



FRANCHISE DISCLOSURE DOCUMENT

Coast to Coast Engineering Services, Inc.
d/b/a Criterium Engineers
22 Monument Square
Portland, ME 04101
1-800-242-1969, (207) 828-1969
www.criterium-engineers.com

The franchisee will own a consulting engineering service business which specializes in providing reports, inspections, consultation, investigation and litigation support services on the structural and mechanical aspects of residential, commercial and light industrial buildings to prospective purchasers, real estate brokers, litigants and others.

The total investment necessary to begin operation of a CRITERIUM ENGINEERS franchised business is \$44,950.00 to \$71,650.00. This includes \$29,500.00 that must be paid to the franchisor or its affiliate(s). We also offer to select qualified persons the opportunity to acquire the exclusive right to develop multiple CRITERIUM ENGINEERS Franchises in a Designated Development Area. The total investment necessary to begin operation under the Area Development Agreement is approximately \$47,950.00 to \$76,950.00. This includes the Area Development fee of \$1,000.00 multiplied by the number of CRITERIUM ENGINEERS Franchises you establish in the Development Area. You must also pay the full amount of the then-current Franchise Fee for the first CRITERIUM ENGINEERS Franchise you open as well as for each subsequent Franchise opened under the Area Development Agreement. After your first CRITERIUM ENGINEERS Franchise is opened and operating, you will receive a credit of \$1,000.00 toward the payment of each subsequent Franchise Fee.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Coast to Coast Engineering Services, Inc. d/b/a Criterium Engineers, 22 Monument Square Portland, ME 04101, 1-800-242-1969, (207) 828-1969.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

The date of issuance of this disclosure document is April 20, 2010.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THE DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit F** for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT PERMIT YOU TO ARBITRATE WITH US ONLY IN MAINE. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN MAINE THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT MAINE LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

The Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California:	April 23, 2010
Hawaii:	
Illinois:	April 29, 2010
Indiana:	
Maryland:	August 5, 2010
Michigan:	
Minnesota:	May 3, 2010
New York:	June 2, 2010
North Dakota:	
Rhode Island:	
South Dakota:	
Virginia:	
Washington:	May 5, 2010
Wisconsin:	July 15, 2010

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of April 20, 2010.

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EXHIBITS

A.	List of Criterium Engineers Offices and Home Inspection Consultants Offices
B.	Financial Statements
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D.	List of Former Criterium Engineers Offices and Home Inspection Consultant Offices
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H.	Franchisee Disclosure Questionnaire
I.	Area Development Agreement
J.	Receipt

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify language in this disclosure document, "CRITERIUM ENGINEERS" and "we, us, or our" means Coast to Coast Engineering Services, Inc., the Franchisor. "You" or "your" means the person who acquires rights in the franchise, and includes any investors, partners, shareholders or guarantors.

A. The Franchisor and any Parents, Predecessors and Affiliates

COAST TO COAST ENGINEERING SERVICES, INC. (the "Franchisor") is a Maine corporation doing business under the name "CRITERIUM ENGINEERS." Its principal business address is: 22 Monument Square, Portland, Maine 04101; Telephone numbers: 1-800-242-1969, (207) 828-1969; website: www.criterium-engineers.com; email: phollander@criterium-engineers.com.

CRITERIUM ENGINEERS' agent for service of process is disclosed in Exhibit F.

CRITERIUM ENGINEERS incorporated in Maine on July 19, 1989 and, by Articles of Merger filed September 29, 1989, is the successor by merger to Coast to Coast Inspection Services, Inc., a New York corporation organized on March 10, 1971 (the "Predecessor Company"). The Predecessor Company was founded by Arthur Tauscher who, in 1957, first began his engineering services business of providing home inspections for prospective homebuyers in the United States. The Predecessor Company previously licensed independent offices and engineers to use certain home inspection techniques and reporting practices under the name "Home Inspection Consultants." The address of the predecessor was: 265 Sunrise Highway, Rockville Centre, NY 11571.

CRITERIUM ENGINEERS has offered franchises for the Franchised Consulting Engineering Business since its incorporation in 1989. The CRITERIUM® System uses certain aspects of the home inspection techniques and reporting practices developed by the Predecessor Company, together with other techniques and methodologies developed by Criterium Engineers. Ninety-five percent of the "Home Inspection Consultants" offices sold by the Predecessor Company and currently operating have voluntarily converted to the CRITERIUM® System format, procedures and requirements. A list of operating CRITERIUM® and "Home Inspection Consultants" offices is attached as Exhibit A.

CRITERIUM ENGINEERS' President, H. Alan Mooney, P.E., has operated businesses of the type offered as franchises since 1974. The Mooney Company, doing business as Criterium - Mooney Engineers, represents the southern Maine franchise of CRITERIUM ENGINEERS. H. Alan Mooney owns and operates it from the same location as CRITERIUM ENGINEERS.

CRITERIUM ENGINEERS purchases certain services from Criterium - Mooney Engineers, such as technical and office support.

In 1990, CRITERIUM ENGINEERS established a company owned consulting engineering business in San Diego. That office was sold to Robert Fennema, P.E., on July 29, 1991. It closed in 2005.

On June 1, 1990, CRITERIUM ENGINEERS and H. Alan Mooney re-purchased the "Home Inspection Consultants" franchise and consulting business of Robert H. Deaderick, P.E. Mr. Deaderick had operated a Home Inspection Consultants and Architectural Consulting business in Richmond, VA since 1972. CRITERIUM ENGINEERS operated the business until December 30, 1992, when it was sold to David K. Low, P.E. Mr. Low has sold the office to Jerry Hall, effective May 1, 1999, who continues to operate it as an independent franchisee.

On January 10, 1991, CRITERIUM ENGINEERS purchased the Boston "Home Inspection Consultants" franchise of Alister M. Shepherd. A new franchise for a part of the territory was sold to H. Alan Mooney, who operated the office until it was sold to Gus Karoubas, P.E. on June 24, 1993. The Boston office is now closed.

In 1995, CRITERIUM ENGINEERS acquired the Tampa Bay office of James Belliveau, after Mr. Belliveau defaulted on his franchise agreement. We operated that office until early 1996 at which point the office was closed.

In 2007, CRITERIUM ENGINEERS opened a company-owned office in Phoenix, Arizona, which it continues to operate.

Other than the offices enumerated above, CRITERIUM ENGINEERS has no prior history of conducting a business of the type offered as franchises.

Neither CRITERIUM ENGINEERS, nor the Predecessor Company have offered franchises for any other line of business. CRITERIUM ENGINEERS has no affiliates.

All but one (1) of the "Home Inspection Consultant" offices that originated under the Predecessor Company are currently operating under a Name Change Addendum to their original license agreements. All but two (2) of the "Home Inspection Consultant" offices have executed the Name Change Addendum since CRITERIUM ENGINEERS acquired the business in 1989. A copy of the Name Change Addendum is attached as Exhibit G. "Home Inspection Consultant" offices may convert to become CRITERIUM franchisees at no cost. If they choose to do so, they are then asked to sign the current Franchise Agreement. Ninety-five percent of the "Home Inspection Consultants" offices sold by the Predecessor Company have voluntarily converted to the CRITERIUM® System format, procedures and requirements.

B. The Franchise.

CRITERIUM ENGINEERS has developed and acquired techniques, systems, procedures and know-how in the consulting engineering business, specializing in buildings. These services include providing reports, inspections, consultations, investigations and litigation support services on the structural and mechanical aspects, design, maintenance and construction of residential, commercial and light industrial buildings ("Consulting Engineering Services"). Under the Franchise Agreement, CRITERIUM ENGINEERS will authorize you to use the techniques, systems, procedures, know-how, and other features of the CRITERIUM® System and to operate a business specializing in the Consulting Engineering Services operating under the Marks.

We also offer to select qualified persons the opportunity to acquire the exclusive right to develop multiple CRITERIUM ENGINEERS Franchises in a Designated Development Area. If you are purchasing a Development Area, you must sign our Area Development Agreement.

Since some, or all, of the Consulting Engineering Services fall within the definition of "professional engineering services" or equivalent terms under state laws which require that persons who engage in such activities be licensed, the franchisee must at all times either be a qualified and licensed professional engineer or architect in good standing in the jurisdiction where the Franchised Consulting Engineering Business will be conducted or, in states where permitted, maintain such an individual as an officer of the corporation. You are solely responsible for determining what state and/or local licensing and registration requirements apply to you in light of the Consulting Engineering Services which you are called upon by customers and clients to render, and to qualify for, and maintain such licenses and registrations in good standing, at your sole expense.

All services provided under the Marks must comply with the National Society of Professional Engineers' Code of Ethics and with CRITERIUM ENGINEERS' Standards of Practice. The Standards of Practice are specified in our Confidential Operating Manual.

C. Market Competition.

We consider the market for buildings related consulting engineering services to be perpetual inasmuch as buildings, left unattended or poorly maintained, will always suffer defects and degradation. Furthermore, the market is underserved by existing engineering firms, most of which are not structured to take advantage of relatively small assignments in this market niche.

The market for home inspection services was first developed in the 1950s but expanded significantly in the 1970s and 1980s. Reliable figures for the number of homes inspected each year are unavailable. However, the American Society of Home Inspectors estimates that approximately 80 percent of all existing homes that are resold are inspected. Percentages vary from location to location. The consumer environment in which consumer protection and disclosure requirements have increased over the past decade are viewed as significant factors in the growth of the market.

The market for commercial inspection services, commonly referred to as Property Condition Reports and Construction Plan and Cost Reviews is currently expanding rapidly. This is fueled by an active market among institutional buyers and investors and new requirements by Wall Street rating agencies. From information available to CRITERIUM ENGINEERS from competing engineering firms, there is an inadequate supply of qualified professionals to meet the demand. Competition is from a few national companies and local engineering firms.

CRITERIUM ENGINEERS continues to explore new market opportunities as well. The company has expanded its Quality Assurance services for new construction. This is a growing market as builders struggle with quality issues and third-party quality assurance services are being mandated by insurance companies. Competition comes from three or four companies that specialize in this work, but either lack the national reach or engineering approach of CRITERIUM ENGINEERS.

The market for general consulting engineering services is well developed. We do not expect significant changes in this market in the foreseeable future.

You will have to compete with licensed individuals providing similar services as independent professional consulting engineers. In the area of inspection services, you will compete with both licensed professional consulting engineers and unlicensed persons, such as contractors, homebuilders and home inspection services.

D. Regulations

The state registration board regulates the practice of engineering in each state. There is increasing activity in states with regard to the regulation of home inspections. To our knowledge, over 30 states have actually passed such legislation. The nature of the legislation varies, in some cases licensing inspectors, in others, just establishing practice standards. In many of these states, engineers are exempt from licensing or certification requirements based on their knowledge, experience and the fact that they are already licensed by a state entity.

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BUSINESS EXPERIENCE

President, Treasurer and Director: H. Alan Mooney, P.E.

From 1982 through the present, Mr. Mooney was and is the President and owner of The Mooney Company, a consulting engineering firm doing business under the name "CRITERIUM® - Mooney Engineers" providing consulting services similar to the Consulting Engineering Services Franchisees provide. In 1974, he purchased a license for a Home Inspection Consultants office from the Predecessor Company, and operated that business continuously until 1980 and again from 1982 until the present. On June 1, 1988 he acquired the Predecessor Company. From June 1, 1988 until the Predecessor Company merged with Coast to Coast Engineering Services, Inc. on September 29, 1989, Mr. Mooney served as the Predecessor Company's President, Treasurer and sole Director. Since the Franchisor's incorporation on July 19, 1989, Mr. Mooney has been the President, Treasurer and Director of CRITERIUM ENGINEERS. Mr. Mooney is a registered professional engineer in the States of Maine, New Hampshire, New York, North Carolina Massachusetts, South Carolina and Vermont.

Executive Vice President: Peter Emil Hollander.

Mr. Hollander's employment with CRITERIUM ENGINEERS and the Predecessor Company began on April 1, 1989 as Director of Operations. Mr. Mr. Hollander has served as Executive Vice President of Criterium Engineers from 1998 to the present. His principal areas of responsibility are business management, training, marketing and systems development.

Director of Franchise Relations: Barbara H. Whiton.

Ms. Whiton joined the Predecessor Company on December 19, 1988, after its acquisition by H. Alan Mooney, and was part of the corporate team at the time of its merger with CRITERIUM ENGINEERS. From December 1988 to the present, Ms. Whiton has served as Director of

Franchise Relations with principal responsibility for Franchisee communication and administration of insurance programs (errors and omissions insurance) available through CRITERIUM ENGINEERS (See Item 9 of this Disclosure Document).

Chief Financial Officer: Lydia H. Atwood.

From February 2003 to April 2004, Ms. Atwood served as Director of Finance and Administration of a software development company based in southern Maine. From May 3, 2004 to the present, Ms. Atwood has served as Criterium Engineers' Chief Financial Officer. Her primary areas of responsibility include corporate financial management, franchise financial assistance and coaching, corporate human resources and benefits administration.

Chief Engineer: V. Campbell Grant, P.E.

From September 2006 to the present Mr. Grant has served as Criterium Engineers' Chief Engineer. He is responsible for the review of all national accounts work and technical assistance to offices. Before joining Criterium Engineers, Mr. Grant held the positions of Project Manager and Estimator for Alliance Construction Incorporated in Scarborough, Maine from January 2001 to August 2006.

National Director, Construction Engineering Services: Richard Tinsman

Mr. Tinsman has served as Criterium Engineers' National Director of Construction Engineering Services from June 2005 to the present. From September 2001 until June of 2005 he was director of the Green Buildings & Infrastructure Program at Massachusetts Technology Collaborative in Westborough, Massachusetts.

Director: Susan E. Mooney

Ms. Mooney serves on the Board of Directors but does not have an active, day to day role in CRITERIUM ENGINEERS.

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LITIGATION

Pending Actions

None.

Litigation Against Franchisees Commenced in the Past Fiscal Year

Coast to Coast Engineering Services, Inc. d/b/a Criterium Engineers v. Ronald R. Corum, P.E., Business and Consumer Docket in Cumberland County, State of Maine (Docket Number BCD-WB-CV-09-41). On June 11, 2009, Criterium Engineers filed a civil complaint against Ronald R. Corum, sole owner of former franchise Ronald R. Corum, P.E. alleging, among other things, Trademark Infringement, Breach of Contract, Recovery of Monies Owed, Tortious

Interference With Prospective Business Relationships, Declaratory Judgment and Misappropriation of Trade Secrets and to Enforce the Post-Termination Non-Competition Provision. Ronald R. Corum filed a Counterclaim alleging, among other things Breach of Contract and Fraudulent Inducement to Enter Contract. The matter was settled by the parties mutually releasing their claims, in exchange for a \$94,000.00 payment from Ronald R. Corum to Criterium Engineers.

Coast to Coast Engineering Services, Inc. d/b/a Criterium Engineers v. William D. Turner, P.E., Business and Consumer Docket in Cumberland County, State of Maine (Docket Number BCD-WB-CV-09-55). On September 17, 2009 Coast to Coast Engineering Services, Inc. d/b/a Criterium Engineers filed a civil complaint against its former franchisee William D. Turner, P.E. alleging, among other things, Breach of Contract, Recovery of Monies Owed, Tortious Interference With Prospective Business Relationships and Declaratory Judgment to enforce the post-termination non-competition provision and the provisions requiring Mr. Turner, upon termination, to return to Criterium Engineers a complete list of his customers' names, addresses, telephone numbers and record files from the past two years and transfer his telephone number and any other listings related to Criterium Engineers' proprietary marks. Mr. Turner filed a Counterclaim alleging, among other things Breach of Contract and Fraudulent Inducement to Enter Contract. On March 23, 2010, the Court entered a default judgment against Mr. Turner for failing to comply with numerous prior court orders. Criterium is in the process of filing a Motion for Default Judgment seeking specific performance and money damages arising out of the above referenced claims.

Concluded Actions

QualityBuilt.Com, Inc. v. Coast to Coast Engineering Services, Inc. d/b/a Criterium Engineers, American Arbitration Association Case No. 73 155 Y 00167 07 DEAR. On April 6, 2007 QualityBuilt.com, Inc. commenced an arbitration proceeding against Criterium Engineers for an unspecified amount alleging breach of contract, misappropriation of proprietary property, violation of the non-compete provisions of the contract between the parties and failure to perform under the contract. On August 20, 2007, Criterium Engineers filed a counterclaim against QualityBuilt.com, Inc. alleging breach of contract, breach of implied covenant of good faith and fair dealing, fraud, statutory deceit, negligent misrepresentation, quantum meruit/quasi-contract, promissory estoppel, unjust enrichment and constructive trust, intentional interference with prospective economic advantage, negligent interference with economic advantage, commercial defamation, trade libel, unfair competition, conversion, constructive fraud, and seeking injunctive relief, declaratory relief, and an accounting of QualityBuilt.com, Inc., as well as punitive damages. Also on August 20, 2007 QualityBuilt.com, Inc. filed an amended Statement of Claim against Criterium Engineers alleging misappropriation of trade secrets, breach of contract, breach of covenant of good faith and fair dealing, intentional interference with contract, intentional interference with prospective economic advantage, fraud, negligent misrepresentation, and unfair competition. A three week arbitration was held in January and February 2009 in San Diego, California. The evidence was closed in the Spring of 2009. The arbitrator ruled in favor of Criterium Engineers on all counts and awarded Criterium Engineers \$3.6+ million in damages, attorneys' fees and costs arising out of its counterclaims. QualityBuilt recovered nothing. Criterium Engineers is in the process of attempting to enforce and collect the arbitration award.

Consent Order, Maryland Case No. 2005-0081. The Maryland Division of Securities (the “Division”) initiated an investigation into the franchise-related activities of CRITERIUM ENGINEERS (“Criterium”) alleging that Criterium had not complied with the registration and disclosure requirements of §§ 14-214 and 14-223 of the Maryland Franchise Law and Maryland Franchise Regulations Sections 02.02.08.04 in relation to the offer and sale of franchises. Criterium has registered its franchise offering in Maryland since the year 2000. On December 18, 2003, Criterium filed with the Division a renewal application for the registration of its franchise offering in Maryland. On January 13, 2004, Criterium’s previously effective franchise registration with the Division expired. During the review of the pending renewal application, the Division requested that Criterium submit an undertaking that it had not offered or sold franchises in Maryland during the period of lapsed registration. In response to this request, Criterium acknowledged that on April 30, 2004 it had entered into a franchise agreement with Craig D. Smith for a Criterium franchise territory located in Baltimore County, Maryland. In Maryland, a sale is considered unregistered during the time a renewal application is pending. Criterium then voluntarily ceased selling franchises in Maryland pending investigation into the matter. Without admitting any violation of the law, CRITERIUM ENGINEERS entered into a Consent Order on November 3, 2005 and agreed to offer rescission to Mr. Smith. Mr. Smith elected not to rescind the franchise agreement. No fines or other penalties were assessed by Maryland against Criterium as part of the Consent Order.

Other than these actions, no litigation is required to be disclosed in this Item.

4 **BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

5 **INITIAL FEES**

A. Initial Franchise Fee.

The initial franchise fee is \$29,500. The fee includes all items listed in Exhibit F of the Franchise Agreement, including travel expenses for the initial training and a supply of stationery, brochures, and other printed items. The fee is used to develop and maintain the techniques, systems, procedures and know how in the consulting engineering business which are unique to CRITERIUM ENGINEERS and to maintain the CRITERIUM® trademark.

The initial franchise fee is payable in full upon your execution of the Franchise Agreement unless, and to the extent, financing is obtained from CRITERIUM ENGINEERS. As provided in Item 10 of this Disclosure Document, CRITERIUM ENGINEERS offers financing of up to 57 percent of the initial franchise fee, or \$17,000.00 if you qualify. If financing is extended, you pay \$12,500 of the initial franchise fee when you execute the Franchise Agreement. You pay the balance of the initial franchise fee according to the terms of an unsecured promissory note, described in Item 10.

The initial franchise fee is uniform for all new franchisees. It is fully earned when paid and, in cases where we provide financing, upon execution of the promissory note for the deferred position of the initial franchise fee. We do not require offices converting from the Predecessor Company's "Home Inspection Consultants" system to pay any initial franchise fee to join the CRITERIUM® System.

B. Conditions for Refund.

The initial franchise fee is fully refundable if you fail to complete the initial training program to our satisfaction. (See Item 11 of this Disclosure Document for a description of the initial training program.) However, we do not refund any portion of the initial franchise fee if you fail to complete the initial training program due to your failure or refusal to attend such training (provided CRITERIUM ENGINEERS offers the initial training program within 90 days after we execute the Franchise Agreement.) Upon completion of the initial training program, the initial franchise fee is not refundable under any condition. Other than for failure to complete the training program the initial franchise fee is non-refundable. For further discussion of the Franchisor and Franchisee's rights and obligations on termination, see Item 17 entitled "Renewal, Termination, Transfer and Dispute Resolution."

C. Additional Offices within the Area.

The Franchise Agreement permits you to open an unlimited number of offices within your assigned area of primary responsibility (defined in Item 12 of this Disclosure Document as the "Area".) CRITERIUM ENGINEERS' prior written approval of each location is required. Beginning no later than 6 months following the date of the Franchise Agreement and continuing for the balance of the franchise term, you must at all times have at least one approved franchised office operating in the Area. The Franchise Agreement applies to each franchised office that the Franchisee opens in the Area. No additional franchise or other fee is payable for the right to open additional offices.

D. Area Development Rights

We also offer to select qualified persons the opportunity to acquire the exclusive right to develop and operate multiple CRITERIUM ENGINEERS Franchises in a designated Development Area. The Development Area will be established based on the consumer demographics of the Development Area, geographical area, city, county or other boundaries. If you are purchasing a Development Area, you must sign our Area Development Agreement. When you sign the Area Development Agreement, you must pay us an Area Development Fee. The Area Development Fee is equal to \$1,000, multiplied by the number of CRITERIUM ENGINEERS Franchises, which you will establish in the Development Area. You also must pay us the full amount of the then-current Franchise Fee for the first CRITERIUM ENGINEERS Franchise you open. For each subsequent CRITERIUM ENGINEERS Franchise you open under your Area Development Agreement you will pay a Franchise Fee, which is calculated in the same manner as the Franchise Fee being charged to new franchisees, at the time you sign each subsequent Franchise Agreement. In all circumstances the Area Development Fee and Franchise Fees are nonrefundable once paid. The total investment necessary to begin operation under the Area Development Agreement is approximately \$47,950.00 to \$76,950.00. After your first

CRITERIUM ENGINEERS Franchise is opened and operating, you will receive a credit of \$1,000, toward the payment of each subsequent Franchise Fee. The Franchise Fee for your second and subsequent locations may be higher than the Franchise Fee for your first CRITERIUM ENGINEERS Franchise. As of the date of this Disclosure Document, the Franchise Fee for the first CRITERIUM ENGINEERS Franchise you open in the Development Area and the Franchise Fee for each subsequent CRITERIUM ENGINEERS Franchise you open in the Development Area is outlined above. We reserve the right to change the Franchise Fee and/or Area Development Fee(s) at any time in our discretion. If you form an entity to open any of the additional CRITERIUM ENGINEERS Franchises within the Development Area, you must own at least 51% of the issued equity securities in each entity. You must provide us with necessary documentation to show your ownership interest.

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OTHER FEES

TYPE OF FEE	AMOUNT (%)		DUE DATE	REMARKS
Service Fee ¹	6.0	On annual receipts up to \$300,000	Payable monthly on the 10th day of the next month.	Gross receipts includes all revenue from the franchise location. Gross receipts does not include sales or similar tax or refunds.
	5.5	Up to . . . \$600,000		
	5.0	Up to . . . \$1,000,000		
	4.5	Up to . . . \$1,500,000		
	4.0	Thereafter		
Communications Fee ²	1% of gross receipts or \$50.00, which-ever is greater.		Payable monthly on the 10th day of the next month.	Gross receipts includes all revenue from the franchise location. Gross receipts does not include sales or similar tax or refunds.
Late Payments ³	12% on unpaid balance.		Payable within 15 days of notice.	
Audits	Cost of audit plus 12% interest on under-payment plus related costs.		30 days after billing.	Payable only if audit shows an understatement of at least 5% of gross receipts for any month.
Transfer Fee ⁴	10% of the then current initial franchise fee.		Prior to consummation of transfer.	Payable when you sell your franchise. No charge if franchise transferred to a corporation which you control.
Franchise Training Fees ⁵	Travel in excess of allowance.		Prior to training.	See Items 5 and 11.
National Conference ⁶	\$495 or as amended from time to time		Payable annually	See Items 5 and 11
Additional Training	Travel plus \$195.00 materials cost.		Prior to training.	Training is available to engineering staff and is a requirement of insurance provided by CRITERIUM ENGINEERS.

All citations of Section numbers throughout this Disclosure Document are referenced to the Franchise Agreement, attached to this Disclosure Document as Exhibit C, unless designated otherwise. No other fees or payments are to be paid to us, nor do we impose or collect any other fees of payments for any other third party. All fees are imposed by and payable to us or our affiliates. All fees are non-refundable. All fees for our individual Franchise Agreements are uniform. None of the fees for our Area Development Agreements are uniform.

NOTES

1. Service Fee.

You must pay a monthly service fee equal to 6 percent of your Gross Receipts of up to \$300,000 per year. At such time as your monthly gross receipts exceed an annualized rate of \$300,000, you may reduce your monthly royalty payment to 5.5 percent of gross receipts. When your monthly gross receipts exceed an annualized rate of \$300,000, you may reduce your monthly royalty payment to 5.5 percent of Gross Receipts; 5.0 percent after \$600,00, 4.5 percent after \$1,000,000, and 4.0 percent after \$1,500,000. "Gross Receipts" means the total revenue you collect from Consulting Engineering Services or, directly or indirectly, from the operation of the Franchised Consulting Engineering Business, regardless of the nature of the services or source of payment. Gross Receipts do not include customer refunds on Gross Receipts previously reported to Criterium Engineers on which you have already paid Service Fees and Advertising Contributions. Nor do they include the amount of any sales, use or other similar taxes that you collect from customers and pay to any federal, state or local taxing authority. With CRITERIUM ENGINEERS' prior written approval, Gross Receipts may not include certain unusual non-recurring expenses upon which you derive no income or profit. (See Section 10.1 of the Franchise Agreement, attached as Exhibit "C" to this Disclosure Document.) You must pay Service Fees on or before the 10th of each month based upon the Gross Receipts of the Franchised Consulting Engineering Business collected during the prior month. Offices converting from the "Home Inspection Consultants" network pay a service fee equal to the same royalty rate provided in the former agreement with the Predecessor Company.

2 Communications Fee.

You must pay a monthly communications fee (the "Communications Fee") to CRITERIUM ENGINEERS together with, and for the same period as, the Service Fee. The amount of the Communications Fee is the greater of \$50.00 per month, or 1 percent of your monthly Gross Receipts. The Communications Fee is imposed on new Franchisees to the CRITERIUM® System. Those offices converting from the "Home Inspection Consultants" network are not required to pay a Communications Fee unless they elect to participate in CRITERIUM ENGINEERS' advertising program. We do not require converting offices to participate in the advertising program. Converting offices have the option to participate in advertising activities and obtain advertising and promotional materials on a fee-for-services basis based on the cost of media production and placement and other direct advertising costs.

3 Late Payments; Audits.

If you fail to pay any Service Fees or Communications Fees when due, the amount not timely paid will bear interest at the rate of 12 percent per annum from the date payment was due until paid in full.

CRITERIUM ENGINEERS may apply any payments you make to any past due indebtedness of yours for Services Fees, Communications Fees, interest or any other indebtedness. We may make such application irrespective of how you may label a particular payment.

The Franchise Agreement requires you to submit periodic sales reports, financial statements and tax returns or schedules as they pertain to the Franchised Consulting Engineering Business or state law may require for persons engaged in "professional engineering" activities. You must prepare these reports and financial statements at your sole expense using our prescribed reporting and bookkeeping format. You must complete all financial statements in accordance with generally accepted accounting principles. CRITERIUM ENGINEERS may examine, copy and audit all books and records of the Franchised Consulting Engineering Business including records relating to Gross Receipts, sales calls, new accounts and other relevant information. If we have reason to believe that any financial statements submitted are not correct or are not prepared in accordance with generally accepted accounting principles, we may require that you prepare these statements at your expense by a certified public accountant we select.

You must establish and maintain a bookkeeping, accounting and record keeping system conforming to our requirements, as revised from time to time. You must submit such periodic reports, forms and records we specify in the Franchise Agreement and Confidential Operating Manual or otherwise require. Your books and records must be available for inspection, copying, and audit by CRITERIUM ENGINEERS, its agents and attorneys during normal working hours.

You must retain these books and records relating to the Franchised Consulting Engineering Business for 3 years during, and following, the expiration, termination, or your assignment of the Franchise Agreement. During this time, we may make one or more inspections and audits of these records as we deem necessary to determine your compliance with the Franchise Agreement during its term.

If an audit reveals that actual Gross Receipts for any period exceed the amount you reported, the total amount of Service Fees and Communications Fees payable on account of the deficiency is due and payable in full within 15 days after receipt of CRITERIUM ENGINEERS' audit report, together with interest at the rate stated above. In those cases where the understatement equals or exceeds 5 percent of actual Gross Receipts, we require you to pay all costs and expenses we incur in connection with the audit and collection of the deficiency, including all accountants' fees, attorneys' fees, and the travel expenses, room, board and compensation of those of our employees and independent professionals who participate in the audit. In addition, we may terminate the Franchise Agreement if the amount of the understatement of Gross Receipts is 5 percent or more.

4 Transfer Fees.

In certain cases of an assignment of your Franchised Consulting Engineering Business, as further explained in Item 17 of this Disclosure Document, you must pay to CRITERIUM ENGINEERS, a transfer fee equal to 10 percent of the initial franchise fee then being charged by CRITERIUM ENGINEERS in connection with the sale of new CRITERIUM® franchises, in lieu of the transferee's payment of any initial franchise fee. The transfer fee is for the training, supervision, administrative costs, overhead, counsel fees, accounting and other expenses we may have in connection with the transfer. We do not charge a transfer fee in connection with the assignment or transfer of the franchise by an individual to a newly formed corporation or to the qualified heir or personal representative in the event of your death or permanent disability.

5 Training Fees.

You, or the principal officer or partner of a corporate or partnership Franchisee, must attend and successfully complete the CRITERIUM ENGINEERS' initial training program, described in Item 11 of this Disclosure Document. We do not charge a training fee to attend. CRITERIUM ENGINEERS provides up to 10 nights lodging, a per diem of up to \$20.00 for meals, plus a travel allowance of up to \$300 to offset the cost of travel for training. You must bear all personal expenses in excess of these amounts and all personal expenses incurred by your employees who do attend such training program, including meals, lodging and transportation, and salary expenses.

Initial training is at CRITERIUM ENGINEERS' offices and nearby vicinities in Portland, Maine. You may send an unlimited number of supervisory employees and technical staff to the initial training program. Alternatively, after three years of operation, you can train staff members in-house if you follow CRITERIUM ENGINEERS on-site training program.

You are or may be required to pay these fees and charges to CRITERIUM ENGINEERS during the term of the Franchise Agreement, none of which are refundable under any circumstances. Except as indicated, the obligation for these expenses begins on the date you begin operating the Franchised Consulting Engineering Business under the Marks and using the CRITERIUM® System. These fees do not contemplate all payments you will make to suppliers, lessors and other people during the term of the Franchise Agreement.

You pay no other fees or payments to CRITERIUM ENGINEERS, nor do we impose or collect any other fees or payments in whole or in part for any third party.

6. National Conference

If held, you are required to attend the national conference sponsored by Criterium Engineers. If you are unable to attend for any valid reason, (health, family concerns, legitimate conflicts), you will still be charged the then-current conference fee unless prior written approval is granted.

ESTIMATED INITIAL INVESTMENT**YOUR ESTIMATED INITIAL INVESTMENT****FRANCHISE AGREEMENT**

<i>TYPE OF EXPENDITURE</i>	<i>LOW AMOUNT</i>	<i>HIGH AMOUNT</i>	<i>METHOD OF PAYMENT</i>	<i>WHEN DUE</i>	<i>TO WHOM PAYMENT IS TO BE MADE</i>
Initial Franchise Fee ¹	\$29,500	\$29,500	Lump Sum or in Individual Cases, in Installments	Upon execution of Franchise Agreement; in Individual Cases, within One Year	Franchisor
Rent and Related Real Estate Charges ²	0	\$3,000	As Arranged	As Arranged	Lessor
Utility and Security Deposits ³	\$100	\$3,000	As Arranged	Before Opening	Utility Companies
Other Pre-paid Expenses and Licenses ⁴	\$150	\$250	As Arranged	Before Opening and As Arranged	Government Bodies
Leasehold Improvements, Fixtures and Equipment ⁵	\$500	\$5,000	As Arranged	Before Opening and As Arranged	Approved Suppliers Vendors
Insurance ⁶	\$1,000	\$1,000	As Arranged	Before Opening	Franchisor; Insurance Companies
Training ⁷	\$250	\$500	As Arranged	Before Opening	Transportation, Hotels and Restaurants
Pre-opening Advertising ⁸	\$500	\$1,500	As Arranged	Before Opening	Franchisee Determines
Printing ⁹	\$500	\$500	As Arranged	As Arranged	Approved Suppliers
Opening Inventory Supplies ¹⁰	\$200	\$500	As Arranged	As Arranged	Approved Suppliers
Legal and Professional Fees ¹¹	\$250	\$1,000	As Arranged	As Arranged	Franchisee Determines
Additional Funds for First 6 Months ¹²	\$12,000	\$25,900		As Arranged	Franchisee Determines
TOTAL¹⁵	\$44,950	\$71,650			

AREA DEVELOPMENT AGREEMENT

<i>NAME OF EXPENDITURE</i>	<i>LOW AMOUNT</i>	<i>HIGH AMOUNT</i>	<i>METHOD OF PAYMENT</i>	<i>WHEN DUE</i>	<i>PAYMENT IS TO BE MADE TO</i>
Initial Franchise Fee ¹	\$29,500	\$29,500	Lump Sum or in Individual Cases, in Installments	Upon execution of Franchise Agreement; in Individual Cases, within One Year	Franchisor
Rent and Related Real Estate Charges ²	0	\$3,000 per franchise opened	As Arranged	As Arranged	Lessor
Utility and Security Deposits ³	\$100 per franchise opened	\$3,000 per franchise opened	As Arranged	Before Opening	Utility Companies
Other Pre-paid Expenses and Licenses ⁴	\$150	\$250	As Arranged	Before Opening and As Arranged	Government Bodies
Leasehold Improvements, Fixtures and Equipment ⁵	\$500	\$5,000 per franchise opened	As Arranged	Before Opening and As Arranged	Approved Suppliers Vendors
Insurance ⁶	\$1,000	\$1,000	As Arranged	Before Opening	Franchisor; Insurance Companies
Training ⁷	\$250	\$500	As Arranged	Before Opening	Transportation, Hotels and Restaurants
Pre-opening Advertising ⁸	\$500	\$1,500	As Arranged	Before Opening	Franchisee Determines
Printing ⁹	\$500	\$500	As Arranged	As Arranged	Approved Suppliers
Opening Inventory Supplies ¹⁰	\$200	\$500	As Arranged	As Arranged	Approved Suppliers
Legal and Professional Fees ¹¹	\$250	\$1,000	As Arranged	As Arranged	Franchisee Determines
Additional Funds for First 6 Months ¹²	\$12,000	\$25,900		As Arranged	Franchisee Determines
Area Development Fee ¹³	\$3,000	\$5,000	Lump Sum	Upon execution of Area Development Agreement	Franchisor
Vehicle ¹⁴	\$0	\$300	As Arranged	As Arranged	Franchisee Determines
TOTAL¹⁵	\$47,950	\$76,950			

THESE FIGURES DO NOT TAKE INTO ACCOUNT ANY FINANCING CHARGES OR OTHER RELATED COSTS WHICH YOU MAY BE REQUIRED TO PAY. THESE FIGURES APPLY TO NEW CRITERIUM® FRANCHISEES WHO ARE STARTING UP THEIR BUSINESS. IF YOU PURCHASE AN OPERATING FRANCHISED CONSULTING ENGINEERING BUSINESS FROM AN EXISTING CRITERIUM FRANCHISEE, YOU MAY PAY A GOING-CONCERN VALUE FOR SUCH BUSINESS

WHICH REFLECTS GOODWILL AND OTHER INTANGIBLE ASSETS IN ADDITION TO COSTS FOR TANGIBLE PERSONAL PROPERTY, LEASEHOLD INTERESTS, LEASEHOLD EXPENSES, INVENTORY AND THE LIKE.

