4 Filta is entitled, directly or through a third-party agent designated by Filta: (i) upon 72 hours' notice, to examine or audit Your books and records at Your offices, using any combination of Filta's own personnel and/or outside service providers; and (ii) upon 10 business days' notice, to require You to assemble, copy and deliver financial statements and other books and records to Filta or its agent for examination or audit at Filta's or the agent's offices. All books, records, accounts, correspondence, data, financial statements, and tax returns related to the Franchise shall be made available for any such examination or audit. You must cooperate fully with the persons making the inspection, examination or audit on Filta's behalf.
- 11.6 If an examination or audit is performed due to (i) Your failure to submit required reports or financial statements, or (ii) Your failure to maintain books and records as provided herein, or if the Gross Monthly Revenue reported for any period of three consecutive months is more than 10% below the actual Gross Monthly Revenue for the period as determined by the examination or audit, then You agree to pay Filta the reasonable and customary cost of the examination or audit, including travel and lodging expenses for the examiners or auditors. For purposes of calculating the reasonable and customary cost, Filta will use hourly rates for its own personnel that are commensurate with the rates of mid-level professionals of independent accounting firms.

## **12 INSURANCE**

- 12.1 You must at Your own expense maintain insurance coverage meeting the requirements in this Section 12 and any additional requirements we specify in the Manual. Requirements include, but are not limited to, the types and minimum amounts of coverage You must have. The policy or policies must be written by a carrier or carriers with an industry rating acceptable to us; must name Filta, our affiliates, and their respective officers, directors, shareholders, and employees as additional insureds as we direct; and must not have

deductibles, exclusions or co-insurance that are unacceptable to us. Your liability policies must be primary and noncontributory and must contain a waiver by Your insurer of subrogation rights against Filta, our affiliates, and their successors and assigns. All public liability and property damage policies must contain a provision that Filta, although named as an additional insured, is nevertheless entitled to recover under the policies on any loss occasioned to Filta or its shareholders, directors, employees, and agents by reason of their negligence.

- 12.2 You must provide us with evidence of all required insurance coverage and payment of premiums before beginning operation of the Franchise. You must promptly notify Filta of cancellation or threatened cancellation of any insurance policies by the insurer. At least 30 days before each insurance policy expires, You must furnish a copy of renewal or replacement insurance and evidence of payment of the premium. Your obligation to obtain coverage is not limited by insurance that we maintain.
- 12.3 We have the right to increase the amounts of coverage required and to require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, new risks, industry practice, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. If You do not maintain the insurance required by this Agreement, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, You agree to reimburse us for the cost of insurance, plus a reasonable fee for our services.
- 12.4 Both during the term of this Agreement and after its expiration or termination, You must notify Filta within 48 hours after You become aware of any claim made by a third party against You or your insurer relating to the operation of the Franchise, and You must provide documentation relating to the claim on Filta's request.

## **13 STAFFING**

- 13.1 You have sole responsibility for all employment decisions and functions of the Franchise, including recruiting, hiring, firing, scheduling, training (other than the training in clause 5.1.3 and clause 13.4), compensation, benefits, payroll taxes, wage and hour requirements, recordkeeping, supervision, safety, security and discipline of employees. Any information Filta provides about employment matters, whether voluntarily or in response to Your request, and whether directly or by means of any technology tools, is a recommendation only and not intended to exercise control over Your employees, their wages, hours or working conditions, or the means and manner by which they carry out their duties. You alone will direct and control all employees of the Franchise, subject only to applicable legal requirements, the terms of this Agreement, and the standards that Filta prescribes for the preservation of the goodwill associated with the Marks. You may not use any of the Marks in connection with any employee documents (such as employment applications, paychecks, pay stubs, benefits materials, employee handbooks, and employment agreements) without a prominent notice on the document that You are a franchisee of Filta and that Filta is not the employer of anyone working in the Franchise. At our request, made not more often than once every six months, You must communicate by a means reasonably calculated to reach all of Your current employees a reminder that Filta is not their employer, and that Filta does

not assume and will not accept any employer, co-employer or joint employer obligations. You must take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet any minimum standards that we may establish from time to time in the Manual.

- 13.2 You must ensure that all employees who visit customer locations wear such uniforms as Filta reasonably requires and that they are repaired and cleaned regularly.
- 13.3 You must obtain a signed confidentiality agreement from all persons employed by or who provide services to You. The form of confidentiality agreement must be acceptable to Filta and name us as a third-party beneficiary with the independent right to enforce the agreement. You may disclose Confidential Information only to persons who have signed a confidentiality agreement that complies with this section.
- 13.4 You and all employees designated by Filta must attend such further periods of training as may from time to time be reasonably required by Filta and bear any travel and subsistence expenses and the salaries of such persons.

## **14 ADVERTISING/PROMOTIONS**

- 14.1 You must pay the Advertising/Promotions Levy to Filta in accordance with clause 4.2, without any abatement, set off or deduction.
- 14.2 Filta will maintain separate accounting for the Advertising/Promotions Levy but Filta has no obligation to maintain a separate account to hold the funds. Filta will expend the Advertising/Promotions Levy in such activities as Filta, in its absolute discretion, considers to be appropriate to properly promote the Environmental Kitchen Solutions Services, including, but not limited to: advertising campaigns in various media; direct mail advertising; conducting and administering promotions; creative development; market research and development, including secret shoppers and customer satisfaction surveys; employing advertising and/or public relations agencies; production of advertising and promotion; creation and maintenance of an Internet site, social media accounts, mobile applications, and other electronic identifiers; and reasonable administrative expenses related to these efforts (including accounting fees and, if Filta deems it necessary, reasonable attorney's fees for review of proposed advertising and promotional materials). Filta will have final discretion over creative concepts, materials, and media (including online, mobile and other electronic media) used in such activities and their placement. We do not guarantee that You will benefit from these activities in proportion to Your Advertising/Promotion Levy. Filta has the right, but no obligation, to advance monies for use in advertising and promotion activities under this clause and to pay back any such advances from subsequent Advertising/Promotion Levy monies received from franchisees.
- 14.3 Filta will prepare an unaudited annual report of Advertising/Promotion Levy monies received and expended. The report will be available to You upon request within 120 days after Filta's fiscal year end.

