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07-CV-01283-CMP

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

HomeTask Handyman Services, Inc.

Plaintiff,

v.

Paul Szewczyk d/b/a Grandma and Grandpa
Helpers and Handy Helpers

Defendant.

CIVIL NO. **C 07-1283** Rsm

COMPLAINT

Plaintiff HomeTask Handyman Services, Inc. ("HomeTask"), for its Complaint against defendant Paul Szewczyk d/b/a Grandma and Grandpa Helpers and Handy Helpers ("Szewczyk"), states and alleges as follows:

IDENTIFICATION OF PARTIES

1. HomeTask is a corporation organized and existing under the laws of the state of Washington with its principal place of business also located in Washington.
2. Upon information and belief, defendant Paul Szewczyk is a citizen of the state of Washington, also residing in the state of Washington.

SEA 11497
Sum. FSSU.

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JURISDICTION AND VENUE

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3. This action is primarily for trademark infringement under the Trademark Act of 1946 ("Lanham Act"), 15 U.S.C. § 1051, *et seq.* This action is also for the enforcement of Defendant's post-termination contractual obligations, including the obligation to refrain from competing with HomeTask for a period of two years after the termination of his franchise rights. This Court has jurisdiction over this case pursuant to 28 U.S.C. § 1331, as HomeTask's claims arise primarily under federal law. Venue is appropriate in this forum pursuant to 28 U.S.C. § 1391, as a substantial part of the events or omissions giving rise to HomeTask's claims occurred within this district.

CONDUCT GIVING RISE TO VIOLATIONS OF LAW

A. The Franchise Agreement

4. HomeTask is the franchisor and operator of a business system for the operation of independent "handyman" businesses. HOMETASK® franchisees provide professional handyman services to customers.

5. HomeTask is the owner of the HOMETASK® trademark, which is federally registered. HomeTask has spent considerable amounts of time and money advertising and promoting its trademarks and unique Business System. HomeTask has approximately thirty franchisees, each of whom operates his or her business under the HOMETASK® trademark.

6. As part of its Business System, HomeTask has established standard policies, uniform standards, and procedures governing the operation of its franchised businesses to protect the valuable goodwill and uniformity associated with the HOMETASK® trademarks, tradenames, and Business System. Persons who desire to become HOMETASK® franchisees must agree that they will conform to HomeTask's uniform requirements and quality standards as

1 established and promulgated by HomeTask from time to time, as well as abide by all terms and
2 conditions contained in the HOMETASK® Franchise Agreement.

3 7. Szewczyk entered into a Franchise Agreement with HomeTask dated June 30,
4 2005. While Szewczyk purported to sign that Agreement on behalf of Grandma and Grandpa
5 Helpers, one of the names under which he does business, he also executed a personal guaranty
6 pursuant to which he agreed to "comply individually with all provisions of the Agreement."
7 Pursuant to that Franchise Agreement, Szewczyk received the license and right to operate a
8 franchised HOMETASK® handyman business, using HomeTask's Marks and Business System.
9 A copy of Szewczyk's Franchise Agreement and accompanying personal guaranty is attached as
10 Exhibit A.
11

12 8. Pursuant to Article 3.1, Szewczyk agreed that HomeTask is the sole owner of the
13 HOMETASK® trademarks and the customer goodwill associated with them. Szewczyk agreed
14 that his license to use the HOMETASK® Marks extended only to the rights granted him under
15 the Franchise Agreement, and that any use of the Marks outside of the Franchise Agreement was
16 prohibited.
17

18 9. Article 7.1 of the Franchise Agreement provides that Szewczyk's franchise rights
19 would extend for a term of seven years, unless sooner terminated by HomeTask due to a breach
20 of the Agreement.
21

22 10. Szewczyk agreed that he would not have any right to terminate the Franchise
23 Agreement prior to the natural expiration of its term. Article 7.4 of the Agreement provides that:

24 You may not terminate this Agreement before its expiration, or the expiration of any
25 renewal term unless we violate a material provision of the Franchise Agreement and fail
26 to remedy or make substantial progress toward curing the violation within 90 days after
receiving notice from you detailing our alleged default.

1 11. Pursuant to Article 7.5, however, Szewczyk agreed that HomeTask could
2 terminate his franchise rights should he fail to comply with the terms of the Franchise
3 Agreement. Among other reasons for termination, Article 7.5(b) provides that Szewczyk's
4 franchise rights could be terminated should Szewczyk "voluntarily abandon or cease operation of
5 the franchised business."

6
7 **B. Post-Termination Obligations**

8 12. Upon termination of the Franchise Agreement, Szewczyk agreed to be bound by a
9 number of post-termination obligations. Among other things, Szewczyk accepted a post-
10 termination covenant against competition. Article 9.1 of the Franchise Agreement provides that:

11 During the term of this Agreement and for a period of two (2) years after termination,
12 expiration, or Transfer of this Agreement for any reason, neither you, nor persons
13 associated with you, including your owners, managers, employees, or agents may:

- 14 (a) Participate directly or indirectly or serve in any capacity in any business engaged
15 in the sale of services or products the same as, similar to, or competitive with
16 those offered by the franchised business. This covenant not to compete applies
17 (i) . . . after termination within a one hundred (100) mile radius from the boundary
18 of your territory, and from any franchised, Franchisor-owned or affiliated
19 company-owned premises; (ii) on the Internet; and (iii) on any other Multi-Area
20 Marketing channels used by us;
- 21 (b) Solicit, service, or sell to, directly or indirectly, any customer who was a customer
22 of the franchised business prior to the termination, expiration, or Transfer of the
23 franchise; or
- 24 (c) Hire any person from, or solicit or induce any person to leave his employment
25 with us, our affiliates, or any of our franchisees or company-owned businesses.

26 13. Pursuant to Article 7.6(a) of the Franchise Agreement, Szewczyk also agreed to
return to HomeTask "all copies of the Manual, and all items containing any Trademarks, and all
copyrighted and proprietary items."

1 14. Article 7.6(b) requires Szewczyk to transfer to HomeTask all telephone numbers,
2 email addresses, internet sites, and other related listings used by Szewczyk to promote his
3 business.

4 15. Article 7.6(c) requires Szewczyk to immediately stop doing business under the
5 HomeTask name and trademarks.

6 16. Article 7.6(d) requires Szewczyk to pay all past due amounts owed to HomeTask
7 under the Franchise Agreement.

8 17. Pursuant to Article 8.1, Szewczyk agreed to pay any attorneys' fees incurred by
9 HomeTask resulting from Szewczyk's breach of the Franchise Agreement.

10
11 **C. Szewczyk's Breach of the Franchise Agreement**

12 18. Szewczyk breached the Franchise Agreement by abandoning his franchised
13 business. Through an undated letter that HomeTask received on May 3, 2007, Szewczyk
14 notified HomeTask that he was unilaterally terminating his franchise rights, effective May 4,
15 2007. Szewczyk explained in his letter that "I will be terminating my HomeTask handyman
16 franchise partnership because of both medical and financial reasons." Specifically, Szewczyk
17 told HomeTask that "as a result of my remaining injury sustained in a January 5, 2007,
18 automobile accident, I am physically incapable of complying with the minimum 30-hour/week
19 requirement." A copy of the undated letter received from Szewczyk is attached as Exhibit B.

20
21 19. By letter dated May 18, 2007, HomeTask confirmed Szewczyk's desire to exit the
22 HOME TASK® franchise system. In its May 18th letter, HomeTask reminded Szewczyk of his
23 contractual post-termination obligations, including the obligation to cease using the
24 HOME TASK® Mark, to return all confidential information to HomeTask, and to comply with
25
26

1 the covenant against competition he accepted. A copy of HomeTask's May 18, 2007, letter is
2 attached as Exhibit C.

3 20. Despite his voluntary termination of the Franchise Agreement, Szewczyk has
4 breached his post-termination obligations by continuing to use HomeTask's confidential
5 operations manual and other proprietary information to operate a handyman business that
6 competes directly with HomeTask and its other franchisees.
7

8 21. HomeTask has learned that Szewczyk is currently operating a business named
9 "Handy Helpers." All HOMETASK® franchisees use a distinctive yellow van bearing the
10 HOMETASK® Marks to provide services to their customers. Szewczyk is continuing to use the
11 same type of yellow van he previously used as a franchisee to operate his competitive business.
12 In fact, it appears that Szewczyk has done no more than remove the HOMETASK® name and
13 trademarks from that van and replace them with the "Handy Helpers" name. Szewczyk's van
14 continues to closely resemble the vans used by HOMETASK® franchisees.
15

16 22. Szewczyk also continues to use the same telephone number he previously used as
17 a HOMETASK® franchisee. Szewczyk previously advertised that phone number in connection
18 with his HOMETASK® business, establishing an association in the minds of the consuming
19 public between HomeTask's trademarks and that telephone number. Szewczyk now continues to
20 advertise that same phone number in connection with the operation of his competitive business.
21

22 23. Szewczyk's new business provides the same type of home repair and maintenance
23 services that Szewczyk previously provided as a HOMETASK® franchisee. Szewczyk's
24 operation of a home repair and maintenance business is in direct violation of the post-termination
25 covenant against competition he accepted as part of the Franchise Agreement. Szewczyk is
26 relying on the customer goodwill attributable to his longstanding use of the HOMETASK®

1 trademarks and Business System to compete against HomeTask in the same territory in which he
2 formerly served as a franchisee. Szewczyk's blatant disregard for his contractual obligations has
3 left HomeTask no alternative but to commence this action.