NOTES

1. Initial Franchise Fee.

See Item 5 of this Disclosure Document. CRITERIUM ENGINEERS may offer financing for up to \$17,000.00 of the initial franchise fee for qualified Franchisees. The chart does not show the effect of financing the initial franchise fee, *i.e.*, that your initial, minimum payment would be less than the full \$29,500, with the balance of the initial franchise fee payable, together with interest, in equal monthly installments over a period of up to two years, as explained in Item 10 of this Disclosure Document. See Item 5 for the conditions under which this fee is refundable.

The initial franchise fee is fully refundable if you fail to complete the initial training program to our satisfaction. (See Item 11 of this Disclosure Document for a description of the initial training program.) However, we do not refund any portion of the initial franchise fee if you fail to complete the initial training program due to your failure or refusal to attend such training (provided CRITERIUM ENGINEERS offers the initial training program within 90 days after we execute the Franchise Agreement.) Upon completion of the initial training program, the initial franchise fee is not refundable under any condition. Other than for failure to complete the training program the initial franchise fee is non-refundable. For further discussion of the Franchisor and Franchisee's rights and obligations on termination, see Item 17 entitled "Renewal, Termination, Transfer and Dispute Resolution."

2. Rent.

Rent will vary depending upon the location, condition and size of the franchised office. We estimate the sum of \$ 0.00 to \$3,000.00 as one month's rent. This estimate includes all of the continuing charges typically payable to the owner of the real estate for one month, *e.g.*, monthly rental, taxes, insurance, maintenance and other occupancy expenses. The estimate is based upon a 300 square foot franchised office. CRITERIUM ENGINEERS imposes only minimum specifications for the design and appearance of your office facility. As noted in Items 8 and 9 of the Disclosure Document, you have 6 months from the date of the Franchise Agreement in which to open an office in the Area. A security deposit of two months rent is included in this estimate. The Minimum estimate applies for up to the first 6 months following execution of the Franchise Agreement when you may operate the CRITERIUM® Franchise out of a suitable home office. It assumes you have an office facility in your home at the time the Franchise Agreement is signed and therefore assumes no incremental cost for rent to establish the home office.

3. Utility Security Deposits.

Certain utilities (electric, gas, telephone) may require security deposits in advance of providing services. These estimates are included.

4. Other Pre-Paid Expenses, Licenses.

Governmental regulations may require various permits and licenses as either isolated or recurring expenditures. Typical of these permits and licenses are those from labor departments, sales tax bureaus and other similar state or local governmental agencies. In addition, as noted in Item 1 of this Disclosure Document, state law may require that you, at a minimum, be duly licensed as a "professional engineer" in order to render Consulting Engineering Services. We anticipate that most Franchisees will have the requisite professional licenses when they purchase the CRITERIUM® franchise and therefore will not incur any additional expense for this item in connection with their purchase of the franchise. Compliance with such licensing requirements is a condition of the CRITERIUM® franchise. Government authorities determine fees to obtain required licenses and permits and you pay them directly as required.

5. Leasehold Improvements, Fixtures and Equipment including Computer Systems

We impose only minimal specifications for leasehold improvements to the franchised office, fixtures (such as signage) and furnishings. The specifications are described in the Confidential Operating Manual. The cost of leasehold improvements, fixtures and equipment depends upon the size of the franchised office, the nature and extent of any repair work required, the local cost of construction work and the location of the franchised office. An office must be equipped, at a minimum, with the following equipment: a computer operating in the Windows XP Pro or greater environment and Microsoft Office 2003 or greater software, an e-mail address, fax machine and separate fax line, a digital camera and CD burner. Of this amount, the estimated cost associated with the purchase of the specified office equipment is \$2,500. You may already possess certain equipment. In addition, leasing of furniture and equipment may be a desirable strategy to minimize initial capital outlay.

6. Insurance.

You must procure and maintain throughout the term of the Franchise Agreement insurance of the types and amounts described in Item 8 and 9 of this Disclosure Document. The cost of insurance will vary based on policy limits, type of policies procured, geographic location, and other related factors. The figures cover insurance deposits made prior to opening. They include a \$500.00 deposit paid to the CRITERIUM® reserve account for errors and omissions insurance and initial payments for business liability and other insurances.

7. Training.

You are responsible for travel, food, and lodging in excess of the amounts specified, other personal expenses and salary costs for yourself and your employees who attend the initial training program described in Items 6 and 11 of this Disclosure Document. Training is provided at our offices in Portland, Maine. We invite you and an unlimited number of your supervisory employees to attend. The above estimates assume one representative will attend. CRITERIUM ENGINEERS provides up to 10 nights lodging, a per diem of up to \$20.00 for meals, plus a travel allowance of up to \$300 to offset the cost of travel for training. You must bear all personal expenses in excess of these amounts and all personal expenses incurred by your employees who do attend such training

program, including meals, lodging and transportation, and salary expenses. In our experience, employees generally do not attend the initial training.

8. Advertising.

Before your first use or distribution, you must submit to us for written approval, samples of all promotion, marketing and advertising materials and descriptions of local promotional programs that you propose to use, that we have not previously approved. If we have not notified you of our disapproval within 15 days from the date of receipt of such information, the materials are considered approved.

You may not advertise or use in advertising or any other form of promotion any of the Marks without appropriate copyright and registration symbols or the designations ®, TM or SM where applicable, applied in accordance with our instructions.

You must maintain a dedicated business telephone number and listing in the Classified or Yellow Pages telephone directory or directories which cover your assigned area of primary responsibility (See Item 12 of this Disclosure Document) under the name of the Franchised Consulting Engineering Business and under such other names as CRITERIUM ENGINEERS may designate using advertisements which CRITERIUM ENGINEERS approves in advance.

9. Printing.

Before beginning operations, you must purchase supplies as prescribed in the Confidential Operating Manual. Such items include stationery, business cards, brochures and related paper items. Included in the franchise fee are an initial supply of 2,000 letterhead sheets, 4,000 second sheets, 3,000 business cards, and 2,000 brochures. You may choose to purchase additional amounts.

10. Opening Inventory and Supplies.

Before beginning operations, you must purchase miscellaneous office supplies and certain tools related to the business, identified in the Confidential Operating Manual.

11. Legal and Professional Fees.

You may incur certain legal, accounting and/or other professional fees in establishing the Franchised Consulting Engineering Business, including business formation and accounting services. Actual amounts may vary depending upon the local cost of such services, nature and type of professional services required and other related factors.

You are not our agent, and, therefore, you must indemnify and hold CRITERIUM ENGINEERS harmless against any and all claims arising directly or indirectly from or pertaining to the operation of the Franchised Consulting Engineering Business, as well as all costs and attorney's fees we incur in defending against such claims and in enforcing the indemnification provision. You are an independent contractor and must take such actions in order to communicate this fact to all third parties, including customers and suppliers.

12. Additional Funds - for First 6 Months.

The chart shows additional start-up funds that may be required for the first 6 months of operation. These expenses include payroll costs, insurance, promotion and transportation costs. These figures are estimates and CRITERIUM ENGINEERS cannot guarantee that you will not have additional expenses in starting the business. Your costs will depend on factors such as: how much you follow CRITERIUM ENGINEERS' methods and procedures, your management skill, experience and business acumen, local economic conditions, the local market for our services, the prevailing wage rate, competition, and the sales level reached during the initial period.

The Minimum level reflects a sole proprietor working from a home office. It includes costs for sales and promotion, phone, postage, auto expenses and related professional expenses. The Maximum level reflects the immediate addition of office staff, rental of office space, and a more aggressive promotional effort.

Neither the maximum nor minimum level of expenses make any assumptions of a salary that you may draw during the first 6 months of operations. Although you may draw a salary, we anticipate that you will channel some or all revenue into the business. The chart does not take into account any money which you might need for personal living expenses during this period.

13. Area Development Fee

When you sign the Area Development Agreement, you must pay Franchisor an Area Development Fee. The Area Development Fee is equal to \$1,000 multiplied by the number of CRITERIUM ENGINEERS Franchises to be established in the Development Area. You also must pay Franchisor the full amount of the then-current Franchise Fee for the first CRITERIUM ENGINEERS Franchise you open. For each subsequent CRITERIUM ENGINEERS Franchise you open under your Area Development Agreement you will pay a Franchise Fee, which is calculated in the same manner as the Franchise Fee being charged to new franchisees, at the time you sign each subsequent Franchise Agreement. After your first CRITERIUM ENGINEERS Franchise is opened and operating, you will receive a credit of \$1,000 toward the payment of each subsequent Franchise Fee. The Area Development Fee is nonrefundable once paid. See Item 5 of this Disclosure Document for additional information regarding the Area Development Fee.

14. Vehicle

This figure represents the estimated cost per month for a vehicle. The minimum estimated amount assumes you already have a vehicle. The maximum amount represents the estimated cost per month to lease a vehicle.

15. Total.

All fees paid to CRITERIUM ENGINEERS are non-refundable, except as outlined in Items 5 and 6 of this Disclosure Document. Fees paid to a third party may be refundable, depending upon the arrangement and contracts, if any, made between such third party and the Franchisee.

The preceding projections are estimates of the total initial investment required of a CRITERIUM® Franchisee. Many of the expenses shown in the chart may not be incurred by you for several months after signing the Franchise Agreement, during which time you may nevertheless be able to operate the Franchised Consulting Engineering Business from your home and develop and service a clientele and generate revenue.

Minimum expenses reflect the projected least capital outlay required to establish a CRITERIUM® Franchise business. Variables, some of which are within your control, others of which are not, contribute to the estimate of Maximum Expenses.

Offices converting from the Predecessor Company's "Home Inspection Consultants" system do not incur an initial franchise fee or initial expenses to join the CRITERIUM® System.

CRITERIUM ENGINEERS relied on its experience since 1989 and that of the predecessor company to compile these estimates. You should review these figures carefully with a business advisor before deciding to purchase the franchise.

8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You have no obligation, under the Franchise Agreement or other practice, to purchase or lease from CRITERIUM ENGINEERS or from suppliers we designate any goods, services, supplies, fixtures, equipment, inventory or real estate relating to the establishment or operation of the Franchised Consulting Engineering Business. You must purchase various items used in the development and operation of the Franchised Consulting Engineering Business in accordance with our specifications. These specifications are outlined in the Confidential Operating Manual that is provided to Franchisees. The Franchise Agreement expressly incorporates the contents of the Confidential Operating Manual into the Franchise Agreement by reference. Therefore, your breach of any mandatory requirement contained in the Confidential Operating Manual constitutes a default under the Franchise Agreement.

You may not incorporate as CRITERIUM® but must register the CRITERIUM® name as a fictitious or assumed name or d/b/a in your state.

If you desire to apply CRITERIUM ENGINEERS' Marks to any goods used in connection with franchise operations, the supplier must agree to use and apply the CRITERIUM® Marks in accordance with our guidelines. These goods include stationery, brochures, signs, and other printed items. No other requirement exists to qualify suppliers.

CRITERIUM ENGINEERS is an approved supplier for most printed items. In 2009, we had total revenues of \$3,618,175.00. Of that, \$38,670.00 (1.0 percent of total revenues) was from franchisees for printing and other merchandise of which \$33,654.00 was expended in the direct cost of printed materials, not including shipping. CRITERIUM ENGINEERS makes no requirement that printed materials be purchased from us. Neither CRITERIUM ENGINEERS nor any person or company affiliated with it receives any consideration from suppliers that we may recommend to you on account of your purchases from such suppliers, although certain items may be marked up

between 15 and 25 percent above actual cost to cover processing and inventory costs. There are no approved suppliers in which any of our officers owns an interest.

CRITERIUM ENGINEERS requires that an office be equipped, at a minimum, with the following equipment: a computer operating in the Windows XP Pro or greater environment and Microsoft Office 2003 or greater software, an e-mail address, fax machine and separate fax line, a digital camera and CD burner.

You must maintain an insurance policy or policies protecting you and CRITERIUM ENGINEERS, their officers, directors, employees, subcontractors and other affiliated persons against any loss, liability or expense whatsoever from personal injury, death or property damage arising or occurring upon or in connection with the Franchised Consulting Engineering Business or your occupancy of the franchised office. You must name us as an additional insured on all required policies other than worker's compensation coverage.

The required insurance shall be written by companies satisfactory to CRITERIUM ENGINEERS and must include all of the following, unless we excuse any particular coverage in writing:

(1)	General Liability Insurance	Minimum Limits of Liability/Maximum Deductible
	Bodily Injury	\$1,000,000 each person/ \$1,000 deductible
		\$1,000,000 each accident/ \$1,000 deductible
	Property Damage	\$1,000,000 each accident/ \$250 deductible
(2)	Errors and Omissions for Inspection services	\$4,000,000 per year \$2,000,000 each occurrence \$25,000 deductible
	Errors and Omissions for all other consulting engineering services provided	\$4,000,000 per year \$2,000,000 each occurrence \$25,000 deductible

(3) Worker's compensation coverage as provided by applicable state law where the Franchised Consulting Engineering Business is located.

(4) Business umbrella liability insurance in an amount not less than \$1,000,000.00.

(5) Automobile insurance containing a non-ownership and/or hired vehicle endorsement including CRITERIUM ENGINEERS as a named insured.

To the extent CRITERIUM ENGINEERS is able to obtain errors and omissions insurance, you may elect to be included under our master policy. Each CRITERIUM® office which elects such coverage, to the extent it is available, shares pro rata in the cost of the errors and omissions insurance based upon a ratio of each office's Gross Billings to the total aggregate Gross Billings of all CRITERIUM® offices included under our master policy.

You must submit to us certificates of insurance showing compliance with the requirements within 30 days after you execute the Franchise Agreement, but in no event later than the first day you start doing business to the public under the Marks and using the CRITERIUM® System, whether operating from a home office or from the franchised office. Each certificate must state that the policy or policies cannot be canceled or altered without at least 10 days prior written notice to CRITERIUM ENGINEERS and must reflect proof of payment of premiums. Minimum insurance limits may be modified periodically, based upon inflation or our experience with claims, by written notice to you. Should you fail to maintain any required insurance, we may procure the same after giving you notice of our intent to do so, and you must pay and reimburse us for all actual costs of same upon demand.

At the current time, printed materials plus insurance costs may represent 2 to 3 percent of all purchases required in establishing and operating the business.

9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in others items of this Disclosure Document.

FRANCHISE AGREEMENT

<i>OBLIGATION</i>	<i>SECTION IN AGREEMENT</i>	<i>DISCLOSURE DOCUMENT ITEM</i>
a. Site Selection and Acquisition/Lease	Sections 1,2 & Exhibit B	Items 5.C, 8 & 11
b. Pre-opening Purchases/Leases	Not Applicable	Item 7 & 11
c. Site Development and Other Pre-opening requirements	Not Applicable	N/A
d. Initial and Ongoing Training	Sections 4.1, 6.7, 11.7, & Exhibit F	Items 6, 7 & 11
e. Opening	Not Applicable	Items 8. & 11
f. Fees	Sections 1.2 & 10	Items 5 & 6
g. Compliance with Standards and Policies/ Operating Manual	Sections 3.6.3 & 4	Items 1.B, 8. & 11
h. Trademarks and Proprietary Information	Sections 3, 16 & Exhibit C	Items 13 & 14

<i>OBLIGATION</i>	<i>SECTION IN AGREEMENT</i>	<i>DISCLOSURE DOCUMENT ITEM</i>
I. Restrictions on Products/Services Offered	Section 2.1	Items 8 & 16
j. Warranty and Customer Service Requirements	Not Applicable	N/A
k. Territorial Development and Sales Quotas	Section 2.2	Item 12
l. Ongoing Product/Service Purchases	Section 6.8	Item 8
m. Maintenance, Appearance and Remodeling Requirements	Section 6.1	Item 8
n. Insurance	Section 8	Item 8
o. Advertising	Sections 3.6.1, 3.6.4, 6.6 & 11.1	Items 6 & 11
p. Indemnification	Sections 9.3 & 25	Item 6
q. Owner's Participation/Management/Staffing	Sections 6.2, 6.3 & 6.4	Item 15
r. Records/Reports	Sections 7, 10.3 & 11.3	Items 6 & 8
s. Inspections/Audits	Sections 3.7, 7.2, & 7.3	Item 6
t. Transfer	Sections 17, 18 & Exhibit E	Item 17
u. Renewal	Section 12	Item 17
v. Post-termination Obligations	Section 15	Item 17
w. Non-competition Covenants	Section 16	Item 17
x. Dispute Resolution	Not Applicable	Item 17

AREA DEVELOPMENT AGREEMENT

<i>OBLIGATION</i>	<i>SECTION IN AGREEMENT</i>	<i>DISCLOSURE DOCUMENT ITEM</i>
a. Site Selection and Acquisition/Lease	Section 2 and Appendix A	Items 5.C, 8 & 11
b. Pre-opening Purchases/Leases	Not Applicable	Item 7 & 11
c. Site Development and Other Pre-opening requirements	Not Applicable	N/A
d. Initial and Ongoing Training	Not Applicable	Items 6, 7 & 11
e. Opening	Not Applicable	Items 8. & 11
f. Fees	Sections 4 and 5.2	Items 5 & 6
g. Compliance with Standards and Policies/ Operating Manual	Section 2.1 & 5.1	Items 1.B, 8. & 11
h. Trademarks and Proprietary Information	Sections 2 & 11	Items 13 & 14
I. Restrictions on Products/Services Offered	Not Applicable	Items 8 & 16
j. Warranty and Customer Service Requirements	Not Applicable	N/A
k. Territorial Development and Sales Quotas	Section 3	Item 12
l. Ongoing Product/Service Purchases	Not Applicable	Item 8
m. Maintenance, Appearance and Remodeling Requirements	Not Applicable	Item 8
n. Insurance	Not Applicable	Item 8
o. Advertising	Not Applicable	Items 6 & 11
p. Indemnification	Section 10.4	Item 6
q. Owner's Participation/Management/Staffing	Not Applicable	Item 15
r. Records/Reports	Not Applicable	Items 6 & 8
s. Inspections/Audits	Not Applicable	Item 6
t. Transfer	Section 10	Item 17
u. Renewal	Section 2.3	Item 17
v. Post-termination Obligations	Section 8	Item 17
w. Non-competition Covenants	Section 12	Item 17
x. Dispute Resolution	Section 14	Item 17

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FINANCING ARRANGEMENTS

Summary of Financing Offered

<i>ITEM FINANCED (SOURCE)</i>	<i>OPTION A¹</i>
Initial Franchise Fee; CRITERIUM ENGINEERS-Amount Financed ¹	\$29,500.00
Down Payment	\$13000.00
Terms (Years)	2
APR (percent)	12
Monthly Payment	\$777.00
Prepay Penalty	None
Security Required	Personal Guarantee
Liability on Default	Loss of Franchise - Unpaid Loan
Loss of Legal Right on Default	Waive Notice - Confess Judgment

NOTES

1. Financing Terms.

If you qualify, CRITERIUM ENGINEERS may, in its discretion, offer financing of up to 57 percent, or \$16,500.00, of the initial franchise fee. The terms of such financing are in an unsecured promissory note, in the form attached to the Franchise Agreement as Exhibit "D." The note shall be dated the same date as the Franchise Agreement and you will sign it concurrently with the execution of the Franchise Agreement. The note bears interest at the lesser of 12% per annum or the maximum legal rate of interest at the time of its execution.

Payment of the deferred portion of the initial franchise fee is due in equal monthly installments of principal and interest, with the first installment one month from the date of the note.

If the Franchisee is a corporation, each officer and shareholder of the Franchisee must execute a personal guaranty of the note, agreeing to be personally jointly and severally liable for its repayment. The form of personal guaranty is attached to the Franchise Agreement as Exhibit "E."

You may prepay the note at any time without premium or penalty. Should you default in any payment, the entire unpaid principal balance of the note, together with accrued interest and all costs incurred in collecting this balance (whether or not litigation is initiated), shall become immediately due and payable in full from you or any one of the guarantors. Under the Franchise Agreement, your default under the note shall constitute a breach of the Franchise Agreement permitting CRITERIUM ENGINEERS to terminate the Franchise Agreement unless the default is timely cured. Likewise, under the note, a default in payment of any installment due constitutes a default under the Franchise Agreement.

Before suit for payment, CRITERIUM ENGINEERS is not required to serve you or any guarantor with notice of non-payment or default, nor are we required to present the original note for payment at maturity as a condition of final payment. CRITERIUM ENGINEERS will endeavor to

send you the note marked "canceled" following its payment in full. CRITERIUM ENGINEERS, at its option, may extend the time for payment under the note provided the extension is confirmed in writing. Such extension does not affect the liability of any guarantor.

CRITERIUM ENGINEERS has no present plan to sell or assign the note to any third party, although it may do so in the future. If CRITERIUM ENGINEERS does sell or assign the note, you may lose all defenses against CRITERIUM ENGINEERS and others in a collection action on a note that is sold or discounted. CRITERIUM ENGINEERS does not receive direct or indirect payments for placing financing.

Except as provided in this Item 10, neither CRITERIUM ENGINEERS, nor any agent or affiliate of CRITERIUM ENGINEERS, directly or indirectly, offers you any financing arrangements nor do they guaranty the payment of financing you obtain from third parties. We do not offer direct or indirect financing for Area Developer Agreement fees. We also do not guarantee lease or other obligations for Area Developers.

11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, CRITERIUM ENGINEERS is not required to provide you with any assistance.

A. Pre-Opening Obligations

(1) Selection of a location for your business office is your responsibility. The choice of location is subject to our approval, which we shall not unreasonably withhold or delay. CRITERIUM ENGINEERS will review sites and other site data you compile or assemble for each franchised office which you desire to open and notify you of our approval or disapproval of each proposed site within one week after receiving your written proposal. In approving site locations, CRITERIUM ENGINEERS considers such factors as professional experience, proximity to major thoroughfares, signage, a minimum of 300 square feet of space, and review of photographs and/or plans of the proposed site. CRITERIUM ENGINEERS will grant site approval within one week of receiving the required descriptive and photographic information. We do not currently own sites for leasing to franchisees. CRITERIUM ENGINEERS may terminate the Franchise Agreement if the parties can not agree upon a site location. You must begin operating the Franchised Consulting Engineering Business from the approved office facility by no later than 6 months from the date of the Franchise Agreement. As previously noted, before that time, you may operate the Franchised Consulting Engineering Business out of your home, provided you satisfy certain specifications for a home office, which are specified in the Confidential Operating Manual. A typical office is at least 300 square feet. It is located in a spot that provides convenient access to major thoroughfares. Since there is little walk-in traffic, so-called Class A office space is not necessary, but neat professional looking space is. After the first six months, your office must be located outside your home. (Franchise Agreement Section 2)

The development area is selected in the same manner as the franchise territory. The development area is established based on the consumer demographics of the Development Area, geographical area, city, county or other boundaries.

(2) CRITERIUM ENGINEERS provides an 80 hour mandatory initial training program to you, or to such principal partner or officer of a partnership or corporate Franchisee who is designated as the person responsible for devoting full time and attention to the Franchised Consulting Engineering Business, and to as many of your supervisory employees as you elect to send to the program. Training must be completed to the satisfaction of the training director. (Franchise Agreement Section 11.7). See below in this Item 11 for additional information regarding the initial training program.

(3) We will review all promotional materials and advertising you initiate that you propose to use in connection with pre-opening promotion, as well as following opening. You must obtain our approval prior to use of such materials. (Franchise Agreement, Section 3.6.4.) CRITERIUM ENGINEERS may provide assistance in the formulation and design of the pre-opening advertising program. There are currently no specific advertising restrictions relating to your use of the electronic media, such as the Internet and web pages. However, you must follow our graphic design standards. We will provide you with a development kit, free of charge, to help you accomplish that. If you choose to maintain your website, you must register at your expense, and use an address as follows: “www.criterium [your name]. com.” You determine the price of the services you render under the Marks.

(4) Franchisor shall provide Franchisee with an initial supply of printed and promotional materials for the operation of the Consulting Engineering Service Business licensed herein. (Franchise Agreement Section 11.2)

(5) Franchisor shall direct Franchisee to procure a bookkeeping system and to record revenue and expenses on forms similar to or compatible with those employed by other franchisees, and Franchisee agrees to employ the bookkeeping system in order to generate the reports required by the Franchise Agreement. (Franchise Agreement Section 11.3)

(6) CRITERIUM ENGINEERS will loan you one set of its Confidential Operating Manual which details mandatory specifications, standards and operating procedures. The Table of Contents appears in the table below. We may modify the Manual to reflect changes in the methods, standards, specifications and services approved for CRITERIUM® businesses operating under the Marks and using the CRITERIUM® System. You must keep the Manual current. We will set forth all changes in writing and provide them through written supplements. (Franchise Agreement, Section 4.1.)

<i>OPERATIONS MANUAL</i>	<i>TABLE OF CONTENTS</i>	<i>Page</i>
Volume I:	Introduction	1
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	Rider: Design and Environmental Assessment Coverage	30
	Paying Policy Premiums	31
	The Deductible Reserve	32
	Insurance Program Administration	33
	Complaints, Claims Management	34
	The Advisory Council and Claims Sub-Committee	37
NOTE: ALL MANUALS ARE SUPPORTED BY EXTENSIVE EXHIBITS, SAMPLE FORMS AND MATERIALS.		

B. Time to Open

You must begin operating the Franchised Consulting Engineering Business from the approved office facility by no later than 6 months from the date of the Franchise Agreement. As previously noted, before that time, you may operate the Franchised Consulting Engineering Business out of your home, provided you satisfy certain specifications for a home office, which are specified in the Confidential Operating Manual. In our experience, the average length of time between the time you sign the Franchise Agreement to the time you open for business at the approved office location is one month. Factors affecting time to open include obtaining a satisfactory location, ability to obtain a lease and financing, attendance at and satisfactory

completion of our Initial Training Program, construction, complying with local ordinances, completing delivery and installation of equipment and signs and procuring opening inventory.

C. Advertising

Grand Opening

(1) You are not required to spend any money on advertising associated with a grand opening of your business.

Advertising Fund

(2) CRITERIUM ENGINEERS will establish and maintain the Communications Account, as noted in Item 6 of this Disclosure Document. (Franchise Agreement, Section 11.1.) The amount you must contribute to the Communications Account is either 1% of gross receipts or \$50.00, whichever is greater. We deposit Communication Fees into a communications account (the "Communications Account") maintained separately from CRITERIUM ENGINEERS' general operating account. We apply the Communications Account to meet all costs of maintaining, administering, directing and preparing advertising, public relations and sales promotion programs, printed materials and other marketing, promotional and advertising services, development and research expenses and reasonable administrative and overhead expenses incurred in maintaining the Communications Account and program.

No restrictions are imposed on CRITERIUM ENGINEERS on what, where and how Communication Fees are applied; CRITERIUM ENGINEERS retains complete discretion over the creative concepts, form, content, time, location, market and choice of media for all advertising and promotion paid from Communication Fees.

In fiscal year 2009, the funds were spent as follows:

Memberships	7%
Publications & Materials	17%
Travel	2%
Mailings	2%
Advertising	12%
Other (subcontractors, gifts, etc.)	2%
Internet/Web Costs	19%
Personnel	38%
	<hr/>
	100.00%

We make no representation as to the amount or percentage of total Communications Fees collected which will be spent in any given geographic region, that monies will necessarily be spent on national advertising, or that monies will be spent in your market area in proportion to your contribution. While CRITERIUM ENGINEERS will attempt to expend Communications Fees on a current basis, we may recover over-expenditures from previous fiscal years and may carry forward

under-expenditures to succeeding fiscal years. We provide a non-audited accounting of the communications account to all franchisees each year.

All franchisees must contribute to the fund. We do not require those offices operating under the predecessor's agreements to contribute to the fund. See Item 6 of the Disclosure Document for required payment amounts. All franchisees required to do so contribute at the same rate.

Neither CRITERIUM ENGINEERS or any affiliate receive payment for providing goods or services to the communications account. None of the communications account is used for the solicitation of new franchisees.

Other Advertising Information

Currently, there is no advertising council composed of franchisees that advises the franchisor on advertising policies.

Franchisees are not required to participate in a local or regional advertising cooperative or in any advertising fund other than that which is described above.

You must submit all advertising you create for our approval before first use or distribution (see Item 9 of this Disclosure Document). There are currently no specific advertising restrictions relating to your use of the electronic media, such as Internet and web pages. However, you must follow our graphic design standards. We will provide you with a development kit, free of charge, to help you accomplish that. If we receive permission from you to use and make available to other CRITERIUM® Franchisees any advertising or promotional materials you create for your local use, CRITERIUM ENGINEERS, in our sole discretion, may compensate you for your direct out-of-pocket production costs incurred in producing such materials.

D. Obligations After Opening

(1) CRITERIUM ENGINEERS provides continuing advisory assistance to you consisting of, without limitation, consultation on promotional, marketing, business, operating and technical issues, with analysis of the Franchisee's individual sales, marketing and financial data and results. (Franchise Agreement, Section 11.4.)

(2) CRITERIUM ENGINEERS will hold seminars on technical and operational changes in the CRITERIUM® System, issue periodic newsletters, bulletins and other written materials, conduct "peer review" programs and hold seminars on sales, marketing developments, inspection aides and technical issues. We furnish some written materials, newsletters and bulletins without charge and others may be furnished at our then-current prices as published in the Confidential Operating Manual. We provide an initial supply of stationery, brochures, and promotional materials at no charge to you. (Franchise Agreement, Section 11.5.).

(3) CRITERIUM ENGINEERS provides a technical support telephone hotline and maintains a technical support library to which all Franchisees have access. An "800" number is maintained for the hotline. We, as a matter of policy, will furnish requested library materials without charge. (Franchise Agreement, Section 11.6).

E. Computer Systems and Office Equipment

CRITERIUM ENGINEERS reserves the right to specify the brands and types of office equipment required for the operation of the Franchised Consulting Engineering Business. The cost of purchasing the required equipment is approximately \$2,500.00. Presently, an office must be equipped, at a minimum, with the following equipment: a computer operating in the Windows XP Pro or greater environment and Microsoft Office 2003 or greater software, an email address, fax machine and separate fax line, a digital camera and CD burner. CRITERIUM ENGINEERS reserves the right to require franchisees to upgrade or update any and all hardware components or software programs during the term of the Franchise Agreement, without any limitation on the frequency or cost of the obligation. Upgrades may require you to make significant expenditures. We do not reimburse you for these expenditures. We cannot estimate the cost of maintaining, updating or upgrading your computer equipment because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict. The Franchisor will not have independent access to information and data that is electronically collected by franchisee. (Franchise Agreement, Section 6.1)

You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by these communications and computer-related problems.

F. Training

The initial training program, consisting of both classroom instruction and field training, is provided at our headquarters in Portland, Maine and nearby vicinity, approximately every other month. There have been at least 3 sessions offered in each of the last five years. You, or the designated principal of a partnership or corporate Franchisee, must satisfactorily complete the initial training program before beginning franchise operations, and, in any event, no later than 90 days following execution of the Franchise Agreement. See Item 5 of this Disclosure Document.

Training instruction covers franchise administrative matters, bookkeeping and reporting systems, marketing, customer service and technical training (see table below). We do not require persons owning offices which convert from the Predecessor Company's "Home Inspection Consultants" network to attend the initial training program.

TRAINING PROGRAM

<i>SUBJECT</i>	<i>HOURS OF CLASSROOM TRAINING</i>	<i>HOURS OF ON-THE-JOB TRAINING</i>	<i>LOCATION</i>
<u>Day 1</u> Introductions & Overview What it Means to be a Criterium Engineer Being in Business for Yourself The Criterium Business Model Client Relations Residential Services	8	0	Portland, Maine
<u>Day 2</u> Residential Products Listening Related Services and Products Report Software	8	0	Portland, Maine
<u>Day 3</u> Group Inspection Report Writing Managing Risk Language	8	3	Portland, Maine
<u>Day 4</u> Commercial Services Commercial Products Client Relations	8	3	Portland, Maine
<u>Day 5</u> Field Exercise Report Writing Wrap Up	8	4	Portland, Maine
<u>Day 6</u> Building a Business Markets Image Development	8	0	Portland, Maine
<u>Day 7</u> Business Management Job Management People Management Client Relations	8	0	Portland, Maine

<i>SUBJECT</i>	<i>HOURS OF CLASSROOM TRAINING</i>	<i>HOURS OF ON-THE-JOB TRAINING</i>	<i>LOCATION</i>
<u>Day 8</u> Securing Work (proposals, agreements setting fees) Business Management (hiring, scheduling, advertising)	8	0	Portland, Maine
<u>Day 9</u> Goal Setting Creating an Action Plan Market Research	8	0	Portland, Maine
<u>Day 10</u> Preparing Marketing Materials Role Playing Wrap Up	8	0	Portland, Maine
TOTAL	80	10	

The instructional material for the initial training program consists of our Operations Manual, Performax Systems, Residential Handbooks, textbooks, handouts, video, commercial handbooks, Office Development Handbook, Software, and Twain Associates. The initial training program and other on-going training will be conducted by the following people:

1. Peter Hollander, Executive Vice President of CRITERIUM ENGINEERS. Mr. Hollander has 20 years of experience with the franchisor and 35 years of experience in the field of business management, training, marketing and systems development.
2. H.A. Mooney, President of CRITERIUM ENGINEERS. Mr. Mooney has over 30 years of experience with the franchisor and 37 years in the field of consulting engineering.
3. R.J. Harper, P.E., Inspection engineer with southern Maine franchise. Mr. Harper has 5 years of experience with the franchisor and 15 years of experience in the field of inspection engineering.
4. Barbara Whiton, Director of Franchise Relations for CRITERIUM ENGINEERS. Ms. Whiton has 20 years of experience with the franchisor and 25 years of experience in the field of communications and insurance administration.
5. V. Cambell Grant, Chief Engineer for CRITERIUM ENGINEERS. Mr. Grant three years of experience with the franchisor and 30 years of experience in the field of engineering.

We may change or substitute training personnel as necessary, and we may delegate our duties and share our responsibilities with regard to training.

It is CRITERIUM ENGINEER'S practice and policy to permit you to send newly hired supervisory employees who do not participate in the pre-opening training program to our headquarters to receive training. Arrangements for such training are subject to the availability of space. Technical employees are typically required to attend only the first week of training.

We do not charge a fee for training (either prior to opening or during the Franchise Agreement's term). You are responsible for all travel, lodging, food and other personal expenses for your employees who attend training, as well as salary expenses, if any, for such employees.