- 14.4 You may not publish or distribute any advertising or promotional material unless it has been approved in writing by Filta, which approval will not be unreasonably withheld or unduly delayed. You must immediately cease the use of any advertising or promotional material upon receipt of a request from Filta to do so.
- 14.5 You must prominently display and distribute point of sale marketing material supplied by Filta.

## **15 TRADEMARKS**

- 15.1 You may not apply for registration as owner of any of the Proprietary Marks.
- 15.2 You acknowledge that, as between You and Filta, the goodwill and all other rights in and associated with the Proprietary Marks vest absolutely in Filta, and that all such rights will at all times hereafter and for all purposes remain vested in Filta. If any such rights are deemed at any time to accrue to You, You will at Your own expense, forthwith on demand do all such acts and things and execute all such documents as Filta may deem necessary to vest such rights absolutely in Filta.
- 15.3 If Filta designates any new or different trademark for use in the System after the date of this Agreement, You will have rights to use such trademarks as if they had been included in the Schedule to this Agreement at the date hereof, and where the context so allows, all references in this Agreement to the Proprietary Marks will be deemed to include a reference to such further marks.
- 15.4 You must immediately notify Filta of all circumstances coming to Your attention which may constitute an infringement of any of the Proprietary Marks or may constitute passing off in respect of the Filta name. You must take such reasonable action as Filta may direct, at the expense of Filta, to assist Filta in the protection of the Proprietary Marks.

## **16 IMPROVEMENTS AND NEW SERVICES**

- 16.1 You may not introduce any improvement or modification of or to the System or the Franchise without the prior written consent of Filta. You must notify Filta promptly of any improvement in or modification of or to the System which may be beneficial to Filta or other franchisees. Any such improvement or modification shall be deemed to be owned exclusively by Filta. Filta may use and permit others to use such improvement or modification without any obligation to make any payment to You.
- 16.2 From time to time Filta may introduce new products or services that Filta deems to be complementary to the existing Environmental Kitchen Solutions Services. Once You have received written notice from Filta that it has introduced a new Environmental Kitchen Solutions Service, within forty-five (45) days You must give Filta written notice of Your intention to offer and sell the new Environmental Kitchen Solutions Service as part of Your franchise. You must pay any start-up costs, fees and expenses associated with the new Environmental Kitchen Solutions Service, which may include licensing fees, equipment and material costs, charges for marketing materials, and other expenses. If You do not offer or

sell the new Environmental Kitchen Solutions Service, Filta has the right to enter Your territory and either offer or sell the new Environmental Kitchen Solutions Service itself or designate a third-party, which may include another franchisee, to do so on Filta's behalf. You will receive no compensation from Filta or the designated third-party derived from the offer or sale of the new Environmental Kitchen Solutions Service in the Territory.

## **17 CONFIDENTIAL INFORMATION**

- 17.1 You may not, during the term of this Agreement and for a period of five years after expiration, termination, non-renewal, or transfer of this Agreement, communicate or divulge Confidential Information to any unauthorized person or use Confidential Information for your own benefit or for the benefit of any other person in any manner other than in connection with the Franchise. You may divulge Confidential Information only to your employees and agents who must have access to it in order to carry out their duties relating to the Franchise. All information, knowledge, trade secrets, know-how, techniques, and other data which we designate as confidential will be deemed to be Confidential Information for purposes of this Agreement, except information which You can demonstrate came to Your attention by lawful means before we disclosed it to You, or which, at or after the time of our disclosure to You, had become or later becomes a part of the public domain, through publication or communication by others.
- 17.2 At our request, your Owners, officers, and managers must execute confidentiality agreements in a form satisfactory to Filta. The agreements must name Filta as a third-party beneficiary with the independent right to enforce the agreement. You agree to use your best efforts to obtain similar agreements from any other person outside of your organization to whom You wish to disclose any Confidential Information.

## **18 FILTA'S RIGHT TO COMMUNICATE WITH CUSTOMERS**

The customers serviced by Your Franchise are Filta's customers. In order to protect the reputation of Filta and the Filta Environmental Kitchen Solutions services and to maintain satisfactory public relations, Filta reserves the right to communicate directly with customers at any time to ascertain the quality of the service provided by the Franchise and to discuss any other matters related to the Franchise. You must upon request provide such reasonable assistance as may be necessary for this purpose.

## **19 ASSIGNMENT BY FILTA**

Filta has the unrestricted right at any time to transfer or assign all or any part of our rights and obligations under this Agreement to any person or legal entity without Your consent. You agree that we will have no liability after the effective date of transfer or assignment for the performance of, or any failure to perform, any obligations transferred. We also have the absolute right to delegate any of our duties under this Agreement.

## 20 TRANSFER

In this Article 20, “**Transfer**” as a verb means to sell, assign, give away, pledge, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, any interest in the Franchise, or (if You are a corporation, partnership, or limited liability company) any ownership interest in You. “Transfer” as a noun means any such sale, assignment, etc.

### 20.1 No Transfer Without Filta’s Consent

Neither You nor any of the Owners may make any Transfer or permit any Transfer to occur without obtaining Filta’s prior written consent as provided in clause 20.2 through 20.7. We have the right to communicate with and counsel both You and the proposed transferee on any aspect of a proposed Transfer. No Transfer which requires our consent may be completed until at least 90 days after we receive written notice of the proposed Transfer. You agree to provide any information and documentation relating to the proposed Transfer as we reasonably require. We may withhold our consent on any reasonable grounds, including, but not limited to, failure to satisfy any of the conditions we impose under clause 20.2 or 20.3.

### 20.2 Transfer Of Entire Business

If You propose to Transfer all or substantially all of the Franchise, the following conditions apply (unless waived by us):

20.2.1 You must be in compliance with all obligations to us under this Agreement or any other agreement with us or our affiliates, including all monetary obligations, as of the date of the request for our approval of the Transfer, or You must make arrangements satisfactory to us to come into compliance by the date of the Transfer.