4 **COUNT I**

5 **FEDERAL TRADEMARK INFRINGEMENT**

6
7 24. HomeTask incorporates herein by reference the preceding paragraphs 1 – 23 of
8 this Complaint.

9 25. Szewczyk continues to use the same telephone number formerly associated with
10 his HOMETASK® business in connection with his independent "Handy Helpers" business, and
11 continues to make use of the same type of distinctive yellow van used by HOMETASK®
12 franchisees to provide home repair and maintenance services to Szewczyk's customers. This
13 continuing, deliberate, unlawful, and fraudulent conduct is likely to cause confusion, mistake,
14 and deception among the consumer public as to the affiliation of Szewczyk's business with
15 HomeTask. Szewczyk's unauthorized conduct constitutes an effort to dilute, destroy, and
16 appropriate to himself the goodwill, trade name, trademarks, and service marks of HomeTask.
17 Szewczyk's conduct infringes on the trademark rights that are owned by HomeTask, and violates
18 Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1).
19
20

21 26. Szewczyk's conduct has subjected and will continue to subject HomeTask's rights
22 in its trade name, trademarks, and service marks to irreparable injury for which HomeTask has
23 no adequate remedy at law. In addition, Szewczyk has profited and will continue to profit, and
24 HomeTask has been damaged financially and will continue to be so damaged, until Szewczyk
25 ceases his intentional unlawful conduct.
26

1 27. In addition to injunctive relief, pursuant to 15 U.S.C. § 1117, HomeTask is also
2 entitled to recover damages from Szcwczyk caused by his unlawful use of Szcwczyk's
3 trademarks.

4 **COUNT II**

5 **FALSE DESIGNATION AND MISREPRESENTATION OF ORIGIN**

6
7 28. HomeTask incorporates herein by reference the preceding paragraphs 1 – 27 of
8 this Complaint.

9 29. Szcwczyk's above-referenced conduct constitutes false designation of origin and
10 misrepresentation in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

11 30. By reason of the foregoing, HomeTask has suffered and continues to suffer
12 irreparable damage to its reputation and goodwill for which HomeTask has no adequate remedy
13 at law. In addition, HomeTask has been damaged financially and will continue to be so
14 damaged, until defendant ceases his intentional unlawful conduct.

15
16 31. In addition to injunctive relief, pursuant to 15 U.S.C. § 1117, HomeTask is also
17 entitled to recover damages from Szcwczyk caused by his unlawful use of HomeTask's
18 trademarks.

19 **COUNT III**

20 **FEDERAL TRADEMARK DILUTION**

21
22 32. HomeTask incorporates herein by reference the preceding paragraphs 1 – 31 of
23 this Complaint.

24 33. The HOMETASK® Mark is a famous trademark under Section 43(c) of the
25 Lanham Act, 15 U.S.C. § 1125(c).

1 34. The actions and conduct of Szewczyk, as set forth above, constitute dilution of the
2 famous HOMETASK® Mark under Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c).

3 35. HomeTask is entitled to injunctive relief under Section 43(c)(1) of the Lanham
4 Act, 15 U.S.C. § 1125(c)(1).

5 36. By reason of the foregoing, HomeTask has suffered, and will continue to suffer,
6 irreparable damage to its reputation and goodwill for which HomeTask has no adequate remedy
7 at law.

8 37. Pursuant to 15 U.S.C. § 1117, HomeTask is entitled to recover damages from
9 Szewczyk caused by his unlawful use of HomeTask's trademarks.
10

11 **COUNT IV**

12 **BREACH OF CONTRACT - TRADEMARK REMOVAL**

13 38. HomeTask incorporates herein by reference the preceding paragraphs 1 – 37 of
14 this Complaint.
15

16 39. Upon the termination of his franchise rights, the Franchise Agreement requires
17 Szewczyk to cease all use of the HOMETASK® Marks, including all materials associated with
18 those Marks.

19 40. Although Szewczyk abandoned his franchise rights in May, he continues to use
20 the telephone numbers formerly advertised in connection with his HOMETASK® business.
21

22 41. Pursuant to the terms of the Franchise Agreement, HomeTask is entitled to
23 injunctive relief to restrain a breach of that Agreement.

24 42. By reason of Szewczyk's breach of the Franchise Agreement, HomeTask has
25 suffered and continues to suffer irreparable damage to its reputation, goodwill, and business for
26 which HomeTask has no adequate remedy at law.

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COUNT V

BREACH OF CONTRACT-- COVENANT NOT TO COMPETE

3 43. HomeTask incorporates herein by reference the preceding paragraphs 1 – 42 of
4 this Complaint.

5 44. Under Article 9.1 of the Franchise Agreement, Szewczyk agreed to refrain from
6 competing with HomeTask and its franchisees for a period of two years after the expiration or
7 termination of his franchise rights, within a 100 mile radius of his former HOMETASK®
8 territory or the territory of any other HOMETASK® franchisee, or on the internet.

9 45. Szewczyk has breached the terms of the restrictive covenant he accepted by
10 continuing to operate a competitive home repair and maintenance business within the very
11 territory he formerly served as a HOMETASK® franchisee, using the same telephone number
12 and distinctive yellow van. Szewczyk also continues to employ an internet website,
13 <http://www.nwhandyhelpers.com>, to promote his business.

14 46. Szewczyk's breach of contract has caused and will continue to cause irreparable
15 harm to HomeTask and the HOMETASK® franchise system, for which HomeTask lacks an
16 adequate remedy at law.

17 47. Szewczyk's conduct has also resulted in monetary harm to HomeTask, in an
18 amount to be proven at trial.

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COUNT VI

BREACH OF CONTRACT

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ACTION FOR ACCOUNTING, PAST DUE FEES, AND LOST FUTURE FEES

25 48. HomeTask incorporates herein by reference the preceding paragraphs 1 – 47 of
26 this Complaint.

1 49. Pursuant to Article 5 of the Franchise Agreement, Szewczyk was required to pay
2 regular fees to HomeTask.

3 50. Pursuant to Article 7.1, Szewczyk's franchise rights were to extend for seven
4 years, until 2012. During that seven-year period, Szewczyk was required to pay royalty fees to
5 HomeTask.

6
7 51. Szewczyk has breached the Franchise Agreement by failing to submit all fees
8 owed to HomeTask under the parties' agreement. Szewczyk owes HomeTask at least \$1,944.68
9 in past due fees. Moreover, Szewczyk owes HomeTask an additional amount to be proven at
10 trial to compensate HomeTask for the lost future royalty fees it has suffered due to Szewczyk's
11 premature breach of the Franchise Agreement. Due to Szewczyk's failure to submit required
12 reports, however, HomeTask cannot at this time determine the precise amounts owed by
13 Szewczyk. Accordingly, HomeTask seeks an accounting from Szewczyk of the amounts owed
14 under the Franchise Agreement, and judgment against Szewczyk in that amount.
15

16 COUNT VII

17 BREACH OF CONTRACT-ATTORNEYS' FEES & COSTS

18 52. HomeTask incorporates herein by reference the preceding paragraphs 1 – 51 of
19 this Complaint.

20 53. Under Article 8.1 of the Franchise Agreement, Szewczyk agreed to pay
21 reasonable attorneys' fees and costs incurred by HomeTask as a result of Szewczyk's default
22 under the Franchise Agreement.
23

24 54. HomeTask was forced to commence this civil action in order to stop Szewczyk's
25 continuing infringement of the HOMETASK® Marks and breach of other contractual duties.
26 Pursuant to 15 U.S.C. § 1117 and the terms of the Franchise Agreement, HomeTask is, therefore,

1 entitled to payment of the reasonable attorneys' fees and costs incurred in prosecuting this
2 action.

3 **COUNT VIII**

4 **BREACH OF CONTRACT-POST-TERMINATION OBLIGATIONS**

5 55. HomeTask incorporates herein by reference the preceding paragraphs 1-54 of this
6 Complaint.