The training program is conducted under the supervision of Peter Hollander, Executive Vice President.

CRITERIUM ENGINEERS does not require that you or your staff attend any mandatory refresher training or continuing education programs as a condition of the franchise license. However, you are required to attend Criterium Engineers' national conference when held, unless prior written permission is granted. In addition, insurance companies underwriting errors and omissions insurance may require that you fulfill minimum annual continuing education requirements. For example, the insurance company through which CRITERIUM ENGINEERS maintains its master errors and omissions policy (referred to in Item 8 of this Disclosure Document) requires that each Franchisee electing coverage under such policy complete at least 6 hours of continuing education annually. You can accomplish this through attendance at CRITERIUM ENGINEERS-sponsored programs or at professional programs approved by us.

Franchisor has the same obligations to conversion franchisees as to all other franchisees operating under the CRITERIUM® System.

12 **TERRITORY**

Single Unit Franchise Agreement

We will grant you an area of primary responsibility for all, or a portion, of a metropolitan area encompassing anywhere from 250,000 to 1,500,000 people (the designated area of primary responsibility is referred to as the "Area".) The Area is determined by negotiation of the parties before the Franchise Agreement's execution, and a map depicting the geographic boundaries of the Area is attached by the parties as Exhibit "A" to the Franchise Agreement at the time of its signing. Decreases which may occur in the Area's population during the Franchise Agreement's term will not result in any refund of the initial franchise fee or redrawing of the Area's boundaries. Likewise, increases in the Area's population during the Franchise Agreement's term will not trigger any obligation that you must pay an additional franchise fee nor will it result in any change in the Area's boundaries. You do not receive the right to acquire additional franchises within your territory without entering into an Area Development Agreement with us.

If you wish to relocate your CRITERIUM business site, the proposed new site must meet our then-current site selection criteria and be approved by us.

Offices converting from the Predecessor Company's "Home Inspection Consultants" network receive an area of primary responsibility generally corresponding to the territory they have been servicing, unless otherwise agreed to by the parties. Such area may not necessarily contain the same population base described above applicable to new CRITERIUM® Franchisees. The area granted to converting offices is also determined by negotiations before the parties' execution of the Franchise Agreement and depicted on a map attached as Exhibit "A" to the Franchise Agreement.

We will not locate another CRITERIUM® franchise or establish a company-owned outlet or channels of distribution using the Franchisor's trademark within the Area. This is the only exclusive right granted to you. The territorial exclusivity shall be limited to the first five years of the initial term of this Agreement. After five years, in order to maintain the territorial exclusivity, you must maintain receipts in the top 20th percentile in total revenue for all offices; or achieve gross revenues equal to or greater than \$0.25 per person in the territory on an annual basis. A failure to achieve this quota after five years of operations shall not entitle us to terminate the Franchise Agreement. However, a failure by you to achieve this quota for any twelve month period commencing after the end of the fifth anniversary of the Franchise Agreement, shall result in the immediate termination of your territorial exclusivity. If your territorial exclusivity is terminated for the reasons outlined above, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. If, at any time during the term of the Franchise Agreement, you fail to attain the minimum Gross Receipts specified in the Franchise Agreement for any twelve (12) consecutive month period from execution of the Franchise Agreement, then at our option, we may: (1) terminate the franchise agreement; or (2) offer you a re-designed franchise territory. If offered, you may either accept or decline the re-designed franchise territory. If you do not accept the re-designed franchise territory, then we may terminate the Franchise Agreement.

Any CRITERIUM® office, whether owned by CRITERIUM ENGINEERS or another Franchisee, as well as "Home Inspection Consultants" offices, may provide Consulting Engineering Services in any geographic area and to any customer, while the provider is legally licensed to render these Consulting Engineering Services in the jurisdiction where they are performed. The only exception is that some CRITERIUM® franchises and all "Home Inspection Consultants" offices have certain exclusive territorial rights. These rights prohibit any other CRITERIUM® or "Home Inspection Consultants" office from providing residential or commercial building evaluation services within their Area of primary responsibility.

You may conduct building evaluations outside of your Area, provided (1) you are legally licensed to render such evaluation services in the jurisdiction where they are performed, and (2) you do not render such services in any Area or territory which has been assigned to another CRITERIUM® Franchisee or to a licensee operating under the "Home Inspection Consultants" network that has been granted exclusive rights within that Area or territory. We will notify you by written supplements to the Confidential Operating Manual of the geographic boundaries assigned as areas of primary responsibility to other Franchisees and to "Home Inspection Consultants" licensees. You may use other channels of distribution, such as the Internet, telemarketing or other

direct marketing, to make sales outside your territory, however you may not use other channels of distribution to make sales within the territory of another franchisee.

The Franchise Agreement provides that it is an event of default, permitting termination of the Franchise Agreement, for you to fail to realize minimum annual Gross Receipts in the amounts indicated below, starting in the first year and during the term of the Franchise Agreement (i.e., starting with the first day following the date of the Franchise Agreement, and then during each 12 month period):

Population Base	Year 1	Year 2	Year 3	Year 4 and thereafter
0 - 250,000	\$25,000	\$45,000	\$ 70,000	\$100,000
250,001 - 500,000	\$40,000	\$65,000	\$100,000	\$150,000
500,001 - 1,000,000	\$40,000	\$75,000	\$140,000	\$200,000
1,000,001 and higher	\$40,000	\$90,000	\$175,000	\$250,000

If, at any time during the term of the Franchise Agreement, you fail to attain the minimum Gross Receipts outlined in the Franchise Agreement for any twelve (12) consecutive month period from execution of the Franchise Agreement, then at our option, we may: (1) terminate the franchise agreement; or (2) offer you a re-designed franchise territory. If offered, you may either accept or decline the re-designed franchise territory. If you do not accept the re-designed franchise territory, then we may terminate the Franchise Agreement.

In this respect, the continuation of your exclusive rights in the Area depends upon achievement of a certain sales volume or other contingency since your failure to meet the minimum annual Gross Receipts level may result in termination of the franchise. At our option, if you fail to achieve the minimum sales volume, we may offer you the ability to continue to operate the franchise with a re-designed territory. You may accept this as an alternative to termination of the franchise. However, under those conditions, we may be permitted to establish another franchise within the Area.

CRITERIUM ENGINEERS has no present plan to establish any other franchises or businesses offering similar services under a different name or trademark as those offered by CRITERIUM® offices utilizing the CRITERIUM® System and under the Marks. However, except as provided in this Item 12 regarding building evaluation services, the Franchise Agreement contains no limitation on our right to do so.

Periodically, CRITERIUM ENGINEERS may seek to obtain work from clients (national accounts). This work may be at one or various locations around the country. We will assign all work we obtain within your Area to you. We may negotiate the fees for these services on your behalf. You have no obligation to accept these assignments. If you decline to accept any assignment we refer to you, we may assign the work to any other engineer or franchise without having to obtain your permission and/or without having to pay you a royalty or commission.

We reserve the right, among others:

(1) to own, franchise, or operate CRITERIUM ENGINEERS Businesses at any location outside of the Territory, regardless of the proximity to your CRITERIUM ENGINEERS Business. We will not establish within your Territory another franchisee or company-owned outlet which may also use the franchisor's trademark;

(2) to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Territory. This includes, but is not limited to, retail locations and other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We are not required to compensate you for soliciting or accepting orders inside your territory;

(3) to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering which are not similar to the business operated by you;

(4) to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your CRITERIUM ENGINEERS Business, wherever located;

(5) to acquire and convert to the System operated by us any businesses offering services and products related to operating a consulting engineering service business, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory; and

(6) to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate these multi-area marketing programs.

Area Development Agreement

If we grant you area development rights, the Area Development Agreement you sign with us will grant to you an exclusive area within which you may establish an agreed upon number of CRITERIUM ENGINEERS Franchises, in accordance with your Development Schedule ("Development Area"). A Development Area is usually defined by political boundaries such as city, county or state limits, or by other reasonable boundaries we may determine in our discretion. The number of CRITERIUM ENGINEERS Franchises to be developed is determined based on demographics and other characteristics of the Development Area, including population density, average income and other characteristics of the surrounding area, natural boundaries, extent of competition and the amount and size of urban, suburban and rural areas in the Development Area. Based on your proposal and our own research, we will negotiate with you how many CRITERIUM ENGINEERS Franchises must be established within the Development Area. Each Authorized Territory for specific CRITERIUM ENGINEERS Franchise locations to be established within the Development Area will be

determined at the time the Franchise Agreement is signed for each new CRITERIUM ENGINEERS Franchises.

Except as stated below, the Development Area is exclusive to you unless you fail to meet the Development Schedule designated for your Development Area. If you fail to meet that schedule, your exclusive rights to the Development Area may be forfeited and we may grant franchises to other persons or entities to establish Franchise locations using the Marks and the System within the Development Area.

13 **TRADEMARKS**

CRITERIUM ENGINEERS authorizes you to use the logo appearing on the cover page of this Disclosure Document in the operation of its Franchised Consulting Engineering Business. The Franchise Agreement grants you the right to operate the Franchised Consulting Engineering Business under the trade name "CRITERIUM®", "CRITERIUM® - _____ ENGINEERS" and under such other trademarks, trade names, service marks, logotypes and commercial symbols which we designate in writing (the "Marks").

CRITERIUM ENGINEERS has registered the following Marks on the Principal Register of the United States Patent and Trademark Office:

CRITERIUM Reg. No. 1,602,854, registered on 6/19/90, renewed 6/19/00, for preventative building maintenance planning services, building inspection and investigation services in Class 37 and consulting engineering services and consulting in the field of litigation in Class 42.

CRITERIUM (with design) Reg. No. 1,603,100, registered on 6/19/90, renewed 6/19/00, for consulting engineering services, consulting in the field of litigation, in Class 42.

CRITERIUM ENGINEERS (with design) Reg. No. 1,613,354, registered on 9/11/90, renewed 9/11/00, for consulting engineering services in the field of litigation support and building evaluation and design, in Class 42.

CRITERIUM Reg. No. 1,628,576, registered on 12/18/90, renewed on 12/18/00, for franchising services - namely offering technical assistance in the establishment or operation of businesses offering engineering consulting services entailing building analysis, diagnostics, and inspections, maintenance, planning designs, site investigations and litigation support services in Class 35.

ORANGE TRIANGLE (design only) Reg. No. 1,751,662, registered on February 9, 1993, renewed on 2/9/03, for consulting engineering services, consulting in the field of litigation, building evaluation and design, building diagnostic inspections, analysis, maintenance planning and design, in Class 42.

CRITERIUM ENGINEERS (with design - orange triangle) Reg. No. 1,811,322, registered on December 14, 1993, renewed on 12/14/03, for consulting engineering, consulting in the field of litigation support, building evaluation and design, building diagnostic inspections, analysis, maintenance planning and design, in class 42.

TRIANGLE (design only) Reg. No. 1,946,863, registered on January 9, 1996, renewed 10/24/05 for consulting engineering services, consulting in the field of litigation, building evaluation and design, building diagnostic inspections, analysis, maintenance planning and design, in Class 42.

CRITERIUM ENGINEERS application for a trademark in Canada was approved as of February 22, 2000.

FOR THE LIFE OF YOUR ASSOCIATION Reg. No. 3,255,382, registered on June 26, 2007 for consulting in the field of building design and property condition assessment in International Class 37 and 42.

Except for the above-mentioned registrations, there are no other currently effective registrations or pending applications with any federal or state governmental body seeking registration of any of the Marks. There are no agreements of any kind in effect which limit CRITERIUM ENGINEERS' right to use or sublicense the use of any of the Marks in any manner material to the franchise. CRITERIUM ENGINEERS has filed all required affidavits related to the above-referenced registrations and pending applications.

There are no presently effective determinations of the United States Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, and there is no pending material litigation involving the Marks that is relevant to their use in this state. There are no infringing uses actually known to CRITERIUM ENGINEERS that could materially affect your use of the Marks in this state. CRITERIUM ENGINEERS, however, makes no representation or warranty, express or implied, as to the validity or enforceability of the Marks.

You must use the Marks in strict compliance with the rules we prescribe and only in connection with the conduct of the Franchised Consulting Engineering Business and in rendering Consulting Engineering Services. We prohibit you from using the Marks in connection with the sale of any unauthorized service, or in any manner not expressly authorized in writing by CRITERIUM ENGINEERS. You must give notices of trademark and service mark registrations as we specify and will obtain such fictitious or assumed name registrations required under applicable law.

You must give immediate written notice to CRITERIUM ENGINEERS of any improper use of the Marks or any other trade name or service mark used by any third party which is confusingly similar to the Marks which comes to your attention or of any infringement or claim, demand, challenge or suit contesting your use of the Marks. Upon receipt of written notification, we will undertake and control the prosecution, defense or settlement of any legal action in connection with such infringement or challenge. In connection with the above, you must assist us in carrying out prosecution or defense. You may not take any action in your own name. We are not obligated to

indemnify you from liability to third parties, or other expenses or costs you may incur in connection with third party claims or otherwise, arising out of your use of the Marks.

If it becomes advisable at any time in the discretion of the CRITERIUM ENGINEERS to require you to modify or discontinue using any of the Marks or to require that you use one or more additional or substitute names or Marks, you must immediately comply with all instructions by CRITERIUM ENGINEERS in that connection at your sole expense.

CRITERIUM ENGINEERS permits offices operating under the Predecessor Company's "Home Inspection Consultants" network to convert to the CRITERIUM® System.

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PATENTS, COPYRIGHTS and PROPRIETARY INFORMATION

Patents and Copyrights

We hold no patents.

On May 29, 1990, CRITERIUM ENGINEERS obtained a copyright registration for its INSPECTION FIELD NOTES under registration No. TXu 427-094. CRITERIUM ENGINEERS intends to renew this copyright. We permit you to use these Field Notes in the manner described in our Confidential Operations Manual.

On August 20, 1990, CRITERIUM ENGINEERS obtained a copyright registration for its STANDARD PARAGRAPHS under registration No. TXu 425 823. CRITERIUM ENGINEERS intends to renew this copyright. We permit you to use these Standard Paragraphs in the manner described in our Confidential Operations Manual.

On January 7, 2005, CRITERIUM ENGINEERS applied for copyright registration for its websites (www.criterium-engineers.com), (www.criterium-residential.com) and (www.criterium-commercial.com). We obtained a copyright registration for (www.criterium-engineers.com) on January 21, 2005. Applications are still pending for the other two websites. When awarded, CRITERIUM ENGINEERS intends to renew these copyrights. We permit you to use various attributes of these websites in a manner described in our Confidential Operations Manual.

In addition to those copyrights registered with the U.S. Copyright Office listed at the beginning of this section, CRITERIUM ENGINEERS claims copyright protection for all printed material we produce and designate with the copyright symbol including brochures, manuals, software, and promotional materials.

Confidential Information

Your entire knowledge of the CRITERIUM® System is derived from information we disclose to you. Much of this information is proprietary, confidential and a trade secret of CRITERIUM ENGINEERS. This information includes operating procedures, sales data, gross receipts information, customer lists, customer surveys, research results, and other data which we designate as confidential, unless you can demonstrate that the information came to your attention

prior to disclosure by us or was part of the public domain through the lawful publication or communication by others.

You must maintain the absolute confidentiality of all confidential and proprietary information we designate during and after the term of the Franchise Agreement and shall not use this information in any other business or in any manner not specifically authorized or approved in writing by us.

You may divulge confidential information and trade secrets only to those of your employees who must have access to it in order to operate the Franchised Consulting Engineering Business. You and each officer, director and shareholder of the Franchisee and all of your employees who have access to such information and secrets shall execute a Trade Secret Awareness Agreement (Exhibit "C" to the Franchise Agreement).

There are no presently effective determinations of the United States Copyright Office, or any pending infringement, opposition or cancellation proceeding, and there is no pending material litigation involving the copyrights that is relevant to their use in this state. There are no infringing uses actually known to CRITERIUM ENGINEERS that could materially affect your use of the copyrighted materials in this state. CRITERIUM ENGINEERS, however, makes no representation or warranty, express or implied, as to the validity or enforceability of the copyrights.

CRITERIUM ENGINEERS has no obligation under the Franchise Agreement or otherwise to protect any right that you have or may acquire to use a patent, patent application or copyright which we may own or ourselves are licensed to use.

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OBLIGATIONS TO PARTICIPATE

IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You, or your principal partner, shareholder, or officer if you are a partnership or corporation, must be licensed as a "professional engineer" as previously disclosed in Item 1 of this Disclosure Document. This individual shall devote his or her full time attention and best efforts to the operation of the Franchised Consulting Engineering Business, unless we grant prior written approval. That individual need not have any equity interest in the Franchised Consulting Engineering Business unless required by state engineering law.

You must notify us of the name of the individual designated to devote full time and attention. This individual must satisfactorily complete our training program described in Items 6 and 11 of this Disclosure Document. This individual must sign our Employee Acknowledgment of Awareness of Trade Secret Laws, attached to the Franchise Agreement as Exhibit C, and keep our confidential or proprietary information confidential.

At all times, you must staff and manage the Franchised Consulting Engineering Business by a sufficient number of competent employees. Consulting Engineering Services must be provided by licensed professional engineers. You are responsible for training all non-supervisory employees and those supervisory employees who do not attend our training program.

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RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You shall offer and promote all of the Consulting Engineering Services, as the particular services which are included in this definition may be changed and modified by Criterium Engineers, and only these Consulting Engineering Services, unless you first obtain our written approval. You shall not use the franchised office for any purpose other than the operation of the Franchised Consulting Engineering Business, as modified by CRITERIUM ENGINEERS during the term of the Franchise Agreement, unless you first obtain our written approval.

Except for the limitations outlined above, the restrictions regarding the Area in Item 12 of this Disclosure Document, and restrictions which exist by virtue of state licensing requirements applicable to persons rendering engineering services (described in Item 1 of this Disclosure Document), we do not otherwise limit you in the customers to whom you may offer Consulting Engineering Services.

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RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISEE RELATIONSHIP

<i>PROVISION</i>	<i>SECTION IN FRANCHISE AGREEMENT</i>	<i>SUMMARY</i>
a. Length of the franchise term	Section 12	10 years.
b. Renewal or Extension of Term.	Section 12	You may extend the term of the agreement by 2 additional 5 year terms.
c. Requirements for You to Renew or Extend.	Section 12	You must not be in material default, give 180 days written notice, be current in all payments, sign the then current agreement, and sign a general release. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by You.	Section 14	You must not be in material default and CRITERIUM ENGINEERS must have committed a material breach, and you must provide us with a reasonable time (at least 90 days) to cure the default.; or, you may terminate the Franchise Agreement at any time without cause provided 1) you are not in material default, and 2) you pay a fee equal to 3 times the annualized service fee of the average of the last 6 month's gross receipts or \$10,000, whichever is greater. The franchisee may terminate the agreement on any grounds available by law.
e. Termination by Criterium Engineers Without Cause.	Not Applicable	Not Applicable.
f. Termination by Criterium Engineers With Cause.	Section 13	If you refuse to comply with any provision of the Franchise Agreement or any mandatory specification standard, or procedure in

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		writing, we may terminate the agreement.
g. "Cause" defined - defaults which can be cured.	Section 13.2	You have 30 days to cure: abandonment or failure to operate the business for 15 consecutive days, failure to obtain approval for your office site, failure to complete our initial training, failure to attain minimum annual gross receipts, failure to submit reports or pay any amounts due, understatement by more than 5 percent your gross receipts two times or more, use of bad faith in carrying out your obligations under the Franchise Agreement, or any other default not listed in Section 13 of the Franchise Agreement.
h. "Cause" defined – non-curable defaults	Section 13.1	If you are declared bankrupt or insolvent, if you are indicted of, convicted of, or plead nolo contendere to a felony, your property used in connection with the business is seized, or you fail for 10 days after notice to comply with any applicable law or regulation, CRITERIUM ENGINEERS may terminate the agreement without an opportunity to cure.
i. Your obligations on termination/nonrenewal.	Section 15	Obligations include payments of amounts due, complete de-identification, including cancellation of all fictitious or assumed names or equivalent registrations, cease to operate under the CRITERIUM® name, surrender your phone number, email address, domain name, website and website content, client list and records, return all materials received from us, and keep and retain all records for 3 years after the effective date of termination (also see r. below).
j. Assignment of contract by CRITERIUM ENGINEERS.	Section 17.1	No restriction on CRITERIUM ENGINEERS right to assign. However, no assignment will be granted except to an assignee who in good faith judgment of the Franchisor is willing and able to assume the Franchisor's obligations.
k. "Transfer" by you - definition.	Section 17.2	Includes transfer of Franchise Agreement and the franchised office or a controlling interest in it.
l. CRITERIUM ENGINEERS' approval of transfer by franchisee.	Sections 17.2.1 & 17.2.2	CRITERIUM ENGINEERS has the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions of CRITERIUM ENGINEERS approval of transfer.	Sections 17.2.2.1, 17.2.2.2., 17.2.2.3, & Exhibit E	New franchisee qualifies, transfer fee paid, training completed, release signed by you, and new franchisee assumes all obligations under existing Franchise Agreement or signs then current agreement (also see r. below). (See State Addendum)
n. CRITERIUM ENGINEERS right of first refusal to acquire your business.	Section 17.2.2.2	CRITERIUM ENGINEERS can match any offer for the franchisee's business.
o. CRITERIUM ENGINEERS option to purchase your business.	Not Applicable	Not Applicable.
p. Your death or disability.	Section 18	Franchise must be assigned by estate to approved buyer in 6 months.
q. Non-competition covenants during the term of the franchise.	Section 16	No involvement in competing business anywhere in the U.S. or Canada and not participate in a consulting engineering business other than as a franchisee of CRITERIUM ENGINEERS.

<i>PROVISION</i>	<i>SECTION IN FRANCHISE AGREEMENT</i>	<i>SUMMARY</i>
r. Non-competition covenants after the franchise is terminated or expires.	Section 16	No competing business for 2 years within the Area (including after assignment) unless prior agreement is obtained (see d. above) or unless inconsistent with any specific state law having jurisdiction (See State Addendum)
s. Modification of the agreement.	Section 5	You must accept and display all reasonable changes to the CRITERIUM® System and Marks, Operating Manual and other materials relevant to the operation of the Franchised Consulting Engineering Business subject to change.
t. Integration/merger clause.	Section 25	Only the terms of the Franchise Agreement are binding (subject to state law.) Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation.	Not Applicable	Not Applicable.
v. Choice of forum.	Section 19	Litigation must be in the State of Maine, unless inconsistent with any specific state law having jurisdiction. (See State Addendum).
w. Choice of Law.	Section 19	Maine State law applies unless inconsistent with any specific state law having jurisdiction (See State Addendum).

ADDITIONAL PROVISIONS FOR AREA DEVELOPERS

<i>PROVISION</i>	<i>SECTION IN AREA DEVELOPMENT AGREEMENT</i>	<i>SUMMARY</i>
a. Length of the Franchise Term	Section 2.3	Not Applicable
b. Renewal or Extension of Term.	Not Applicable	Not Applicable
c. Requirements for You to Renew or Extend.	Not Applicable	Not Applicable
d. Termination by You.	Not Applicable	Not Applicable
e. Termination by Criterium Engineers Without Cause.	Not Applicable	Not Applicable
f. Termination by Criterium Engineers With Cause.	Section 8	We may terminate if you commit any one of several violations.
g. "Cause" defined - defaults which can be cured.	Sections 8.1 and 8.3	Failure to perform under the Agreement, cease to be Franchisee, or failure to comply with any Franchise Agreement.
h. "Cause" defined – non-curable defaults	Section 8	Defaults include failure to comply with the Development Schedule.
i. Your obligations on termination/nonrenewal.	Not Applicable	Not Applicable
j. Assignment of contract by CRITERIUM ENGINEERS.	Section 10.1	No restriction on CRITERIUM ENGINEERS' right to assign or transfer.
k. "Transfer" by you - definition.	Section 10.2	None without our written consent.
l. CRITERIUM ENGINEERS' approval of transfer by franchisee.	Sections 17.2.1 & 17.2.2	CRITERIUM ENGINEERS has the right to approve all transfers, but will not unreasonably withhold approval.

<i>PROVISION</i>	<i>SECTION IN AREA DEVELOPMENT AGREEMENT</i>	<i>SUMMARY</i>
m. Conditions of CRITERIUM ENGINEERS approval of transfer.	Section 10.3 & Exhibit D	New Developer approved and qualifies, transfer fee paid, training completed, release signed by you, and new franchisee assumes all obligations under existing Agreement and existing Franchise Agreement(s) or signs then current agreement (also see r. below).
n. CRITERIUM ENGINEERS right of first refusal to acquire your business.	Not Applicable	Not Applicable
o. CRITERIUM ENGINEERS option to purchase your business.	Not Applicable	Not Applicable
p. Your death or disability.	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise.	Section 12	No involvement in competing business anywhere in the U.S. or Canada and not participate in a consulting engineering business other than as a franchisee of CRITERIUM ENGINEERS.
r. Non-competition covenants after the franchise is terminated or expires.	Section 12.2	No competing business for 2 years within the Development Territory (including after assignment) unless prior agreement is obtained or unless inconsistent with any specific state law having jurisdiction (See State Addendum)
s. Modification of the agreement.	Section 13.5	The Agreement can be modified only be written agreement between you and us.
t. Integration/merger clause.	Section 13.5	Only the terms of the Agreement are binding (subject to state law.) Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation.	Not Applicable	Not Applicable
v. Choice of forum.	Section 14.2	Litigation must be in the State of Maine, unless inconsistent with any specific state law having jurisdiction. (See State Addendum).
w. Choice of Law.	Section 14	Maine State law applies unless inconsistent with any specific state law having jurisdiction (See State Addendum).

It should be noted that the provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law, 11 U.S.C. Section 101, et. seq.

See the state addenda to the Franchise Agreement and disclosure document for special state disclosures.

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PUBLIC FIGURES

We do not use any public figure to promote our franchise.

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FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a

reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

While the figures below represent actual annual billings generated by our franchisees during the three prior fiscal years, the following data should not be considered as the actual, potential or probable billings that will be realized by you or any other franchisees. We do not represent that you can expect to attain these billings, or any income or profit that could result from the operation of a Criterium Engineers franchised business. Your financial results are likely to differ from the figures presented. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. You should also carefully review the attached explanatory notes.

The table below represents the billings reported to us by CRITERIUM ENGINEERS franchisees. The results reported are for all the offices currently existing that have been in business for a minimum of three years. In putting together this information, we relied exclusively on information provided to us by those offices.

The financial performance reported below does not reflect the costs of sales, operating expenses or other income or profit. You should conduct an independent investigation of costs and expenses you will incur in operating your Criterium Engineers franchise. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

	FIRST YEAR BILLINGS JOBS	SECOND YEAR BILLINGS JOBS	THIRD YEAR BILLINGS JOBS
Number of Offices	38	38	38
Average Annual Billings	\$71,620	\$127,873	\$152,334
High Annual Billings	\$412,341	\$529,419	\$573,784
Low Annual Billings	\$5,125	\$19,580	\$23,495
% of franchises that obtained or surpassed stated results.	26% of franchisees had billings higher than average, 74% of franchisees had billings lower than average.	37% of franchisees had billings higher than average, 63% of franchisees had billings lower than average.	31% of franchisees had billings higher than average, 69% of franchisees had billings lower than average.

The information provided is based on all franchises established after November, 1989. One hundred percent of the offices opened since 1989 that were operating during the period covered and are still operating attained or surpassed the results stated above, of which there were 60. The information provided was based on the franchisee's monthly report, due on the 10th of the month following. The size of the territories vary, and no attempt was made to segregate the data by any other variables. Average, median, high and low billing levels were determined by examining the reports of all franchisees in business for the entire period of examination (one year, two years, or three years). We assume that this information is correct, but we have no guarantee that it is. We

assume that this information is accurate because it is the basis for which we verify the amount of service and communication fees owed to us.

Your individual results are likely to differ from the results stated in the chart above. Significant matters upon which a franchisee's future results are expected to depend include economic or market conditions which are basic to a franchisee's operations and encompass matters affecting, among other things, franchisee's sales, the cost of goods sold or services sold and operating expenses. We make available to you substantiation of the data used in preparing this chart upon reasonable request. We offer substantially the same services to you as we provided to the franchisees we used in compiling these numbers. All of these franchisees offer substantially the same consulting engineering services to the public we expect you to offer although the proportionate mix of services does vary and we expect that you will offer additional, related services.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

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OUTLETS AND FRANCHISEE INFORMATION

Table No. I

**Systemwide Outlet Summary For
years 2007 to 2009**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2007	48	46	-2
	2008	46	47	+1
	2009	47	45	-2
Company- Owned	2007	0	1	+1
	2008	1	1	0
	2009	1	3	+2
Total Outlets	2007	48	47	-1
	2008	47	48	+1
	2009	48	48	0

Table No.2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2007 to 2009**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
New Mexico	2007	1
	2008	0
	2009	0

Table No.3

**Status of Franchised Outlets For
years 2007 to 2009**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina- tions	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Opera- tions- Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2007	2	0	1	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
Alaska	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
California	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
Colorado	2007	3	1	0	0	0	0	3
	2008	3	0	0	0	0	0	3
	2009	3	0	1	0	0	0	2
Delaware	2007	1	1	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
Florida	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
Georgia	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	1	0	0	0	0	1
Idaho	2007	1	0	0	0	0	1	0
	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
Indiana	2007	2	0	0	0	0	0	2
	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
Iowa	2007	1	0	0	0	0	0	1
	2008	1	1	0	0	0	0	2
	2009	2	0	0	0	0	0	2
Kansas	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Louisiana	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
Maine	2007	2	0	0	0	0	0	2
	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
Maryland	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
Massachusetts	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
Michigan	2007	1	0	0	0	0	0	1
	2008	1	1	0	0	0	1	1
	2009	1	0	0	0	0	0	1
Minnesota	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
Mississippi	2007	2	0	0	0	0	0	2
	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
Nevada	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
New Hampshire	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
New Jersey	2007	3	0	0	0	0	0	3
	2008	3	0	0	0	0	0	3
	2009	3	0	0	0	0	0	3
New Mexico	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
New York	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
No. Carolina	2007	2	0	0	0	0	0	2
	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Pennsylvania	2007	4	0	0	1	0	0	3
	2008	3	0	0	0	0	0	3
	2009	3	0	0	0	0	0	3
Rhode Island	2007	1	0	1	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
So. Carolina	2007	0	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
Tennessee	2007	3	0	0	0	0	0	3
	2008	3	0	0	0	0	0	3
	2009	3	0	1	0	0	0	2
Texas	2007	5	0	0	0	0	0	5
	2008	5	0	0	0	0	0	5
	2009	5	0	0	0	0	0	5
Utah	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
Virginia	2007	2	0	0	0	0	0	2
	2008	2	0	0	0	0	0	2
	2009	2	0	1	0	0	1	0
Washington	2007	2	0	0	0	0	0	2
	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
Br. Columbia	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
Ontario	2007	0	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
TOTAL	2007	48	2	2	1	0	1	46
	2008	46	2	0	0	0	1	47
	2009	47	2	3	0	0	1	45

Table No.4

**Status of Company-Owned Outlets For
years 2007 to 2009**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Arizona	2007	0	1	0	0	0	1
	2008	1	0	0	0	0	1
	2009	1	0	0	0	0	1
Ohio	2007	0	0	0	0	0	0
	2008	0	0	0	0	0	0
	2009	0	1	0	0	0	1
Virginia	2007	0	0	0	0	0	0
	2008	0	0	0	0	0	0
	2009	1	1	0	0	0	1
Totals	2007	0	0	0	0	0	0
	2008	1	0	0	0	0	1
	2009	1	2	0	0	0	3

Table No. 5

Projected Openings as of December 2009

States	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	0	0

States	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Arkansas	0	0	0
California	0	0	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	0	0	0
Dist. of Columbia	0	0	0
Florida	0	1	0
Georgia	0	0	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	0	0
Louisiana	0	1	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	0	0
North Carolina	0	0	0
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	0	0

States	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	0	0	0
Texas	0	1	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
West Virginia	0	1	0
Wisconsin	0	0	0
Wyoming	0	0	0
Totals	0	3	0

A list of the names, addresses, and telephone numbers of all franchisees as of April 15, 2010 is attached as Exhibit A.

The following list and Exhibit D to the Franchise Disclosure Document outline the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within ten (10) weeks of the issuance date of this Disclosure Document (Franchisor's fiscal year end is December 31st of each year). If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

1. On January 1, 2009 Richard Moring retired from his franchise in Staunton, VA. Criterium Engineers continues to operate that office as a company-owned business. Mr. Moring's last know business address was 828 No. Augusta, Suite 3, Staunton, VA 24401. His last known business phone number was (540) 885-8224. On April 13, 2009 Suzanne Kupelian's franchise in Grand Junction, CO was terminated for failure to achieve quotas. Her last known business address was 623 Chaco Court, Grand Junction, CO 81507. Her last known business phone number was (970) 248-9200.
2. On November 5, 2009 Jerry Hall's franchise in Richmond, VA was terminated for non-payment of franchise fees. His last known business address was Building 1, Suite 210, 13540 East Boundary Road, Midlothian, VA 23112. His last known business phone number was (804) 763-1630.
3. On December 22, 2009 Ronald Corum's franchise in Knoxville, TN was terminated for non-payment of franchise fees. His last known business address was 2916 Tazewell Pike, Knoxville, TN 37918. His last known business phone number was (865) 686-1663.

During the last three fiscal years, we have signed three (3) confidentiality clauses with current or former franchisees. Each confidentiality agreement was entered into as part of a settlement of a dispute between us and the current or former franchisee. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with CRITERIUM ENGINEERS. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

21

FINANCIAL STATEMENTS

The following financial statements of CRITERIUM ENGINEERS are attached to this Disclosure Document as Exhibit "B":

A. Audited financial statements of CRITERIUM ENGINEERS for the fiscal year ending December 31, 2009;

B. Audited financial statements of CRITERIUM ENGINEERS for the fiscal year ending December 31, 2008;

C. Audited financial statements of CRITERIUM ENGINEERS for the fiscal year ending December 31, 2007;

D. Unaudited balance sheet and income statement of CRITERIUM ENGINEERS for the period ending March 31, 2010. **THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

22

CONTRACTS

Attached are the following Agreements to be executed by you where applicable:

Exhibit "C" - Franchise Agreement and Attachments A through G

Exhibit "E" - State Addenda

Exhibit "G" - Name Change Addendum

Exhibit "H" - Franchisee Disclosure Questionnaire

Exhibit "I" - Area Development Agreement

Except for the above documents, there are no other contracts or agreements proposed for use or in use in this State.

23
RECEIPT

Attached as the last 2 pages of this Disclosure Document as Exhibit J is the Acknowledgment of Receipt by you of this Franchise Disclosure Document. You must sign, date and deliver one copy of the Receipt Page to us for our records.