20.2.2 The proposed transferee must:

(i) Demonstrate to our satisfaction that he or she meets all of our requirements to become a Filta franchisee. Filta will respond to an application for consent to Transfer within 30 days after we have received all information that we have requested with respect to the proposed transferee. We may approve a proposed transferee on a provisional basis subject to successful completion of our then-current training requirements and satisfaction of the other requirements for Transfer. If the proposed transferee is one of our other franchisees, he or she must not be in default under his or her agreements with us and must have a good record of service and compliance with our operating standards.

(ii) At our option, either (a) sign an agreement in a form acceptable to Filta by which the transferee assumes all of Your obligations under this Agreement for the remainder of the then-current term of the Franchise; or (b) sign a new Franchise Agreement, for an initial 10-year term, in the form disclosed by Filta in its then

current FDD (or in the form most recently offered, if Filta is not then granting new franchises in the U.S.A.).

(iii) Make arrangements to modernize and upgrade the Vans and Equipment, at the transferee's expense, to conform to our then-current standards and specifications.

- 20.2.3 You must pay a nonrefundable fee of \$250 for each individual associated with the proposed transferee who attends our "Discovery Day" or similar event in connection with the proposed Transfer, whether or not You go forward with the Transfer. If You proceed with the Transfer, You must pay a nonrefundable fee of \$950 per individual Owner to cover Filta's costs of investigating the proposed transferee. Filta will credit the \$250 fee, if applicable, toward payment of the \$950 fee. In addition, if Filta gives consent and You complete the Transfer, You must pay Filta a transfer fee of (i) 10% of the purchase price, if Filta referred the buyer to You; or (ii) 7.5% of the purchase price, if You found the buyer without Filta's assistance. Filta will waive the transfer fee (but not any other conditions) if the transferee is a member of Your immediate family (i.e., spouse, son, or daughter).
- 20.2.4 You and all Owners must execute a general release, in a form satisfactory to us, of all claims against us and our past, present and future affiliates, officers, directors, shareholders, agents and employees. You and all Owners will remain liable to us for all obligations which arose prior to the effective date of the Transfer in connection with the Franchise, and must execute any and all instruments we reasonably request to evidence such liability.
- 20.2.5 If the transferee is a corporation or other entity, the owner or owners of a beneficial interest in the transferee must execute our then-current form of personal guarantee to ensure performance of the transferee's obligations to us.

### **20.3 Transfer Of Minority Ownership Interest**

For any proposal to admit a new Owner, to remove an existing Owner, or to change the distribution of ownership of the Franchise, or for any other transaction that amounts to the Transfer of a minority interest in the Franchise, You must give Filta advance notice and submit a copy of all proposed contracts and other information concerning the Transfer that Filta may request. Filta will have the right to charge a preliminary fee of \$250 per individual who attends Discovery Day, an investigative fee of \$950 for each proposed new Owner, and to require reimbursement of any out-of-pocket expenses incurred in reviewing the proposed Transfer. Filta will have a reasonable time (not less than 30 days) after we have received all requested information to evaluate the proposed Transfer. You must satisfy the conditions in clause 20.2.1, 20.2.4, and 20.2.5. Filta may withhold its consent on any reasonable grounds or give our consent subject to reasonable conditions.

### **20.4 Transfer To A Corporation or LLC**

We will consent to the Transfer of this Agreement to a Company that You form for the convenience of ownership, provided that You comply with the requirements in clauses 5.3,

20.2.1, 20.2.4, and 20.2.5. If You Transfer to a new or different Company formed for the convenience of ownership after the Opening Date, You must also pay a fee, not to exceed \$750, for Filta's administrative costs in connection with the Transfer.

#### **20.5 Transfer Upon Death, Incapacity or Bankruptcy**

If You or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to Filta in writing within thirty (30) days after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. If written notice is not given within thirty (30) days, Filta may terminate this Agreement immediately. Any Transfer under this clause 20.5 will be subject to the provisions of clause 20.2 or 20.3, except that no transfer fee will be charged by Filta. If the deceased or incapacitated person is the Operator (as defined in clause 5.3.2), Filta will have the right (but not the obligation) to take over operation of the Franchise until the Transfer is completed and to charge a reasonable management fee for our services. For purposes of this clause 20.5, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of clause 20.2 or 20.3, the executor may transfer the decedent's interest to another successor that Filta has approved, subject to all of the terms and conditions for transfers contained in this Agreement. If an interest is not disposed of under this clause 20.5 within one hundred fifty (150) days from the date written notice for consent to Transfer was given informing Filta after an event of death, incapacity, bankruptcy or permanent disability, unless extended by order of probate or bankruptcy proceedings, Filta may terminate this Agreement immediately.

#### **20.6 Non-Conforming Transfers**

Any purported Transfer that is not in compliance with this Article 20 is null and void and constitutes a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure. Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement.

#### **20.7 Right Of First Refusal**

Filta has the right, exercisable within 30 days after receipt of the notice specified in clause 20.1, to send written notice to You that we intend to purchase the interest proposed to be Transferred, or we may name a designee to purchase the interest. If the Transfer is proposed to be made pursuant to a sale, we or our designee may purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third party. Closing on our purchase must occur within 60 days after the date of our notice to the seller electing to purchase the interest. If Filta cannot reasonably be required to furnish the same consideration as the third party, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, we will designate, at our expense, an independent appraiser and the appraiser's determination will be binding on all interested parties. Any material

change in the terms of the offer from a third party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as applied to the third party's initial offer. If a Transfer to which this clause 20.7 applies is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within 30 days after our notice to the transferor of the appraiser's determination of fair market value. If we elect not to exercise our rights under this clause 20.7, the proposed transferor may complete the transfer after complying with clause 20.1 through 20.7. Filta's right of first refusal in clause 20.7 will not apply to a Transfer under clause 20.4, a Transfer between existing Owners under clause 20.3, or a Transfer by an Owner to his or her spouse, son, or daughter upon death or disability of the Owner, so long as the Transfer does not result in a change of control of the Company.