7 56. Upon the expiration or termination of his franchise rights, Szewczyk agreed to:

- 8 a. Return to HomeTask all copies of HomeTask's operations manual, and
9 all items containing any Trademarks, and all copyrighted and proprietary
10 items.
11
12 b. Transfer to HomeTask all telephone numbers, email addresses, internet
13 sites, and other related listings used by Szewczyk to promote his business.
14
15 c. Pay all past due amounts owed to HomeTask under the Franchise
16 Agreement.

17 57. Since the termination of his franchise rights, Szewczyk has failed to comply with
18 his post-termination obligations.

19 58. HomeTask seeks an order from this Court directing Szewczyk to comply
20 immediately with all post-termination obligations set forth in the Franchise Agreement.

21 WHEREFORE, HomeTask prays for judgment against Szewczyk as follows:

- 22 1. For an Order enjoining Szewczyk from making any further use of HomeTask's
23 name or trademarks in any manner, including but not limited to any further use of the telephone
24 numbers formerly used in connection with Szewczyk's HOMETASK® business;
25
26

1 2. For an Order requiring Szewczyk to comply with all post-termination obligations,
2 as set forth in the Franchise Agreement;

3 3. For an Order enjoining Szewczyk from operating a competing home repair or
4 maintenance business within 100 miles of his former franchised territory or any other
5 HOMETASK® franchisee, or through the internet, for a period of two years after Szewczyk is
6 first in compliance with his post-termination obligations under the Franchise Agreement;

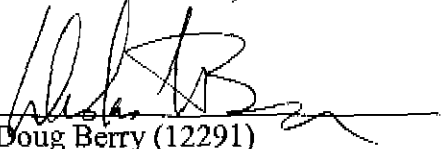
7 4. For HomeTask's costs, disbursements, costs of investigation and attorneys' fees
8 incurred pursuant to the terms of the Franchise Agreement;

9 5. For damages caused by Szewczyk's unlawful conduct, including past due fees and
10 lost future fees for the remaining term of the Franchise Agreement, in an amount to be proven at
11 trial; and
12

13 6. For such other and further relief as the Court deems just and equitable.
14

15
16 Dated: August 16, 2007

GRAHAM & DUNN, P.C.

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ATTORNEYS FOR PLAINTIFF

GP:2246128 v2



HOMETASK HANDYMAN SERVICES™

FRANCHISE AGREEMENT

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SCHEDULE 2 INDIVIDUAL GUARANTY

**HOMETASK HANDYMAN SERVICES
FRANCHISE AGREEMENT**

This Franchise Agreement ("Agreement") is effective this 30th day of June, 2005, between HomeTask Handyman Services, Inc., a Washington corporation, located at 15200 52nd Avenue S., Suite 100, Seattle, Washington 98188 ("We" or "Us"), and Paul Sewczyk ("You"), residing at 13749 Maplewood Rd. S., Seattle, WA 98148.

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

**ARTICLE I
DEFINITIONS**

"Assets" mean the franchised business, including all inventories, supplies, furnishings, equipment, fixtures, land, buildings and improvements, other tangible items together with customer, supplier and prospect lists, business records, and other intangible assets.

"Gross Revenue" means the total of all receipts derived from any source related to or in connection with the operation of the franchised business, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property, or other means of exchange. "Gross Revenue" shall exclude only sales tax receipts that you must by law collect from customers and that you actually pay to the government, charges imposed by any credit card company, and any customer refunds actually paid relating to previous payments.

"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, as required under this Agreement.

"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 use of domain names. Unless the context otherwise indicates, Internet includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.

"Manual" means our confidential: (i) manual or manuals, and (ii) any Intranet or password protected portion of an Internet site, and (iii) any embodiment of the Methods of Operation, including notices of new standards and techniques, and (iv) any amendments, supplements, derivative works, and replacements; whether embodied in electronic or other media.

"Marketing Fund" means the separate bank account used by us for the purposes specified in this Franchise Agreement. The Marketing Fund is not a trust or escrow account, and is managed by us in our sole discretion.

"Methods of Operation" means, collectively, our valuable know how, information, trade secrets, methods, Manuals, standards, designs, methods of Trademark usage, copyrightable works, products and service sources and specifications, proprietary software, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of the franchised business, as modified by us at any time. All Methods of Operation will be customized for the

U.S. market only, and will be in English (with U.S. spelling) only. All such modifications become our property.

"Multi-Area Marketing Programs" means regional, national, or international programs designed to increase business, such as marketing to multi-area customers, Internet, shows, events, directories, affinity marketing, vendor programs, and co-branding programs. Under this Agreement, such programs may require your cooperation (including refraining from certain channels of marketing and distribution), participation (including payment of commissions or referral fees), and adherence to maximum pricing to the extent permitted by law. All such programs are our proprietary trade secrets.

"Multiple Unit Franchisee" means a franchisee that obtains the right to operate the franchised business in more than one location using the Methods of Operation pursuant to this Agreement.

"Premises" means the location within the Territory and as described in Schedule 1 at which you may operate the franchised business using the Methods of Operation.

"Territory" means the territory described in Schedule 1 to this Agreement, subject to any reservations or exceptions contained in this Agreement.

"Transfer" means to voluntarily or involuntarily transfer, assign, sell, or encumber any interest in or ownership or control of, the franchised business, substantial assets of the franchised business, or of this Agreement.

"Trademarks" means our trade names, trademarks, service marks, logos, decor, trade dress, lay out, and commercial symbols, and similar and related words or symbols, now or in the future associated with us, you, the Methods of Operation or the franchised business, whether or not they are registered, including "HomeTask™."

ARTICLE II GRANT OF FRANCHISE

Section 2.1 General Grant. We grant you a semi-exclusive license to operate the franchised business in the using the Methods of Operation and the Trademarks, for the term of this Agreement, and subject to this Agreement. We grant you no right to subfranchise the franchised business.

Section 2.2 Territory. You will operate your franchised business within the Territory according to the terms of this Agreement. Your Territory is defined on Schedule 1 to this Agreement. Your Territory is semi-exclusive; we may not establish other franchised or company-owned businesses, nor directly solicit customers, in the Territory using the same Method of Operation and Trademarks, subject to our rights reserved in Section 2.4 below. You may not own or operate a business, or directly solicit customers, in another franchisee Territory or in a company-owned Territory. We may grant you, in our sole discretion, permission to directly solicit or service customers outside but in close proximity to your Territory, if there is no franchisee that has been awarded the Territory. However, when the adjacent Territory has been

awarded, you must cease all direct solicitation within that Territory, and promptly assign to us all customer contracts, and contact information, and prospect contact information related to that adjacent Territory.

Section 2.3 Premises. You will operate your franchised business from the Premises, which may include your home or a commercial retail space obtained from any source. We will not assist you in locating a site or in negotiating a lease. You must notify us before relocating your Premises within the Territory, and you may not relocate your premises outside of your Territory without our prior written approval.

Section 2.4 Reservation of Rights We reserve the following rights for us and our affiliates and designees, as exceptions to your Territory rights expressed in section 2.2:

(a) To purchase, be purchased by, or merge or combine with any business wherever located, including businesses that compete directly with your franchised business;

(b) To sell any products or services anywhere, through channels of distribution other than those granted to you in this agreement, including through the Internet, wholesale distribution, and mail order. The Internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet or conduct e-commerce except as specifically granted by this Agreement;

(c) To establish, operate, own, or franchise any business, including competitive businesses, at any location outside the Territory. Such other businesses if operated under the Trademarks will contribute pro rata to any Marketing Fund as defined by this Agreement;

(d) To implement Multi-Area Marketing programs or policies which may require your cooperation and participation. Such programs may give you the option to deliver the services within your Territory, but if you do not service a customer developed by a Multi-area Marketing Program, we may make other arrangements to do so. Also, such programs may allow you, we, or other franchisees to service customers within any Territory, as long as no direct solicitation occurs;

(e) To develop and establish other businesses or franchise systems for the different products or services utilizing proprietary marks not now or in the future part of the HomeTask franchise licensed under the Franchise Agreement, and to grant licenses for these other franchise or license systems without providing you any right.

ARTICLE III TRADEMARKS AND METHODS OF OPERATION

Section 3.1 Use of Trademarks. You will conduct and diligently promote the franchised business under the name "HomeTask Handyman Services" or other Trademarks that we specify throughout the term of this Agreement and any renewals or extensions. We own the Trademarks and any goodwill associated with them, and you have no rights to the Trademarks

other than those granted to you by this Agreement. Your use of the Trademarks must strictly adhere to our requirements and directions. If you cannot lawfully use the name "HomeTask Handyman Services" in the Territory, you must obtain our written approval for another name. You may not independently market on the Internet, or use any of our marks or words, or anything confusingly similar to the Trademarks, as part of any domain name, address, locator, link, metatag, or search technique.