EXHIBIT A



**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

**LIST OF CRITERIUM ENGINEERS OFFICES AND
HOME INSPECTION CONSULTANTS OFFICES**

CRITERIUM ENGINEERS OPERATIONAL FRANCHISES
NEW SYSTEM

ALABAMA

CRITERIUM – SOLLIE ENGINEERS

Glenn Sollie, P.E.
1705 Pumphrey Avenue
Auburn, AL 36832

(334) 821-4109
FAX (866) 827-9775

ALASKA

CRITERIUM - ALASKA ENGINEERS

Mark Holum, P.E.
P.O. Box 111932
Anchorage, AK 99511-1932

(907) 349-1003
FAX (270) 209-1638

CALIFORNIA

CRITERIUM - DECKER ENGINEERS

W. Daniel Decker, P.E.
1261 Lincoln Avenue #216
San Jose, CA 95125

(408) 885-1599
FAX 885-1632

COLORADO

CRITERIUM - MCCAFFERTY ENGINEERS

Mark C. McCafferty, P.E.
945 Oak Ridge Road
Crystal Park Community
Manitou Springs, CO 80829

(719) 685-2285
FAX 685-1713

CRITERIUM – MAILLET ENGINEERS

L.J. Maillet, P.E.
1281 East Magnolia Street
Unit D, Suite 220
Fort Collins, CO 80524

(970) 224-4953
FAX 568-4130

DELAWARE

CRITERIUM – JAGIASI ENGINEERS

Anil R. Jagiasi, P.E.
1500-B Shallcross Avenue, Suite 2A
Wilmington, DE 19806

(302) 498-5600
FAX 498-5601

GEORGIA

CRITERIUM - CARUSO ENGINEERS

Gary Caruso, P.E.
1065 Powers Place, Suite B
Alpharetta, GA 30009

(770) 740-9720
FAX 667-8660

CRITERIUM - PROCTOR ENGINEERS

Phillip Proctor, P.E.
3532 Granite Way, Suite 205
Martinez, GA 30907

(706) 833-0984
FAX 243-6393

INDIANA

CRITERIUM – VAN MARTER ENGINEERS (owns 2 franchises)

(260) 426-5400

South Bend, IN 46635

SEE BELOW

CRITERIUM - VAN MARTER ENGINEERS

(317) 726-1870

Gordon A. Van Marter, P.E.

(800) 929-7900

P.O. Box 40895

FAX 726-1872

Indianapolis, IN 46240-0895

IOWA

CRITERIUM – WHITE ENGINEERS

(515) 727-1702

Kendall White, P.E.

FAX 276-1087

6165 N.W. 86th Street, Building A

Johnston, IA 50131

CRITERIUM – LETELLIER ENGINEERS

(319) 981-1049

Lance L. LeTellier, P.E.

FAX (319) 364-1196

222 Third Street SE, Suite 600

Cedar Rapids, IA 52401

LOUISIANA

CRITERIUM – DORMADY ENGINEERS

(504) 456-6999

Daniel T. Dormady, P.E.

FAX (866) 590-8042

P.O. Box 113565

Metairie, LA 70011-3565

MAINE

CRITERIUM - MOONEY ENGINEERS

(207) 775-1969

H. Alan Mooney, P.E.

FAX 775-4115

22 Monument Square, Suite 300

Portland, ME 04101

CRITERIUM – BROWN ENGINEERS

(207) 455-4717

Keith Brown, P.E.

FAX 455-8090

P.O. Box 314

Washburn, ME 04786

MARYLAND

CRITERIUM - HARBOR ENGINEERS

(410) 363-4659

Craig D. Smith, P.E.

FAX 510-1738

P.O. Box 408

Stevenson, MD 21153

MASSACHUSETTS

CRITERIUM - RAM ENGINEERS

(207) 361-4101

Paul R. Ladd III, P.G.

FAX (413) 726-5800

433 U.S. Route 1, Suite 210

York, ME 03909

MICHIGAN

CRITERIUM – CONROY HORGAN ENGINEERS

(616) 638-4810

Pat Controy, P.E., Mike Horgan, P.E.

FAX 875-8603

5910 72nd Avenue

Hudsonville, MI 49426

MISSISSIPPI

CRITERIUM – CHURCH ENGINEERS

David A. Church
750 Boling Street, Suite C
Jackson, MS 39209

(601) 355-5678
FAX 352-5678

CRITERIUM - PITTMAN ENGINEERS

Gerald W. Pittman, P.E.
304 South Spring Street, Suite C
Tupelo, MS 38804-4800

(662) 841-5700
FAX 841-5702

NEVADA

CRITERIUM - MCWILLIAM ENGINEERS

Charles McWilliam, P.E.
879 Judi Place
Boulder City, NV 89005

(702) 294-3160
FAX 294-3168

NEW HAMPSHIRE

CRITERIUM - TURNER ENGINEERS

John P. Turner, P.E.
67B North Mast Street
Goffstown, NH 03045-1729

(603) 497-3137
FAX 497-4918

NEW JERSEY

CRITERIUM – CHRISTIANO ENGINEERS

John Christiano, P.E.
38 Jenkins Road
Franklin, NJ 07416

(973) 209-0256
FAX 209-2217

CRITERIUM - LOCKATONG ENGINEERS

Robert Roop, P.E.
99 Kingwood Stockton Road, Building 2
P.O. Box 146
Rosemont, NJ 08556-0146

(609) 397-4106
(FAX) 397-8774

CRITERIUM – DI SESSA ENGINEERS

Drew Di Sessa, P.E.
3 Ridgley Street
Hackettstown, NJ 07840

(908) 979-4966
FAX 979-4996

NEW MEXICO

CRITERIUM – BUILDING INSPECTION ENGINEERS

Ed Flores, P.E.
8205 Spain Road NE, Suite 102
Albuquerque, NM 87109

(505) 271-1341
FAX 271-0534

NEW YORK

CRITERIUM - FERRARI ENGINEERS

Daniel Ferrari, P.E.
73 Orchard Drive, Suite 100
Rochester, NY 14618

(716) 689-3291
FAX (585) 473-7188

NORTH CAROLINA

CRITERIUM - SIMPSON ENGINEERS

Jeffrey M. Simpson, P.E.
2503B West Roosevelt Blvd.
Monroe, NC 28110

(704) 225-7279
FAX 225-7524

CRITERIUM - GILES ENGINEERS

Robert C. Giles, P.E.
975 Walnut Street, Suite 354
Cary, NC 27511

(919) 465-3801
FAX 465-3802

PENNSYLVANIA

CRITERIUM - BUSTAMANTE ENGINEERS

Gregory S. Bustamante, P.E.
875 North Easton Road, Suite 6B
Doylestown, PA 18902

(215) 340-6990
FAX 340-0982

CRITERIUM - YINGST ENGINEERS

Stephen M. Yingst, P.E.
421 W. Chocolate Avenue
Hershey, PA 17033

(717) 533-3346
FAX 533-3376

CRITERIUM - PETERS ENGINEERS

Dennis Peters, P.E.
100 Robbins Avenue
Berwick, PA 18603

(570) 752-4433
FAX 752-4434

SOUTH CAROLINA

CRITERIUM - PAYNE ENGINEERS

Henry Payne, P.E.
7009 Highway 29 North
Pelzer, SC 29669

(864) 947-9391
FAX 947-9392

TENNESSEE

CRITERIUM - ROMMES ENGINEERS

Alan Rommes, P.E.
P.O. Box 8716
Gray, TN 37615-8716

(423) 477-8771
FAX 477-8978

CRITERIUM - SMITH ENGINEERS

Mark J. Smith, P.E.
170-D East Main Street, Box 129
Hendersonville, TN 37075

(615) 822-9873
FAX 523-1957

TEXAS

CRITERIUM - FLYNN ENGINEERS

Dennis Flynn, P.E.
P.O. Box 762581
San Antonio, TX 78245-7581

(210) 679-6624
FAX 679-6926

CRITERIUM-HICKS ENGINEERS

William Hicks, P.E.
4434 Bluebonnet, Suite 115
Stafford, TX 77477

(281) 491-1262
FAX 397-8997

CRITERIUM - EPCON ENGINEERS
Edward Flores, Jr., P.E.
2718 Wyoming Avenue
El Paso, TX 79903

(915) 562-3357
FAX 562-2504

CRITERIUM - FARRELL ENGINEERS
J. Pat Farrell, P.E.
9597 Jones Road, #334
Houston, TX 77065

(281) 444-9580
FAX 580-6056

CRITERIUM - DOTSON ENGINEERS
David Dotson, P.E.
808 South College Street, Suite 225A
McKinney, TX 75069

(972) 562-1011
FAX 540-1031

UTAH

CRITERIUM - BERNHISEL ENGINEERS
Scott Bernhisel, P.E.
P.O. Box 9082
Salt Lake City, UT 84109-0082

(801) 466-0931
FAX 277-0137

WASHINGTON

CRITERIUM - PIOLI ENGINEERS
David Pioli, P.E.
10011 Main Street
Bothell, WA 98011

(425) 486-4000
FAX 486-4007

CRITERIUM - PFAFF ENGINEERS
Ken Pfaff, P.E.
12128 North Division Street, #200
Spokane, WA 99218

(509) 467-8554
FAX 465-4711

BRITISH COLUMBIA

CRITERIUM – EVSEEV ENGINEERS
Alex Evseev, P.Eng.
6817 Southpoint Drive
Burnaby, BC V3N 5B3

(604) 719-0201
FAX 515-8131

ONTARIO

CRITERIUM – JANSEN ENGINEERS
Henry Jansen, P.Eng.
75 First Street, Suite 216
Orangeville, ON L9W 5B6

(519) 940-0571
FAX (905)565-4510

Current as of 4/8/10

EXISTING CRITERIUM ENGINEERS
& HOME INSPECTION CONSULTANTS OFFICES
OLD SYSTEM

ALABAMA

CRITERIUM - CARLYSLE ENGINEERS

David W. Carlisle, P.E.

P.O. Box 8071

Birmingham, AL 35218

(205) 744-5004

FAX 744-5064

CONNECTICUT

CRITERIUM - MULLAN ENGINEERS

Hugh Mullan, P.E.

P.O. Box 1198

Glastonbury, CT 06033

(860) 659-0166

FAX 657-4927

FLORIDA

CRITERIUM - INSPECTION ENGINEERS

Douglas Mercado

13192 SW 130 Terrace, Unit 102

Miami, FL 33186

(305) 232-8691

FAX 232-8725

ILLINOIS

CRITERIUM - COLLINS ARCHITECTS
& ENGINEERS

James Collins, A.I.A.

419 Randolph Street

Oak Park, IL 60302

(708) 848-0832

FAX 848-1995

MISSOURI

CRITERIUM - McMAHON ENGINEERS

Terrence McMahon, P.E.

13503 Coliseum Drive

Chesterfield, MO 63017

(314) 878-0806

FAX 878-2604

NEVADA

CRITERIUM - HENDERSON ENGINEERS

Mark L. Henderson, P.E.

995 Forest Street

Reno, NV 89509

(775) 849-1411

FAX 825-5353

NEW YORK

CRITERIUM - TAUSCHER CRONACHER ENGINEERS

Warren Cronacher, P.E.

2280 Grand Avenue, Suite 301

Baldwin, NY 11510

(516) 766-1019

FAX 536-9306

CRITERIUM - MCCARTHY ENGINEERS

David F. McCarthy, P.E.

16 Toggletown Road

Clinton, NY 13323

(315) 853-6641

FAX 853-6641

NORTH CAROLINA

CRITERIUM - CHIPMAN ENGINEERS

Sydney E. Chipman, P.E.
2019 Union Grove Road
Lenoir, NC 28645

(828) 728-1322
FAX 726-1664

OHIO

CRITERIUM - ACKERMAN ENGINEERS

Robert T. Ackerman, P.E.
13500 Pearl Road, Suite 139-106
Strongsville, OH 44136

(440) 236-5779
FAX 234-6366

CRITERIUM - LISZKAY ENGINEERS

Donald Liskay, P.E.
110 N. High Street
Gahanna, OH 43230

(614) 418-7200
FAX 418-7270

PENNSYLVANIA

CRITERIUM - BODNAR ENGINEERS

Daniel G. Bodnar, P.E.
179 Treeline Drive
Pen Argyl, PA 18072

(610) 588-2202
FAX 588-2127

SOUTH CAROLINA

CRITERIUM - RISHEL ENGINEERS

Stephen W. Rishel, P.E.
814 North Myrtle Drive
Surfside Beach, SC 29575

(843) 238-4030
FAX 828-0316

VERMONT

CRITERIUM - LALANCETTE ENGINEERS

Richard Lalancette, P.E.
P.O. Box 6348
Rutland, VT 05702-6348

(802) 747-4535
FAX 775-2307

WEST VIRGINIA

**HOME INSPECTION CONSULTANTS OF
WEST VIRGINIA**

Donald L. Stalnaker, P.E.
590 Bendview Drive
Charleston, WV 25314

(304) 343-3111
FAX 346-4892

Current as of 4/8/10

EXHIBIT B



**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

FINANCIAL STATEMENTS

Income Statement
Criterion Engineers

As of March 31, 2010 .

Friday, April 16, 2010
 1:43:59 PM

		This Period	Year-to-Date	Percent of Total Revenue	
				This Period	Year to Date
R e v e n u e					
403.00	Revenue - Royalties	46,376.19	138,470.77	20.82%	19.11%
404.00	Revenue - Merchandise	4,043.86	8,298.81	1.82%	1.15%
404.01	Revenue - Web Hosting Services		16,000.00		2.21%
408.00	Revenue - Communications	5,507.60	16,948.56	2.47%	2.34%
	Subtotal	55,927.65	179,718.14	25.11%	24.81%
410.01	Revenue - REES "B"	40,683.80	215,971.75	18.27%	29.81%
411.00	Revenue - Other Services	437.50	4,340.08	0.20%	0.60%
411.01	Revenue - Cincinnati Office	7,705.00	19,515.00	3.46%	2.69%
411.02	Revenue-Reserve Studies	1,550.00	18,097.93	0.70%	2.50%
411.03	Revenue - Kitchell Services	27,970.19	76,897.26	12.56%	10.61%
411.04	Revenue - Turner Services	29,550.44	79,081.61	13.27%	10.92%
411.05	Revenue - Crosland Construction	15,038.73	45,116.21	6.75%	6.23%
411.06	Revenue - QA General	37,474.21	66,226.17	16.83%	9.14%
411.08	Revenue - QA - Other Services	500.00	1,825.00	0.22%	0.25%
	Subtotal	160,909.87	527,071.01	72.25%	72.76%
423.00	Ins. Admin Revenue	5,889.35	17,638.80	2.64%	2.43%
	Subtotal	5,889.35	17,638.80	2.64%	2.43%
	Total Revenue	222,726.87	724,427.95	100.00%	100.00%

D i r e c t E x p e n s e s

610.01	REES - Expenses "B"	24,754.34	151,101.85	11.11%	20.86%
610.02	REES - Commissions	1,727.40	5,443.06	0.78%	0.75%
610.04	National E & O Insurance	1,454.57	4,363.71	0.65%	0.60%
610.05	REES - Reserve Study Expenses	437.50	14,485.50	0.20%	2.00%
610.25	Office Fees - Special Projects		500.00		0.07%
610.30	Kitchell office expenses	1,262.50	1,925.00	0.57%	0.27%
610.40	Turner - office expenses	21,466.96	59,265.80	9.64%	8.18%
610.50	Crosland - Office expenses	1,293.75	5,334.00	0.58%	0.74%
610.60	QA - General Office Fees	6,565.00	23,290.17	2.95%	3.21%
611.10	Cincinnati - Consulting	5,850.25	13,606.36	2.63%	1.88%
611.11	Cincinnati - Other Direct Expenses	125.00	405.00	0.06%	0.06%
613.00	Printing - Brochures		3,068.18		0.42%
613.01	Printing - Stationery	405.00	2,854.08	0.18%	0.39%
613.02	Printing - Your Home	129.95	3,665.44	0.06%	0.51%
613.03	Printing - Other		1,832.40		0.25%
613.04	Printing - Engineering Advisor		236.25		0.03%

Income Statement

As of March 31, 2010

April 16, 2010 - 1:43 PM

		This Period	Year-to-Date	Percent of Total Revenue	
				This Period	Year to Date
<i>D i r e c t E x p e n s e s</i>					
	Subtotal	65,472.22	291,376.80	29.40%	40.22%
628.00	Clothing	51.00	109.10	0.02%	0.02%
	Subtotal	51.00	109.10	0.02%	0.02%
	Total Direct Expenses	65,523.22	291,485.90	29.42%	40.24%
	Revenue Less Reimb. and Direct	157,203.65	432,942.05	70.58%	59.76%
<i>I n d i r e c t E x p e n s e s</i>					
703.01	Salaries and Wages - Corporate	35,390.29	107,763.94	15.89%	14.88%
703.02	Salaries and Wages - REES	16,662.96	36,925.39	7.48%	5.10%
703.03	Salaries and Wages - IT	7,199.62	26,810.79	3.23%	3.70%
703.04	Salaries and Wages - CES	67,054.81	193,093.29	30.11%	26.65%
	Subtotal	126,307.68	364,593.41	56.71%	50.33%
721.01	FICA - Corporate	2,541.04	5,851.49	1.14%	0.81%
721.02	FICA - REES	1,460.92	5,401.54	0.66%	0.75%
721.03	FICA - IT	530.46	1,993.00	0.24%	0.28%
721.04	FICA - CES	4,948.15	14,211.67	2.22%	1.96%
722.01	FUTA - Corporate	83.54	417.16	0.04%	0.06%
722.02	FUTA - REES	17.26	167.98	0.01%	0.02%
722.03	FUTA - IT	5.40	101.87		0.01%
722.04	FUTA - CES	3.70	627.98		0.09%
723.01	SUTA - Corporate	848.91	3,065.91	0.38%	0.42%
723.02	SUTA - REES	231.98	1,375.56	0.10%	0.19%
723.03	SUTA - IT	171.26	871.90	0.08%	0.12%
723.04	SUTA - CES	528.92	4,571.78	0.24%	0.63%
725.00	401K Employers Match	450.00	1,409.02	0.20%	0.19%
729.00	Payroll Service Fees	488.63	1,605.30	0.22%	0.22%
	Subtotal	12,310.17	41,672.16	5.53%	5.75%
731.00	Health Care Insurance	4,854.45	15,913.65	2.18%	2.20%
732.00	Life Insurance		602.16		0.08%
733.00	Other Employee Benefits (Car)	888.80	2,666.40	0.40%	0.37%
734.00	Other Insurance		1,287.90		0.18%
737.00	Prof Registration & Dues	566.20	1,061.20	0.25%	0.15%
	Subtotal	6,309.45	21,531.31	2.83%	2.97%
741.00	Rent	5,229.00	15,687.00	2.35%	2.17%
741.01	Parking	1,695.00	5,075.00	0.76%	0.70%
741.02	Office Cleaning	295.00	885.00	0.13%	0.12%
743.00	Office Suppl/Periodicals	378.86	1,539.35	0.17%	0.21%

Income Statement

As of March 31, 2010

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		This Period	Year-to-Date	Percent of Total Revenue	
				This Period	Year to Date
<i>I n d i r e c t E x p e n s e s</i>					
744.00	Telephone	851.02	2,730.15	0.38%	0.38%
745.00	Postage/metered mail	426.77	910.08	0.19%	0.13%
745.01	Shipping/UPS Charges	1,028.15	3,269.77	0.46%	0.45%
747.00	Repairs & Maintenance		1,706.88		0.24%
748.01	Technical Library	-1,224.50		-0.55%	
748.06	Proofreading		30.00		
748.08	Miscellaneous Printing	9.45	246.23		0.03%
749.00	CAI Related Expenses	2,476.09	4,217.78	1.11%	0.58%
749.01	Miscellaneous Taxes	810.00	2,110.07	0.36%	0.29%
749.02	Bank Charges	253.16	590.99	0.11%	0.08%
749.05	Miscellaneous	-541.30	22.21	-0.24%	
749.06	Gifts	365.00	644.95	0.16%	0.09%
749.07	Computer Supplies	14.49	85.48	0.01%	0.01%
749.08	Software Expense	109.18	747.52	0.05%	0.10%
749.09	Computer-On Line Service	507.95	1,531.80	0.23%	0.21%
749.10	Computer - Website		605.87		0.08%
749.11	Computer consulting		370.00		0.05%
	Subtotal	12,683.32	43,006.13	5.69%	5.94%
751.03	Legal - Other	1,041.50	2,806.20	0.47%	0.39%
751.04	Franchise Registrations		159.17		0.02%
751.06	Legal - Franchisee Resolutions	2,539.55	5,979.15	1.14%	0.83%
751.99	Accounting - Blake Hurley	2,400.00	2,400.00	1.08%	0.33%
753.00	Clerical Expense - CME		150.00		0.02%
753.03	Outside Accounting Services	5,150.00	5,568.00	2.31%	0.77%
	Subtotal	11,131.05	17,062.52	5.00%	2.36%
762.00	Travel	598.30	1,442.31	0.27%	0.20%
763.00	Meals & Entertainment	101.30	845.47	0.05%	0.12%
764.00	Lodging		305.87		0.04%
	Subtotal	699.60	2,593.65	0.31%	0.36%
771.00	Deprec-Furn & Fixtures	2,720.83	8,162.49	1.22%	1.13%
775.10	Cincinnati - Office Expenses	51.96	5,451.99	0.02%	0.75%
	Subtotal	2,772.79	13,614.48	1.24%	1.88%
780.02	Advisory - Travel		542.00		0.07%
780.04	Advisory - Meals & Ent.		452.48		0.06%
780.05	Advisory - Other		1,377.89		0.19%
781.03	NA Materials	165.29	303.55	0.07%	0.04%
781.11	NA Mailings/Promotions		59.00		0.01%

Income Statement

As of March 31, 2010

April 16, 2010 - 1:43 PM

		This Period	Year-to-Date	Percent of Total Revenue	
				This Period	Year to Date
<i>I n d i r e c t E x p e n s e s</i>					
781.13	NA Client Marketing Trips		875.02		0.12%
782.01	Training Materials	241.00	1,032.56	0.11%	0.14%
782.03	Training Travel/Lodging		183.00		0.03%
782.04	Training Meals		262.19		0.04%
782.05	Training Subcontractors		600.00		0.08%
784.02	Franchise Travel		300.00		0.04%
784.03	Franchise Recruitment	250.00	500.00	0.11%	0.07%
784.04	Franchise Meals/Ent.		200.00		0.03%
784.05	Franchise Expenses-Other		909.50		0.13%
786.01	Office Visit - Travel	77.01	750.01	0.03%	0.10%
786.02	Office Visit - Lodging	93.81	93.81	0.04%	0.01%
786.03	Office Visit - Meals	7.05	21.21		
787.00	Communications-Web	605.87	1,221.74	0.27%	0.17%
787.06	Communications - NABIE related	1,004.50	2,437.16	0.45%	0.34%
788.10	QB - Telephones		19.71		
788.11	QB - Supplies		22.83		
789.01	Kitchell - Lodging	116.59	555.33	0.05%	0.08%
789.02	Kitchell - Meals		153.48		0.02%
789.03	Kitchell - Mileage	199.96	1,198.42	0.09%	0.17%
789.04	Kitchell - Travel	325.40	2,822.49	0.15%	0.39%
789.05	Kitchell - Materials		289.94		0.04%
	Subtotal	3,086.48	17,183.32	1.39%	2.37%
790.01	Turner Construction - Lodging	1,040.40	4,286.67	0.47%	0.59%
790.02	Turner Construction - Meals	195.08	1,120.76	0.09%	0.15%
790.03	Turner Construction - Mileage	492.35	1,400.11	0.22%	0.19%
790.04	Turner Construction - Travel	720.10	5,940.16	0.32%	0.82%
791.01	Crosland - Lodging	914.67	2,022.96	0.41%	0.28%
791.02	Crosland - Meals	363.62	736.50	0.16%	0.10%
791.03	Crosland - Mileage	712.51	3,173.40	0.32%	0.44%
791.04	Crosland - Travel	2,539.30	8,118.22	1.14%	1.12%
791.52	Wood Partners - Travel		232.60		0.03%
791.54	Wood Partners - Lodging		405.84		0.06%
793.00	QA - Lodging	466.62	466.62	0.21%	0.06%
793.01	QA - Meals	60.59	202.52	0.03%	0.03%
793.02	QA - Mileage	741.63	858.59	0.33%	0.12%
793.03	QA - Travel	774.19	3,993.27	0.35%	0.55%
793.04	QA - Miscellaneous	85.00	292.66	0.04%	0.04%
793.05	QA - Promotion		23.00		

Income Statement

As of March 31, 2010

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		This Period	Year-to-Date	Percent of Total Revenue	
				This Period	Year to Date
<i>I n d i r e c t E x p e n s e s</i>					
793.06	QA - Office supplies	28.28	28.28	0.01%	
793.07	QA - Rent	1,776.63	3,035.45	0.80%	0.42%
793.08	QA - Health insurance	3,863.45	10,222.73	1.73%	1.41%
793.09	QA - Telephones	990.09	3,642.00	0.44%	0.50%
793.10	QA - Workers' Comp Insurance	2,117.30	6,351.90	0.95%	0.88%
793.13	QA - E & O Insurance	3,499.90	10,499.70	1.57%	1.45%
793.15	QA - Computer Related	174.00	674.50	0.08%	0.09%
793.16	QA - Materials	51.50	398.50	0.02%	0.06%
793.17	QA - Postage/Shipping	146.25	165.87	0.07%	0.02%
793.20	QA - Certifications/Registrations		20.00		
793.21	QA - Consultants	966.00	5,535.00	0.43%	0.76%
	Subtotal	22,719.46	73,847.81	10.20%	10.19%
	Total Indirect Expenses	198,020.00	595,104.79	88.91%	82.15%
	Total Operating Expenses	263,543.22	886,590.69	118.33%	122.38%
	Operating Profit/Loss	-40,816.35	-162,162.74	-18.33%	-22.38%
<i>O t h e r (R e v e n u e) a n d E x p e n s e s</i>					
800.00	Interest Expense	5,212.00	15,411.82	2.34%	2.13%
	Subtotal	5,212.00	15,411.82	2.34%	2.13%
810.00	Interest Income		-230.78		-0.03%
	Subtotal	0.00	-230.78	0.00%	-0.03%
820.00	Other Income		-100.00		-0.01%
	Subtotal	0.00	-100.00	0.00%	-0.01%
	Total Other (Revenue) and Expenses	5,212.00	15,081.04	2.34%	2.08%
	Total Profit/Loss	-46,028.35	-177,243.78	-20.67%	-24.47%

Balance Sheet
 Criterium Engineers

As of March 31, 2010

Friday, April 16, 2010
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		Balance
A s s e t s		
107.00	PHB Checking Account	-24,139.61
109.00	PHB - Nat'l Accounts	10,936.59
	Subtotal	-13,203.02
110.05	Cash - Cincinnati	3,630.07
111.00	Accounts Receivable	47,747.22
111.01	Accounts Receivable - National Accounts	308,374.38
111.02	A/R - Royalty Accrual	327,871.00
111.03	Allow/Doubtful Accounts	-120,000.00
111.04	Accounts Receivable - QB Accrual	2,025,112.89
111.07	A/R Ins. Admin Fee	38,022.27
111.09	Accounts Receivable - Special Projects	1,775.00
111.10	QB Licensing & Tech Fees	33,255.69
111.11	QB Training Fees	1,500.00
111.12	Accounts Receivable - QA	186,818.30
112.00	Franchise Notes Rec.	28,930.70
112.02	Note Receivable - Criterium Hall Eng'rs	14,239.60
112.03	Notes Receivable - Jones Office Closure	0.01
115.00	Travel Advances	99.76
117.00	Prepaid Expenses	11,330.33
119.00	Security Deposits	3,393.76
	Subtotal	2,912,100.98
130.00	Due from Mooney Eng.	34,818.45
	Subtotal	34,818.45
151.00	Furniture & Equipment	164,679.93
152.00	Accumulated Deprec - F&F	-100,467.49
153.00	Leased Computer Equip	190,588.94
154.00	Accum Depr Computer Equi	-165,194.00
	Subtotal	89,607.38
	Total Assets	3,023,323.79

L i a b i l i t i e s

201.00	Notes Payable-Current	254,711.53
	Subtotal	254,711.53
211.00	Accts. Pay - Nat'l Accts	473,327.84
212.00	Accts. Payable - Other	634,247.07

Balance Sheet

As of March 31, 2010

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		Balance
<i>L i a b i l i t i e s</i>		
212.06	Accts Payable - QB Office Fees	513,463.37
212.10	QB Licensing & Tech Fees	28,171.38
215.00	Overpayments	22,266.29
217.00	Accrued Interest Payable	6,590.66
	Subtotal	1,678,066.61
230.00	Accrued Vacation Payable	49,685.24
231.00	Salaries Payable	73,613.76
232.00	W/H Federal/Fica Taxes	5,419.48
233.00	Accrued Commission	6,485.55
237.00	401K Employee's W/H	262.37
	Subtotal	135,466.40
252.00	N/P - Stockholders	49,891.91
256.00	LOC-PHB	599,760.42
257.00	N/P - Leasing Companies	10,782.65
257.01	NP - Telephone System	15,312.30
	Subtotal	675,747.28
	Total Liabilities	2,743,991.82
<i>N e t W o r t h</i>		
302.00	Common Stock	342,100.00
	Subtotal	342,100.00
311.00	Prev Yrs Retained Earnngs	114,475.75
312.00	Current Yrs Profit(Loss)	-177,243.78
	Subtotal	-62,768.03
	Total Net Worth	279,331.97
	Total Liabilities and Net Worth	3,023,323.79

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A



FINANCIAL STATEMENTS

December 31, 2009 and 2008

With Independent Auditors' Report

Blake Hurley McCallum & Conley, LLC · Certified Public Accountants

344 Main Street, Westbrook, Maine 04092 · (207) 854-2115/Fax 854-2118

INDEPENDENT AUDITORS' REPORT

The Stockholders
Coast to Coast Engineering Services, Inc.
d/b/a Criterium Engineers

We have audited the accompanying balance sheets of Coast to Coast Engineering Services, Inc., d/b/a Criterium Engineers as of December 31, 2009 and 2008, and the related statements of operations, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As more fully described in Note 1 to the financial statements, management has not, as required by U.S. generally accepted accounting principles, determined the net realizable value of a significant accounts receivable balance at December 31, 2009 and 2008. The effect of this departure from generally accepted accounting principles on the financial statements can not be reasonably determined.

In our opinion, with the exception of the matter described in the preceding paragraph, the 2009 and 2008 financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Coast to Coast Engineering Services, Inc., d/b/a Criterium Engineers as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Blake Hurley McCallum & Conley, LLC

Westbrook, Maine
April 19, 2010

**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

Balance Sheets

December 31, 2009 and 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Current assets		
Cash	\$ 19,616	\$ 3,516
Accounts receivable, net allowance for doubtful accounts of \$120,000	2,970,574	2,860,871
Current portion of notes receivable from franchisees	43,171	42,725
Prepaid expenses and other current assets	<u>21,176</u>	<u>3,494</u>
Total current assets	<u>3,054,537</u>	<u>2,910,606</u>
Equipment and furnishings	355,269	336,026
Less accumulated depreciation	<u>257,499</u>	<u>214,270</u>
Net equipment and furnishings	<u>97,770</u>	<u>121,756</u>
Other assets		
Due from related party	28,493	21,713
Notes receivable from franchisees, excluding current portion	<u>-</u>	<u>10,281</u>
Total other assets	<u>28,493</u>	<u>31,994</u>
	<u>\$ 3,180,800</u>	<u>\$ 3,064,356</u>

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2009</u>	<u>2008</u>
Current liabilities		
Cash overdraft	\$ 19,229	\$ 16,252
Line of credit	588,760	500,000
Current portion of long-term debt	86,305	106,654
Accounts payable	1,681,787	1,505,926
Accrued expenses	130,620	123,649
Due to related parties	120,223	38,905
Notes payable to stockholders	<u>49,892</u>	<u>18,632</u>
Total current liabilities	2,676,816	2,310,018
Long-term debt, excluding current portion	<u>47,408</u>	<u>61,169</u>
Total liabilities	<u>2,724,224</u>	<u>2,371,187</u>
Commitments and contingencies (Notes 1, 7, 8 and 9)		
Stockholders' equity		
Common stock, no par value, authorized 10,000 shares, issued and outstanding 352.56 shares	342,100	342,100
Retained earnings	<u>114,476</u>	<u>351,069</u>
Total stockholders' equity	<u>456,576</u>	<u>693,169</u>
	<u>\$ 3,180,800</u>	<u>\$ 3,064,356</u>

**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

Statements of Operations and Retained Earnings

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Franchise revenues		
Initial franchise fees	\$ 59,000	\$ 60,500
Franchise royalties and other fees	768,663	834,476
Administrative services and other	<u>97,922</u>	<u>108,369</u>
Total franchise revenues	<u>925,585</u>	<u>1,003,345</u>
Contract and project revenues	2,654,921	3,047,829
Cost of contract and project revenues	<u>(2,322,896)</u>	<u>(2,698,070)</u>
Net contract and project revenues	<u>332,025</u>	<u>349,759</u>
Merchandise revenue	38,670	62,928
Cost of merchandise sold	<u>(33,851)</u>	<u>(55,062)</u>
Net merchandise revenue	<u>4,819</u>	<u>7,866</u>
Gross profit	<u>1,262,429</u>	<u>1,360,970</u>
General and administrative expenses		
Payroll, related taxes and fringe benefits	993,865	1,208,729
Franchisee conferences and training	24,272	32,172
Newsletters and postage	32,038	38,398
Occupancy and telephone	95,311	91,393
Office expenses	41,247	42,147
Professional fees	152,631	159,971
Travel and marketing	13,629	33,357
Depreciation and amortization	43,229	36,183
Miscellaneous	<u>9,621</u>	<u>7,257</u>
Total general and administrative expenses	<u>1,405,843</u>	<u>1,649,607</u>
Operating loss	<u>(143,414)</u>	<u>(288,637)</u>
Other income (expense)		
Interest income	1,994	1,395
Interest expense	(72,146)	(71,650)
Bad debt expense	<u>(23,027)</u>	<u>-</u>
Other expense, net	<u>(93,179)</u>	<u>(70,255)</u>
Net loss	(236,593)	(358,892)
Retained earnings, beginning of year	<u>351,069</u>	<u>709,961</u>
Retained earnings, end of year	<u>\$ 114,476</u>	<u>\$ 351,069</u>

The accompanying notes are an integral part of these financial statements.

**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

Statements of Cash Flows

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Net loss	\$ (236,593)	\$ (358,892)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	43,229	36,183
Decrease in note receivable from officer reflected as compensation	-	1,189
Decrease (increase) in		
Accounts receivable	(109,703)	(64,857)
Notes receivable from franchisees	9,835	(13,560)
Prepaid expenses and other	(17,682)	-
Due from related party	(6,780)	-
Increase in		
Accounts payable	175,861	346,683
Accrued expenses	<u>6,971</u>	<u>26,500</u>
Net cash used by operating activities	<u>(134,862)</u>	<u>(26,764)</u>
 Cash flows from investing activities		
Purchase of equipment	<u>(631)</u>	<u>(2,643)</u>
Net cash used by investing activities	<u>(631)</u>	<u>(2,643)</u>
 Cash flows from financing activities		
Increase in cash overdraft	2,977	4,349
Net advances on line of credit	88,760	8,000
Net advances from related parties	81,318	26,808
Net change on notes payable to stockholders	31,260	210
Borrowings on long-term debt	-	28,300
Principal payments on long-term debt	<u>(52,722)</u>	<u>(44,363)</u>
Net cash provided by financing activities	151,593	23,304
 Net increase (decrease) in cash	16,100	(6,093)
 Cash, beginning of year	<u>3,516</u>	<u>9,609</u>
 Cash, end of year	\$ <u>19,616</u>	\$ <u>3,516</u>
 Supplemental disclosure of cash flow information:		
 Cash paid for interest during the year	\$ <u>70,359</u>	\$ <u>63,247</u>
 Noncash transactions		
Acquisition of equipment through capital lease agreements	\$ <u>18,612</u>	\$ <u>32,692</u>

The accompanying notes are an integral part of these financial statements.