## **21 TERMINATION**

- 21.1 In addition to any other termination rights specified in this Agreement, Filta may terminate this Agreement immediately by giving notice in writing to You in any of the following circumstances:
- 21.1.1 if You fail to commence operation of the Franchise within 6 Months from the date of Filta's execution of this Agreement;
  - 21.1.2 if any amount payable to Filta is 60 days overdue, Filta sends You a demand for payment, and You fail to pay the overdue amount within 5 days after Filta's demand;
  - 21.1.3 if You engage in any conduct that threatens health or safety, causes a customer to terminate a National Account Contract, or is likely to have a material detrimental effect on the goodwill of Filta, the System, the Proprietary Marks, or other Filta franchisees;
  - 21.1.4 if You conduct any business outside of the Territory other than as expressly permitted by clause 2.4;
  - 21.1.5 if You fail to submit any report or information required by Filta within 3 weeks after its original due date;
  - 21.1.6 if You refuse to permit an inspection or audit of Your Vans, MFUs, warehouse, waste oil storage facility, operations, books or records as provided in this Agreement;
  - 21.1.7 if You disclose to any unauthorized person or allow the disclosure of any part of the Manual or other Confidential Information;
  - 21.1.8 if You fail to obtain prior written approval or consent of Filta expressly required by this Agreement;

- 21.1.9 if You (or any of the Owners) submit to Filta any report or information that You know or should know to be false or misleading, either in connection with Your application for the Franchise or in connection with its operation;
- 21.1.10 if You cease or threaten to cease to conduct business for 3 or more consecutive business days without Filta's prior approval, or for any shorter period in circumstances where it is reasonable for Filta to conclude that You do not intend to promptly resume operations within the Territory;
- 21.1.11 if You use the MFU other than as intended or alter, engineer, reverse engineer, add to, remove any component of, or disable any safety feature of the MFU or any other Equipment supplied by Filta;
- 21.1.12 if You sell or transship any MFU, MFU Filters, FiltaCool filters, or any other Equipment, supplies, or materials that You obtain from Filta without Filta's prior written consent;
- 21.1.13 if any Transfer occurs other than in accordance with the terms of Article 20 of this Agreement;
- 21.1.14 if You (or, in the case of a partnership, any of Your partners) become insolvent or make an assignment for the benefit of creditors; if execution is levied against the Franchise; or if suit to foreclose any lien or mortgage against the Franchise or Equipment is instituted against and not dismissed within 30 days;
- 21.1.15 if You or any of the Owners is convicted of, pleads guilty to, or pleads no contest to a felony or any other crime or offense that Filta believes is likely to have an adverse effect on the System, the Marks, or the goodwill associated with them. Once You or the Owner has been arrested for or formally charged with a serious criminal offense, Filta will have the right: (i) to require that the individual(s) charged be removed from any active role in the Franchise pending final disposition of the charges; and (ii) if the person(s) charged include the Operator, to take over operation of the Franchise and to manage it on Your behalf pending final disposition of the charges. If Filta exercises the right in clause (ii), Filta may charge a reasonable management fee for its services;
- 21.1.16 if You fail to install Quickbooks, fail to maintain a broadband connection, fail to allow Filta access to Your Information Systems at any prescribed time, or knowingly fail to input into Quickbooks any account or customer being serviced by You;
- 21.1.17 if You and/or Filta receives persistent customer complaints, verified by Filta, as to the quality of Your services;
- 21.1.18 if You fail to obtain or maintain required insurance coverage, or if required insurance coverage lapses or is cancelled and is not restored or replaced within forty-eight (48) hours after receipt of written notice of default; or

- 21.1.19 if any customer, government agency, or court determines that You have (a) collected waste cooking oil without the customer's authority; or (b) taken waste oil from a third party's storage container without the consent of the third party.
- 21.2 For any breach not specified in clause 21.1 or elsewhere in this Agreement, Filta has the right to terminate this Agreement if You fail to cure the breach to Filta's satisfaction within 30 days after receipt of notice of default from Filta.
- 21.3 Filta will have the right to terminate this Agreement by written notice, effective immediately, if You are a "repeat offender" under clause 21.1 and/or 21.2. You are a "repeat offender" if You are in default again under clause 21.1 or 21.2 after having received 2 or more prior written notices of default from Filta within the previous 18-month period, even if You cured each default. Filta may exercise this right to terminate at any time within 6 months after You are in default for the third time.
- 21.4 If Filta has reasonable grounds for believing that You have ceased to operate the Franchise without Filta's consent, Filta or its designee may operate the Franchise as Your agent with full powers to bind You and You will be responsible for Filta's costs.
- 21.5 You may terminate this Agreement at any time without cause, provided that: (i) You are not in default of any of Your obligations to Filta; (ii) You give Filta at least 90 days advance notice of the termination date; (iii) You continue to provide service to customers, conduct demonstrations for potential customers, and fulfill your obligations to Filta in the ordinary course until the termination date; (iv) You cooperate with and assist Filta, as reasonably requested, in transitioning the servicing of the customers to Filta or to a new franchisee; (v) You return the Equipment in good condition; (vi) You pay Filta a termination fee as determined according to the schedule in Exhibit 2 to this Agreement (the "**Termination Fee**"); (vii) You comply with the obligations in Article 22 below; and (viii) You sign a full release of any claims against Filta and its affiliates, officers, directors, agents, and employees.