Section 3.2 Reservation of Rights to Use Trademarks. We retain the sole right to market on the Internet, including all use of Web sites, domain names, URL's, linking, advertising, and co-branding arrangements. You will provide us content for our Internet marketing, and sign our Intranet and Internet usage agreements. We also retain the sole right to use the Trademarks on the Internet, including on Web sites, as domain names, directory addresses, metatags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our Web site. You may not establish a presence on the Internet except as we may specify, and only with our prior written consent. You must follow our policies concerning data collection and privacy, if any. If we permit franchisee Web sites, the Franchisee Web sites must be accessed only through our home page. All Internet marketing is a part of Multi-Territory Marketing Programs, and must be coordinated through us and approved by us.

Section 3.3 Business Name; Relationship. In addition to the use of the Trademarks, you must operate your franchised business under a business name. You may not use the Trademarks, any part of the Trademarks, or any marks or words that are confusingly similar to the Trademarks in your business name. You are an independent contractor. This franchise does not establish us as agents, partners, joint venturers, beneficiaries, or fiduciaries of each other, and neither party will be bound or obligated by the other, except as set forth in this Agreement.

Section 3.4 Advertising and Marketing. You must obtain our prior written approval for any use of any item of printed, audio, visual, Internet, electronic media, or multimedia material of any kind bearing any of the Trademarks, unless we supplied the item. You must follow our Trademark and copyright usage directions. You must indicate to third parties that your franchised business "independently owned and operated" and that we own the Trademarks and you use them under license.

ARTICLE IV FRANCHISOR'S DUTIES

Section 4.1 Operation and Manual. We will lend you one (1) copy of the confidential Manual for the initial franchisee training session and, upon satisfactory completion of the training, for the term of this Agreement and any renewals. The Manual will include any print or electronic materials regarding operation of the franchised business and any amendments to these materials that we provide to you as we continue to improve our Methods of Operation. We may provide the Manual through print, electronic communication, or through a password-protected portion of a company intranet or the Internet.

Section 4.2 Confidentiality. You must keep the Methods of Operation and the Manual in the strictest confidence, and you may not disclose any part of them to anyone other than your

employees, and then only to the extent necessary for those employees to perform their authorized duties. You must follow our security procedures and you and your employees or agents with access to such materials must sign confidentiality and usage agreements, which include execution of approved nondisclosure agreements and our Internet, intranet, and extranet usage agreements. Unauthorized use of the Methods of Operation and the Manual will constitute a breach of this Agreement and an infringement of our proprietary rights, including trade secrets and copyrights. You must notify us within three (3) business days of any unauthorized use of our proprietary information.

Section 4.3 Equipment. We will specify or approve certain goods and services used in the franchised business, as provided elsewhere in this Agreement. We may negotiate marketing programs with suppliers or purchasing programs with vendors and may obtain advertising allowances or purchasing rebates for doing so. If we require you to purchase products or services from a vendor that pays us allowances.

Section 4.4 Training and Ongoing Assistance.

(a) We will provide you and your spouse with an initial training program for your first franchise that you must satisfactorily complete after you pay the initial franchise fee but before you begin operating. The initial training session is conducted at our offices in Seattle, Washington, or another location of our choosing. The training lasts approximately five (5) days at that location, plus more than twenty (15) hours of ride-along and on-the-job training. Your fee for the initial training session is included in the initial franchise fee, but you must pay \$2,000 as a training fee for additional individuals other than your spouse that want to attend the training. You will also be responsible for travel, accommodation, and other costs while attending the training. The initial training program must be conducted within thirty days after signing this Agreement. Failure to satisfactorily complete the training will result in the termination of this Agreement, except that all post-termination covenants will remain in effect.

(b) We may require you to receive or attend additional training or advanced training we reasonably require at our direct and indirect cost, or whatever charge is made by third party trainers, subject to increase by us in our discretion, plus your travel and living expenses.

(c) We may also from time to time provide additional or advanced training programs that you must complete to our satisfaction. These additional training programs may include periodic reading and testing requirements that we will provide. We will also require you to pass or provide in a form satisfactory to us a yearly certification test at your reasonable expense. Such a requirement will not occur more than one time in a calendar year and for a period of not more than two days in duration.

(d) Upon request, and depending on availability, we will provide initial training to any new manager of your franchised business. We will require you to pay an additional training fee of \$2,000, plus the cost of any travel, food, accommodations and other necessary expenses, subject to reasonable increase by us.

(e) During the term of this Agreement and any renewals or extensions, we will continue to consult with and advise you, provide the Methods of Operation, and with supplier, product, and marketing updates as they become available. We will also review advertising and supplier approval requests within a reasonable time. These consultations may include periodic visits to the Premises or periodic meetings with you.

Section 4.5 Telephone and Directories. You must have a separate business telephone number, and we may provide you limited rights to market on the Internet, or to use of a domain name or Internet directory links. All telephone, email, Internet domain name, Internet directory, and listings of all kinds for the franchised business remain our property, and will revert to us on termination or expiration of this Agreement, at our option.

ARTICLE V FEES AND ROYALTIES

Section 5.1 Initial Franchise Fee. In consideration of the grant of the franchise and other initial services in this Agreement, you will pay us a nonrefundable initial franchise fee upon the signing of this Agreement in the amount set forth on Schedule 1 to this Agreement. The initial franchise fee is \$12,500 for your first franchise, or \$5,000 for second and subsequent franchises. Training is not included for second and subsequent franchises. The initial franchise fee is fully earned upon payment, and is entirely nonrefundable.

Section 5.2 Relocation. If you choose to relocate your franchise business after signing the Agreement, we will charge you a fee of \$1,000 to process an amendment of the Territory and the Franchise Agreement. We reserve the right to reasonably alter this charge depending on the circumstances of the relocation.

Section 5.3 Royalties. You must pay a nonrefundable monthly royalty fee, which will be reported and paid to us as set forth in this Agreement. The royalty obligation begins the first day you begin business and continues throughout the duration of the franchise. The royalty fee will be calculated as a percentage of Gross Revenue and labor charges for each job you complete as follows: you will pay us 10% of the Gross Revenue from the work performed on any job conducted as part of your franchised business and an additional 10% of the revenue charged for labor costs. The royalties are currently paid monthly, but we reserve the right to change the frequency and method of collection.

Section 5.4 Advertising. You must pay an initial advertising fee of \$1,000 to our designated vendors or third party suppliers for your first franchise. You will be responsible for fees associated with professional networking group membership and participation, placing the advertisements in local media and all advertising expenses will be yours. We will also assist you in coordinating local participation for displays at trade shows, events, or other venues for marketing the HomeTask system.

Section 5.5 Marketing Fund. We may create a Marketing Fund for a variety of marketing programs which may include marketing research and development; local franchisee group advertising or marketing; local, regional, national, Internet, or international advertising or marketing; development and maintenance of any Internet or e-commerce programs; administration

of advertising or marketing (including salaries, accounting, collection, legal and other costs); related expenses; and any media or agency costs. If and when created, you must pay us a Marketing Fund contribution equal to 1% of you monthly Gross Revenue at the same time and in the same manner as the royalty fee described above. Upon written notice to you, we may add, raise, discontinue, or reduce the Marketing Fund expenditures, or we may add, delete, or change advertising programs during the term of this Agreement including any extensions or renewals. We will place the Marketing Fund in a separate bank account. Advertising expenditures may or may not be proportionate to contributions or provide direct benefit to any particular franchisee. We have the discretion how to spend the Marketing Fund, and have no fiduciary duty to you with regard to the Marketing Fund. We may accumulate such Marketing Funds, and the balance in the advertising account may be carried over and used for any purposes described in this Agreement.

Section 5.6 Multi-Area Marketing and Franchisee Marketing Councils. We may require you to join, participate in, and pay into Multi-Area Marketing Programs or a regional franchisee advertising council. Under such programs, we may require franchisees to refer certain customers to or from one another or us. Franchisee councils may be established and administered by a majority vote of the franchisees in any particular region. The purpose of the franchisee council will be solely to develop and implement cooperative advertising and special promotions, within the region. The amount of contribution and type of advertising or promotions approved will be set by majority vote of the members of the council, but we will not approve a contribution of more than 1% of your Gross Revenue. We must approve the amount of contribution, the franchisees that must join, regions covered, governing documents (which will be available for your review), and all advertising and promotions. The council must prepare annual unaudited financial statements, which must be delivered to us and other franchisees in the council within 120 days after our fiscal year end. We may form, change, dissolve, or merge councils.