**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

Notes to Financial Statements

December 31, 2009 and 2008

Nature of Business

Coast to Coast Engineering Services, Inc., d/b/a Criterium Engineers (the Company) franchises and services a nationwide system of individuals and entities that specialize in providing building-related engineering services including property condition inspections and reports, environmental site assessments and construction progress monitoring for real estate buyers, investors and lenders, and replacement reserve studies for condominium and homeowners' associations and management agents. The businesses are operated under the terms of franchise arrangements and the Criterium Engineers brand by independent third parties, except as disclosed in Note 4. Credit is extended without collateral.

1. Realization of Accounts Receivable Related to Licensed Services

In February 2007, the Company terminated a licensed services agreement with QualityBuilt.com, Inc. (QB), citing various breaches of contract and requesting payment of all balances due to the Company. The Company has included on its balance sheet the full balance of the receivable, totaling \$2,059,504, as well as related payables, totaling \$541,635, at December 31, 2009 and 2008.

In April 2007, QB filed a complaint against the Company in the San Diego County Superior Court in California, which included claims for misappropriation of trade secrets and unfair competition. The Company had the matter removed to the United States District Court for the Southern District of California. In August 2007, the federal court ordered the entire matter to be resolved in binding arbitration in San Diego, California pursuant to a prior agreement between the parties. The arbitration hearing was held during January and February 2009. In May 2009 the arbitrator ruled in favor of the Company on all counts and awarded the Company approximately \$3,600,000. Subsequent to the award QB filed for Chapter 11 bankruptcy protection. Management and the Company's attorneys are currently pursuing various avenues for collection of the award.

U.S. generally accepted accounting principles require that management estimate the net realizable value of the receivable and record an allowance for the estimated unrealizable portion. However, the final outcome of this dispute cannot be determined at this time, and no amounts have been reserved related to this dispute. The effect of this departure from accepted accounting principles on these financial statements is not reasonably determinable.

2. Summary of Significant Accounting Policies

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expense. Actual results could differ from estimates.

**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

Notes to Financial Statements

December 31, 2009 and 2008

2. Summary of Significant Accounting Policies (Continued)

Franchise Revenue and Cost Recognition

The Company recognizes revenue on franchise sales upon the initial execution of individual franchise agreements at which time all material services or conditions relating to the sale have been substantially performed. Royalties represent fees based on franchisee revenues and are earned in the same period as franchisee sales. Related costs are expensed in the period incurred.

Contract Revenue and Cost Recognition

The Company recognizes revenue from short-term contracts upon completion. For long-term contracts, the Company recognizes revenue on a monthly basis. Contract costs include all direct payroll, franchisee expenses billed to the Company, and all other direct expenses.

Accounts Receivable

Except for accounts receivable related to licensed services (as disclosed in Note 1), accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Equipment and Furnishings

Equipment and furnishings are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets which range from five to seven years.

Income Taxes

The Company has elected to be taxed as an S corporation. Accordingly, earnings are reported on the stockholders' individual income tax returns and no income taxes are incurred by the Company.

Cash

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant risk with respect to these accounts.

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS

Notes to Financial Statements

December 31, 2009 and 2008

2. Summary of Significant Accounting Policies (Concluded)

Subsequent Events

Subsequent events have been evaluated through April 19, 2010, which is the date the financial statements were available to be issued.

3. Accounts Receivable

Accounts receivable consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Accounts receivable from:		
Franchise royalties and fees	\$ 369,369	\$ 308,720
National account contracts and projects	661,701	612,647
Fees for licensed services	<u>2,059,504</u>	<u>2,059,504</u>
	<u>3,090,574</u>	<u>2,980,871</u>
 Less allowance for doubtful accounts	 <u>120,000</u>	 <u>120,000</u>
	 <u>\$ 2,970,574</u>	 <u>\$ 2,860,871</u>

In 2009 and 2008, three unrelated customers accounted for 44% and 39% of revenue, respectively. The outstanding accounts receivable balances of three unrelated customers approximated 63% of total national account contracts and projects accounts receivable at December 31, 2009. The outstanding accounts receivable balances of four unrelated customers approximated 76% of total national account contracts and projects accounts receivable at December 31, 2008.

4. Notes Receivable from Franchisees

Notes receivable from franchisees bear interest at 12%. The Company expects to receive full payment on these notes by October 2010.

5. Transactions with Related Parties

Due from related entities represents advances used to fund operations and includes accrued interest on a note payable to the same officer/stockholder as well as prepayments from the risk management program.

The notes payable to stockholders are unsecured, accrue interest at 6%, and are due on demand.

**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

Notes to Financial Statements

December 31, 2009 and 2008

5. Transactions with Related Parties (Concluded)

Transactions with and amounts due from a franchised company owned by a stockholder of the Company at December 31, 2009 and 2008, and for the years then ended, are as follows:

	<u>2009</u>	<u>2008</u>
Royalties and other franchise fee revenue	\$ 14,443	\$ 35,419
Merchandise revenue	1,366	2,128
Royalties and other franchise fees receivable	70,583	58,153
Merchandise receivables	36,261	36,310
Due from related party	28,493	21,713
Accounts payable – franchisees	87,691	148,013

The Company rents office spaces from a stockholder under renewable leases that expire in December 2012, with monthly lease payments of \$5,229 in 2009. Rent expense for this office space totaled \$62,748 in 2009 and \$63,744 in 2008.

The Company administers a risk management pool on behalf of its franchisees. Administrative service fees charged to the pool during 2009 and 2008 were \$80,297 and \$86,614, respectively.

6. Accounts Payable

Accounts payable consists of the following at December 31:

	<u>2009</u>	<u>2008</u>
Accounts payable for:		
National accounts – franchisees	\$ 464,135	\$ 339,192
Fees for licensed services – Quality Built related	541,635	541,635
Trade and other accounts payable	<u>676,017</u>	<u>625,099</u>
	<u>\$ 1,681,787</u>	<u>\$ 1,505,926</u>

Trade and other accounts payable include legal fees of approximately \$107,000 at December 31, 2009 and \$92,000 at December 31, 2008 associated with the Quality Built arbitration proceedings.

7. Line of Credit

The Company has a \$600,000 bank line of credit, payable on demand, with interest at the bank's prime rate plus 3% (6.25% at December 31, 2009), which is collateralized by all Company assets along with the personal guarantee of a stockholder. The outstanding balance was \$588,760 and \$500,000 at December 31, 2009 and 2008, respectively.

**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

Notes to Financial Statements

December 31, 2009 and 2008

8. Long-Term Debt

Long-term debt consists of the following at December 31:

	<u>2009</u>	<u>2008</u>
Notes payable to related party – unsecured with interest at 8%, due in monthly installments of \$2,531 through March 2012	\$ 105,000	\$ 125,300
Capital lease payable – secured by equipment with interest at 10.78%, due in monthly installments of \$1,067 through February 2011	12,919	23,583
Capital lease payable – secured by equipment with interest at 17%, due in monthly installments of \$462 through December 2013	15,794	-
Capital leases payable – secured by equipment, interest at 10% to 17%, due in monthly installments of \$3,167, paid in full in 2009	<u>-</u>	<u>18,940</u>
Total long-term debt	133,713	167,823
Less current portion of long-term debt	<u>86,305</u>	<u>106,654</u>
Long-term debt, less current portion	<u>\$ 47,408</u>	<u>\$ 61,169</u>

The cost and accumulated amortization of the equipment associated with outstanding capital leases were \$50,903 and \$13,449 at December 31, 2009 and \$112,131 and \$37,453 at December 31, 2008.

Future maturities of all debt are as follows:

2010	\$ 86,305
2011	26,790
2012	10,142
2013	<u>10,476</u>
Total	<u>\$ 133,713</u>

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS

Notes to Financial Statements

December 31, 2009 and 2008

9. Operating Leases

Rent expense for office space was \$88,104 in 2009 and \$89,073 in 2008. Future minimum lease payments under non-cancelable operating leases, including office rent (Note 4) are:

2010	\$	83,149
2011		64,003
2012		65,283

10. Employee Benefit Plan

The Company sponsors a defined contribution 401(k) plan covering substantially all employees. Matching contributions by the Company were \$7,196 and \$8,008 in 2009 and 2008, respectively.

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A



FINANCIAL STATEMENTS

December 31, 2008 and 2007

With Independent Auditors' Report

Blake Hurley McCallum & Conley, LLC · Certified Public Accountants
344 Main Street, Westbrook, Maine 04092 · (207) 854-2115/Fax 854-2118

INDEPENDENT AUDITORS' REPORT

The Stockholders
Coast to Coast Engineering Services, Inc.
d/b/a Criterium Engineers

We have audited the accompanying balance sheets of Coast to Coast Engineering Services, Inc., d/b/a Criterium Engineers as of December 31, 2008 and 2007, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As more fully described in Note 1 to the financial statements, management has not, as required by U.S. generally accepted accounting principles, determined the net realizable value of a significant accounts receivable balances at December 31, 2008 and 2007. The effect of this departure is not reasonably determinable.

In our opinion, with the exception of the matter described in the preceding paragraph, the 2008 and 2007 financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Coast to Coast Engineering Services, Inc., d/b/a Criterium Engineers as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Blake Hurley McCallum & Conley, LLC

Westbrook, Maine
March 31, 2009

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS

Balance Sheets

December 31, 2008 and 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Current assets		
Cash	\$ 3,516	\$ 9,609
Accounts receivable, net allowance for doubtful accounts of \$120,000	2,860,871	2,796,014
Current portion of notes receivable from franchisees	42,725	32,021
Prepaid expenses and other	<u>3,494</u>	<u>3,494</u>
Total current assets	<u>2,910,606</u>	<u>2,841,138</u>
Equipment and furnishings	336,026	300,691
Less accumulated depreciation	<u>214,270</u>	<u>178,087</u>
Net equipment and furnishings	<u>121,756</u>	<u>122,604</u>
Other assets		
Due from related party	21,713	21,713
Notes receivable from franchisees, excluding current portion	10,281	7,425
Notes receivable from officer	<u>-</u>	<u>1,189</u>
Total other assets	<u>31,994</u>	<u>30,327</u>
	<u>\$ 3,064,356</u>	<u>\$ 2,994,069</u>

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2008</u>	<u>2007</u>
Current liabilities		
Cash overdraft	\$ 16,252	\$ 11,903
Line of credit	500,000	492,000
Current portion of long-term debt	106,654	54,056
Accounts payable	1,505,926	1,159,243
Accrued expenses	123,649	97,149
Due to officer/stockholder	38,905	12,097
Note payable to stockholder	<u>18,632</u>	<u>18,422</u>
Total current liabilities	2,310,018	1,844,870
Long-term debt, excluding current portion	<u>61,169</u>	<u>97,138</u>
Total liabilities	<u>2,371,187</u>	<u>1,942,008</u>
Commitments and contingencies (Notes 1, 7, 8 and 9)		
Stockholders' equity		
Common stock, no par value, authorized 10,000 shares, issued and outstanding 352.56 shares	342,100	342,100
Retained earnings	<u>351,069</u>	<u>709,961</u>
Total stockholders' equity	<u>693,169</u>	<u>1,052,061</u>
	 <u>\$ 3,064,356</u>	 <u>\$ 2,994,069</u>

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS

Statements of Operations

Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Franchise revenues		
Initial franchise fees	\$ 60,500	\$ 79,499
Franchise royalties and other fees	834,476	1,070,045
Administrative services and other	<u>108,369</u>	<u>118,761</u>
Total franchise revenues	<u>1,003,345</u>	<u>1,268,305</u>
Contract and project revenues	3,047,829	3,728,548
Cost of contract revenues	<u>(2,698,070)</u>	<u>(3,509,823)</u>
Net contract revenues	<u>349,759</u>	<u>218,725</u>
Licensed services revenue	-	888,368
Cost of licensed services revenue	-	(819,998)
Net licensed services revenue	<u>-</u>	<u>68,370</u>
Merchandise revenue	62,928	85,842
Cost of merchandise sold	<u>(55,062)</u>	<u>(64,542)</u>
Net merchandise revenue	<u>7,866</u>	<u>21,300</u>
Gross profit	<u>1,360,970</u>	<u>1,576,700</u>
General and administrative expenses		
Payroll, related taxes and fringe benefits	1,208,729	1,130,451
Franchisee conferences and training	32,172	105,705
Newsletters and postage	38,398	56,847
Occupancy and telephone	91,393	107,227
Office expenses	42,147	47,577
Professional fees	159,971	86,054
Travel and marketing	33,357	60,239
Depreciation and amortization	36,183	30,521
Miscellaneous	<u>7,257</u>	<u>8,522</u>
Total general and administrative expenses	<u>1,649,607</u>	<u>1,633,143</u>
Operating loss	<u>(288,637)</u>	<u>(56,443)</u>
Other income (expense)		
Interest income	1,395	4,546
Interest expense	<u>(71,650)</u>	<u>(60,293)</u>
Other expense, net	<u>(70,255)</u>	<u>(55,747)</u>
Net loss	<u>\$ (358,892)</u>	<u>\$ (112,190)</u>

The accompanying notes are an integral part of these financial statements.

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS

Statement of Changes in Stockholders' Equity

Years Ended December 31, 2008 and 2007

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balances, December 31, 2006	\$ 342,100	\$ 835,144	\$ 1,177,244
Net loss	-	(112,190)	(112,190)
Distributions to stockholders	<u>-</u>	<u>(12,993)</u>	<u>(12,993)</u>
Balances, December 31, 2007	342,100	709,961	1,052,061
Net loss	<u>-</u>	<u>(358,892)</u>	<u>(358,892)</u>
Balances, December 31, 2008	<u>\$ 342,100</u>	<u>\$ 351,069</u>	<u>\$ 693,169</u>

The accompanying notes are an integral part of these financial statements.

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS

Statements of Cash Flows

Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Net loss	\$ (358,892)	\$ (112,190)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	36,183	30,521
Decrease in note receivable from officer reflected as compensation	1,189	16,063
Decrease (increase) in		
Accounts receivable	(64,857)	(325,041)
Notes receivable from franchisees	(13,560)	(24,980)
Prepaid expenses and other	-	(70)
Increase in		
Accounts payable	346,683	39,295
Accrued expenses	<u>26,500</u>	<u>(28,733)</u>
Net cash used by operating activities	<u>(26,764)</u>	<u>(405,135)</u>
 Cash flows from investing activities		
Purchase of equipment	<u>(2,643)</u>	<u>(21,704)</u>
Net cash used by investing activities	<u>(2,643)</u>	<u>(21,704)</u>
 Cash flows from financing activities		
Increase in cash overdraft	4,349	11,903
Net advances on line of credit	8,000	342,000
Net advances from officer/stockholder	26,808	12,097
Net change on notes payable to stockholders	210	(529)
Borrowings on long-term debt	28,300	97,000
Principal payments on long-term debt	(44,363)	(33,934)
Distributions to stockholders	-	(12,993)
Net cash provided by financing activities	<u>23,304</u>	<u>415,544</u>
 Net decrease in cash	(6,093)	(11,295)
 Cash, beginning of year	<u>9,609</u>	<u>20,904</u>
Cash, end of year	\$ <u>3,516</u>	\$ <u>9,609</u>
 Supplemental disclosure of cash flow information:		
Cash paid for interest during the year	\$ <u>63,247</u>	\$ <u>62,993</u>
 Noncash transactions		
Acquisition of equipment through capital lease agreements	\$ <u>32,692</u>	\$ <u>42,220</u>

The accompanying notes are an integral part of these financial statements.

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS

Notes to Financial Statements

December 31, 2008 and 2007

Nature of Business

Coast to Coast Engineering Services, Inc., d/b/a Criterium Engineers (the Company) franchises and services a nationwide system of individuals and entities that specialize in providing building-related engineering services including property condition inspections and reports, environmental site assessments and construction progress monitoring for real estate buyers, investors and lenders, and replacement reserve studies for condominium and homeowners' associations and management agents. The businesses are operated under the terms of franchise arrangements and the Criterium Engineers brand by independent third parties, except as disclosed in Note 4. Credit is extended without collateral.

1. Realization of Accounts Receivable Related to Licensed Services

In February 2007, the Company terminated a licensed services agreement with QualityBuilt.com, Inc. (QB), citing various breaches of contract and requesting payment of all balances due to the Company. The Company has included on its balance sheet the full balance of the receivable, totaling \$2,059,504 at December 31, 2008 and 2007.

In April 2007, QB filed a complaint against the Company in the San Diego County Superior Court in California, which included claims for misappropriation of trade secrets and unfair competition. The Company had the matter removed to the United States District Court for the Southern District of California. In August 2007, the federal court ordered the entire matter to be resolved in binding arbitration in San Diego, California pursuant to a prior agreement between the parties. The arbitration hearing was held during January and February 2009. The evidence is scheduled to close in March or April 2009, and a decision is expected sometime in May or June 2009.

U.S. generally accepted accounting principles require that management estimate the net realizable value of the receivable and record an allowance for the estimated unrealizable portion. However, the final outcome of this dispute cannot be determined at this time, and no amounts have been reserved related to this dispute. The effect of this departure from accepted accounting principles on these financial statements is not reasonably determinable.

2. Summary of Significant Accounting Policies

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expense. Actual results could differ from estimates.

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS

Notes to Financial Statements

December 31, 2008 and 2007

2. Summary of Significant Accounting Policies (Continued)

Franchise Revenue and Cost Recognition

The Company recognizes revenue on franchise sales upon the initial execution of individual franchise agreements at which time all material services or conditions relating to the sale have been substantially performed. Royalties represent fees based on franchisee revenues and are earned in the same period as franchisee sales. Related costs are expensed in the period incurred.

Contract Revenue and Cost Recognition

The Company recognizes revenue from short-term contracts upon completion. For long-term contracts, the Company recognizes revenue on a monthly basis. Contract costs include all direct payroll, franchisee expenses billed to the Company, and all other direct expenses.

Licensed Services Revenue and Cost Recognition

In 2007, the Company recognized commission and fees under the licensed services agreement with Quality Built upon completion of the related services. Costs included all license fees and direct payroll, franchisee expenses billed to the Company, and all other direct expenses.

Accounts Receivable

Except for accounts receivable related to licensed services (as disclosed in Note 1), accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Equipment and Furnishings

Equipment and furnishings are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets which range from five to seven years.

Income Taxes

The Company has elected to be taxed as an S corporation. Accordingly, earnings are reported on the stockholders' individual income tax returns and no income taxes are incurred by the Company.

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS

Notes to Financial Statements

December 31, 2008 and 2007

2. Summary of Significant Accounting Policies (Concluded)

Cash

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant risk with respect to these accounts.

Reclassifications

Certain 2007 amounts were reclassified to conform to the 2008 financial statement presentation.

3. Accounts Receivable

Accounts receivable consist of the following at December 31:

	<u>2008</u>	<u>2007</u>
Accounts receivable from:		
Franchise royalties and fees	\$ 308,720	\$ 400,675
National account contracts and projects	612,647	455,835
Fees for licensed services	<u>2,059,504</u>	<u>2,059,504</u>
	2,980,871	2,916,014
Less allowance for doubtful accounts	<u>120,000</u>	<u>120,000</u>
	<u>\$ 2,860,871</u>	<u>\$ 2,796,014</u>

4. Notes Receivable from Franchisees

Notes receivable from franchisees bear interest at 12%. The Company expects to receive full payment on these notes by October 2010.

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS

Notes to Financial Statements

December 31, 2008 and 2007

5. Transactions with Related Parties

Due from officer/stockholder represents advances used to fund operations and includes accrued interest on a note payable to the same officer/stockholder.

The note payable to stockholder is unsecured, accrues interest at 6%, and is due on demand.

Transactions with and amounts due from a franchised company owned by a stockholder of the Company at December 31, and for the years then ended, are as follows:

	<u>2008</u>	<u>2007</u>
Royalties and other franchise fee revenue	\$ 35,419	\$ 35,525
Merchandise revenue	2,128	4,799
Royalties and other franchise fees receivable	58,153	58,281
Merchandise receivables	36,310	33,645
Accounts receivable – other	21,713	21,713
Accounts payable – franchisees	148,013	76,428

The Company rents office space from a stockholder under renewable leases expiring December 2009, with monthly lease payments of \$5,312 in 2008. Rent expense for this office space totaled \$63,744 in 2008 and \$61,470 in 2007.

The Company administers a risk management pool on behalf of its franchisees. Administrative service fees charged to the pool during 2008 and 2007 were \$86,614 and \$99,149, respectively.

6. Accounts Payable

Accounts payable consists of the following at December 31:

	<u>2008</u>	<u>2007</u>
Accounts payable for:		
National accounts – franchisees	\$ 339,192	\$ 178,618
Fees for licensed services – franchisees	541,635	541,635
Trade and other	<u>625,099</u>	<u>438,990</u>
	<u>\$ 1,505,926</u>	<u>\$ 1,159,243</u>

Trade and other accounts payable include legal fees associated with the Quality Built arbitration proceedings.

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS

Notes to Financial Statements

December 31, 2008 and 2007

7. Line of Credit

The Company has a \$500,000 bank line of credit with interest at the bank's prime rate plus 2% (5.25% at December 31, 2008), which is collateralized by all Company assets along with the personal guarantee of a stockholder. The outstanding balance was \$500,000 and \$492,000 at December 31, 2008 and 2007, respectively.

8. Long-Term Debt

Long-term debt consists of the following at December 31:

	<u>2008</u>	<u>2007</u>
Notes payable to related party – unsecured with interest at 8%, due in monthly installments of \$2,531 through March 2012, none of the schedules payments were made in 2007 or 2008	\$ 125,300	\$ 97,000
Capital lease payable – secured by equipment with interest at 12.9%, due in monthly installments of \$1,240 through June 2009	7,164	21,192
Capital lease payable – secured by equipment with interest at 17.6%, due in monthly installments of \$2,100 through June 2009	11,776	33,002
Capital lease payable – secured by equipment with interest at 10.78%, due in monthly installments of \$1,067 through February 2011	<u>23,583</u>	<u>-</u>
Total long-term debt	167,823	151,194
Less current portion of long-term debt	<u>106,654</u>	<u>54,056</u>
Long-term debt, less current portion	<u>\$ 61,169</u>	<u>\$ 97,138</u>

The cost and accumulated amortization of the equipment were \$112,131 and \$37,453 at December 31, 2008 and \$79,439 and \$18,296 at December 31, 2007.

Future maturities of all debt are as follows:

2010	\$ 106,654
2011	32,251
2012	23,120
2013	<u>5,798</u>
Total	<u>\$ 167,823</u>

COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS

Notes to Financial Statements

December 31, 2008 and 2007

9. Operating Leases

Rent expense for office space was \$89,073 in 2008 and \$95,400 in 2007, respectively. Future minimum lease payments under non-cancelable operating leases, including office rent (Note 4) are:

2009	\$	89,310
2010		15,184

10. Employee Benefit Plan

The Company has a defined contribution 401(k) plan covering substantially all employees. Matching contributions by the Company were \$8,008 and \$10,034 in 2008 and 2007, respectively.

EXHIBIT C



**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS
FRANCHISE AGREEMENT**

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<u>EXHIBIT A</u>	Map Showing Area of Primary Responsibility
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<u>EXHIBIT G</u>	General Release

FRANCHISE AGREEMENT

Agreement made on this ___ day of _____, 200_, between Coast to Coast Engineering Services, Inc., with its principal place of business at 22 Monument Square, Portland, Maine (hereinafter called the "Franchisor") and _____ with a principal place of business at _____ (hereinafter called the "Franchisee").

WHEREAS, Franchisor has developed and acquired techniques, systems, procedures and know-how (some of which are confidential trade secrets) in the consulting engineering business specializing but not limited to buildings, including the provision of reports, inspections, consultations, investigations and litigation support services on the structural and mechanical aspects, design, maintenance and construction of residential, commercial and light industrial buildings for prospective purchasers, brokers, litigants and others (the "Consulting Engineering Service Business"); and

WHEREAS, Franchisor has established a common law service mark in the name "CRITERIUM®" and/or associated logotypes which are registered in the United States Patent and Trademark Office on the Principal Register, and use and control such mark is for the benefit and exclusive use of itself and its franchisees in order to identify for the public the source of services marketed thereunder and its high standards of quality and service; and

WHEREAS, Franchisee is a duly licensed Professional Engineer, or, in states where permitted to do so, has appointed a licensed Professional Engineer as an officer of the company, and desires to operate an office utilizing the CRITERIUM® name and associated logotypes and to establish the systems and methodology developed by Franchisor and to benefit from its expertise and, therefore, wishes to enter into this Agreement with Franchisor; and

WHEREAS, Franchisee understands the vital importance to Franchisor and the CRITERIUM® system of the continued maintenance of high and consistent standards of quality and service in conformity with the methods and systems developed by Franchisor;

NOW, THEREFORE, it is agreed between the parties as follows:

1. RIGHT TO OPERATE.

1.1 Franchisor hereby grants to Franchisee the right to use the mark CRITERIUM® and the right, authorization and privilege to use Franchisor's systems and techniques in the Consulting Engineering Service Business in the territory described in Exhibit "A" attached hereto (the "Area") at the location or locations in such territory identified by the parties on Exhibit "B" hereto, subject to this Agreement.

1.2 Franchisee has paid to Franchisor the sum of Twenty-nine Thousand Five Hundred Dollars (\$29,500.00) upon the execution of this Agreement. In return for this payment, Franchisee shall receive all of the rights to do business granted under the terms of

this Agreement, including receipt of the training and other services as described herein, all subject to compliance by Franchisee with the terms of this Agreement.

2. LOCATION.

The license in this Agreement is granted for the Area described in Exhibit "A." The office, or offices, shall be located in the Area at the specific location or locations identified by the parties on Exhibit "B", and no office shall be relocated, nor additional offices opened, in the Area without the prior written approval of Franchisor. Commencing no later than six (6) months following the date of this Agreement and continuing for the balance of the term hereof, Franchisee must at all times have at least one office operating in the Area.

2.1 Franchisor agrees that during the term of this Franchise Agreement, unless earlier terminated in accordance with Paragraphs 13 or 14, it shall not locate for itself or license any franchisee, other than Franchisee, to engage in the business of providing residential or commercial building evaluation within the Area. Franchisee may provide forensic and other general consulting engineering services anywhere legally licensed to do so, except that Franchisee may not provide residential or commercial building evaluation services in areas protected by exclusive arrangements with other Franchisees or Licensees. Notwithstanding this restriction, Franchisor may solicit work within the Area from its national account clients. Franchisor agrees to initially negotiate the fee for services performed and assign the work to Franchisee. While the Franchisee has no obligation to accept these assignments, if the Franchisee declines to accept any assignment, Franchisor may, and reserves the right to, assign the work to another engineer or franchisee without having to obtain Franchisee's permission and/or without having to pay Franchisee a royalty or commission.

2.2 The territorial exclusivity outlined in Section 2.1 shall be limited to the first five years of the initial term of this Agreement. After five years, in order to maintain the territorial exclusivity outlined in Section 2.1, Franchisee must maintain receipts in the top 20th percentile in total revenue for all offices; or achieve gross revenues equal or greater than \$0.25 per person in the territory on an annual basis. A failure to achieve this quota after five years of operation shall not entitle Franchisor to terminate this Agreement. However, a failure by Franchisee to achieve this quota for any twelve month period commencing after the end of the fifth anniversary of this Agreement, shall result in the immediate termination of Franchisee's territorial exclusivity outlined in Section 2.1 above. If, at any time during the term of the Franchise Agreement, Franchisee fails to attain the minimum Gross Receipts specified in the following schedule for any twelve (12) consecutive month period commencing after the end of the first 12 months from execution of the Franchise Agreement, then at Franchisor's option and pursuant to Paragraph 13, the Franchisor may terminate this Agreement. If you fail to achieve the quotas specified below the Franchisor may at its sole discretion: (1) terminate the franchise agreement; or (2) offer you a re-designed franchise territory. If offered, the Franchisee may either accept or decline the re-designed franchise territory. If the Franchisee does not accept the re-designed franchise territory, then the Franchisor may terminate the franchise agreement.

For the fifth and subsequent years, the minimum quota shall be fixed at the level at the end of year 4.

3. TRADE NAME.

3.1 Franchisee acknowledges that the name CRITERIUM® is a valid service mark for use in the Consulting Engineering Service Business solely owned by Franchisor and that only Franchisor or its designated franchisees have the right to use such trademark and such other trademarks, service marks, trade names and copyrights as may presently exist or be acquired by Franchisor and licensed for use by Franchisee, along with all ancillary signs, symbols or other indicia used in connection or conjunction with said marks (the "Proprietary Marks"). Franchisee further acknowledges that valuable goodwill is attached to such trademarks, service marks, trade names and copyrights, and that Franchisee will use same only in the manner and to the extent specifically licensed by this Agreement. In the event the exact name CRITERIUM® is unavailable or in conflict with any other name or use, Franchisee will accept a substitute name offered by Franchisor.

3.2 Franchisee understands and agrees that this license under said Proprietary Marks is non-exclusive, and that Franchisor, in its sole discretion, has, subject to the restrictions contained in Paragraph 2 hereof, the right itself to operate businesses under the Marks, and to grant other licenses in, to and under such Proprietary Marks on any terms and conditions Franchisor deems fit.

3.3 Franchisee expressly covenants that during the term of this Agreement and after the expiration or termination thereof, Franchisee shall not directly or indirectly contest or aid in contesting the validity or ownership of the Proprietary Marks.

3.4 Franchisee agrees to promptly notify Franchisor of any claim, demand or suit based upon or arising from, or of any attempt by any other person, firm or corporation, to use the service and/or trademarks licensed hereunder, or any trademark, service mark, symbol, trade name, copyright or colorable variation thereof in which Franchisor has a proprietary interest. Franchisee agrees also to promptly notify Franchisor of any litigation instituted by Franchisee or by any person, firm, corporation or governmental agency against Franchisee. In the event Franchisor, in its sole discretion, undertakes the defense or prosecution of any litigation, Franchisee agrees to execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution, either in the name of Franchisor or in the name of Franchisee, as Franchisor shall elect.

3.5 It is expressly recognized that any and all goodwill associated with said Proprietary Marks including any goodwill which might be deemed to have arisen through Franchisee's activities, inures directly and exclusively to the benefit of Franchisor, except as otherwise provided herein or by applicable law.

3.6 Franchisee understands and acknowledges that each and every detail of the system is important to Franchisor, to Franchisee and to other franchisees in order to develop

and maintain uniformity of services and, therefore, to enhance the reputation, trade demand and goodwill of Franchisor, Franchisee accordingly covenants:

3.6.1 To operate, advertise and promote his office under the name
Criterium;

3.6.2 To adopt and use the Proprietary Marks licensed hereunder solely in the manner prescribed by Franchisor including appropriate use of the registration notice, if any;

3.6.3 To conduct the office under said Proprietary Marks in accordance with operational standards established by Franchisor, and as specified in the Confidential Operating Manual and/or other documents provided from time to time to Franchisee;

3.6.4 To submit, upon request, to Franchisor or its designated agency, for prior approval, all sales or promotional materials and advertising to be used by Franchisee including, but not limited to, newspaper, radio and magazine advertising. In the event written or oral disapproval of such advertising and promotional material is not received by Franchisee from Franchisor or its designated agency within fifteen (15) days from the date such material is received by Franchisor (or the designee) such material shall be deemed approved. Franchisor may (upon agreement to compensate the Franchisee in an amount not to exceed Franchisee's direct out-of-pocket costs of production) make available to other CRITERIUM® franchisees advertising, marketing and other promotional materials developed by Franchisee. No consent or waiver by Franchisor to or of any default under this Paragraph 3.6 shall be construed as a consent or waiver to any further or additional defaults hereunder; and

3.6.5 To register the mark, as appropriate with state and local officials, a fictitious or assumed name or d/b/a of the franchised consulting engineering business.

3.7 In order to preserve the validity and integrity of the Proprietary Marks licensed herein and to assure that Franchisee is properly employing the same in the operation of its franchise, Franchisor or its agents (including other franchisees pursuant to the Peer Review Program of Franchisor) shall at all reasonable times have the right to entry and inspection of Franchisee's premises and, additionally, shall have the right to observe the manner in which Franchisee is rendering its services, to confer with Franchisee's employees and customers, and to select services for testing and evaluation.

4. CONFIDENTIAL OPERATING MANUAL.

4.1 In order to protect the reputation and goodwill associated with the mark CRITERIUM® and to maintain the standards of operation thereunder, Franchisee shall conduct its office in strict accordance with Franchisor's Confidential Operating Manuals as in existence on the date hereof and any revisions thereto which shall subsequently be produced and distributed by Franchisor. A copy of the Confidential Operating Manuals

shall be provided to Franchisee at the commencement of the training as defined in Paragraph 11.7.

4.2 Franchisee shall at all times treat as confidential and shall not at any time disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available to any unauthorized person or source, the contents of said Confidential Operating Manuals. Franchisee shall only allow access to the contents of the Manual to those of its employees who must have access in order to operate the Franchised Consulting Engineering Business or perform their employment duties. The Franchisee and each officer, director and shareholder of the Franchisee and all employees of the Franchisee who have access to the Confidential Operating Manual shall execute a Trade Secret Awareness Agreement in the form attached to this Agreement as Exhibit "C."

4.3 The Confidential Operating Manuals shall at all times remain the sole property of Franchisor and shall promptly be returned upon the expiration or other termination of this Agreement.

4.4 Franchisor may, from time to time, revise the content of said Confidential Operating Manuals, so as to convey to Franchisee advancements and new developments in sales, marketing, operational techniques and other items and procedures relevant to the operation of its office and the Consulting Engineering Service Business.

5. MODIFICATION OF THE SYSTEM.

Franchisee recognizes and agrees that from time to time hereafter the Franchisor may change or modify the system presently identified by the mark CRITERIUM® including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new equipment or new techniques, and that Franchisee will accept, use and display for the purpose of this Agreement any such changes in the system, including new or modified trade names, trademarks, service marks or copyrighted materials, new products, new equipment or new techniques, as if they were part of this Agreement at the time of execution hereof. Franchisee will make such expenditures as such changes or modifications in the system may reasonably require, and do so within a reasonable time. Notwithstanding anything contained in this Paragraph to the contrary, Franchisor agrees that the character of the CRITERIUM® system shall be maintained and shall not substantially deviate from the Consulting Engineering Service Business.

6. LICENSEE OBLIGATIONS.

During the term of this Agreement or any extension thereof, Franchisee (and its principal partners or shareholders, if Franchisee is a partnership or corporation, respectively) shall:

6.1 Furnish, equip and maintain the office so as to present the proper businesslike appearance and in accordance with Franchisor's requirements as specified in its Confidential Operating Manuals, which office shall not, after six months from the date of

this Agreement, be located in any private dwelling or residence (except in Kentucky where home offices are prohibited). Franchisor reserves the right to specify, by written notice to Franchisee, the particular brands and types of office equipment required for the operation of the Consulting Engineering Service Business and Franchisee shall have a reasonable time period following receipt of such notice in which to conform to Franchisor's specifications.