## 22 OBLIGATIONS UPON EXPIRATION OR TERMINATION

Immediately upon expiration or termination of this Agreement by either party for any reason or the Transfer of the Franchise to a new owner, unless otherwise explicitly directed by Filta, You must:

- 22.1 cease to trade under the Proprietary Marks, and cease to use the Proprietary Marks (or any imitation or approximation thereof) on the Vans, Stationery, signs, uniforms or otherwise;
- 22.2 not make or receive telephone calls in connection with the Franchise, and not hold Yourself out as an operator of the Franchise or as having any connection with Filta or the System;
- 22.3 deliver to Filta all MFUs in your possession or control. If You return all MFUs within 60 days, Filta will pay You the depreciated value (which we determine using the double declining balance method over a 10 year period) of each returned MFU. If You do not return all MFUs within 60 days, You agree to pay Filta liquidated damages of \$20,000 for each MFU that You fail to return. If Filta accepts the return of any other Equipment, Filta will pay You the fair

market used equipment value, as determined by Filta in its reasonable judgment. Filta may deduct from any such payments the costs of any refurbishments and repairs and any other amounts You owe Filta;

- 22.4 within 30 days, return all FiltaCool filters;
- 22.5 within 5 business days, cancel any fictitious name filing or similar filing and any domain name registration that associates You with Filta, the Franchise or the System. If You fail so to do, Filta is hereby irrevocably appointed Your agent with full authority to give such notice to the appropriate government authorities on Your behalf;
- 22.6 within 5 business days, deliver to Filta: (a) full contact details for all customers You have serviced; and (b) the names of all other persons who have inquired about and/or requested the services of the Franchise within the previous 12 months;
- 22.7 pay all amounts owed to Filta and to the creditors of the Franchise;
- 22.8 comply with Your ongoing obligations that survive expiration, termination, or transfer of this Agreement, including but not limited to Article 12 (Insurance), Article 17 (Confidential Information); Article 23 (Restrictions on Competition); Article 24 (Indemnification); and Article 30 (Disputes); and
- 22.9 execute and deliver any and all documents required by Filta to complete the termination of this Agreement, which may include a release of claims, and to facilitate the transition of the servicing of the customers to Filta or its designee.

### **23 RESTRICTIONS ON COMPETITION**

- 23.1 During the term of this Agreement, You may not, without Filta's prior written consent, own, operate, be employed by, provide financing or other assistance or facilities to, or have any interest in, any business that offers services similar to one or more of the Environmental Kitchen Solutions Services (a "**Competing Business**").
- 23.2 For 2 years following the expiration, termination or non-renewal of this Agreement or the approved transfer of this Agreement by You to a new franchisee, You may not, without Filta's prior written consent, own, operate, be employed by, provide financing or other assistance or facilities to, or have any interest in, any Competing Business that is operating within any Territory formerly assigned to You or within the geographic area defined by an outer boundary line that is measured twenty-five miles outward from the perimeter of any Territory formerly assigned to You. You agree that this restriction will not keep You from earning a livelihood, and You acknowledge that its purpose is to protect the goodwill of Filta and its other franchisees.
- 23.3 For 2 years following the expiration, termination, or non-renewal of this Agreement or the approved transfer of this Agreement by You to a new franchisee, You may not have any contact with any customers to which You provided services within the 1-year period before

expiration, termination, non-renewal, or transfer for the purpose of soliciting such customers for any Competing Business at any location.

- 23.4 The running of the time periods in clause 23.2 and 23.3 will be suspended during any period in which You are not in compliance with those sections. In addition, if a court proceeding results in enforcement of clause 23.2 or 23.3, any portion of the time periods in those sections that has not yet run will run from the date of the court order or settlement permitting enforcement.
- 23.5 You may not attempt to circumvent the restrictions in clause 23.1, 23.2 or 23.3 by engaging in prohibited activity indirectly through any other person or entity.
- 23.6 The Owners acknowledge that, by signing this Agreement or a separate Personal Guarantee, they are binding themselves personally to all of the terms of this Agreement, including this Article 23. You must obtain from your officers, directors, and employees, as Filta may designate, executed non-competition and confidentiality agreements similar in substance to this Article 23. The agreements must be in a form acceptable to Filta and specifically identify Filta as a third party beneficiary with the independent right to enforce the agreement.
- 23.7 If any provision of clause 23.1 to 23.3 is deemed by a court to be overbroad or unenforceable as written, the parties intend that the court reform the provision to make it enforceable, and You agree to comply with the clause as so reformed. You agree that the existence of any claim You may have against us, whether or not arising from this Agreement, is not a defense to Filta's enforcement of Article 23.

## 24 INDEMNITY

You agree to hold harmless and indemnify us and our past, present and future affiliates, officers, directors, shareholders, and employees (collectively, the "**Indemnitees**") against any claims, losses, costs, expenses, liabilities and damages (collectively, "**Claims**") arising directly or indirectly from, as a result of, or in connection with the Franchise, as well as the costs of defending against such Claims (including, but not limited to, reasonable attorneys' fees, costs of investigation, settlement costs, and interest), except to the extent that the Claim is finally determined by a court to have been caused solely by Filta's gross negligence or willful misconduct. If You do not respond to a Claim in a timely and appropriate manner, the Indemnitees will have the right, but no obligation, to: (i) choose counsel; (ii) direct and control the handling of the matter; and (iii) settle any claims against the Indemnitees. If You are co-defendant with Filta or any other Indemnitee in a lawsuit, each defendant may retain its own counsel to represent its interests based on their respective contracts of insurance. You and Filta agree to co-operate in a joint defense to deal with the matter unless a conflict arises due to and based on the facts of the case. Your obligations under this clause are not limited by the amount of Your insurance coverage. This clause will survive the expiration or termination of this Agreement.

## **25 ACKNOWLEDGMENTS**

- 25.1 You hereby acknowledge:
- 25.1.1 the exclusive rights of Filta to the System.
  - 25.1.2 that in giving advice to You, assisting You to establish the Franchise, and assessing Your suitability, Filta does not give any guarantee or warranty with regard to the financial performance of the Franchise.
  - 25.1.3 that You have been advised by Filta to seek independent advice, including legal advice, and that the decision to enter into this Agreement has been taken on the basis of Your personal judgment and experience, having taken such independent advice.
  - 25.1.4 that You are not relying on any representation, warranty, inducement or promise, express or implied, by Filta other than the documents referred to in Article 32.
  - 25.1.5 that You are not entering into this Agreement in whole or in part because of any potential add-on business concepts that Filta may or may not introduce in the future.
  - 25.1.6 that in order to run a successful Filta franchise, You must be willing to operate during night, weekend and holiday hours.
- 25.2 It is hereby expressly agreed between the parties that each of the restrictions contained in this Agreement is reasonably necessary for the protection of Filta and its other franchisees, the System, and the Proprietary Marks, and does not unreasonably interfere with Your freedom of action. You enter into this Agreement with the benefit of legal advice in full knowledge of all the provisions hereof and You acknowledge that all such provisions are fair and reasonable.
- 25.3 You warrant that prior to the execution of this Agreement or any similar agreement with Filta, You had no knowledge of Filta's System or Confidential Information.