Section 5.7 Records and Reports. You must keep and transmit accurate and timely records relating to the franchised business, including each business transaction, in the form, time, and manner that we prescribe (including both paper copy and electronic records accessible by us) in this Agreement and in the Manual. You must prepare all financial reports in accordance with generally accepted accounting principals ("GAAP"), consistently applied, and in a form approved by us, and you must periodically deliver to us accounting, tax, and other information as we request, including annual financial statements that have been compiled and certified by a certified public accountant as required under this Agreement and the Manual, and delivered to us within ninety (90) days after your fiscal year end. You must retain all of these required records of the franchised business during the term of this Agreement and any renewals or extensions, and for a period of at least six (6) years after the termination and expiration of this Agreement.

Section 5.8 Audits. We or our agents may have access to your business and computer systems to examine or audit your business, at any reasonable time without notice. We will bear the cost of the audit, unless you fail to report as required or understate Gross Revenue by 2% or more for any reported time period, in which case you will pay the audit cost. You will immediately pay us all sums owed. We are also entitled to other remedies provided in this Agreement or by law.

Section 5.9 Method of Payment. You must make all payments to us by the 10th day of each month, or more often if we specify, and by any method we reasonably specify, including

check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer, or the Internet. All dollar amounts stated in this Agreement are in United States dollars unless otherwise expressed. We will not require you to deposit all your revenue into an account that we control, or from which withdrawals may be made only with our consent, except to secure a loan or financing arrangement by us.

Section 5.10 Late Charges and Other Fees. Each late payment by you is subject to a late payment charge of \$75.00 or the maximum late charge allowed by applicable law, whichever is less. In addition to late payment charges, you must pay interest at the rate of 1.5% per month on the amount due, or the maximum interest rate allowed by applicable law, whichever is less. You must pay any damages, expenses through appeal, collection costs, and reasonable attorneys' fees we incur in connection with your failure to make any required payments.

ARTICLE VI FRANCHISEE DUTIES

Section 6.1 Uniformity and Image. Adherence to the Methods of Operation and proper use of the Trademarks are essential to maintaining a uniform image and high standards of the franchised business. In order to maintain uniform standards of quality, appearance, and marketing, it is essential that you conform to our standards and specifications. While you will manage your own operations and employees, you agree as follows:

(a) You must purchase the equipment required for the operation of the franchised business as described in the Manual, including obtaining a vehicle conforming to our specifications, tools, and other items.

(b) You will prominently display the Marks and other Trademarks and other commercial symbols on all vehicles, uniforms, and other items solely in the manner we specify. You may not add any other markings to the vehicles or other required items without our prior written consent.

(c) You must diligently commence your franchised business within three (3) months after signing this Agreement, and you must continue to operate the franchised business as required by the this Agreement. You may only engage in the business described in this Agreement and you must not allow the franchised business to be used for any purpose that is immoral, unethical, unauthorized or illegal.

(d) You may only sell approved products and services. You must purchase all good and services in your franchised business from vendors or suppliers as we designate. We may receive rebates or other forms of allowances on account of such purchases. To purchase products or services from another source, you must notify us in writing and pay us a reasonable processing and testing fee as we direct. We will, within a reasonable time, determine whether the unapproved brand has performance characteristics, quality, appearance, reliability and other relevant characteristics similar to the product brands then approved by us. If so, our approval will not be unreasonably withheld. We may require your suppliers to sign a nondisclosure agreement, guarantee a level of quality consistent with our specifications, and produce sufficient samples to allow us to test the products or

services at your expense. If we do not specify a particular source for a good or product, you may purchase them from a source of your choosing, provided each such item or service conforms to our minimum specifications as described in the Manual. We reserve the right to specify sources for services or products at any time. You must maintain and upgrade products or services as we may direct from time to time.

(e) You must operate the business in accordance with the Manual and Methods of Operation, as amended by us in our discretion.

(f) You may set your own prices for products or services supplied by your franchised business; however, we may recommend prices, we may set maximum prices, and we may determine pricing strategies of Multi-Area Marketing Programs to the extent permitted by law.

(g) You must wear certain required uniforms and other clothing items at all times when operating your franchised business. We will provide you with an initial set of HomeTask work clothing, which may include four (4) work shirts, four (4) sweatshirts, two (2) button-down shirts, one (1) vest or jacket, two (2) ball caps, and other items. You must purchase additional HomeTask clothing for your employees and require your employees to wear these uniforms at all times while operating the franchised business.

Section 6.2 Right of Entry and Inspection. We or our authorized agent or representative may enter the Premises during normal business hours with notice to you if reasonable under the circumstances and inspect the operations of the franchised business. Without any liability to you, we may confiscate any materials which we, in our reasonable judgment, determines to be either illegal or in violation of this Agreement. This section does not apply to any residential portion of the Premises not used in the franchised business.

Section 6.3 Computer Systems. You must acquire, maintain, and upgrade computer, information processing and communication systems, accounting, including all applicable hardware, software, and Internet and other network access providers, Web site vendors, as we may prescribe. You must have a dedicated desktop or laptop computer meeting the minimum requirements stated in the Manual and meeting our specifications as they evolve over time. Your computer system must have the capability of accessing the Internet over a consistent and reliable connection and must support email. You must also have a printer and a facsimile machine. You must comply with any separate software or other license agreement that we or our designee uses in connection with providing these services.

Section 6.4 E-Problems. Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders ("E-Problems"). We have taken reasonable steps so that E-Problems will not materially affect our business. We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You must also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-problems. This may include taking reasonable steps to secure your

systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

Section 6.5 Participation in the Operation of the Business. Your personal supervision, participation, and example are essential to the success of the franchised business. You or your designated manager approved by us must participate personally in the franchised business after successfully completing the initial training program and any additional training required by this Agreement. Any owner or manager involved in your business after the signing of this Agreement must obtain our approval in writing and satisfactorily complete the training program at your expense. Each person or entity that owns at least 5% of the equity or voting control of the franchised business must also guaranty the terms of this Agreement by signing our standard Guaranty Agreement.

Section 6.6 New Franchisee Training. You will be responsible for taking new franchisees on ride-along training sessions periodically as requested by us. Failure to conduct ride-alongs as requested will be deemed a breach of this Agreement.

Section 6.7 Franchisee Advertising. If you want to independently advertise or promote in any media or delivery system, you must obtain our prior written approval, except when using materials previously approved by us. Regardless of the materials, you must obtain our prior written approval before placing any advertising or marketing material on the Internet. At your own expense, you must participate in and cooperate with all advertising and promotional programs we approve, including Multi-Area Marketing Programs, but we will not require you to spend more than 4% your Gross Revenue in a calendar year all marketing programs or franchisee councils. You are not required to follow any particular sales price when placing advertising, except that we may recommend prices, set maximum prices, and determine pricing strategy of Multi-Area Marketing Programs each to the extent permitted by law.

Section 6.8 Sales Quota and Scheduling. Your Territorial rights and your right to renew the Agreement are both contingent on, for each full calendar year beginning with the third calendar year and each subsequent calendar year throughout the remainder of this Agreement including any renewals or extensions: a. your attainment of a minimum of \$80,000 in Gross Revenue; b. Schedule customers on your schedule on our Web-based scheduler for the equivalent of at least four (4) days per week (32 hours of scheduled service); and c. maintain positive of feedback from a majority of customers as determined by a representative and fair customer survey that we design or approve. Failing to meet these requirements enables us to sell additional franchises in your territory to ensure that end user clients are being served.

Section 6.9 Operating Standards. You must provide customers with at least the minimum standard of customer service as described in the Manual. Failure to meet these standards is a breach of this Agreement, and may result in loss of your Territory rights or the termination of your franchise.

Section 6.10 License, Permits, Applicable Law. You must comply with all applicable laws, regulations and standards. You are responsible for obtaining and paying for all governmental licenses and permits for the franchised business.

Section 6.11 Taxes and Debts. You must promptly pay when due all taxes, fees, debts, expenses, and assessments of the franchised business, including payroll taxes. You will not permit a tax sale, seizure, levy, execution, bankruptcy, or assignment of assets for or by creditors, or similar action to occur.

Section 6.12 Insurance Requirements. You must procure and maintain:

(a) Comprehensive general liability insurance with a policy limit of One Million Dollars (\$1,000,000) per occurrence or such amount as we may reasonably specify;

(b) Business automobile liability insurance with a policy limit of One Million Dollars (\$1,000,000) per occurrence or such amount as we may reasonably specify;

(c) Any legally required insurance (such as workers' compensation insurance if required);

(d) Comprehensive casualty, fire and theft coverage in an amount sufficient to replace the franchised business; and

(e) Any other insurance we may reasonably require.