6.2 Adequately staff the office to enable Franchisee to efficiently conduct the Consulting Engineering Service Business in the Area and to achieve and develop to the greatest extent possible the Consulting Engineering Service Business in the Area;

6.3 Devote his or her full business time, energy and effort to the management and operation of the office licensed hereunder unless the prior written approval of Franchisor has been obtained;

6.4 Cause the complete effort of the office to be devoted to the development of the Criterium program and the Consulting Engineering Service Business as it exists at the time of the execution of this Agreement and as it may be developed and expanded during the course of the existence of this Agreement, and use the office for no other purpose whatsoever, without the written approval of Franchisor being first obtained;

6.5 Promote the services of the offices of Franchisor and of those offices which have entered into agreements with Franchisor and operate under the name CRITERIUM®;

6.6 Maintain a business phone and advertise continually in the classified or Yellow Pages of the local telephone directory as specified, from time to time, in the Confidential Operating Manual using ads approved in advance by Franchisor;

6.7 Cause the technical staff of Franchisee to participate in the training programs and seminars offered by Franchisor in accordance with the procedures set forth, from time to time, in the Confidential Operating Manual;

6.8 Attend the national conference hosted by the Franchisor as may be offered from time to time; and

6.9 If Franchisee desires to purchase goods from a supplier which bear any of Franchisor's Proprietary Marks, Franchisee must obtain from such supplier a written agreement to use and apply the Proprietary Marks in accordance with Franchisor's guidelines.

7. ACCOUNTING AND RECORDS.

7.1 During the term of this Agreement or any extension thereof, Franchisee shall:

7.1.1 Maintain full, complete and accurate books of account and records containing complete information on sales calls, new accounts and other relevant

information, which books and records shall be available for inspection by Franchisor, and submit to Franchisor a Balance Sheet and a Profit and Loss Statement within sixty (60) days from the end of Franchisee's fiscal year. Such Balance Sheet and Profit and Loss Statement shall be of such format and shall include such information relating to income and expenses as Franchisor may specify, shall be in accordance with generally accepted accounting principles and shall be signed by Franchisee stating that it is true and correct. If Franchisor has reason to believe such financial statements are not correct and/or are not prepared in accordance with generally accepted accounting principles, Franchisor may require such statements to be prepared by a Certified Public Accountant, and Franchisee shall pay for all costs thereby incurred;

7.1.2 Maintain all records required to be maintained under the provisions of the state or local law, and shall comply with all state and federal regulations; and

7.1.3 In addition to the information submitted by the Franchisee in accordance with Paragraph 10.3, deliver to Franchisor copies of the federal and state income tax returns within ten (10) days of their filing with the appropriate agencies. Payment of all taxes shall be the sole responsibility of Franchisee.

7.2 Franchisor shall have the right to audit or cause to be audited the sales reports, financial statements and tax returns specified in Paragraphs 7.1 and 10.3. In the event any such audit discloses any understatement of the Gross Receipts of Franchisee for any period or periods, Franchisee shall pay to Franchisor, within fifteen (15) days after receipt of the audit report, the applicable service and communications fees (calculated in accordance with Paragraphs 10.1 and 10.2) plus interest of 12% per annum from the date such payments were originally due.

7.3 All audits pursuant to Paragraph 7.2 hereof will be conducted at Franchisor's expense, provided that the audit discloses an understatement of less than 5% of the Gross Receipts of the Franchisee for the period or periods. In the event the amount of understatement disclosed by audit equals or exceeds 5%, Franchisee shall reimburse Franchisor for the cost of the audit including, without limitation, the charges of any independent accountant, and/or the travel expense, room, board and compensation of Franchisor's employees.

7.4 Franchisee shall retain all books of account and records relating to the Consulting Engineering Service Business, including, without limitation, all financial records and tax returns, for a period of three (3) years during, and following, the expiration, termination or Franchisee's assignment of this Agreement, during which time Franchisor may make one or more inspections and audits of such records as it deems necessary to determine Franchisee's compliance with this Agreement during its term.

8. INSURANCE.

Franchisee shall procure before the commencement of business and maintain in full force and effect during the entire term of this Agreement and any extension hereof, at its

sole expense, an insurance policy or policies protecting Franchisee and Franchisor and their officers, employees, subcontractors and affiliates against any loss, liability or expense whatsoever from personal injury, death or property damage arising or occurring upon or in connection with such premises or by reason of Franchisee's operation upon, for or occupancy of such premises. Such policy or policies shall be written by a responsible insurance company or companies satisfactory to Franchisor and shall include the following to the extent that such insurance is reasonably available in the opinion of the Franchisor:

8.1 <u>General Liability Insurance</u>	<u>Minimum Limits of Liability</u>
Bodily Injury	\$1,000,000 each person \$1,000,000 each accident \$1,000 deductible
Errors and Omissions For Inspection Services	\$4,000,000 per year \$2,000,000 each occurrence \$25,000 maximum deductible
Errors and Omissions for all other consulting engineering services provided	\$4,000,000 per year \$2,000,000 each occurrence \$25,000 maximum deductible
Property Damage	\$1,000,000 each accident \$250 deductible
Umbrella Coverage	\$1,000,000 for business liability

(Franchisee shall ascertain that all automobile policies contain a non-ownership and/or hired vehicle endorsement, including Franchisor as named insured.)

8.2 Worker's compensation coverage as provided by state law where Franchisee is located for its staff of permanent employees.

8.3 With the exception of worker's compensation coverage, Franchisee shall require that all policies include Franchisor as an additional named insured or co-insured. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. Within thirty (30) days of the signing of this Agreement, but in no event later than the day before the date on which Franchisee first opens its establishment for business, the Certificates of Insurance showing compliance with the requirements outlined above shall be furnished by Franchisee to Franchisor for approval. Such Certificates shall state that said policy or policies will not be canceled or altered without at least ten (10) days' prior written notice to Franchisor. Maintenance of such insurance and the performance by Franchisee of the obligations under

this paragraph shall not relieve Franchisee of liability under the indemnity provision specified in this Agreement.

8.4 Franchisee shall notify Franchisor immediately of all claims asserted against Franchisee.

8.5 Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, then Franchisor shall have the right and authority, at its option, to immediately procure such insurance upon notice and Franchisee will pay and reimburse Franchisor for all actual costs of same.

8.6 The minimum insurance limits identified in this Paragraph 8 may be modified from time to time upon written notice to Franchisee, based upon inflation or Franchisor's experience with claims. Franchisee shall comply with each modification within thirty (30) days after receipt of Franchisor's notice.

9. OPERATING COSTS AND PERMITS.

9.1 Franchisee shall promptly pay when due all taxes and assessments against the premises or the equipment used in connection with Franchisee's business, and all other indebtedness or expense of every kind incurred by Franchisee in the conduct of said business, including without limitation, taxes, insurance, payroll, advertising, rent, telephone and equipment.

9.2 Franchisee shall comply with all federal, state and local laws and regulations, and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the office. Franchisee (or its principal owner) shall at all times be a licensed professional engineer or, where legally permitted to do so, shall maintain a licensed professional engineer as an officer of the company within the Area specified in Paragraph 1.1.

9.3 This Agreement does not constitute Franchisee as an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever; and it is understood between the parties that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on behalf of Franchisor. Franchisee shall prominently display in its place of business a certificate from Franchisor stating that said business is operated by Franchisee as an independent franchisee of Coast to Coast Engineering Services, Inc. and not as an agent thereof.

Under no circumstances shall Franchisor be liable for any act, omission, debt or any other obligation of Franchisee or its employees. Franchisee shall indemnify and save Franchisor harmless against all claims, suits, demands or other causes of action and the cost of defending against such claims, suits, demands or other causes of action (including reasonable attorneys' fees) arising directly or indirectly from, or as a result of, or in

connection with, Franchisee's operation of the office and the Consulting Engineering Service Business, including claims arising from the services provided to customers obtained or serviced by Franchisee.

10. CONTINUING OBLIGATIONS.

So long as this Agreement and any extension hereof shall be in effect with respect to its activities:

10.1 Franchisee shall pay to Franchisor a monthly service fee in amounts equal to those in the table below .

SERVICE FEE	BASED ON GROSS RECEIPTS OF:
6.0 Percent	\$300,000 Annually
5.5 Percent	Above \$300,000 and less than \$600,000 Annualized
5.0 Percent	Above \$600,000 and less than \$1,000,000 Annualized
4.5 Percent	Above \$1,000,000 and less than \$1,500,000 Annualized
4.0 Percent	Above \$1,500,000 Annualized

"Gross Receipts" is defined as all sums received by Franchisee (regardless of whether in cash, merchandise or services) resulting directly or indirectly from the operation of Franchisee's Consulting Engineering Service Business, regardless of the nature of the services or the source of Franchisee's income or fees, excluding only sales tax, excise tax or other similar tax collected or paid Franchisee on a per transaction basis, any refunds paid by Franchisee on fees previously reported where service or advertising fees were paid thereon and, with the prior written approval of Franchisor, certain unusual expenses upon which no income (either profit or administrative) is derived. Except as expressly agreed by Franchisor, no commissions, expenses or bonuses paid to employees, officers, directors, consultants or independent consultants nor any item of expense or overhead shall be deductible from Gross Receipts in the computation of payments hereunder.

10.1.1 To receive a reduction in royalty payments, Franchisee must be in complete compliance with all material and non-material terms of this Agreement and the then existing Operations Manual, including timely payment of all royalties, timely filing of all financial reports and timely filing of evidence of required insurance coverage, etc. . . . ("Complete Compliance"). The decision as to whether Franchisee is in Complete Compliance shall be left to the sole discretion of the Franchisor. In the event Franchisee is in Complete Compliance, reductions in royalties shall be administered as follows:

(a) In the year Franchisee first crosses the threshold to the next level of annual gross receipts, a rebate equal to the amount of the reduced royalty shall be provided to the franchisee within thirty (30) days after the receipt and confirmation of Franchisee's prior year financial reports (audit or tax returns).

(b) In the second consecutive year after Franchisee crosses the threshold to the next level of annual gross receipts, a rebate equal to the amount of the reduced royalty

shall be provided to the franchisee within thirty (30) days after the receipt and confirmation of Franchisee's prior year financial reports (audit or tax returns).

(c) If Franchisee succeeds for two consecutive years in attaining gross annual receipts above the threshold to the next level of annual gross receipts, then in the third year, Franchisee may begin paying royalties at the reduced level and may continue to do so for as long as they remain above the threshold revenue level.

(d) In the event Franchisee falls below the previously attained threshold level, Franchisee must pay to Franchisor the incremental difference between the royalties actually paid and the royalties owed using the table outlined above. Franchisee must make this payment at the earlier of May 15th of the following year; or within thirty (30) days after the receipt and confirmation of Franchisee's prior year financial reports (audit or tax returns).

(e) In the event Franchisee falls below a previously attained threshold level, this entire royalty reduction process shall start all over again and Franchisee shall be given no credit or consideration for having previously attained said threshold level.

10.2 With respect to its activities, Franchisee shall pay to the CRITERIUM® Communications Account an advertising fee equal to one percent (1%) of the prior month's Gross Receipts or the sum of fifty dollars (\$50.00), whichever is more, each month.

10.3 Franchisee shall pay to Franchisor a fee of \$495, as may be modified from time to time in the Operations Manual, to attend Franchisor's national conference in each year that it is held.

10.4 Franchisee shall submit to Franchisor, on or before the tenth day of each month, a record of all Gross Receipts and credits made during the previous month in a form approved by Franchisor, which form shall also disclose the individual client for whom services were provided. The fee payments set forth in Paragraphs 10.1 and 10.2, based on the Gross Receipts reported in the statement so submitted shall accompany the report. In the event Franchisee fails to tender the fees calculated in accordance with Paragraphs 10.1 and 10.2 above when due, then, in addition to all other rights contained in this Agreement, including termination, Franchisor shall charge interest on the unpaid fees at a rate of 12% per annum until the fees outstanding are paid in full.

11. FRANCHISOR ACTIVITIES AND OBLIGATIONS.

11.1 From the advertising fees received by Franchisor from Franchisee under Paragraphs 10.2 and other CRITERIUM® franchisees, Franchisor shall direct the national and/or regional advertising, public relations and sales promotion activities, and other promotional programs of the CRITERIUM® System in such media, nature and amount as the Board of Directors of Franchisor in its sole discretion shall determine. The payment for the cost of these programs shall be solely from the advertising

fees collected pursuant to Paragraph 10.2 and such additional contributions of Franchisor as determined by its Board of Directors in its sole discretion. Upon request, Franchisor shall render a fiscal year-end statement to Franchisee showing total fees collected and expended and the balance, if any, thereof as of the end of such fiscal year. Franchisor shall direct all marketing programs with sole discretion over the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisor agrees and acknowledges that the communications account is intended to maximize general public recognition, awareness and acceptance of the Proprietary Marks for the benefit of the licensed CRITERIUM® System as a whole and that Franchisor and its designees undertake no obligation in administering the account to make expenditures for Franchisee which are equivalent or proportional to its contribution, or to ensure that any particular franchise benefits directly or pro rata from such marketing activity. Franchisee agrees that the communications account may be used to meet any and all costs of maintaining, administering, directing and preparing advertising and market development activities (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns and other public relations activities); employing advertising agencies to assist therein; and creating and providing promotional brochures and other marketing materials to franchisees. All sums paid by Franchisee to the communications account shall be maintained in a separate account from the other funds of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the communications account and advertising and marketing programs including, without limitation, conducting market research, preparing marketing and advertising materials, development expenses and collecting and accounting for assessments of the account.

11.2 Franchisor shall provide Franchisee with an initial supply of printed and promotional materials for the operation of the Consulting Engineering Service Business licensed herein. A list of the materials to be supplied is provided in Exhibit F.

11.3 Franchisor shall direct Franchisee to procure a bookkeeping system and to record revenue and expenses on forms similar to or compatible with those employed by other franchisees, and Franchisee agrees to employ the bookkeeping system in order to generate the reports required by this Agreement.

11.4 Franchisor shall provide a continuing advisory service which shall include, but not be limited to, consultation on promotional, business or operational problems with analysis of Franchisee's sales, marketing and financial data.

11.5 Franchisor shall, from time to time, offer to Franchisee seminars, newsletters and peer review programs and materials and bulletins on sales, marketing developments, products and techniques either without charge or according to the then current price lists.

11.6 Franchisor shall provide a technical support telephone hotline staffed by technical staff of professional competency and a technical support library and files will be maintained to backup the hot line service.

11.7 Franchisor shall provide, and Franchisee or its responsible officer or partner shall attend and successfully complete, prior to opening Franchisee's office, a training program consisting of at least fifty (50) hours' duration. All training programs shall be held at the offices of Franchisor. Franchisor shall provide a travel allowance to attend training of up to twenty dollars (\$20.00) per day for meals, and lodging at a location chosen by the Franchisor for up to seven days plus an allowance of \$300 towards transportation. All additional expenses for all training sessions shall be borne by Franchisee.

11.8 Franchisor further promises to provide assistance and instruction in setting up operational systems as a separate segment in the training program referred to in Paragraph 11.7.

12. TERM.

Subject to the right of either party to terminate as provided in Paragraphs 13 and 14, the term of this Agreement is ten (10) years commencing on the date hereof; provided, however, that in the event Franchisee (or its principal) fails to successfully complete initial training to Franchisor's satisfaction, then the Franchise Fee paid under Paragraph 1.2 shall be promptly refunded and this Agreement shall be of no further force and effect. Upon expiration of the initial term, the operation licensed hereunder may be renewed at the option of Franchisee for two (2) subsequent five (5) year terms by executing Franchisor's then current franchise agreement and on its terms and conditions, provided Franchisee has faithfully observed and performed all of its obligations hereunder, during the term then expiring and is not in default at the time of renewal. Franchisee must give Franchisor written notice of its desire to renew at least 180 days, but not more than twelve (12) months, prior to the expiration of the initial term of this Agreement or the end of the first renewal term. Further, as a condition to renewal, the Franchisee and each officer, director, shareholder or partner of Franchisee, shall execute Franchisor's then existing general release, which shall be a form substantially similar to the one attached to this Agreement as Exhibit G, of any and all claims against Franchisor and its officers, directors, employees and agents.

No additional franchise fee will be charged for any renewal under this Paragraph, but the relationship between Franchisor and Franchisee during the renewal period shall otherwise be governed by the provisions of the then current franchise agreement, including those pertaining to royalties, advertising and duration of franchise.

13. TERMINATION BY FRANCHISOR.

13.1 In the event that Franchisee (or one of the principal partners or shareholders of Franchisee, if Franchisee is a partnership or corporation, respectively) shall become

insolvent or make an assignment for the benefit of creditors, or if a petition in bankruptcy is filed by Franchisee, or such a petition is filed against and consented to by Franchisee, or if Franchisee is adjudicated as bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and is consented to by Franchisee, or a receiver or other custodian is appointed, or if proceedings for composition with creditors under any state or federal law should be instituted by or against Franchisee, or if Franchisee (or one of the principal partners or shareholders of Franchisee, if Franchisee is a partnership or corporation, respectively) is indicted of, convicted of, or pleads nolo contendere to a felony, or if the real or personal property of Franchisee shall be attached or levied upon by any sheriff, marshal or constable and shall not be seasonably cured, or if the Franchisee shall, within ten days of receipt of notice of non-compliance, fail to obtain or maintain such permits, certificates or licenses necessary for the proper conduct of the Consulting Engineering Service Business, then on any of said events, Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee hereunder shall thereupon terminate upon the occurrence of the above event or events without notice to Franchisee unless otherwise expressly agreed to the contrary by Franchisor in writing.

13.2 Except as provided in Paragraph 13.1, if Franchisee shall be in default under this Agreement and such default shall not be cured within thirty (30) days after receipt of written "Notice" thereof from Franchisor, then in addition to all other remedies at law or in equity, Franchisor may terminate this Agreement upon the expiration of such thirty-day period (or such longer period as may be required by law) or at any time thereafter.

Franchisee shall be in default under this Agreement if Franchisee:

13.2.1 Fails, refuses or neglects to pay to Franchisor any monies owing to Franchisor on date due;

13.2.2 Fails to submit reports or financial data, which Franchisor requires under this Agreement;

13.2.3 Submits two (2) or more monthly or annual financial statements, other information, state or income tax returns or supporting records to Franchisor that understate by five percent (5%) or more the gross receipts of Franchisee or materially distort any other material information;

13.2.4 Abandons the Consulting Engineering Service Business or ceases operations at the location approved under Paragraph 1.1 for fifteen (15) consecutive days without the prior consent of Franchisor;

13.2.5 Fails to substantially comply with any of the requirements imposed upon it by this Agreement, or uses bad faith in carrying out the terms hereof, or breaches the warranty contained in Paragraph 25.4 hereof; or

13.2.6 Failure to attain the minimum quota set forth in Paragraph 2.2. In the event that Franchisee fails to attain the minimum quotas set forth in Paragraph 2.2, Franchisor may at Franchisor's sole option, permit Franchisee to continue operating within the Area and Franchisor may appoint another Franchisee within the Area.

14. TERMINATION BY LICENSEE.

Franchisee shall have the right to terminate this Agreement based upon a showing of good cause. Good cause requires: (1) that Franchisee must not be in material default of any obligation imposed on it by this Agreement, and (2) that Franchisor committed a material breach of an obligation set forth in this Agreement. In order to terminate this Agreement for good cause, Franchisee must serve Franchisor with written notice of default, specifying the matters alleged to be in default, and provide Franchisor with a minimum of ninety (90) days in which to cure the default. Additional time to cure must be provided as is reasonable under the circumstances if a default cannot reasonably be cured within the minimum ninety (90) day period.

Franchisee may terminate the Franchise Agreement at any time, without cause, provided that: (A) Franchisee is in good standing with regard to all obligations to Franchisor; (B) Franchisee agrees to comply with Sections 15 and 16 of this Agreement; and (C) Franchisee executes Franchisor's then existing general release, which shall be a form substantially similar to the one attached to this Agreement as Exhibit G. Should Franchisee desire to remain in business in a manner that is deemed by the Franchisor to be similar to Franchisee's existing franchised business, then in addition to (A) and (C) above and in lieu of (B), Franchisee shall pay to Franchisor a fee equal to three (3) times the annualized average service fee for the last six (6) months, or \$10,000, whichever is greater, as compensation for termination, and shall no longer be bound by the provisions as set forth in certain parts of Sections 16.1 (16.1.1,(A), 16.1.2, and 16.1.3), 15.2, and those sections of 15.5 relating to the Franchisee's telephone number which shall then remain in the possession of the Franchisee. All other conditions of Sections 15 and 16 shall remain in force.

Any attempt by Franchisee to terminate the Franchise Agreement on grounds not constituting good cause, other than as stated above, or without complying with the conditions outlined above, shall be void. In the event of termination by Franchisee, Franchisee is not entitled to a refund of any fees or other monies paid to Franchisor.

15. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION.

Immediately upon termination or expiration of this Agreement for any reason:

15.1 All of Franchisee's rights under this Agreement shall terminate and Franchisee shall thereafter cease to use by advertising or otherwise the CRITERIUM® name, or any programs or any part thereof, or any devices, marks, service marks,

trademarks, trade names, systems, methodology, slogans or symbols used in connection with the operation of the Consulting Engineering Service Business. Franchisee shall not represent or advertise that Franchisee or Franchisor were formerly parties to this Agreement or that Franchisee did business under the service mark or name of Franchisor. Any actions not promptly taken by Franchisee to de-identify the franchised office or offices, and franchised business, after termination or expiration of this Agreement may be taken at Franchisee's expense by Franchisor or its agents. Franchisor may immediately, upon termination or expiration, remove or cover all of the signs and other physical objects which bear any of the proprietary marks.

15.2 Franchisee shall turn over to Franchisor or its designee upon request a complete list of names, addresses and telephone numbers of all of Franchisee's customers for the two-year period prior to the date of termination together with Franchisee's customer record files.

15.3 Franchisee shall promptly pay to Franchisor all sums owing from Franchisee to Franchisor under the terms of this Agreement, including reasonable attorneys' fees incurred by the Franchisor by reason of Franchisee's default, and shall promptly pay all sums owed to its other creditors.

15.4 Franchisee shall return to Franchisor in good condition all manuals furnished by Franchisor, and upon request all advertising material, stationery, printed forms, and all other matter relating to the operation the Franchisee's office, if any, in Franchisee's possession at the time of such termination, and shall not copy or retain copies of such materials either directly or indirectly.

15.5 Franchisee further agrees that upon termination or expiration of the Agreement, Franchisee will take all such action as may be required to cancel all assumed name or equivalent registrations relating to his use of any Proprietary Mark and to notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any classified and other telephone directory listings associated with any Proprietary Mark or Franchisee's office and to authorize transfer of same to Franchisor. Likewise, Franchisee shall immediately take all such action as may be required to cancel use of any email address(es), website(s) and/or domain name(s), and listing(s) of the same used, directly or indirectly, in association with any Proprietary Mark or Franchisee's office and to authorize the transfer of same to Franchisor. Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers and directory listings associated with any Proprietary Mark or Franchisee's office and Franchisee authorizes Franchisor, and hereby appoints Franchisor his attorney in fact, to direct the telephone company and all listing agencies to transfer same to Franchisor, should Franchisee fail to refuse to do so, and the telephone company and all listing agencies may accept such direction of this Agreement as conclusive of the exclusive rights of Franchisor in such telephone numbers and directory listings and its authority to direct their transfer. Further, Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all email address(es), domain name(s), website(s) and the contents of any website(s) associated with

any Proprietary Mark or Franchisee's office and Franchisee authorizes Franchisor, and hereby appoints Franchisor his attorney in fact, to direct the provider of Franchisee's email address(es), domain name(s) and/or website(s) and all listing agencies of the same, to transfer same to Franchisor, should Franchisee fail to refuse to do so, and the providers and all listing agencies may accept such direction of this Agreement as conclusive of the exclusive rights of Franchisor in such email address(es), domain name(s) and/or website(s) and directory listing(s) and its authority to direct their transfer.

16. RESTRICTION OF PRINCIPALS OF FRANCHISEE.

16.1 Neither (i) Franchisee, nor (ii) any supervisory employee of the Consulting Engineering Service Business or (if Franchisee is a corporation or partnership) officer, director, partner or shareholder owning five percent (5%) or more of the outstanding shares or equity interest of Franchisee (each of whom is hereinafter referred to as a "Franchisee Affiliate"), shall:

16.1.1 During the term or any extension of this Agreement, or during the two (2) year period following the expiration or termination of this Agreement and all extensions hereof: (A) divert, or attempt to divert, any business of, or any customers of, the Consulting Engineering Service Business licensed hereunder to any other competitive establishment, by direct or indirect inducement or otherwise; or (B) employ, or seek to employ, any person employed by Franchisor or any other person who is at that time operating or employed by or at any other CRITERIUM® franchisee, or otherwise directly or indirectly induce such persons to leave their employment thereat, except as may be permitted under the terms of Paragraph 14;

16.1.2 During the term or any extension of this Agreement, either directly or indirectly, for itself or himself, or on behalf of or in conjunction with any other person, persons, partnership or corporation, own, maintain, engage in or participate in the operation of a consulting engineering business anywhere in the United States except as a franchisee of Franchisor; or

16.1.3 During the term or any extension of this Agreement, or during the two (2) year period following the expiration or termination of this Agreement and all extensions hereof, directly or indirectly, for itself or himself, or on behalf of or in conjunction with any other person, persons, partnership or corporation, participate in the inspection of residential, commercial or industrial buildings for the purpose of providing reports on the condition, maintenance or structural, electrical or mechanical integrity of said buildings within the Area; provided, that this Paragraph 16.1.3 shall not be deemed to prohibit Franchisee from engaging in inspection services as a Franchisee of Franchisor pursuant to this Agreement during the term and any extension hereof, except as may be permitted under the terms of Paragraph 14.

16.2 Neither Franchisee nor any Franchisee Affiliate shall communicate or divulge to any other person, persons, partnership or corporation, any information or knowledge concerning the methods of preparation, promotion, sale or distribution used in

the CRITERIUM system, nor shall Franchisee or any Franchisee Affiliate disclose or divulge in whole or in part any trade secrets or private processes of Franchisor, at any time during the term of this Agreement or at any time thereafter.

16.3 Franchisee shall require that each of its Franchisee Affiliates and employees, shall sign a trade secret awareness agreement similar to the one attached and marked as "Exhibit C". A copy of such agreement shall be promptly sent to Franchisor. All later admitted Franchisee Affiliates and employees of Franchisee shall be required to agree in writing to all restrictions contained in this Agreement.

16.4 Covenants contained in this Paragraph 16 shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. Any judicial reformation of these covenants consistent with this interpretation shall be enforceable as though contained herein, and shall not affect any other provisions or terms of this Agreement. In view of the confidential nature of the business of Franchisor, Franchisee and each Franchisee Affiliate consents to the issuance of an injunction enjoining violations of these covenants.

17. TRANSFERABILITY OF INTEREST.

17.1 This Agreement and all rights hereunder may be assigned and transferred by Franchisor provided that its commitments to establish the franchise have been met and the transferee or designee explicitly undertakes to provide all further contractual services required hereunder. If said services have been so, this Agreement shall be binding upon and inure to the benefit of Franchisor's successors and assigns.

17.2 This Agreement, and all rights hereunder, may be assigned and transferred by Franchisee, and if so, shall be binding upon and inure to the benefit of Franchisee's successors and assigns, subject to the following conditions and requirements:

17.2.1 No Franchisee, partner (if Franchisee is a partnership) or shareholder (if Franchisee is a corporation), without Franchisor's prior written consent, shall, by operation of law or otherwise, sell, assign, transfer, convey, give away or encumber to any person, firm or corporation, his interest in this Agreement or his interest in the license granted hereby or his interest in any proprietorship, partnership or corporation which owns any interest in the license, nor offer, permit or suffer the same. Any purported assignment not having the aforesaid consent shall be null and void and shall constitute a material default hereunder.

17.2.2 Franchisor shall not unreasonably withhold its consent to any transfer referenced in Subparagraph 17.2.1 of this Agreement when requested; provided, however, that the following conditions and requirements shall first be met to the full satisfaction of Franchisor:

17.2.2.1 If Franchisee is an individual or partnership and desires to assign and transfer his rights to a corporation:

(A) Said transferee corporation shall be newly organized, and its charter shall provide that its activities are confined exclusively to acting as a CRITERIUM® business as licensed under this Agreement;

(B) Franchisee shall be, and shall remain, the owner of the majority stock interest of the transferee corporation;

(C) The individual Franchisee (or if Franchisee is a partnership, one of the partners) shall be, and shall remain, the principal executive officer of the corporation;

(D) The transferee corporation shall enter into a written assignment with Franchisee and Franchisor, under seal (in form satisfactory to Franchisor) assuming all of Franchisee's obligations hereunder;

(E) All shareholders of the transferee corporation shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee corporation's obligations to Franchisor;

(F) Each stock certificate of the transferee corporation shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

(G) No new shares of common or preferred voting stock in the transferee corporation shall be issued to any person, partnership, trust, foundation or corporation without obtaining the Franchisor's prior written consent; and

(H) All accrued money obligations of Franchisee to Franchisor, its subsidiaries or assignees, shall be satisfied prior to assignment or transfer.

17.2.2.2 If the transfer, other than such transfer as is authorized under Subparagraph 17.2.2.1 of this Agreement, as consummated alone or together with other related previous, simultaneous or proposed transfers, would have the effect of transferring control of the operation licensed herein to someone other than an original signatory of this Agreement, Franchisee shall first offer to Franchisor the right of first refusal to acquire the interest to be transferred or assigned. Such offer shall be in writing and on the same terms offered to or by the proposed assignee or transferee, except that Franchisor, at its option, may substitute full payment of the purchase price in cash at the closing for any form of deferred payment proposed in the offer. Franchisor shall have thirty (30) days following receipt of such notice to exercise its refusal rights. If Franchisor does not exercise its right of first refusal, Franchisee is permitted to transfer or assign such right subject to subparagraphs (A) through (G) below:

(A) The transferee(s) shall be a licensed professional engineer or architect in good standing within the Area or, where legally permitted to do so, shall at all times maintain a licensed professional engineer or architect, as an officer of the company, be of good moral character and reputation, and shall have a good credit rating and competent business qualifications reasonably acceptable to Franchisor. Franchisee shall provide Franchisor with such information concerning each such proposed transferee(s). The proposed transferee shall successfully complete the Franchisor's training program.

(B) The transferee(s), including all shareholders and partners of the transferee(s), shall jointly and severally execute both or either (as Franchisor shall direct) a franchise agreement and other standard ancillary agreements with the Franchisor, on the standard forms being used by Franchisor at the time of transfer, and/or a written assignment with Franchisee and Franchisor, under seal, (in a form satisfactory to Franchisor) assuming all of Franchisee's obligations hereunder. The Franchisee shall execute Franchisor's then existing general release, which shall be a form substantially similar to the one attached to this Agreement as Exhibit G, effective as of the date of transfer, of any and all claims against the Franchisor and its officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

(C) In the event Franchisor is reasonably unsatisfied with the financial qualification of the transferee(s) as required in the provisions of Subparagraph 17.2.2.2(A), Franchisee shall, upon the request of Franchisor, enter into a written agreement with Franchisor, under seal, (in a form satisfactory to the Franchisor) guaranteeing the full payment and performance of the obligations assumed by or assigned to transferee(s). Notwithstanding anything to the contrary contained herein, Franchisor may refuse a transfer to a transferee possessing unreasonably small working capital for the business intended, regardless of the guarantee of Franchisee.

(D) The term of the agreement required pursuant to Subparagraph 17.2.2.2(B) shall be for the unexpired term of this Agreement and for any extension or renewals as provided herein.

(E) If transferee is a corporation each stock certificate of the transferee corporation shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; and no new shares of common or preferred voting stock in the transferee corporation shall be issued to any person, partnership, trust, foundation or corporation without obtaining Franchisor's prior written consent.

(F) All accrued money obligations of Franchisee to Franchisor, its subsidiaries, affiliates or assignees, shall be satisfied prior to assignment or transfer, and Franchisee shall not be in default under the terms of this Agreement.

(G) The transferee or Franchisee shall have fully paid to Franchisor a transfer fee of ten percent (10%) of the then current franchise fee for the

training course, supervision, and administrative, accounting, legal and/or other Franchisor expenses in connection with the transfer. This transfer fee does not apply to an Assignment of Interest to a corporation under Subparagraph 17.2.2.1 of this Agreement.

17.2.2.3 If the transfer, other than such transfer as is authorized under Subparagraph 17.2.2.1 of this Agreement, would not have the effect of transferring control of the operation to someone other than the original signers of the Agreement, as set forth in Subparagraph 17.2.2.1, then Franchisor (upon written notice of the transfer) shall consent to the transfer without condition.

17.2.3 No sale, assignment, transfer, conveyance, encumbrance or gift of any interest in this Agreement, or in the franchise granted thereby, shall relieve Franchisee, or any Franchisee Affiliate participating in any transfer, of the obligations contained in Paragraph 16, unless expressly authorized by the Franchisor in writing.

18. DEATH OR INCAPACITY OF LICENSEE.

18.1 In the event of the death or permanent disability for any mental or physical condition (as evidenced by an inability to perform usual duties for a period of six consecutive months, and a person shall not be considered to have resumed his or her usual duties unless they are performed by that individual for thirty (30) consecutive days) of an individual Franchisee or any principal partner or shareholder if Franchisee is a partnership or corporation respectively, the heirs, beneficiaries, devisees or legal representatives of said individual, partner or shareholder, together with all surviving partners or shareholders, shall, within one hundred eighty (180) days of such event:

18.1.1 Within thirty (30) days, apply to Franchisor for the right to continue to operate the franchise (for the duration of the term of this Agreement), which right shall be granted upon the fulfillment of all of the conditions set forth in Subparagraph 17.2.2.2 of this Agreement (except that no transfer fee shall be required); or

18.1.2 Sell, assign, transfer or convey Franchisee's interest in compliance with the provisions of Subparagraph 17.2.2 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the one hundred eighty (180) days to sell, assign, transfer or convey shall be computed from the date of said rejection.

18.1.3 If as a result of the death of a shareholder of Franchisee all of the disabled or deceased party's interest in Franchisee is transferred to an original signer of this Agreement, then, upon written notice to Franchisor, Franchisor shall consent to the continued operation of the franchise pursuant to the terms of this Agreement.

18.2 Except as herein provided, if said representatives fail to take steps hereinabove noted, the franchise shall automatically terminate one hundred eighty (180) days after the death or incapacity of such Franchisee, partner or shareholder.

19. APPLICABLE LAW AND SEVERABILITY.

This Agreement was accepted in the State of Maine and shall be interpreted and governed by the laws and construed under the laws thereof except to the extent governed by the United States Trademark Act of 1946, as amended, and unless inconsistent with any specific state law applicable to Franchisee concerning termination, non-renewal or other material aspects of the relationship, in which case such state law shall control. Any action commenced for the purpose of enforcing the terms and provisions of this Agreement, or the Trade Secret Awareness Agreement entered into by any person pursuant to the obligations undertaken by Franchisee herein, shall be brought in the state and federal courts located in Cumberland County, Maine. In executing this Agreement, Franchisee agrees to submit to the personal jurisdiction of said courts for itself and for each of its officers, directors, shareholders, partners, managers and other key employees who are bound by the covenants described in Paragraph 16 of this Agreement or who sign the trade secret awareness agreement attached as Exhibit "C."

20. NOTICES.

All notices required or permitted to be given hereunder shall be deemed given if in writing, deposited in the United States mail in a sealed envelope with postage thereon prepaid and certified or registered, addressed to Franchisor or Franchisee, as the case may be, at the address set forth at the head of this Agreement, or to such other addresses as the parties may direct by notice given as hereinabove provided.