## **26 RESERVATION OF RIGHTS**

All rights not specifically and expressly granted to You by this Agreement are for all purposes reserved to Filta.

## **27 NO AGENCY**

Nothing in this Agreement shall be construed as making You and Filta partners or joint venturers or shall make either party liable for any of the debts or obligations of the other. You have no power to contract on behalf of Filta. You are an independent contractor and must not hold yourself out or give the impression that You are acting as an agent or representative of Filta in any dealings which You may have with any third party. You must place upon all Stationery, letter headings, business

cards, autosignatures, and other documents and literature used in connection with the Franchise, in such manner and place as Filta may direct, the following words (or such other words to similar effect as may from time to time be specified by Filta): "a Filta Franchise owned and operated under License by" followed by Your name.

## **28 NO IMPLIED WAIVERS**

No delay or failure to exercise any right under this Agreement (or any similar agreement with another franchisee) or to insist upon your strict compliance with any obligation or condition, and no custom or practice that differs from the terms of this Agreement (or any similar agreement with another franchisee), will constitute a waiver of Filta's right to exercise the contract provision or to demand Your strict compliance with the terms of this Agreement. Our waiver of a particular default or condition does not affect or impair our rights with respect to any subsequent default or condition. Our waiver of a default by another franchisee does not affect or impair our right to demand Your strict compliance with the terms of this Agreement. Our acceptance of any payments due from You does not waive any prior defaults unrelated to the payment.

## **29 SURVIVAL**

The expiration or termination of this Agreement (for any reason) does not terminate any provision hereof which is expressly or by implication provided to come into or continue in force after such expiration or termination.

## **30 DISPUTES**

### **30.1 Governing Law**

This Agreement and the relationship between You and Filta are governed by and will be construed in accordance with the law of the State of Florida, without regard to the application of Florida conflict of law rules.

### **30.2 Venue**

You and the Owners must file any suit against Filta, and we may file any suit against You and/or the Owners, in the federal or state court where Filta's principal office is located at the time the suit is filed. The parties waive all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

### **30.3 Time Limit on Filing**

Any claim or action arising out of or relating to this Agreement or the relationship between Filta and You and the Owners must be commenced within one (1) year from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

### **30.4 Class Action Waiver**

TO THE EXTENT PERMITTED BY LAW, YOU AND THE OWNERS WAIVE THE RIGHT TO SEEK CERTIFICATION OF A CLASS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM AGAINST FILTA.

### **30.5 Waiver of Jury Trial**

Filta, You, and the Owners irrevocably waive trial by jury in any action, proceeding, or counterclaim among them.

## **31 MODIFICATION OF AGREEMENT**

No variation, modification or alteration of any of the terms of this Agreement is of any effect unless evidenced in writing signed by a duly authorized representative of You and Filta.

## **32 ENTIRE AGREEMENT**

This Agreement and the documents referred to herein constitute the entire agreement between You and Filta and supersede all prior agreements, correspondence, negotiations, and representations in connection with the subject matter hereof, except that nothing in this Agreement is intended to disclaim any representations made in any Franchise Disclosure Document that You received from Filta in connection with this Agreement. No director, employee or agent of Filta is authorized to make any representation or warranty not contained in this Agreement and You acknowledge that You have not relied on any such oral or written representations or statements about the Franchise, the prospects for success, financial performance, or any other matter unless such representations or statements are annexed to this Agreement and signed by the parties.

## **33 NOTICE**

Any notice given to any party in connection with this Agreement must be in writing and must be sent by first class mail, by reputable overnight commercial delivery service, or by facsimile (if the sender receives machine confirmation of successful transmission) to the address set out at the top of this Agreement or to such changed address as must for that purpose be notified to the other party. Every such notice must be deemed to have been given at the time when in the course of ordinary transmission it should have been delivered at the address to which it was sent.

## **34 EXPENSES**

You agree to reimburse us for all expenses we reasonably incur (including reasonable attorneys' fees): (a) to enforce the terms of this Agreement or any obligation owed to us by You and/or the Owners; and (b) in the defense of any claim You and/or the Owners assert against us on which we substantially prevail in court, arbitration, or other formal legal proceedings. Except as stated in the foregoing sentence or as expressly provided otherwise in this Agreement, the parties will each bear their own legal and accountancy costs and other expenses incurred in connection with this Agreement.

THIS FRANCHISE AGREEMENT IMPOSES IMPORTANT LEGAL OBLIGATIONS ON YOU. WE THEREFORE STRONGLY ADVISE YOU TO OBTAIN COMPETENT, INDEPENDENT LEGAL AND BUSINESS COUNSEL BEFORE ENTERING INTO THIS FRANCHISE AGREEMENT. We believe that fully understanding your obligations before entering into the agreement is the best way to avoid conflicts. We look forward to a mutual, beneficial relationship.

You represent that the person signing this Agreement on your behalf has full authority to do so.

PLEASE SIGN BELOW.