We may change these insurance requirements, upon reasonable notice to you, to conform to reasonable business practices. All insurance policies will name us, our officers, directors and employees as additional named insureds with waiver of subrogation against us, our officers, directors and employees. Before beginning operations, you will obtain any other liability insurance required by law, provide us with certificates of insurance, and maintain all required insurance during the term of this Agreement. Lapses, alterations, or cancellations will require immediate notice to us and may be deemed a material breach of this Agreement. We may pay the premiums or acquire insurance, and bill you. We may change these insurance requirements upon reasonable notice to you. We make no representation or warranty that compliance with these insurance requirements will insure you against all insurable risks or losses. Your compliance with insurance requirements will not relieve you of your liability under the indemnity provisions of this Agreement.

Section 6.13 Warranties. We will not be liable for nor will we guaranty any guaranteed or warranty you make to a customer or other third party.

Section 6.14 Hazardous Materials. You shall not cause or permit any toxic or hazardous waste, substances, or materials, as defined under applicable government laws and regulations ("Hazardous Materials") to be used, generated, stored or disposed of near, on, under, about or transported to or from the Premises or any of your vehicles ("Hazardous Materials Activities") except as necessary for your operation of the franchised business and in accordance with the Manual. You shall conduct such permissible Hazardous Materials Activities in strict compliance (at your expense) with all applicable federal, state, and local laws, rules and regulations now or hereafter in effect and using all necessary and appropriate precautions. We will not be liable for any of your Hazardous Materials Activities. You must provide us with a

copy of all Hazardous Materials inventory statements and updates filed by any governmental agency or regulation and must immediately notify us both by telephone and in writing of any spill or unauthorized discharge of Hazardous Materials or of any conditions constituting an imminent hazard.

ARTICLE VII TERM, RENEWAL, TRANSFER, TERMINATION

Section 7.1 Term. The initial term of this Franchise Agreement is seven (7) years from the executed date, unless earlier terminated under the provisions of this Agreement.

Section 7.2 Renewal; Fee. If you are not in default under this Agreement, you may request a renewal term that shall not exceed ten (10) years. You must submit the request for renewal in writing no fewer than six (6) months or more than twelve (12) months before the end of the initial term. At the time you sign a renewal franchise agreement, you must pay a renewal fee of Five Thousand Dollars (\$5,000) or the then-current fee and be in compliance with the conditions listed below.

Section 7.3 Conditions for Renewal. In order to renew the Agreement for the renewal term, you must in substantial compliance with the Franchise Agreement and you must upgrade your franchised business to the then-standard form, execute a release agreement, pay the transfer fee, and sign the then-current form of franchise agreement which may vary in material respects from this Agreement. You will be required to pay the fees and contributions at the rate then charged to new franchisees, although you will not pay a new initial franchise fee. You may also be required to refurbish, remodel, or update your Premises, vehicles, and equipment to meet then-current standards.

Section 7.4 Termination by You. You may not terminate this Agreement before its expiration, or the expiration of any renewal term unless we violate a material provision of the Franchise Agreement and fail to remedy or make substantial progress toward curing the violation within 90 days after receiving notice from you detailing our alleged default. After sending notice, you must submit to mandatory mediation proceedings, if so permitted under applicable law, to resolve the dispute. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination or expiration, including those pertaining to non-competition, confidentiality, return of proprietary items, and indemnity will remain in effect.

Section 7.5 Termination by Us.

(a) We may terminate this Agreement or any other agreement between you and us or our affiliates upon written notice to you of your breach of this Agreement if you fail to cure the breach or for other good cause within 30 days. "Good Cause" includes your failure to: (i) conduct the business in an ethical or businesslike manner; (ii) complete required ongoing training, repairs, or renovations; or (iii) comply with the Methods of Operation.

(b) We may terminate this Agreement without notice to you if you: (i) misrepresented or omitted material facts which induced us to enter into this Agreement; (ii) fail to satisfactorily complete our initial training or to open for business in the required timeframe; (iii) become insolvent or fail to pay debts as they become due; (iv) file for bankruptcy, make an assignment for the benefit of creditors, allow appointment of a receiver or similar custodian, or make a disposition of the assets of the franchised business outside of the ordinary course of business; (v) voluntarily abandon or cease operation of the franchised business; (vi) are convicted of or plead guilty or no contest to a criminal charge for violation of any law relevant to the franchised business; (vii) attempt an unauthorized Transfer or make unauthorized use of the Trademarks or unauthorized disclosure of the Methods or Operation; (viii) take any action that endangers the public health or safety; or (ix) willfully breach any material term of the Agreement for the fourth time (or any subsequent time) for which you have received three or more notices of default.

Section 7.6 Effect of Termination. Upon Termination of this Agreement you must immediately:

(a) Return to us all copies of the Manual, and all items containing any Trademarks, and all copyrighted and proprietary items;

(b) Authorize telephone, Internet, email, electronic network, directory and listing entities to transfer all numbers, addresses, domain names, locators, directories and listings to us or our designee;

(c) Cease doing business under any of the Trademarks, cancel any assumed name registration that includes any of the Trademarks, assign all domain names and Internet directory listings that contain the Trademarks to us, and refrain from identifying yourself as our franchisee;

(d) Allow us or our representatives access to the business and your computer systems to verify and secure your compliance with your obligations, and to make a final inspection and audit of your computer system, books, records and accounts;

(e) Allow us the first right of refusal to purchase or assume your 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. This right is governed by time limits and procedures described in Section 7.10;

(f) Strictly abide by all covenants including noncompetition, confidentiality and nondisclosure, indemnity, and all other covenants that expressly or by their nature survive this Agreement. You must transfer to us all of your records concerning customer contacts, sales history, which we will assume; and

(g) Pay us any amount that you owe us under this Agreement or any other agreement that you have with us or our affiliates. This requirement includes the payment of royalties and other ongoing fees (i) so long as you continue to use the Trademarks or

Methods of Operation or otherwise hold yourself out as a franchisee of our system; or (ii) so long as you or your successor or assignee remain as part of a competitive business, unless we have approved the assignment in accordance with this Agreement. We also reserve the right to exercise any additional remedies that we have under the law.

Section 7.7 Assignment or Transfer by Us. We or any of our affiliates may sell or assign this Agreement in whole or in part, and our assignee may enforce this Agreement in whole or in part. We may sell or issue our stock, other ownership interests, or assets, whether privately or publicly.

Section 7.8 Assignment or Transfer by You. You may not Transfer the franchised business without our prior written consent. Any attempted transfer of any interest in the franchised business without our prior written consent will be considered a material breach under this Agreement, and the Agreement will be voidable by us as provided under the termination provisions above. As a requirement for approval and before the effective date of an approved Transfer:

- (a) The transferee must assume all of your obligations under the Agreement in connection with the franchised business;
- (b) You must show that you have paid all debts due under the Agreement or any other agreement between you and us or our affiliates;
- (c) You must show that you are not in default under the Agreement or any other agreement between you and us or our affiliates;
- (d) You or the transferee must pay the transfer fee of Five Thousand Dollars (\$5,000) or the then-current Transfer fee;
- (e) The transferee must pay the applicable initial training fee and successfully complete the initial training program then required of new franchisees at our facility in Seattle, Washington, or other location chosen by us;
- (f) The transferee must meet our subjective and objective written criteria and standards for granting or renewing franchisees;
- (g) You or your owners if you are an entity must execute a general release in favor of us, to the extent permitted by law;
- (h) You must obtain and submit to us satisfactory evidence of transfer or consent of lenders, lessors, and governmental authorities for all material permits, approvals, and licenses; and
- (i) You must comply with the procedures described in Section 7.10.

Notwithstanding this section, you may transfer your rights and obligations under this Agreement once without our consent to an entity in which you own at least eighty percent (80%) of the outstanding stock, provided the entity assumes all obligations under this Agreement. You must

provide written notice to us before transferring the obligations to the entity, and you must execute the personal guarantee of the obligations of the entity under this Agreement in a form substantially similar to Schedule 2 to this Agreement.

Section 7.9 Death or Incapacity. If you or a majority owner of the legal entity holding the franchise dies or becomes incapacitated, the heirs, beneficiaries or legal representatives of the individual, must within 180 days either (i) apply to us for the right to continue to operate the franchised business for the duration of the term of this Agreement, which will be granted upon the fulfillment of all the general Transfer conditions (except that no transfer fee will be required); or (ii) transfer your interest according to the general Transfer conditions.

Section 7.10 Right of Refusal. Within seven (7) days after receipt of a bona fide offer acceptable to you to Transfer all or part of the franchised business, you will notify us of the offer in writing, enclosing a signed copy of the offer. We will then have access to all your books and records in order to evaluate this offer, including your business financial statements and tax returns. We 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 you. We may substitute cash for any other form of consideration contained in the offer and, at our option, may pay the entire purchase price at closing. We may exercise this right to purchase, by notifying you in writing within 21 days after receiving your notice. We will close the Transfer by the later of either 30 days after our notice to you of exercise of this right, or the time for closing contained in the original offer. If we do not exercise our right to purchase within the time set forth in this section, you may Transfer the franchised business to a third party, but not at a lower price or on more favorable terms than disclosed to us in writing. Such Transfer is subject to our prior written approval and other conditions specified in this Agreement. If you do not Transfer the franchised business to the transferee on the same terms offered to us, then you must again extend the right of first refusal to us in the manner described above, before another desired Transfer.