21. SURVIVAL OF OBLIGATIONS.

The obligations imposed by the terms of this agreement which extend beyond the termination of this Agreement, shall survive the termination of this Agreement and shall remain fully effective and enforceable thereafter.

22. ADDITIONAL PARTIES.

If Franchisee is a corporation or partnership, the officers or partners who sign this Agreement agree to be personally, and jointly and severally, bound by the terms of this Agreement. In addition, all shareholders of a corporate Franchisee shall also agree to be personally and jointly and severally bound by the terms of this Agreement. All individuals shall sign Franchisor's form of personal guaranty.

23. NO THIRD PARTY BENEFICIARIES.

The parties intend to confer no benefits or rights on any person or entity not a party to this agreement (except as provided in Paragraphs 17 and 22 above) and no third party (except as provided in such Paragraphs) shall have the right to claim the benefit of any provision hereof as a third party beneficiary of any such provision.

24. FORCE MAJEURE.

Franchisor shall not be liable or responsible in any manner to Franchisee for failure to perform or delay in performance of the terms of this Agreement when such failure or delay is due to either the direct or indirect result of strikes or other labor trouble, fires, flood, materials or labor shortage, equipment failure, postal mailing delay, embargoes, stoppages in transit, acts, regulations or orders of government, war, sabotage, acts of God or the public enemy, or other similar causes, whether or not beyond the reasonable control of Franchisor, provided such event is not due to the gross negligence of Franchisor. Franchisor shall act promptly upon the occurrence of such an event to cure the cause of delay or performance and shall proceed diligently until such delay or failure to perform is cured.

25. ACKNOWLEDGMENTS.

25.1 Franchisee acknowledges that Franchisee has conducted an independent investigation of the Consulting Engineering Service Business and the value of the marks and/or the system, and recognizes that the business venture contemplated by this Agreement involves business risks and will be largely dependent upon the ability of the Franchisee as an independent businessperson. Franchisor expressly disclaims having made or having authorized its agents, employees or representatives to make, and Franchisee expressly acknowledges not having received, any representation, warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement or of the location at which it shall be conducted by Franchisor or any agent, employee or representative thereof.

25.2 Franchisee further acknowledges that no representations, warranties or guarantees, express or implied, have been made by Franchisor, its agents, employees or representatives, about any obligations imposed on Franchisee that arise from or are connected with the granting of this license, or about any rights Franchisee may have to support or services from Franchisor or its representatives during the term of this license, except as expressly set forth in this Agreement.

25.3 Franchisee acknowledges the receipt for its own use of a copy of this Agreement with all changes therein at least five full business days prior to the execution hereof; that Franchisee has read and understood the contents of this Agreement; and that Franchisee is satisfied with these acknowledgments.

25.4 Franchisee warrants and represents that the information furnished to Franchisor in evaluating him as a prospective franchisee is true, accurate and complete on the date of this Agreement with the same effect as though such information had been given on this date and Franchisee acknowledges that Franchisor in granting this license has relied on the information contained therein.

26. ENTIRE AGREEMENT.

This Agreement and the attached Exhibits constitute the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements and the provisions hereof shall be binding upon the parties, their executors, administrators, successors and assigns. The Agreement may not be modified or amended except in writing. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

27. MULTIPLE COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

EXECUTED under seal as of the day and year first above written.

FRANCHISOR

FRANCHISEE

COAST TO COAST ENGINEERING
SERVICES, INC.

By _____
Its:

By _____

EXHIBIT "A" TO FRANCHISE AGREEMENT

MAP SHOWING AREA OF PRIMARY RESPONSIBILITY

EXHIBIT "B" TO FRANCHISE AGREEMENT
APPROVED OFFICE LOCATION

The street address of the Approved Office Location is:

Date: _____ [FRANCHISOR]

COAST TO COAST ENGINEERING, INC.
d/b/a CRITERIUM ENGINEERS

By: _____

Its: _____

Date: _____ [FRANCHISEE]

[Signature]

[Print Name]

[NAME OF CORPORATION
OR PARTNERSHIP]

By: _____

Its: _____

EXHIBIT "C" TO FRANCHISE AGREEMENT

**EMPLOYEE ACKNOWLEDGMENT OF AWARENESS
OF TRADE SECRET LAWS**

I am an employee of **[name of franchise]**. I recognize and acknowledge that you and Coast to Coast Engineering Services, Inc. ("Coast to Coast") have, through the expenditure of substantial time, effort and money, developed and acquired certain confidential information and trade secrets which have become of great value to you in your operations. I further acknowledge and understand that in the course of performance of my duties for you I will receive training and experience and have access to the trade secrets and confidential information of you and Coast to Coast.

1. I understand that a trade secret consists of information (not readily compiled from publicly available sources) which has been made available to me during the course of my employment.

2. This information (trade secrets) consists of any customer lists of [franchisee], forms and inspection reports, training materials and information, policy and procedure manuals, video and audio recordings of training materials and operation methods, advertising themes, formats of advertising and other business methods, techniques and financial information of Coast to Coast.

3. I acknowledge that as a consequence of my employment a duty has been imposed upon me not to remove such material or copy it, or commit it to memory or use outside of my present employment. Upon your request, I will promptly return all tangible expressions of trade secrets and confidential information in my possession and all copies thereof.

4. During the course of my employment and in the event of its termination, whether with or without cause by either party, or during the course of any future employment or undertaking, I agree not to disclose such information to any party, nor to use such information on my own behalf except as required in the course of my employment with you.

5. I have received a copy of this acknowledgment.

Name of Employee:

Date:

[NAME OF FRANCHISE]

By: _____

Its:

EXHIBIT "D" TO FRANCHISE AGREEMENT

PROMISSORY NOTE

_____, ____ 200_

\$ 16,500.00

FOR VALUE RECEIVED, the undersigned, jointly and severally, promise to pay to Coast to Coast Engineering Services, Inc., a Maine corporation, at 22 Monument Square, Portland, Maine 04102 ("Coast to Coast") or order

(\$16,500.00) SIXTEEN THOUSAND FIVE HUNDRED AND 00/00 DOLLARS

together with interest in arrears at the rate of 12% per annum payable as to principal and interest in twelve (24) equal monthly installments of \$777.00, commencing on the 1st of the month following the execution of this note.

The entire balance of this note shall, at the option of the holder, become immediately due and payable, without notice or demand, upon the occurrence of any of the following events of default:

(a) Failure for seven (7) days to make any installment of principal or interest due on this note;

(b) The undersigned or any of them are in default under or in breach of a Franchise Agreement between the undersigned and Coast to Coast dated _____, 200_;

(c) Dissolution, termination of existence, insolvency, death, incapacity or incompetency of any of the undersigned, or the appointment of a receiver of any property of substantial value for any of the undersigned; or a common law assignment or trust mortgage for the benefit of creditors for any of the undersigned; or the filing of a petition in bankruptcy or the commencement of any proceeding under bankruptcy or any insolvency laws or any laws relating to relief of debtors, readjustment of indebtedness, reorganization, composition or extension by any of the undersigned, or filing of a petition in bankruptcy law or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension against any of the undersigned not discharge within 30 days.

Upon the occurrence of an event of default, the entire balance of this note shall bear interest at the lesser of 18% per annum or the maximum lawful rate until the principal balance is paid in full.

This note may be prepaid in whole or in part by the undersigned at any time without premium or penalty.

Every maker, endorser or guarantor hereby waives presentment, demand, notice and protest and consents that this note may be extended from time to time and that no such extension or other indulgence shall discharge or otherwise affect the liability of any such maker, endorser or guarantor. Each such party agrees to pay on demand all costs and expenses (including reasonable attorneys' fees) incurred or paid by the holder in enforcing this note on default.

Any and all sums at any time credited by or due from the holder to the maker may at all times be applied or set off by the holder against the obligations of maker under this note at any time upon maturity of the obligation (whether at stated date or maturity, by acceleration or otherwise).

Whenever any payment to be made hereunder shall be stated to be due on a Saturday, Sunday or a public holiday under the laws of the jurisdiction in which payment is to be made, such payment shall be made on the next succeeding business day and such extension of time shall in such case be included in computing interest in connection with such payment.

This note is made in and shall be governed by the laws of the State of Maine.

IN WITNESS WHEREOF, this note has been executed and delivered on the date first written above.

WITNESS:

[Print Name]

WITNESS:

[Print Name]

EXHIBIT "E" TO FRANCHISE AGREEMENT

PERSONAL GUARANTY/SHAREHOLDERS' AND OFFICERS' AGREEMENT

This Agreement ("GUARANTY") is made and entered into the ____ day of _____, 200_, by and between Coast to Coast Engineering Services, Inc., a Maine corporation (the "Company"), the shareholders and officers whose names appear below (the "Shareholders" and 200_ "Officers," respectively); and _____, a corporation (the "Corporation").

WHEREAS, the Company has entered into a Franchise Agreement dated _____, 200_ , with either one or more of the Shareholders or with the Corporation (the "Agreement"); and

WHEREAS, if one or more of the Shareholders is the Licensee under the Agreement, he desires to assign same to the corporation and the Company has agreed to approve such assignment or if the Corporation is the Licensee under the Agreement the Company desires to set forth the liability and responsibility of the Shareholders and officers;

NOW, THEREFORE, in consideration of the Company's consent to such assignment and/or the Company's entering into the Agreement with the Corporation and other good and valuable consideration, the parties agree as follows:

1. Each Shareholder and Officer who signs this Agreement, whether they sign on the same date or on a different date, agrees to be jointly and severally responsible and liable with each other person who signs a document which is the same or substantively similar to this Guaranty, for each and all of the monetary obligations of the Corporation under the Agreement and any and all related documents or agreements with the Company executed pursuant thereto, as if he were the Licensee thereunder.

2. Each of the Shareholders and Officers agrees that he shall be subject to all of the other obligations of the Licensee under the Agreement (including but not limited to the provisions of Section 15 and Section 16) as if he were the Licensee thereunder.

3. The Corporation hereby agrees that each issued and outstanding stock certificate shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignment by the Agreement.

4. This Guaranty shall terminate only upon the termination of the Agreement and any renewals or extensions thereof.

5. Each Shareholder represents that he owns the percentage ownership in the Corporation shown opposite his signature below and each officer represents that he holds the office shown opposite his signature below.

IN WITNESS WHEREOF, the parties hereto have executed this Guaranty as of the date and year first above written.

COAST TO COAST ENGINEERING SERVICES, INC.

By: _____
Its:

SHAREHOLDERS:

Percentage ownership

OFFICERS:

EXHIBIT "F" TO FRANCHISE AGREEMENT

INITIAL MATERIALS PROVIDED BY FRANCHISOR

1. Training & Travel Costs

Travel allowance: \$300

Lodging (10 nights)

Daily meals @ up to \$20 per day for 10 days

4 Volume Operations Manuals

Standard Paragraph Notebook/disk incl.

Commercial Handbook

Environmental Handbook

Reprints

2. Printing & General Supplies

Typesetting

Typesetting brochures

2,000 Letterhead

4,000 2nd sheet

1,500 #10 envelopes

500 labels

3,000 business cards

2,000 brochures

100 Real Estate Engineering Brochure

100 Insert Pages

100 Pre-Inspection brochures

100 Glossaries 100 Pre-Title Checksheets

100 Field Note Pages

100 Swimming Pool Field Notes

100 Well & Septic Field Notes

25 folders

3. Promotional Items

250 copies of Your Home

Introductory CD

100 Tent TY cards

100 Quotes

100 NABIE Brochures

Articles & Letters on disk

4 cups, 2 memo cubes, 1 hat, 1 polo shirt

EXHIBIT "G" TO FRANCHISE AGREEMENT

GENERAL RELEASE

This General Release ("Agreement") is made and entered into this _____ of _____, 20____, as follows:

1. The Parties.

The Parties to this Agreement are Coast to Coast Engineering Services, Inc. d/b/a Criterium Engineers, a Maine company, ("Franchisor") and _____ ("Franchisee").

The Parties entered into a Franchise Agreement on or around _____, which granted Franchisee the right to operate a Criterium Engineers franchise in certain parts of (insert Territory Description) (hereinafter the "Franchise Agreement").

By means of this Agreement, Franchisee, intends to fully and unconditionally release and discharge any and all claims it/he/she may have against Franchisor, as set forth in Sections 4 & 5 below, in connection with the Franchise Agreement, including any claims asserted, or which could have been asserted prior to the execution of this Agreement, and any other claims, known and unknown.

3. Consideration.

In consideration of making this Agreement, and for other good and valuable consideration, the adequacy of which the Parties expressly acknowledge, the Parties agree as follows:

a. Franchisor shall grant Franchisee's request to terminate/renew/transfer (Select One), the Franchise Agreement;

b. Franchisee shall pay in full any and all outstanding amount owed pursuant to the terms of the Franchise Agreement;

c. Franchisee shall be in full compliance with all applicable terms of the Franchise Agreement and any related Operations Manuals; and

d. Franchisee shall execute a General Release of any and all claims it may have against Franchisor.

The Parties further agree that Franchisor's consent to the abovementioned termination/renewal/transfer (Select One) of the Franchise Agreement is itself full and adequate consideration for the release set forth in Sections 4 & 5 of this Agreement.

4. Releases.

Franchisee, on behalf of itself/himself/herself, its/his/her corporate officers, directors, shareholders, heirs, personal representatives, successors, assigns, representatives, creditors, agents, lawyers and insurers, do hereby fully and expressly release, acquit, remise, and forever discharge Criterium Engineers, and each of its respective heirs, personal representatives, successors, assigns, representatives, agents, lawyers, insurers, officers, directors, shareholders, subsidiaries, affiliates, and employees, of and from any and all claims, demands, actions, liabilities, losses, proceedings, and rights of action of any kind arising out of or related in any way to the Franchise Agreement, Franchisee's purchase and/or operation of the Criterium Engineers' franchise pursuant to the Franchise Agreement, known or unknown and/or the manner of settlement of any claims relating thereto, which may have occurred prior to the date of this Agreement.

Franchisee, agrees and understands that its/his/her individual and/or collective post terminations duties, responsibilities and obligations called for under the Franchise Agreement shall survive the execution of this Agreement, including, without limitation, any and all duties to defend and indemnify Franchisor in any lawsuits brought by former customers of Franchisee, related to work performed during the operation of the franchised business.

5. Releases Include Unknown Claims.

Franchisee understands and agrees that the released claims are intended to and do include any and all claims of every nature and kind whatsoever, known, unknown, suspected or unsuspected which he has or may have against Franchisor, as described in Section 4 of this Agreement.

Franchisee further acknowledges that it/he/she, individually and/or collectively, may hereafter discover facts different from or in addition to those which they now know or believe to be true with respect to the released claims and agree that, in such event, this Agreement shall nevertheless be and remain in effect in all respects, notwithstanding such different or additional facts, or the discovery thereof.

6. Warranty of Capacity to Execute Agreement.

The Parties represent and warrant that no other person or entity has or had any interest in the claims, demands, obligations, or causes of action related to or referred to in this Agreement, except as otherwise set forth herein, and that they have the sole right and exclusive authority to cause this Agreement to be executed, and to receive sums specified herein, and that they have not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Agreement.

7. No Admission of Liability.

This Agreement constitutes the release of existing or potential disputed claims and does not constitute an admission of liability on the part of any party as to any matters whatsoever. It is understood and agreed that this settlement is the compromise of doubtful and disputed, existing and/or potential, claims.

8. Modification.

No provisions of this Agreement may be changed, altered, modified, or waived except in writing signed by all of the Parties.

9. Entire Agreement.

The Parties each further acknowledge that no representation, promise or inducement has been made other than as set forth in this Agreement, and that none of them enters into this Agreement in reliance upon any other representation, promise or inducement not set forth herein. The Parties further acknowledge and represent that they assume the risk for any mistake or facts now known or unknown.

10. Understanding.

The Parties acknowledge and represent that they have read this Agreement in full and understand and voluntarily consent and agree to each and every provision contained herein.

11. Confidentiality.

The Parties covenant that they shall not disclose to any person or entity the terms or conditions of this Agreement, which are hereby expressly agreed to be confidential. The Parties further covenant to refrain from discussing, disclosing, or otherwise revealing to any person or entity, the terms or conditions of this Agreement, except to the extent that any such disclosure is required by law or valid court order, and except to the extent necessary to enforce their respective rights under this Agreement.

12. Attorneys' Fees and Costs.

The Parties shall bear their respective costs and attorney fees incurred in preparing and/or executing this Agreement; *provided, however*, that in the event of a breach of this Agreement, the non-breaching party shall be entitled to recover from the breaching party the reasonable costs and attorney fees expended in order to enforce the terms of this Agreement.

13. Controlling Law; Venue.

The Parties agree that Maine law shall govern the validity and interpretation of this Agreement. The Parties stipulate that jurisdiction and/or venue shall lie exclusively in the State of Maine, Cumberland County Superior Court, for any action involving the validity, interpretation, or enforcement of this Agreement, or for any claim for breach of this Agreement, for damages, or for any other relief brought under this Agreement.

14. Multiple Counterparts.

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

SEEN AND AGREED

FRANCHISEE

Witness

FRANCHISOR
COAST TO COAST ENGINEERING
SERVICES, INC. D/B/A
CRITERIUM ENGINEERS

Witness

By:
Its:

EXHIBIT D



**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

**FORMER CRITERIUM ENGINEERS OFFICES AND HOME INSPECTION
CONSULTANT OFFICES**

LIST OF FORMER FRANCHISEES AND AREA DEVELOPERS

The following is a list of the names, addresses and telephone numbers of every franchisee who had their franchise agreement terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document.

Suzanne Kupelian
623 Chaco Court
Grand Junction, CO 81507
(970) 248-9200

Ronald Corum
2916 Tazewell Pike
Knoxville, TN 37918
(865) 686-1663

Jerry Hall
Building 1, Suite 210
13540 East Boundary Road
Midlothian, VA 23112
(804) 763-1630

Richard Moring
828 N. Augusta, Suite 3
Staunton, VA 24401
(540) 885-8224

EXHIBIT E



**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

STATE ADDENDA

EXHIBIT E

TO FRANCHISE DISCLOSURE DOCUMENT COAST TO COAST ENGINEERING SERVICES, INC. D/B/A CRITERIUM ENGINEERS

STATE-SPECIFIC ADDENDA TO

FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND AREA DEVELOPMENT AGREEMENT

The following modifications are to the Coast to Coast Engineering Systems, Inc. d/b/a Criterium Engineers Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, 20__.

The provisions of this State Law Addendum to Franchise Disclosure Document and Franchise Agreement (“**State Addendum**”) apply only to those persons residing or operating Criterium Engineers Businesses in the following states:

CALIFORNIA

The State of California has a statute, Cal. Bus. & Prof. Code § 20000, et. seq., the California Franchise Relations Act, which may supersede the Franchise Agreement in your relationship with franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of Cal. Bus. & Prof. Code § 20000, et. seq., shall prevail.

1. Item 17 of the Franchise Disclosure Document, Sections 14 & 25 of the Franchise Agreement and Section 10.3 of the Area Development Agreement (ADA) require franchisee to execute a release or waiver of rights as a condition of renewal, sale and/or assignment or transfer. This requirement is prohibited by Cal. Bus. & Prof. Code § 20010, to the extent that it applies to any liability under the California Franchise Relations Act. Accordingly, Item 17 of the Franchise Disclosure Document, Sections 14 & 25 of the Franchise Agreement and Section 10.3 of the Area Development Agreement are hereby amended to state that franchisee is required to execute a release or waiver of his rights as a condition of renewal, sale, assignment and/or transfer, however, that requirement shall not apply to any liability or rights under the California Franchise Relations Act.

- FDD:** Item 17
- FA:** Sections 14 & 25
- ADA:** Section 10.3

2. Item 17 of the Franchise Disclosure Document, Section 19 of the Franchise Agreement and Section 14 of the Area Development Agreement require a Franchisee to sue in the State of Maine and for Maine law to apply in the event of such a dispute. These provisions are hereby amended, pursuant to Cal. Bus. & Prof. Code § 20040.5, to expressly permit franchisee to file a civil lawsuit in California for claims arising under or relating to a franchise agreement involving a franchise business operating within the State of California and for claims arising under Cal. Bus. & Prof. Code § 20000, et. seq.

- FDD:** Item 17
- FA:** Section 19
- ADA:** Section 14

3. Items 5 & 7 of the Franchise Disclosure Document and Section 1.2 of the Franchise Agreement state that franchisor must pay the franchise fee prior to the opening of the business. These provisions are hereby amended to state that franchisor will defer payment of the initial franchise fee until the business opens.

- FDD:** Items 5 & 7
- FA:** Section 2.1

4. Item 17 of the Franchise Disclosure Document, Section 16 of the Franchise Agreement and Section 12.2 of the Area Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law (Cal. Bus. and Prof. Code § 20025).

- FDD:** Item 17
- FA:** Section 16
- ADA:** Section 12.2

5. Item 10 of the Franchise Disclosure Document and Exhibit D to the Franchise Agreement contain information about the option to have CRITERIUM ENGINEERS

finance a portion of the initial franchise fee. These provisions are hereby amended to state that franchisor is not offering financing in California.

FDD: Item 10

FA: Exhibit D

ILLINOIS

The State of Illinois has a statute, 815 ILCS 705 § 1, et. seq., the Illinois Franchise Disclosure Act of 1987, which may supersede the Franchise Agreement in your relationship with franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of the Illinois Franchise Disclosure Act, 815 ILCS 705 § 1, et. seq., shall prevail.

1. Item 17 of the Franchise Disclosure Document, Section 19 of the Franchise Agreement and Section 14 of the Area Development Agreement (ADA) require franchisee to sue in the State of Maine and for Maine law to apply in the event of such a dispute. These provisions are prohibited by the Illinois Franchise Disclosure Act, 815 ILCS 705 § 4, and are hereby amended to state that franchisee is not required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement, the Area Development Agreement or the Illinois Franchise Disclosure Act outside the state of Illinois, nor shall a Franchise Agreement or Area Development Agreement provide for a choice of law provision for any state other than Illinois.

FDD: Item 17

FA: Section 19

ADA: Section 14

2. Item 17 of the Franchise Disclosure Document, Section 16 of the Franchise Agreement and Section 12.2 of the Area Development Agreement prohibit franchisee from participating in a competing business, in the Territory defined in the Franchise Agreement, for two (2) years subsequent to the termination, non-renewal or expiration of the Franchise Agreement, unless prior agreement is obtained. These provisions are hereby amended, pursuant to 815 ILCS 705 § 20(a), to prohibit franchisor, absent cause for termination or waiver of the non-competition provision, from refusing to renew the franchise without compensating franchisee, either by repurchase or by other means for the diminution in the value of the franchised business caused by the expiration of the franchise.

- FDD:** Item 17
- FA:** Section 16
- ADA:** Section 12.2

3. Item 17 of the Franchise Disclosure Document, Sections 14 & 25 of the Franchise Agreement and Section 10.3 of the Area Development Agreement require franchisee to execute a release or waiver of rights as a condition of renewal, sale, assignment and/or transfer. This requirement is prohibited by 815 ILCS 705 § 41 to the extent that it requires a waiver of compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois. Accordingly, Item 17 of the Franchise Disclosure Document, Sections 14 & 25 of the Franchise Agreement and Section 10.3 of the Area Development Agreement are hereby amended to state that franchisee is required to execute a release or waiver of his rights as a condition of renewal, sale, assignment and/or transfer, however, that requirement shall not apply to any rights under the Illinois Franchise Disclosure Act or any other law of the State of Illinois.

- FDD:** Item 17
- FA:** Sections 14 & 25
- ADA:** Section 10.3

4. Neither the Franchise Disclosure Document nor the Franchise Agreement contain a statute of limitations provision. Section 14.4 of the Area Development Agreement contains a statute of limitations of one (1) year from the date on which the Developer knew or should have known of the facts giving rise to or the claim. This is inconsistent with 815 ILCS 705 § 41. Accordingly, the Franchise Disclosure Document, the Franchise Agreement and the Area Development Agreement are hereby amended to state that no action maintained under 815 ILCS 705 § 26 to enforce any liability created by the Illinois Franchise Disclosure Act, unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one year after franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by this Act, or ninety (90) days after delivery to franchisee of a written notice disclosing the violation, whichever shall first expire.

5. The Franchise Agreement is executed prior to the payment of the franchise fee and prior to the opening of the business. Items 5 & 7 of the Franchise Disclosure Document and Section 1.2 of the Franchise Agreement state that franchisee must pay the franchise fee prior to the opening of the business. These provisions are hereby amended to state that franchisor will defer payment of the initial franchise fee until the business opens. The franchise fee deferral requirement is based upon the franchisor's financial condition.

FDD: Items 5 & 7

FA: Section 1.2

6. Section 25.2 and 26 of the Franchise Agreement are hereby amended to state that franchisee has reviewed and is relying upon the information contained in franchisor's Disclosure Document as part of franchisee's decision to enter into the Franchise Agreement.

FA: 25.2 and 26

MARYLAND

The Disclosure Document, Franchise Agreement and Area Development Agreement are amended as follows.

1. Item 17 of the Franchise Disclosure Document, Sections 14 & 25 of the Franchise Agreement (FA) and Section 10 of the Area Development Agreement (ADA) require franchisee to execute a release or waiver of rights as a condition of renewal, sale and/or assignment/transfer. The general release required as a condition of renewal, sale, and/or assignment /transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

FDD: Item 17

FA: Section 14 & 25

ADA: Section 10

2. The Franchise Disclosure Document, Franchise Agreement and Area Development Agreement require a Franchisee to sue in a State other than Maryland, and are amended to expressly permit a Franchisee to file a civil lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

FDD: Item 17

FA: Section 19

ADA: Section 14.2

3. Item 17 of the Franchise Disclosure Document and Section 13.1 of the Franchise Agreement state that if the Franchisee is declared bankrupt then Criterium Engineers may

terminate the agreement without an opportunity to cure. This provision may not be enforceable under current U.S. Bankruptcy Laws.

FDD: Item 17

FA: Section 13.1

4. To the extent that the Franchise Agreement, Area Development Agreement and Franchise Disclosure Questionnaire require prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law in order to purchase a franchise, the Franchise Agreement, Area Development Agreement and Franchise Disclosure Questionnaire are amended to state that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FDD: Exhibit H

ADA: Sections 9 & 15

5. The Area Development Agreement is amended to state that acknowledgments and representations of the franchisee in the Area Development Agreement are not intended nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Item 5 of the Franchise Disclosure Document, Section 2.1 of the Franchise Agreement and Section 4 of the Area Development Agreement are amended to state that: "All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations."

FDD: Items 5 & 7

FA: Section 2.1

ADA: Section 4

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) you are prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.

(e) A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) Your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or

appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

1. “Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws or the jurisdiction.”

FDD: Article 17

FA: Section 19

ADA: Section 14

2. “With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.”

FDD: Article 17

FA: Sections 13-15

ADA: N/A

3. The Disclosure Document and the agreement must state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

FDD: Article 13

FA: Section 3

ADA: N/A

4. Minn. Rule 2860.4400D. prohibits requiring a franchisee to assent to a general release. Amend to exclude claims under the Minnesota Franchise Law.

FDD: Article 17

FA: Section 14

ADA: Section 10.3 & Exhibit D

5. Minn. Rule 2860.4400J prohibits termination penalties.

FDD: Article 17

FA: Sections 13-15 & 17.2

ADA: Section 8

6. The Disclosure Document and the agreement must state that the franchisor will defer payment of the initial franchise fee, until the business opens.

FDD: Article 5 & 7

FA: Sections 1.2

ADA: Section 4

- This Addendum amends any language to the contrary, as outlined above, contained in either the Franchise Disclosure Document ("FDD"), the Franchise Agreement ("FA") and/or the Area Development Agreement ("ADA")

NEW YORK

The State of New York has a statute, N.Y. Gen. Bus. Law § 680.1, et. seq., which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of N.Y. Gen. Bus. Law § 680.1, et. seq., shall prevail.

1. Item 17 of the Franchise Disclosure Document, Section 19 of the Franchise Agreement and Section 14 of the Area Development Agreement require a Franchisee to sue in the State of Maine and for Maine law to apply in the event of such a dispute. These provisions are hereby amended, pursuant to expressly permit franchisee to file a civil lawsuit in New York for claims arising under N.Y. Gen. Bus. Law § 680.1, et. seq.,

FDD: Item 17

FA: Section 19

ADA: Section 14

2. Item 17 of the Franchise Disclosure Document, Sections 14 & 25 of the Franchise Agreement and Section 10.3 and Exhibit D to the Area Development Agreement require franchisee to execute a release or waiver of rights as a condition of renewal, sale and/or assignment/transfer. This requirement is prohibited by N.Y. Gen. Bus. Law § 687(4-5), to the extent that it applies to any duty or liability under Article 33 of the New York State Consolidated General Business Law. Accordingly, Item 17 of the Franchise Disclosure Document and Sections 14 & 25 of the Franchise Agreement are hereby amended to state that franchisee is required to execute a release or waiver of his rights as a condition of renewal, sale, assignment and/or transfer, however, that requirement shall not apply to any duty, liability or rights under N.Y. Gen. Bus. Law § 680.1, et. seq.

FDD: Item 17

FA: Section 14 & 25

ADA: Section 10.3 & Exhibit D

3. Items 5 & 7 of the Franchise Disclosure Document, Section 1.2 of the Franchise Agreement and Section 4 of the Area Development Agreement state that franchisor must pay the franchise fee prior to the opening of the business. These provisions are hereby amended to state that franchisor will defer payment of the initial franchise fee until the business opens.

FDD: Items 5 & 7

FA: Section 2.1

ADA: Section 4

4. Item 17, Provision W, states: that Maine State law applies, unless inconsistent with any specific state law having jurisdiction. This Choice of Law provision should not be considered a waiver of any right conferred upon the franchisor or the franchisee by the General Business Law of the State of New York, Article 33.

FDD: Item 17

FA: Section 19

ADA: Section 14

5. Other than the actions outlined in Item 3 of the Franchise Disclosure Document, neither the franchisor, its predecessor, any person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal trademark:

A. Has an administrative, criminal or civil action pending against them alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil misdemeanor allegations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or is subject to any currently effective order of any national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department,

including, without limitation, actions affecting a license as a real estate broker or sales agent.

FDD: Item 3

6. Neither the franchisor, its affiliate, its predecessor, nor general partner during the 10-year period immediately before the date of the Disclosure Document; (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

FDD: Item 4

WASHINGTON

The State of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver or rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisors reasonable estimated or actual costs in effecting a transfer.

Articles 5 & 7 of the Franchise Disclosure Document and Section 1.2 of the Franchise Agreement are hereby amended to state that the Franchisor will defer payment of the initial franchise fee until the business opens.

WISCONSIN

The State of Wisconsin has a statute, the Wisconsin Franchise Investment Law, Wis. Stat. § 553.01, et. seq., and Wis. Adm. Code Chapter DFI-Sec. 31.01, et seq., which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of the Wisconsin Franchise Investment Law, Wis. Stat. § 553.01, et. seq., and Wis. Adm. Code Chapter DFI-Sec. 31.01, et seq., shall prevail.

1. The Franchise Disclosure Document, Franchise Agreement and Area Development Agreement require a Franchisee to sue in a State other than Wisconsin, and are hereby amended to expressly permit a Franchisee to file a civil lawsuit in Wisconsin for claims arising under the Wisconsin Franchise Investment Law.

FDD: Item 17

FA: Section 19

ADA: Section 14

2. Items 5 & 7 of the Franchise Disclosure Document, Section 1.2 of the Franchise Agreement and Section 5.2 of the Area Development Agreement state that the Franchisor must pay the franchise fee prior to the opening of the business. These provisions are hereby amended to state that Franchisor will defer payment of the initial franchise fee until the business opens.

FDD: Items 5 & 7

FA: Section 1.2

ADA: Section 5.2

3. Item 17 of the Franchise Disclosure Document and Section 13 of the Franchise Agreement permit Franchisor to terminate, cancel, not renew or make a substantial change in competitive circumstances in the Franchise Agreement, without cause under certain circumstances. These provisions are prohibited by the Wisconsin Fair Dealership Law, § 135.04. Accordingly, Item 17 of the Franchise Disclosure Document and Section 12-13 of the Franchise Agreement are hereby amended to prevent the termination, cancellation, non-renewal or substantial change in competitive circumstances of the Franchise Agreement without good cause.

FDD: Item 17

FA: Section 13

4. Item 17 of the Franchise Disclosure Document, Section 13 of the Franchise Agreement and Section 8 of the Area Development Agreement permit the Franchisor to terminate the Franchise Agreement without providing the Franchisee ninety (90) days prior notice of the proposed termination or sixty (60) days to cure the deficiency. These provisions are prohibited by the Wisconsin Fair Dealership Law, § 135.04. Accordingly, Item 17 of the Franchise Disclosure Document and Section 12-13 of the Franchise Agreement are hereby amended to require that prior to the termination of the Franchise Agreement Franchisor must provide Franchisee ninety (90) days written notice of a proposed termination, which states all the reasons for the termination, cancellation, non-renewal or substantive change in circumstances, and the Franchisee shall be given sixty (60) days from the date of delivery or posting of such notice to rectify any claimed deficiency. If the deficiency is rectified within the sixty (60) days the notice shall be void. The notice provisions shall not apply if the reason for termination, cancellation or non-renewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation or non-renewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall still be entitled to (90) days written notice, as referenced above, however, Franchisee shall only have ten (10) days in which to remedy such default from the date of delivery or post of such notice.

FDD: Item 17

FA: Section 13

ADA: Section 8

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing State-Specific Addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the ____ day of _____, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this State-Specific Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addendum.

DATED this ____ day of _____, 20__.

FRANCHISOR:

FRANCHISEE:

**COAST TO COAST ENGINEERING
SERVICES, INC. D/B/A
CRITERIUM ENGINEERS**

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT F



**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

**STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS
STATE AGENCIES & AGENTS FOR SERVICE OF PROCESS**

**LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Corporations 71 Stevenson Street, Suite 2100 San Francisco, CA 94105-2980 415-972-8559 1-866-275-2677	Corporations Commissioner 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 44 Capitol Avenue Hartford, CT 06106 203-240-8299	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 904-922-2770	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-573-2200 502-696-5389 - Angie	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa St., G Mennen Williams Building Lansing, MI 48909 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1230 "O" Street, Suite 400 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-3445	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 212-416-8222	Secretary of State of New York 41 State Street Albany, New York 12231 Mrs. Lassoff 212-416-8236 Mr. Grimes 212-416-8235
NORTH CAROLINA	Secretary of State's Office/Securities Division Legislative Annex Building 300 Salisbury Street Raleigh, NC 27602 919-733-3924	Secretary of State Secretary of State's Office 300 Salisbury Street Raleigh, NC 27602
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920	Director of the Rhode Island Department of Business Regulation Rhode Island Attorney General 233 Richmond Street Providence, RI 02903-4232
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	Department of Revenue and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501-3185 605-773-4823	Director of South Dakota Division of Securities Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, First Floor Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission State Corporation Commission 1300 E. Main Street Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT G



**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

NAME CHANGE ADDENDUM

ADDENDUM TO LICENSE AGREEMENT

AGREEMENT made this _____ day of _____, 200__, by and between Coast to Coast Engineering Services, Inc., 22 Monument Square, Portland, ME 04101 (Coast to Coast) and _____ hereinafter referred to as “the Company.”