**THE FILTA GROUP INC.**

**JOHN MICHALS**

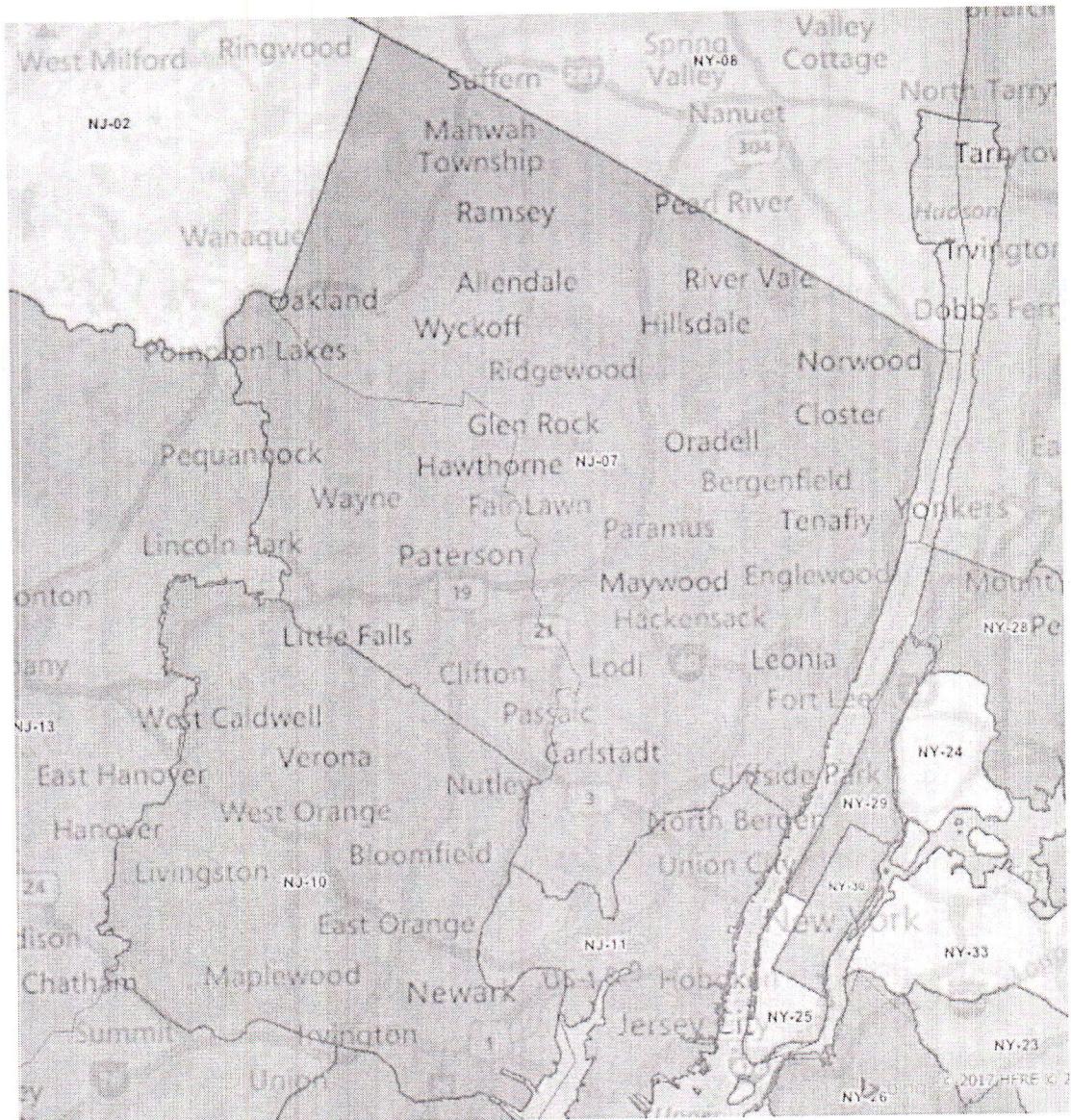
A handwritten signature in black ink, appearing to read "JM". It is written in a cursive style with a horizontal line underneath it.

By: Victor Clewes

Title: Chairman

## THE SCHEDULE

The Territory: NJ-10, NJ-07



Premises location: TBD

**Opening Package:**

**Equipment & Stock**

| <b>Quantity</b> | <b>Item &amp; Description</b>                 |
|-----------------|---|
| 1               | FiltaFry Mobile Filtration Unit               |
| 1               | Stainless steel bucket                        |
| 2               | Pair Safety gloves Kevlar                     |
| 1               | Accessories holder                            |
| 1               | Burns first aid kit                           |
| 1               | Box - 5 Gallons FiltaChem Plus cleaning fluid |
| 1               | Electronic thermometer                        |
| 2               | Packs of screen cleaners                      |
| 1               | Light box                                     |
| 2               | Boxes of 20 Industrial scouring pads          |
| 2               | Pair Kevlar arm protectors                    |
| 1               | Safety glasses                                |
| 2               | Glass sampling jars                           |
| 1               | Scraper                                       |
| 1               | Stainless steel ladle                         |
| 1               | Stainless steel poker/hook                    |
| 1               | "Wet Floor" warning sign                      |
| 6               | Rolls Shop towels                             |
| 2               | Hand spray                                    |
| 1               | PVC Jacketed Electrical Extension Cord        |
| 1               | Filter Extraction Tool                        |
| 2               | Aprons  |
| 1               | Oily Rag - Fire Disposal Can                  |
| 1               | 5lb ABC Fire Extinguisher                     |
| 1               | 10 ft roll red repair tape                    |
| 1               | 10 ft roll blue repair tape                   |
| 1               | Pair of Hand to Elbow Fryer Glove             |
| 1               | Fryer Cleaning Tool                           |
| 1               | Heavy Duty Scrub Pad                          |
| 2               | 8WS Industrial wet/dry vac                    |
| 18ft            | Vacuum Hose                                   |
| 1               | Vacuum Switch                                 |
| 1               | Vacuum Hose Cuff (Only)                       |