Section 7.11 Share Certificates. If you are a legal entity, your certificates representing shares, membership interests, or other ownership units must bear the following legend, printed legibly and conspicuously:

The transfer of this instrument is subject to the terms and conditions of a Franchise Agreement with HOMETASK HANDYMAN SERVICES, INC. Reference is made to the Franchise Agreement and to its restrictive provisions. No transfer will diminish or minimize your obligations under the Agreement.

ARTICLE VIII DISPUTE RESOLUTION.

Section 8.1 Enforcement. You must pay all our damages, expenses, audit and investigation costs, collection costs, attorneys' fees, and interest on the unpaid balances as permitted by law, resulting from your default under this Agreement or from the indemnification provisions of this Agreement.

Section 8.2 Setoff. You will not, on the grounds of our alleged nonperformance of any of our obligations under this Agreement, or due to any dispute with or claim against us, or for any other reason whatsoever, withhold payment of any amounts due to us. You acknowledge that payments withheld by you will cause irreparable harm to us and to other franchisees by not maintaining the uniformity and integrity of the System and by hindering our ability to meet and to continue to meet our obligations to our other franchisees.

Section 8.3 Negotiation, Mediation, Arbitration. This dispute resolution clause applies to claims by and against all parties and their affiliates, successors, owners, managers, officers, directors, employees, agents, and representatives, as to claims arising out of or relating to this Agreement, except as stated below. This dispute resolution clause shall survive the termination or expiration of this Agreement. The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. We will provide a procedure for internal dispute resolution. Any dispute subject to negotiation, and not resolved within ten (10) days, must then be submitted to non-binding mediation before commencing further dispute resolution. Mediation will be before a single skilled independent mediator mutually and reasonably agreed on by the parties. The parties will equally bear the costs of mediation. Mediation will be conducted in accordance with the procedures of the American Arbitration Association or other mediation service agreed to by you and us. The mediation will be conducted in King County, Washington. Any dispute or claim relating to or arising out of this Agreement (including contract, tort and statutory claims), and not resolved within forty-five (45) days, must be resolved exclusively by mandatory arbitration by and in accordance with the rules of the American Arbitration Association or another arbitration service agreed to by you and us. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree. No award in arbitration involving us will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration. In specific consideration for our incurring expense to monitoring use of our Trademarks and our quality standards at your location, the exclusive venue of any arbitration will be set in King County, Washington, except as otherwise provided. If this venue clause is deemed unenforceable by formal judgment of any court, the arbitration will occur at a neutral site determined by the arbitration service, which site will be approximately equidistant between your headquarters and our headquarters.

Section 8.4 Injunctive Relief. No party is prohibited from seeking interim or expedited remedies in either judicial or arbitration proceedings (including use of arbitration rules providing emergency measures of protection), in any forum having jurisdiction. Any party may seek such remedies to preserve or protect Trademarks, copyrights, or trade secrets, or for extraordinary relief, such as an injunction or eviction. Notwithstanding any choice of law provision in this Agreement, any dispute relating to this Agreement shall be governed in accordance with the substantive laws of the State of Washington.

ARTICLE IX GENERAL PROVISIONS

Section 9.1 Covenant Not to Compete. During the term of this Agreement and for a period of two (2) years after termination, expiration, or Transfer of this Agreement for any reason, neither you, nor persons associated with you, including your owners, managers, employees, or agents may:

(a) Participate directly or indirectly or serve in any capacity in any business engaged in the sale of services or products the same as, similar to, or competitive with those offered by the franchised business. This covenant not to compete applies: (i) during the term of the Agreement, within any state in which we our affiliates or franchisees do business; and after termination within a one hundred (100) mile radius from the boundary of your territory, and from any franchised, Franchisor-owned or affiliated company-owned premises; (ii) on the Internet; and (iii) on any other Multi-Area Marketing channels used by us;

(b) Solicit, service, or sell to, directly or indirectly, any customer who was a customer of the franchised business prior to the termination, expiration, or Transfer of the franchise; or

(c) Hire any person from, or solicit or induce any person to leave his employment with us, our affiliates, or any of our franchisees or company-owned businesses.

This covenant not to compete is given in part in consideration for training and access to our trade secrets, and which, if used in a competitive business without paying royalties and other payments, would give you an unfair advantage over us and our franchisees and affiliates. The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement.

Section 9.2 Indemnification. You agree to indemnify, defend and hold harmless us and our affiliates, and our respective shareholders, directors, officers, employees, agents, successors and assignees against all claims and liabilities directly or indirectly arising out of the operation of the franchised business and arising out of the Methods of Operation. For purposes of this indemnification, claims and liabilities shall include obligations, damages, costs, reasonable attorneys' and expert witness fees, litigation expenses, and travel and living expenses. We shall have the right to choose our counsel to defend any such claim against us, and to decide whether and how to settle any such claim. This indemnity shall continue subsequent to and notwithstanding the expiration or termination of this Agreement.

Section 9.3 Interpretation and Execution. This Agreement is valid when executed and accepted by us, and except to the extent governed by the United States Trademark Act and the Federal Arbitration Act, this Agreement is governed by the laws of the State of Washington. This choice of laws will not affect the scope of state franchise, business opportunity or related laws, and nothing in this Agreement will be considered to extend the scope of application of those laws.

Section 9.4 Construction. All words used in this Agreement, regardless of their gender, include any other gender, as the context requires. Any use of the word "including", or synonymous terms, followed by one or more examples, does not limit in any way the antecedent word or phrase. The words "we may" or "our approval" and other words giving us the option whether or not to take action or grant approvals mean that we may do so in our sole discretion unless otherwise specified.

Section 9.5 Integration. This Agreement constitutes the entire understanding of the parties and supersedes all prior negotiations, commitments, and representations.

Section 9.6 Headings. Titles of articles and sections are used for convenience of reference only and are not part of the text, nor are they to be construed as limiting or affecting the construction of the provisions.

Section 9.7 Cumulative Rights. Our rights and remedies are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

Section 9.8 Further Assurances. The parties agree to acknowledge, execute and deliver all further documents, instruments or assurances and to perform all further acts or deeds as may be reasonably required to carry out this Agreement. To effectuate the purposes of this provision, you hereby irrevocably appoint us as your attorney-in-fact.

Section 9.9 Survivability. The provisions of this Agreement, which by their terms or by reasonable implication require performance by you after assignment, expiration or termination, remain enforceable notwithstanding the assignment, expiration or termination of this Agreement, including those pertaining to non-competition, intellectual property protection, confidentiality and indemnity. This Agreement inures to the benefit of and is binding on the respective heirs, legal representatives, successors, and permitted assigns of the parties.

Section 9.10 Time. Time is of the essence for all purposes of this Agreement.

Section 9.11 Modification. This Agreement may be modified only by written mutual consent of the parties. However, we may unilaterally modify the Methods of Operation to meet competition, protect Trademarks, maintain or improve the quality of the products or services you provide, or for other reason.

Section 9.12 Notices. All notices sent by one party to the other must be hand-delivered, sent by registered or certified mail, return receipt requested, or transmitted by facsimile or sent via other electronic means, if the sender can verify receipt. They will be addressed to us at our office as above designated, or at any other address we designate in writing, and addressed to you at your last known business address, or at any other address you designate in writing. Any notice is considered given and received, when delivered, if hand-delivered; if sent by facsimile, or electronic means in which receipt can be verified, on the next business day after sent; and if mailed, on the third business day following the mailing.

Section 9.13 Waiver. Our waiver of any particular right by you will not affect or impair our rights as to any subsequent exercise of that right of the same or a different kind; nor will any delay, forbearance or omission by us to execute any rights affect or impair our rights as to any future exercise of those rights.

Section 9.14 Operational Risk. You recognize the uncertainties of the franchised business, and therefore acknowledge that, except as set forth in this Agreement, no representations or agreements have been made regarding the success or profitability of the franchised business or the suitability of any location.

Section 9.15 Amendment; Severability. If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. The parties may execute an addendum setting forth certain of these amendments applicable in certain jurisdictions, which will apply only so long as and to the extent that then applicable laws referred to in the addendum remain validly in effect. If an arbitrator or court declares any part of this Agreement, for any reason, invalid, the declaration will not affect the validity of any remaining portion. The remaining portion will remain in force and effect as if this Agreement were executed with the invalid portion eliminated or curtailed.