WHEREAS Coast to Coast and the Company have previously entered into an agreement dated _____, and

WHEREAS Coast to Coast has developed a new national identity, Criterium Engineers, and the licensee wishes to use the new identity;

NOW, THEREFORE, in consideration of mutual covenants, agreements, considerations and representations hereby given or made and upon all the terms herein set forth by each of the parties to the other, the parties mutually agree as follows:

1. To append the above referenced agreement to include the use of the service mark Criterium, Criterium Engineers, the orange triangle or any combination of the above, collectively hereinafter referred to as service marks.

2. Company acknowledges that the name Criterium, Criterium Engineers and the orange triangle are valid service marks for use in the Consulting Engineering Service Business solely owned by Coast to Coast and that only Coast to Coast or its designated licensees have the right to use such service mark.

3. Company further acknowledges that valuable goodwill is attached to these service marks and that the Company will use same only in the manner and to the extent specifically licensed by this Agreement including the proper use of the Federal registration designations. The Company acknowledges that Coast to Coast has obtained federal registration from the U.S. Patent and Trademark Office covering the service marks for the services of the Consulting Engineering Service Business licensed under this Agreement.

The Company understands and acknowledges that each and every detail of the system is important to Coast to Coast, to the Company, and to other licensees in order to develop and maintain uniformity of services and, therefore, to enhance the reputation, trade demand and goodwill of Coast to Coast. The Company accordingly covenants to adopt and use the Proprietary Marks licensed hereunder solely in the manner prescribed by Coast to Coast including appropriate use of the registration notice, if any.

4. This Addendum is intended solely for the purpose of licensing the name Criterium under and existing agreement dated as above. No element of that existing agreement shall be construed to be superseded in any way, and remains in effect as first written. Further, all paragraphs pertaining to the name and licensed system in the original Agreement shall apply equally to Criterium.

EXHIBIT H



**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS**

FRANCHISEE DISCLOSURE QUESTIONNAIRE

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, COAST TO COAST ENGINEERING SERVICES, INC. D/B/A CRITERIUM ENGINEERS and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Store. In this Franchisee Disclosure Questionnaire, CRITERIUM ENGINEERS will be referred to as “we” or “us.” The purpose of this Questionnaire is to determine whether and statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the CRITERIUM ENGINEERS Franchise Agreement and each exhibit, addendum schedule attached to it?

Yes _____ No _____

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

Yes _____ No _____

If “No”, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

3. Have you received and personally reviewed our Disclosure Document we provided to you?

Yes _____ No _____

4. Do you understand all of the information contained in the Disclosure Document?

Yes _____ No _____

If “No”, what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary.)

5. Have you discussed the benefits and risks of operating a CRITERIUM ENGINEERS Consulting Engineering Service Business with an attorney, accountant or other professional advisor and do you understand those risks?

Yes _____ No _____

6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a CRITERIUM ENGINEERS Consulting Engineering Service Business that we or our franchisees operate, other than the information set forth in Item 19 of our Disclosure Document?

Yes _____ No _____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning a CRITERIUM ENGINEERS Consulting Engineering Service Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a CRITERIUM ENGINEERS Consulting Engineering Service Business?

Yes _____ No _____

10. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____

11. If you have answered “Yes” to any of questions seven (7) through ten (10), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of such questions, please leave the following lines blank.

12. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

Yes _____ No _____

You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant

Date

Signature

Name and Title of Person Signing

EXHIBIT “I” TO DISCLOSURE DOCUMENT



**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS
AREA DEVELOPMENT AGREEMENT**

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**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS
AREA DEVELOPMENT AGREEMENT**

THIS AREA DEVELOPMENT AGREEMENT (hereinafter the "Agreement") is made as of this ___ day of _____, 20___, by and between Coast To Coast Engineering Services, Inc. d/b/a Criterium Engineers, a Maine company (hereinafter the "Company"), on the one hand, and _____, a _____, _____ (hereinafter the "Developer"), and the persons executing this Agreement as the "PRINCIPALS" (hereinafter the "Principals"), on the other hand.

RECITALS:

WHEREAS, Developer on behalf of itself and the Principals desires to obtain the exclusive right for Developer to develop _____ (___) Criterium Engineers Franchises within the geographic areas described herein for a specified period, pursuant to the terms, conditions and provisions which are set forth in this Agreement; and

WHEREAS, the Company desires to have the Developer perform the development work provided for herein and to operate the developed Criterium Engineers Franchises in accordance with its franchise agreements;

NOW, THEREFORE, in consideration of the mutual promises, which are set forth herein, the parties agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

"Agreement" means this agreement entitled "Area Development Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"Competitive Business" means the consulting engineering business specializing but not limited to buildings, including the provision of reports, inspections, consultations, investigations and litigation support services on the structural and mechanical aspects, design, maintenance and construction of residential, commercial and light industrial buildings for prospective purchasers, brokers, litigants and others;

"Company" means Coast To Coast Engineering Services, Inc. d/b/a Criterium Engineers.

"Development Territory" has the meaning given to such term in Section 2.1 as shown on the map set out in Appendix A hereof;

“**Developer**” shall be deemed to include not only the individual or entity defined as “Developer” in the introductory paragraph of this Agreement, but shall also include all partners of the entity that execute this Agreement, (if the entity is a partnership); all shareholders, officers and directors of the entity that execute this Agreement (if the entity is a corporation); and all members and managers of the entity that execute this Agreement (if the entity is a limited liability company). All such persons or parties are identified below as controlling principals. By their signatures hereto, all partners, shareholders, officers, directors, members and managers of the entity that sign this Agreement as Developer acknowledges, accepts and personally guarantees the duties and obligations imposed upon each of them, individually, by the terms of this Agreement;

“**Development Fee**” has the meaning given to such term in Section 4 hereof;

“**Marks**” means the mark “CRITERIUM” and such other trade names, trademarks, service marks, designs, graphics, logos and other commercial symbols as Company may designate and not thereafter withdraw to be used in connection with this Agreement.

2. GRANT OF DEVELOPMENT RIGHTS.

2.1 Appointment. Company hereby grants to Developer the right and license to develop, construct, operate and manage _____(_____) Criterium Engineers Franchises in strict accordance with the System and under the Marks within the Development Territory described in **Appendix A**. Each Criterium Engineers Franchise shall be operated according to the terms of the individual Franchise Agreement with respect thereto. Such development will include operating the franchise in strict accordance with the Company’s then existing Operations Manual.

2.2 Development Territory; Reservation of Rights. If the Developer complies with the terms of this Agreement, the Development Schedule and the individual Franchise Agreement for each Criterium Engineers Franchise, then Company will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any Criterium Engineers Franchises in the Development Territory during the term of this Agreement. Franchisor reserves the right, among others:

- (a) to own, franchise, or operate a Criterium Engineers Franchise at any location outside of the Development Territory, regardless of the proximity to the Development Territory or to any specific Criterium Engineers Franchise in the Development Territory;
- (b) to use the Marks and System to sell any Consulting Engineering Services, similar to those which Franchisee will sell, through alternative channels of distribution within or outside of the Development Territory, other than through a Criterium Engineers Franchise office located in the Development Territory;
- (c) to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks which may

be the same as, similar to or different from the Criterium Engineers Franchises developed by the Developer; and

- (d) to purchase or be purchased by, or merge or combine with, any businesses wherever located, including a business that competes directly with the Developer's Criterium Engineers Franchises.

2.3 Term. Developer's rights contained in this Agreement will expire five (5) years from the date above, unless sooner terminated as hereinafter provided, or extended by mutual written agreement of each of the parties hereto.

2.4 Exclusivity. During the term of this Agreement, the Company will not license or allow any other corporation or person to operate a Criterium Engineers Franchise within the Territory, or open or operate any Company-operated Criterium Engineers Franchise within the Territory.

2.5 Termination. If this Agreement is terminated as a result of a material breach by the Developer, the Company will have the full and absolute right to franchise other parties to operate Criterium Engineers businesses within the Territory and/or to operate a Criterium Engineers business itself within the Territory.

2.6 Governing Agreement. This Agreement is not a Franchise Agreement and Developer shall have no right to use, in any manner, the Marks or System by virtue of this Agreement. Each Criterium Engineers Franchise will be governed by the individual Franchise Agreement executed by Company and the Developer for each Criterium Engineers Franchise.

3. DEVELOPMENT OF TERRITORY.

3.1 Development Schedule. Developer hereby covenants and agrees to develop at least a total of ____ (___) Criterium Engineers Franchises within the Territory during the term of this Agreement in strict accordance with the development schedule set forth in Appendix B attached hereto and incorporated herein by reference (the "Development Schedule"). The Development Schedule contains a specific minimum number of Criterium Engineers Franchises to be open and operating by Developer within the Territory during certain time periods, and if any franchise locations are temporarily or permanently closed for business, such closed locations will not be included, while closed, as open and operating in computing such minimum numbers of open and operating Criterium Engineers Franchises and in satisfying the deadlines set forth in the Development Schedule.

3.2 Deadlines. The parties acknowledge and agree that the deadlines set forth in the Development Schedule are of the essence of this Agreement. No modification or amendment to the Development Schedule or any consent to or waiver of any deadline or other obligation on this Agreement will either (a) be effective unless made by written mutual agreement of the parties or (b) create any obligation to grant additional modifications, amendments, consents or waivers.

4. PAYMENT.

In consideration of the Company's grant to Developer of the right to develop Criterium Engineers Franchises in the Territory as provided for herein, Developer agrees to pay to the Company upon execution by the parties of this Agreement a non-refundable Development Fee equal to _____ DOLLARS (\$_____) (the "Development Fee"). The Development Fee is fully earned by the Company through and upon its execution hereof as a result of its forbearance from developing the Territory itself or through other parties and is not refundable in any manner whatsoever.

5. DEVELOPMENT PROCEDURES.

5.1 Continuing Approval Mandatory. Developer specifically understands and agrees that it must at all times remain operationally and financially approved for each franchise developed hereunder to be approved by the Company. Developer's failure to do so will constitute good cause for the Company to disapprove any pending franchise application or site approval request by Developer.

5.2 Franchise Agreements and Fees. Developer and the Company will execute the Company's then current Criterium Engineers Franchise Agreement approximately thirty days prior to opening of each franchise developed hereunder. Developer specifically agrees to pay for each franchise the fees and royalties set forth in such then current form of Franchise Agreement and the Company's then current initial franchise fee; provided, however, that (a) Developer will receive for each franchise opened under the Development Schedule a credit of \$_____ against such initial franchise fee and that (b) during the first sixty months following the date of this Agreement, such initial franchise fee will be fixed at \$_____. The balance of the initial fee, if any, after deducting such credit will be paid by Developer upon execution of the Franchise Agreement for each such franchise. Moreover, regardless of the language contained in the executed or then current Criterium Engineers Franchise Agreement, the Royalty Fee charged by Company to Developer shall not exceed six percent under any of the franchise agreements entered into by the parties, so long as Developer fulfills all of its obligations under this Agreement in a timely manner. In the event that Developer fails to fulfill any of its obligations under this Agreement in a timely manner, the language of the executed or then current Criterium Engineers Franchise Agreement shall control with respect to the issue of increasing royalty payments.

6. EXISTING CRITERIUM ENGINEERS FRANCHISE: ACQUISITIONS.

6.1 Company Owned Franchises. The Company does not currently operate any Criterium Engineers businesses in the Developer's Territory.

6.2 Acquisitions: First Right of Refusal.

(a) The Company may during the term hereof acquire a chain of competing businesses from a third party with the intention of converting some or all of such competing businesses to Criterium Engineers businesses and/or franchises, in which event Developer agrees

that the Company may so convert any of such competing businesses located within the Territory, so long as the Company satisfies the following conditions:

(i) The Company will first send a written offer to Developer to purchase all such competing businesses within the Territory at the Company's total acquisition cost (including without limitation its "soft" costs as defined in (c) below for such businesses;

(ii) Developer will have thirty days from the date such offer is sent to accept such offer, and until Developer has either rejected such offer or such thirty day period has elapsed, no conversion or other offer to third parties will be made by the Company; and

(iii) Failure of Developer to accept such offer within said thirty-day period will constitute a rejection.

(b) If Developer has accepted the above offer and converted such competing businesses to Criterium Engineers Franchises to the Company's satisfaction, such businesses will apply toward meeting Developer's development obligations under the Development Schedule. If the Company converts or franchises another party to convert such businesses to Criterium Engineers Franchises, such franchises will not have any effect on Developer's obligations under the Development Schedule.

(c) For purposes herein, "soft costs" will mean all internal and external costs incurred by the Company in connection with the acquisition. These will include without limitation cost of funds, personnel time (e.g., in analyzing, negotiating, approving and permitting the acquisition, etc.), and out-of-pocket expenses (e.g., travel, lodging, meals, professional fees to attorneys, architects, engineers, etc.) in connection with the acquisition as applied pro rata to each franchise being offered to Developer.

7. EXPENSES.

Except as otherwise set forth herein, all legal and other costs and expenses incurred by each party hereto in connection with this Agreement and the transactions contemplated herein will be paid by the party which incurs such expense.

8. DEFAULT.

8.1 Default by Developer. Company will have the right to terminate this Agreement upon thirty (30) days written notice to Developer if the Developer fails to perform any obligation of Developer contained in this Agreement and fails to cure said failure within thirty (30) days of its receipt of such notice.

8.2 Deadlines Missed by Developer. The parties hereto agree that TIME IS OF THE ESSENCE of this Agreement. The failure of the Developer to meet any deadline set forth in the Development Schedule will constitute a material default under this Agreement without any opportunity to cure such default or notice under Section 8.1 hereof. If the Developer fails to

meet such a deadline, the Company at any time thereafter may immediately terminate this Agreement effective upon written notice from the Company.

8.3 Other Defaults. Default under any Franchise Agreement between Developer and the Company will constitute a material default under the Agreement and the Company may terminate this Agreement in such event unless such default is timely cured by the Developer in accordance with the terms of the pertinent Franchise Agreement. For purposes of this Section 8, any Franchise Agreement issued by Company to the Developer or its affiliates, or any Entity or joint venture, or their affiliates, in which the Developer or any stockholder, partner or joint venturer of the Developer, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to the Developer.

8.4 Remedies and Termination Rights. Upon such default, Company shall have the right, at its option, and in its sole discretion, to do any or all of the following:

- (a) terminate this Agreement;
- (b) terminate the territorial exclusivity granted to the Developer;
- (c) reduce the size of the Developer's Development Territory or the number of Criterium Engineers Franchises the Developer may develop in the Development Territory;
- (d) accelerate the Development Schedule on immediate written notice; or terminate any or all other Franchise Agreements granted to the Developer.

9. EARNINGS CLAIMS.

Developer and each of the Principals expressly acknowledge that neither it nor they have relied upon any earnings claims such as oral or written statements or suggestions made by any representative of or any other person purporting to be acting on behalf of the Company regarding the potential future sales, revenues or profits which may be derived from operation of Criterium Engineers Franchises or development of the Territory, except as set forth in Item 19 of the Disclosure Document given to Developer.

10. ASSIGNMENT

10.1 By Company. Company shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and Company shall thereby be released from any and all further liability to Developer.

10.2 By Developer. Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer and are granted in reliance upon the personal qualifications of Developer or Developer's principals. Developer has represented to Company that Developer is entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development rights hereunder.

- (a) Neither Developer nor any partner, member, or shareholder thereof shall, without Company's prior written consent, directly or indirectly assign,

transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in Developer. Any such proposed assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Company's prior written consent, shall be a material default of this Agreement.

- (b) Any assignment, transfer or other disposition by Developer of a single Criterium Engineers Franchise within the Development Territory will be governed by the Franchise Agreement to which such single Criterium Engineers Franchise is bound.

10.3 Assignment Procedure. If Developer wishes to sell, transfer or otherwise assign any portion, or all, of the Development Territory, or this Agreement, Developer shall notify Company which may approve or disapprove the same in its sole discretion, and in addition Company may require any or all of the following as conditions of its approval:

- (a) All of Developer's accrued monetary obligations and all other outstanding obligations to Company, its affiliates and suppliers must be fully paid and satisfied;
- (b) Developer must not be in default of any provision of its Franchise Agreements, any amendments thereof or successors thereto, or any other agreement between Developer and Company, its subsidiaries, parents, or affiliates;
- (c) Developer and each of its affiliates, shareholders, members, partners, officers and directors must execute a general release, under seal, the consideration for which shall be the approval of the transfer, in a form satisfactory to Company and a form substantially similar to the one attached hereto as Appendix D, of any and all claims against Company and its parents, subsidiaries, and affiliates, officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;
- (d) The transferee must enter into a written assignment, under seal and in a form satisfactory to Company, assuming and agreeing to discharge all of Developer's obligations under the relevant Franchise Agreements and, if deemed necessary by Company, the transferee's principals, individually, shall guarantee the performance of all such obligations in writing in a form satisfactory to Company;
- (e) The transferee must demonstrate to Company's satisfaction that the transferee meets Company's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate Criterium Engineers Franchises (as may be evidenced by prior related experience or otherwise); has at least the same

managerial and financial acumen required of new Area Developers and shall have sufficient equity capital, as determined by Company in Company's sole discretion, to operate the Criterium Engineers Franchises; and

- (f) At Company's option, the transferee must execute or, upon Company's request, shall cause all interested parties to execute, for a term ending on the expiration date of the Franchise Agreement(s) and with such renewal term as may be provided by the Franchise Agreement(s), the standard form of Franchise Agreement then being offered to new Area Developers and Franchisees, and such other ancillary agreements as Company may require for the Criterium Engineers Franchisees, which agreements shall supersede the Franchise Agreements between Developer and Company in all respects and the terms of which agreements may materially differ from the terms of the Franchise Agreements, including, without limitation, the implementation of other fees and different royalty rates.

10.4 Liability. Developer and its principals shall remain liable for all direct and indirect obligations to Company in connection with the Criterium Engineers Franchises prior to the effective date of transfer and will continue to remain responsible for their obligations of nondisclosure, noncompetition and indemnification as provided in the Franchise Agreements and guaranty, and shall execute any and all instruments reasonably requested by Company to further evidence such liability.

10.5 Transfer Fee. Developer or its approved transferee shall pay to Company, at the time of said transfer, a Transfer Fee equal to Ten Percent of the then current franchise fee for each Criterium Engineers Franchise to be transferred, unless the transferee is the child, parent, sibling or spouse of Developer, in which case the Transfer Fee is waived, to cover Company's administrative and other expenses in connection with the transfer of the Criterium Engineers Franchises by Developer.

10.6 Entity Ownership. If the Area Developer is a corporation, partnership, limited liability company, or any other form of business or association ("Entity"), each shareholder, member, manager, or partner ("Controlling Person") which is granted the rights to serve as Developer hereunder shall be a party to a shareholders agreement, operating agreement, or partnership agreement which shall provide, among other things, that upon any dissolution of the Entity, or upon any divorce decree among the parties who are also Controlling Persons, that ownership of the shares, membership interest, or partnership interest shall be transferred to the Controlling Person, for agreed upon consideration, which has primary responsibility for sales and marketing activities, typically the president, following any such dissolution or decree. The form and content of the shareholders agreement, operating agreement, or partnership agreement must be approved by Company prior to execution.

11. CONFIDENTIALITY

11.1 Scope. Nothing contained in this Agreement shall be construed to require Company to divulge to Developer any trade secrets, techniques, methods or processes except the material contained in Company's manuals and training materials, and then only pursuant to the

terms, conditions and restrictions contained in the applicable Franchise Agreement. Developer acknowledges that its knowledge of Company's know-how, processes, techniques, information and other proprietary data are derived entirely from information disclosed to it by Company and that such information is proprietary, confidential and a trade secret of Company. Developer agrees to adhere fully and strictly to the confidentiality of such information and to exercise the highest degree of diligence in safeguarding Company's trade secrets during and after the term of this Agreement. Developer shall divulge such material only to its employees and agents and only to the extent necessary to permit the efficient operation of the Criterium Engineers Franchises. It is expressly agreed that the ownership of all such items and property is and shall remain vested solely in Company.

11.2 Disclosure. Developer agrees that all terms of this Agreement shall remain confidential and shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Agreement without the prior written consent of Company, unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that Developer may disclose the terms of this Agreement to its professional advisors and lenders. Company shall be free to make such disclosure of the terms of this Agreement as it determines, in its sole discretion, to be in the best interest of Company or the System.

12. NONCOMPETITION

12.1 Competition During Term. Developer covenants that during the term of this Agreement and subject to the post-term provisions contained herein, except as otherwise approved in writing by Company, Area Developer shall not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partners or corporations:

- (a) Divert or attempt to divert any business or customer of the Criterium Engineers Franchises to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Company's Marks or the System;
- (b) Employ or seek to employ any person who is at that time employed by Company or by Developer or any other Developer or Franchisee of Company, or otherwise directly or indirectly induce such person to leave his or her employment; or
- (c) Own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business which is the same as or substantially similar to the Criterium Engineers Franchises.

12.2 Post-Term Competition. Developer covenants that, except as otherwise approved in writing by Company, Developer shall not, for a continuous uninterrupted period commencing

upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business which is the same as or substantially similar to Criterium Engineers Franchises and which is located anywhere within the Development Territory. However, Sections 12.1 and 12.2 shall not apply to ownership by Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

12.3 Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Company is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12.

12.4 Modification. Developer understands and acknowledges that Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 12.1 and 12.2 in this Agreement, or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable.

12.5 Irreparable Injury. Developer acknowledges that Developer's violation of the terms of this Section 12 would result in irreparable injury to Company for which no adequate remedy at law may be available, and Developer accordingly consents to the issuance of an injunction, without the requirement of posting a bond, by any court of competent jurisdiction or arbitrator having jurisdiction over the Agreement prohibiting any conduct by Developer in violation of the terms of this Section 12.

12.6 Additional Covenants. At Company's request, Developer shall require and obtain execution of covenants similar to those set forth in this Section 12 (including covenants applicable upon the termination of a person's relationship with Area Developer) from any or all of the following persons:

- (a) all directors and Managers of the Criterium Engineers Franchises;
- (b) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Developer and of any corporation directly or indirectly controlling Developer if Developer is a corporation; and
- (c) the members or general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which

controls, directly or indirectly, any general or limited partner) if Developer is a limited liability company or general or limited partnership.

12.7 Form. All covenants required by this Section 12 must be in forms satisfactory to Company, including, without limitation, specific identification of Company as a third party beneficiary of such covenants with the independent right to enforce them.

13. **MISCELLANEOUS**

13.1 Non-Waiver

No failure of Company to exercise any power reserved to it hereunder, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of either Company or Developer in variance with the terms hereof, shall constitute a waiver of Company's right to demand exact compliance with the terms hereof. Waiver by Company of any particular default by Developer shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Company's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance or omission of Company to exercise any power or rights arising out of any breach or default by Developer of any of the terms, provisions or covenants hereof, affect or impair Company's rights nor shall such constitute a waiver by Company of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Company of any payment(s) due to it hereunder shall not be deemed to be a waiver by Company of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

13.2 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day of the transmission by confirmed facsimile, telegraph or other reasonably reliable electronic communication system; (c) two (2) business days after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing. All notices, payments, and reports required by this Agreement shall be sent to Company at the address below:

Company:

Developer:

Coast To Coast Engineering Services, Inc.
d/b/a Criterium Engineers
22 Monument Square
Portland, Maine 04112

Copy To:

Copy To:

Timothy J. Bryant, Esq.
Preti Flaherty
P.O. Box 9546
One City Center
Portland, ME 04112-9546
Fax: (207) 791-3111

13.3 Cost of Enforcement or Defense

If Company brings any legal action or other proceeding for the enforcement of this Agreement, or is forced to defend itself because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement, it shall be entitled to recover reasonable attorneys' fees, court costs and all expenses even if not taxable as court costs (including, without limitation, all such fees, costs and expenses incident to arbitration, appeals, bankruptcy and post judgment proceedings), incurred in that action or proceeding, in addition to any other relief to which Company may be entitled. Attorneys fees include paralegal fees, administrative costs and all other charges billed by the attorney.

13.4 Approvals

Whenever this Agreement requires the prior approval or consent of Company, Developer shall make a timely written request to Company therefore and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Company makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Developer in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefore.

13.5 Entire Agreement

This Agreement, any exhibit attached hereto and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between Company and Developer concerning the subject matter hereof, and shall supersede all prior agreements. No other representation has induced Developer to execute this Agreement and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

13.6 Severability

Each paragraph, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any paragraph, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and/or provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid paragraphs, parts, terms and/or provisions shall be deemed not part of this Agreement; provided, however, that if Company determines that said finding of illegality adversely affects the basic consideration of this Agreement, Company may, at its option, terminate this Agreement. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Company or Developer and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement. Developer expressly shall be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision hereof, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

13.7 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

13.8 Force Majeure

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

14. DISPUTE RESOLUTION

14.1 Choice Of Law

This Agreement and the rights of the parties will not take effect unless and until this Agreement is accepted and signed by Company. This Agreement shall be governed by and construed in accordance with the laws of the State of Maine (without reference to its conflict of laws principles), excluding any franchise law regulating the registration, disclosure or relationship between a company and developer, which currently exists or may be adopted by the

State of Maine, shall not apply, unless the jurisdictional requirements of such laws are met independently without reference to this section.

14.2 Jurisdiction And Venue

Developer acknowledges that this agreement is entered into in Cumberland County, Maine, and that any action sought to be brought by either party shall be brought in the appropriate state court located in Portland, Maine or in the United States District Court located in Portland, Maine. The parties do hereby waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision.

14.3 Cumulative Rights And Remedies

No right or remedy conferred upon or reserved to Company or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing herein contained shall bar Company's right to obtain injunctive relief against threatened conduct that shall cause it loss or damages including obtaining restraining orders, preliminary and permanent injunctions.

14.4 Limitations Of Claims

Any claim concerning the franchised business or this Agreement or any related agreement brought by Developer will be barred unless an action for a claim is commenced within one (1) year from the date on which Developer knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

14.5 No Punitive Or Exemplary Damages

Developer and Company each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agrees that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and/or legal fees as provided in section 21.3.

15. ACKNOWLEDGMENTS

A. Receipt of Agreement

Developer represents and acknowledges that it has received, read and understood this Agreement and Company's Franchise Disclosure Document; and that Company has accorded Developer ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

B. Receipt of Franchise Disclosure Document

Developer acknowledges that it has received a copy of this Agreement and the attachments thereto, at least five (5) business days prior to the date on which this Agreement was executed. Developer further acknowledges that Developer has received the Franchise Disclosure Document at least ten (10) business days prior to the date on which this Agreement was executed.

C. Consultation by Developer

Developer has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the Franchised Business franchised hereby and the prospects for that Franchised Business. Developer has either consulted with such advisors or has deliberately declined to do so.

D. Multiple Originals

In the event the parties execute multiple copies of this Agreement, each executed copy will be deemed an original.

E. Risk

Developer has conducted an independent investigation of the Franchised Business contemplated by this Agreement and recognizes that, like any other business, an investment in a Franchised Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Developer. Company does not, in this Agreement or otherwise, make any representation or warranty, express or implied, as to the potential success of the Franchised Business contemplated hereby.

F. No Guarantee of Success

Developer acknowledges that it has not received or relied on any guaranty, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business that it will operate pursuant to this Agreement. Developer acknowledges that there have been no representations by Company's directors, employees or agents, that are not contained in, or inconsistent with, the statements made in the Franchise Disclosure Document or with the provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day, month and year first above written.

COMPANY:

COAST TO COAST ENGINEERING
SERVICES, INC. D/B/A
CRITERIUM ENGINEERS

By: _____
Its

DEVELOPER:

By: _____
Its:

PRINCIPALS:

APPENDIX A
TERRITORY

Name of Developer:

Description of Territory:

Developer shall have the exclusive right to operate franchises in the following _____ (____) cities/towns:

**APPENDIX B-
DEVELOPMENT SCHEDULE**

Franchise # 1 ___ months from the date of this Agreement

Franchise # 2 ___ years from the date of this Agreement

Franchise # 3 ___ years from the date of this Agreement

APPENDIX C
GUARANTEE AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____ 20__, by and between _____

_____.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement and accompanying exhibits, on the date herewith (“Agreement”) by Coast To Coast Engineering Services, Inc. d/b/a Criterium Engineers (“Company”), each of the undersigned hereby personally and unconditionally (1) guarantees to Company and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that

_____ (“Developer”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, without limitation, the provisions of Sections 12.1 and 12.2. Each of the undersigned waives: (1) acceptance and notice of acceptance by Company of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right it may have to require that an action be brought against Developer or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (1) its direct and immediate liability under this guarantee shall be joint and several; (2) it shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Company of any remedies against Developer or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Company may from time to time grant to Developer or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

PERCENTAGE OF OWNERSHIP
IN DEVELOPER

_____ %

Print Name:

Date:

_____ %

Print Name:

Date:

_____ %

Print Name:

Date:

_____ %

Print Name:

Date:

_____ %

Print Name:

Date:

EXHIBIT D

GENERAL RELEASE

This General Release (“Agreement”) is made and entered into this _____ of _____, 20___, as follows:

2. **The Parties.**

The Parties to this Agreement are Coast To Coast Engineering Services, Inc. d/b/a Criterium Engineers, a Maine company, (“Company”) and _____ (“Developer”).

The Parties entered into an Area Development Agreement on or around _____, which granted Developer the right to operate multiple CRITERIUM ENGINEERS Franchises in certain parts of (insert Territory Description) (hereinafter the “Area Development Agreement”).

By means of this Agreement, Developer, intends to fully and unconditionally release and discharge any and all claims it/he/she may have against Company, as set forth in Sections 4 & 5 below, in connection with the Area Development Agreement, including any claims asserted, or which could have been asserted prior to the execution of this Agreement, and any other claims, known and unknown.

3. **Consideration.**

In consideration of making this Agreement, and for other good and valuable consideration, the adequacy of which the Parties expressly acknowledge, the Parties agree as follows:

a. Company shall grant Developer’s request to terminate/renew/transfer (Select One), the Area Development Agreement;

b. Developer shall pay in full any and all outstanding amount owed pursuant to the terms of the Area Development Agreement;

c. Developer shall be in full compliance with all applicable terms of the Area Development Agreement; and

d. Developer shall execute a General Release of any and all claims it may have against Company.

The Parties further agree that Company’s consent to the termination/renewal/transfer (Select One) of the Area Development Agreement is itself full and adequate consideration for the release set forth in Sections 4 & 5 of this Agreement.

4. Releases.

Developer, on behalf of itself/himself/herself, its/his/her corporate officers, directors, shareholders, heirs, personal representatives, successors, assigns, representatives, creditors, agents, lawyers and insurers, do hereby fully and expressly release, acquit, remise, and forever discharge Company, and each of its respective heirs, personal representatives, successors, assigns, representatives, agents, lawyers, insurers, officers, directors, shareholders, subsidiaries, affiliates, and employees, of and from any and all claims, demands, actions, liabilities, losses, proceedings, and rights of action of any kind arising out of or related in any way to the Area Development Agreement, Developer's purchase and/or operation of the Company's franchise pursuant to the Area Development Agreement, known or unknown and/or the manner of settlement of any claims relating thereto, which may have occurred prior to the date of this Agreement.

Developer agrees and understands that its/his/her individual and/or collective post terminations duties, responsibilities and obligations called for under the Area Development Agreement shall survive the execution of this Agreement, including, without limitation, any and all duties to defend and indemnify Company in any lawsuits brought by former customers of Developer, related to work performed during the operation of the franchised business.

5. Releases Include Unknown Claims.

Developer understands and agrees that the released claims are intended to and do include any and all claims of every nature and kind whatsoever, known, unknown, suspected or unsuspected which he has or may have against Company, as described in Section 4 of this Agreement.

Developer further acknowledges that it/he/she, individually and/or collectively, may hereafter discover facts different from or in addition to those which they now know or believe to be true with respect to the released claims and agree that, in such event, this Agreement shall nevertheless be and remain in effect in all respects, notwithstanding such different or additional facts, or the discovery thereof.

6. Warranty of Capacity to Execute Agreement.

The Parties represent and warrant that no other person or entity has or had any interest in the claims, demands, obligations, or causes of action related to or referred to in this Agreement, except as otherwise set forth herein, and that they have the sole right and exclusive authority to cause this Agreement to be executed, and to receive sums specified herein, and that they have not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Agreement.

7. No Admission of Liability.

This Agreement constitutes the release of existing or potential disputed claims and does not constitute an admission of liability on the part of any party as to any matters whatsoever. It is

understood and agreed that this settlement is the compromise of doubtful and disputed, existing and/or potential, claims.

8. Modification.

No provisions of this Agreement may be changed, altered, modified, or waived except in writing signed by all of the Parties.

9. Entire Agreement.

The Parties each further acknowledge that no representation, promise or inducement has been made other than as set forth in this Agreement, and that none of them enters into this Agreement in reliance upon any other representation, promise or inducement not set forth herein. The Parties further acknowledge and represent that they assume the risk for any mistake or facts now known or unknown.

10. Understanding.

The Parties acknowledge and represent that they have read this Agreement in full and understand and voluntarily consent and agree to each and every provision contained herein.

11. Confidentiality.

The Parties covenant that they shall not disclose to any person or entity the terms or conditions of this Agreement, which are hereby expressly agreed to be confidential. The Parties further covenant to refrain from discussing, disclosing, or otherwise revealing to any person or entity, the terms or conditions of this Agreement, except to the extent that any such disclosure is required by law or valid court order, and except to the extent necessary to enforce their respective rights under this Agreement.

12. Attorneys' Fees and Costs.

The Parties shall bear their respective costs and attorney fees incurred in preparing and/or executing this Agreement; *provided, however*, that in the event of a breach of this Agreement, the non-breaching party shall be entitled to recover from the breaching party the reasonable costs and attorney fees expended in order to enforce the terms of this Agreement.

13. Controlling Law; Venue.

The Parties agree that Maine law shall govern the validity and interpretation of this Agreement. The Parties stipulate that jurisdiction and/or venue shall lie exclusively in the State of Maine, Cumberland County Superior Court, for any action involving the validity, interpretation, or enforcement of this Agreement, or for any claim for breach of this Agreement, for damages, or for any other relief brought under this Agreement.

14. Multiple Counterparts.

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

SEEN AND AGREED

DEVELOPER

Witness

COMPANY
COAST TO COAST ENGINEERING
SERVICES, INC. D/B/A
CRITERIUM ENGINEERS

Witness

By:
Its:

EXHIBIT “J” TO DISCLOSURE DOCUMENT



**COAST TO COAST ENGINEERING SERVICES, INC.
D/B/A CRITERIUM ENGINEERS
RECEIPT OF DISCLOSURE DOCUMENT**

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, we must provide this disclosure document to you at your first personal meeting to discuss the franchise. Maryland law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit F**.

The name, principal business address and telephone number of each franchise seller offering the franchise

Issuance Date: April 20, 2010

See **Exhibit F** for our registered agents authorized to receive service of process.

I have received a disclosure document dated April 20, 2010 that included the following Exhibits:

- A. List of Criterium Engineers Offices and Home Inspection Consultants Offices
- B. Financial Statements
- C. Franchise Agreement
- D. List of Former Criterium Engineers Offices and Home Inspection Consultant Offices
- E. State Addendum
- F. State Agencies & Agents for Service of Process
- G. Name Change Addendum
- H. Franchisee Disclosure Questionnaire
- I. Area Development Agreement
- J. Receipt

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Date	Signature	Printed Name
<hr/>	<hr/>	<hr/>
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and retain it for your records.

**RECEIPT
(Our Copy)**

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Date	Signature	Printed Name

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Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Peter Hollander, COAST TO COAST ENGINEERING SERVICES, INC. D/B/A CRITERIUM ENGINEERS, 22 Monument Square, Portland, Maine 04101.