## Equipment & Stock

| Quantity | Item & Description                                    |
|----------|---|
| 1        | Vacuum Hose Clamp (Only)                              |
| 1        | Short Attachment                                      |
| 1        | Curved Attachment                                     |
| 1        | Long Attachment                                       |
| 2        | Boxes of 20 FiltaFry filters                          |
| 3        | Pre-Filter Sock Medium Duty (Pack of 20)              |
| 1        | Pre-Filter Sock Ultra Fine (Pack of 20)               |
| 1        | Outlet Hose (red only)                                |
| 1        | Pre-Filter Lid Knobs (pack of 3)                      |
| 1        | Contactor   |
| 1        | Transformer   |
| 1        | New Style Female Snap Coupling                        |
| 1        | New Style Male Snap Coupling                          |
| 1        | New Style Snap Coupling Seal (Pack of 5)              |
| 1        | Auxillary Contactor                                   |
| 1        | Front Motor Bearing                                   |
| 1        | MFU Oil Tank Shield                                   |
| 1        | Inlet Hose (blue only)                                |
| 1        | Dump Valve  |
| 1        | Pump Seal Kit   |
| 1        | Overload Relay (6-10 amp)                             |
| 1        | Cartridge Retainer Ring (Installs in Main Filter Pot) |
| 2        | Gen 3- Red Main Filter Lid Seal                       |
| 1        | 3/4" Inlet Hose Swivel                                |
| 5        | Gen 3- Black Main Filter Lid Seal                     |
| 6        | FiltaCool Holders including screws                    |
| 24       | FiltaCool Filters                                     |
| 1        | FiltaCool Degassing Unit                              |
| 1        | Oil Disposal Caddy                                    |
| 1        | WVO Transfer Pump 1"                                  |
| 1        | Oil Spill Kit   |
| 2        | Pipe Nipple 1" male x 4" male (bio pump)              |
| 2        | 1 1/4" x 1" bushing (bio pump)                        |
| 3        | 1 1/4 Male Kamlock x 1 1/4 Male NPT (bio & VST)       |
| 1        | 1 1/4 Elbow (VST)                                     |
| 1        | 1 1/4 Brass Valve (VST)                               |
| 1        | 1 1/4 x 2 nipple (VST)                                |
| 1        | Filta Dolly   |
| 1        | 55 gallon drum filter                                 |
| 2        | 15ft tanker hose                                      |

### Equipment & Stock

| Quantity | Item & Description  |
|----------|---------------------|
| 1        | FryerPower boil oil |
| 1        | Berm (Drop Ship)    |

### Stationery:

| QUANTITY | ITEM & DESCRIPTION                                     |
|----------|--|
| 1        | Start-up Pack Envelopes (500) and Business Cards (500) |

### Marketing Materials:

| QUANTITY | ITEM & DESCRIPTION               |
|----------|----------------------------------|
| 25       | Fryer Management Kitchen Posters |
| 100      | Filta Services Brochures         |
| 50       | Environmental Impact Brochures   |
| 5        | Filta markers                    |
| 20       | Filta pens                       |
| 25       | Window Clings                    |
| 25       | Filta Folders                    |
| 25       | FiltaCool One Sheet              |
| 25       | Recruitment Cards                |

### Uniforms:

| QUANTITY | ITEM & DESCRIPTION                        |
|----------|---|
| 2        | Filta business dress or camp style shirts |
| 2        | Filta Polo Style Shirts                   |
| 1        | 1 Filta jacket                            |
| 1        | 1 Filta sweatshirt                        |
| 5        | Work Pants                                |
| 5        | Filta Tech -Shirts                        |
| 1        | Pair Non slip boots                       |
| 2        | Filta baseball caps                       |

### Vehicle Preparation:

| QUANTITY | ITEM & DESCRIPTION      |
|----------|-------------------------|
| 1        | Van Decal               |
| 1        | Ramp and Locking System |
| 1        | Van Storage Tank        |

### Equipment & Stock

| Quantity | Item & Description                         |
|----------|--|
| 1        | Geo-location Device (Installed) / Optional |

## **PERSONAL GUARANTEE**

As an inducement to THE FILTA GROUP INC. ("Filta") to execute a Franchise Agreement (the "Agreement") with JOHN MICHALS ("Franchisee"), an individual, organized under the laws of New Jersey, the undersigned individuals (collectively, the "Guarantors"), jointly and severally, hereby unconditionally and personally guarantee to Filta, its affiliates, and their successors and assigns that all of Franchisee's obligations under the Agreement and under other agreements or arrangements between Franchisee and Filta, its affiliates, and their successors or assigns will be punctually paid and performed.

### **1. Guaranty**

Upon demand by Filta, the Guarantors will immediately make each contribution or payment required of Franchisee under the Agreement, and under other agreements or arrangements between Franchisee and Filta, its affiliates, or their successors or assigns. Each Guarantor waives any right to require Filta to: (a) proceed against Franchisee or any other Guarantor for any contribution or payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee or any other Guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee or any other Guarantor. Without affecting the obligations of the Guarantors under this Guarantee, Filta may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The Guarantors waive notice of amendment of the Agreement and notice of demand for contribution or payment by Franchisee and agree to be bound by any and all such amendments and changes to the Agreement.

### **2. Indemnity**

The Guarantors agree to hold harmless and indemnify Filta against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement or any other agreement between Franchisee and Filta or its affiliates.

### **3. Other Personal Obligations**

The Guarantors acknowledge that they are bound personally by all covenants not to compete, confidentiality provisions, governing law and dispute resolution provisions, and restrictions on transfer of interest contained in the Agreement.

Except as expressly authorized by the Agreement, the Guarantors shall not make use of any of the intellectual property rights licensed under the Agreement or the goodwill of Filta and its affiliates, and shall not disclose to any third party or make use of any trade secrets, know-how, systems or methods of which Guarantors may acquire knowledge by virtue of the training they may have received from Filta, their involvement in the business, or their ownership interest in Franchisee.

### **4. Duration**

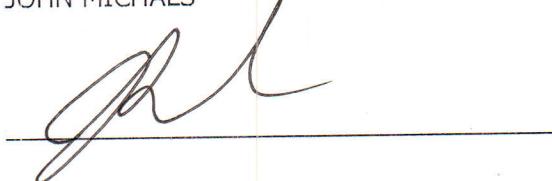
This Guarantee will terminate upon the termination or expiration of the Agreement, except that (a) all obligations and liabilities of the Guarantors which arose from events which occurred on or before

the expiration or termination of the Agreement shall remain in full force and effect until satisfied or discharged by the Guarantors; and (b) all personal obligations under Section 3 which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms.

Upon the death of a Guarantor, the heirs and estate of the Guarantor will not be bound by this Guarantee or liable for any outstanding obligations of the Guarantor hereunder. However, the obligations of the surviving Guarantors will continue in full force and effect.

GUARANTOR:

JOHN MICHALS

A handwritten signature in black ink, appearing to read "JM", is written over a solid horizontal line.

Date: December 31, 2018