Section 9.16 Representations and Warranties by Franchisee. You warrant that you have received a complete copy of this Agreement, our offering circular and applicable exhibits, and that before signing this Agreement, there was an ample opportunity to review them. **NO STATEMENT WAS MADE, WHETHER ORAL, WRITTEN, OR OTHERWISE, THAT CONTRADICTS THE OFFERING CIRCULAR.**

[The remainder of this page left intentionally blank.]

The parties hereto have signed this Agreement on the day and year first above written.

Franchisor:

HOMETASK HANDYMAN SERVICES, INC.

By: Dale King

Dale King
Printed Name

Title: Franchise Developer

Franchisee:

If Entity:

Grandma And Grandpa Helpers
Printed Entity Name

By: Paul N. Szwed

Paul Szwed
Printed Name

Title: Owner

If an Individual:

Signature

Print Name

(NOTE: THIS AGREEMENT MUST BE SIGNED INDIVIDUALLY BY THE PRIMARY REPRESENTATIVE OF FRANCHISEE AND ALL OWNERS AND SPOUSES OF OWNERS OF FRANCHISEE. ALL OWNERS OF 5% OR MORE OF THE OWNERSHIP INTEREST OF AN ENTITY FRANCHISEE AGREE TO SIGN THE INDIVIDUAL GUARANTY AGREEMENT.

Schedule I
Franchise Agreement Addendum

Initial Franchise Fee:

\$12,500 ==

Business Address of Franchisee:

150316 Military Rd. Se
Seattle, WA 98188

Territory Description:

ZIP CODES: 98056, 98059, 98055

Approximate size of Territory in number of households:

33,000

Initials:

DK Franchisee

[Signature] Franchisor

Schedule 2
Individual Guaranty

This Guaranty is to the Franchise Agreement between HomeTask Inc. ("Franchisor") and Grandma + Grumpy ("Franchisee") dated the 30th day of June, 2005, and to any other agreement between Franchisor and Franchisee ("Agreements").

RECITALS

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

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

AGREEMENT

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

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

2. That:

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

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

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

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

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

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

Dated on the 30th date of June, 2005.

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

Name	Address	Percentage Ownership
<u>Paul W Szwarczik</u> Signature <u>Paul W Szwarczik</u> Printed	<u>15031B military RD South</u> <u>0147</u> <u>SEATTLE, WA, 98148</u>	<u>100%</u>
Signature		
Printed		
Signature		
Printed		
Signature		
Printed		

Mr. Jerrod Sessler
Chief Executive Officer
HomeTask
1800 152nd Street SW, Suite 100
Burien, WA 98166

By registered mail

Subject: Franchise Partnership Termination

Dear Mr. Sessler,

Effective the end of business on Friday, May 4, 2007, I regret to inform you that I will be terminating my HomeTask handyman franchise partnership because of both medical and financial reasons.

As a result of my remaining injury sustained in a January 5, 2007, automobile accident, I am physically incapable of complying with the minimum 30-hour/week requirement in the HomeTask Uniform Franchise Offering Circular (UFOC). I have been informed by medical professionals that I may be facing severe hip degeneration and associated surgery, including hip replacement. This current and likely impairment alone makes UFOC compliance extremely difficult if not impossible.

This medical condition has also jeopardized my franchise's financial viability. My franchise debt has grown to \$40,000, and I simply cannot continue in this financially and medically precarious situation.

I will settle with HomeTask by submitting my remaining April and May invoices and by paying HomeTask \$500 per month starting April 10 (and the tenth of each month) until my royalties of \$1,669.40 are paid. In addition, as a gesture of good faith, I will return the \$500 referral bonus for my brother's recently discontinued franchise. I commit to completely settling with you by August 10, 2007.

Finally, I remind you that in our May 2 telephone conversation, we agreed to part on amiable terms—both of us agreeing to refrain from initiating any adversarial action against each other.

Thank you for your good will and assistance during these past few years. I wish nothing but the best for you, your family, and the HomeTask staff and franchise partners. I will be forever grateful to all of you.

Sincerely,

Paul Szewczyk

cc: MCA

15031B Military Road South, #141
Scatac, WA 98188-2139

May 18, 2007

Paul Szewczyk
15031 – B – Military Rd. S. Suite 141
SeaTac, WA 98188

Dear Paul,

It is with deep regret that we accept your separation from HomeTask.

We can appreciate the demands that this position has placed on you, and we realize all of the fine contributions you have made representing us as a HomeTask handyman.

We realize that this time of transition can be uncomfortable, and there are many details demanding your time and attention now. In order to assist and facilitate your transition, we are happy to supply you with a list of the obligations still awaiting fulfillment from you, per your signed contract, to complete your separation from us.

In order to fulfill the obligations set forth in your contract, we expect that you will promptly perform the following tasks, as written on your signed contract:

- Please return operations manual as noted in section 4.1 of the franchise agreement.

Franchise Agreement 4.1:

We will lend you one (1) copy of the confidential Manual for the initial franchisee training session and, upon satisfactory completion of the training, for the term of this Agreement and any renewals. The Manual will include any print or electronic materials regarding operation of the franchised business and any amendments to these materials that we provide to you as we continue to improve our Methods of Operation. We may provide the Manual through print, electronic communication, or through a password-protected portion of a company intranet or the Internet.

HomeTask.com is a registered trade name of HomeTask Handyman Service, Inc.

- Please note that working in the handyman industry would constitute a violation of the agreement to not compete as noted in section 9.1 of the franchise agreement.

Franchise Agreement 9.1:

Covenant Not to Compete. During the term of this Agreement and for a period of two (2) years after termination, expiration, or Transfer of this Agreement for any reason, neither you, nor persons associated with you, including your owners, managers, employees, or agents may:

(a) Participate directly or indirectly or serve in any capacity in any business engaged in the sale of services or products the same as, similar to, or competitive with those offered by the franchised business. This covenant not to compete applies: (i) during the term of the Agreement, within any state in which we our affiliates or franchisees do business; and after termination within a one hundred (100) mile radius from the boundary of your territory, and from any franchised, Franchisor-owned or affiliated company-owned premises; (ii) on the Internet; and (iii) on any other Multi-Area Marketing channels used by us;

(b) Solicit, service, or sell to, directly or indirectly, any customer who was a customer of the franchised business prior to the termination, expiration, or Transfer of the franchise; or

(c) Hire any person from, or solicit or induce any person to leave his employment with us, our affiliates, or any of our franchisees or company-owned businesses.

This covenant not to compete is given in part in consideration for training and access to our trade secrets, and which, if used in a competitive business without paying royalties and other payments, would give you an unfair advantage over us and our franchisees and affiliates. The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement.

- Please provide proof that you are no longer using the HomeTask trademark as specified in section 7.6 of the franchise agreement.

Franchise Agreement: 7.6:

Effect of Termination. Upon Termination of this Agreement you must immediately:

(d) Return to us all copies of the Manual, and all items containing any Trademarks, and all copyrighted and proprietary items;

(e) Authorize telephone, Internet, email, electronic network, directory and listing entities to transfer all numbers, addresses, domain names, locators, directories and listings to us or our designee;

(f) Cease doing business under any of the Trademarks, cancel any assumed name registration that includes any of the Trademarks, assign all domain names and Internet directory listings that contain the Trademarks to us, and refrain from identifying yourself as our franchisee;

(g) Allow us or our representatives access to the business and your computer systems to verify and secure your compliance with your obligations, and to make a final inspection and audit of your computer system, books, records and accounts;

(h) Allow us the first right of refusal to purchase or assume your 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. This right is governed by time limits and procedures described in 7.10;

(i) Strictly abide by all covenants including non-competition, confidentiality and nondisclosure, indemnity, and all other covenants that expressly or by their nature survive this Agreement. You must transfer to us all of your records concerning customer contacts, sales history, which we will assume; and

(j) Pay us any amount that you owe us under this Agreement or any other agreement that you have with us or our affiliates. This requirement includes the payment of royalties and other ongoing fees (i) so long as you continue to use the Trademarks or Methods of Operation or otherwise hold yourself out as a franchisee of our system; or (ii) so long as you or your successor or assignee remain as part of a competitive business, unless we have approved the assignment in accordance with this Agreement. We also reserve the right to exercise any additional remedies that we have under the law.

- Please note that this letter confirms the termination of your franchise which you requested.
- Please note that all telephone and email listings that were provided to you have been redirected to HomeTask.
- Please pay us \$2,131.35 (Balance of \$2,631.35 total due including penalty and interest for late payment [less \$500.00 already paid])

Paul, we wish you the very best of luck in all your future endeavors. Thank you for your hard work and valuable contribution in building the HomeTask brand.

Sincerely,

Jerrold Sessler
CEO, HomeTask.com

HomeTask.com is a registered trade name of HomeTask Handyman Service, Inc.