

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 7, 2016

EnviroStar, Inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation)

001-14757  
(Commission File Number)

11-2014231  
(IRS Employer Identification No.)

290 N.E. 68 Street, Miami, Florida 33138  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (305) 754-4551

Not Applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 1.01 Entry into a Material Definitive Agreement.**

*Credit Agreement*

On October 7, 2016, EnviroStar, Inc., a Delaware corporation (the “Company”), entered into a credit agreement (the “Credit Agreement”) with Wells Fargo Bank, National Association (the “Bank”). The Credit Agreement provides for a total aggregate commitment of the Bank of \$20.0 million, consisting of a maximum \$15.0 million revolving line of credit (the “Line of Credit”), and a \$5.0 million term loan facility (the “Term Loan”). The Company’s obligation to repay advances under the Line of Credit is evidenced by a Revolving Line of Credit Note, dated October 7, 2016 (the “Revolving Line of Credit Note”), and the Company’s obligation to repay the Term Loan is evidenced by a Term Note, dated October 7, 2016 (the “Term Note”). Interest accrues on the outstanding principal amount of the Line of Credit at an annual rate equal to Daily One Month LIBOR (as defined in the Credit Agreement) plus 2.25% and on the outstanding principal amount of the Term Loan at an annual rate equal to Daily One Month LIBOR plus 2.85%. The Credit Agreement has a term of five years and matures on October 7, 2021.

The Credit Agreement replaces the Company’s existing Credit Agreement, dated as of November 16, 2011, by and between the Company and the Bank, as amended (the “Prior Credit Agreement”). The Prior Credit Agreement was terminated effective October 7, 2016.

The Company immediately used approximately \$4.9 million of the Term Loan, and approximately \$7.6 million of the Line of Credit to partially finance the Cash Amount (as defined below) of the Transaction (as defined below) described in Item 2.01 to this Current Report on Form 8-K, which Cash Amount was increased by approximately \$500,000 as a result of a working capital adjustment made at the closing of the Transaction, and approximately \$66,000 of the Term Loan to pay the fees, costs and expenses arising in connection with the closing of the loans constituting the Credit Agreement.

The obligations of the Company under the Credit Agreement are secured by substantially all of the assets of the Company and its subsidiaries, Western State Design, Inc., a Delaware corporation (“Western”), Steiner-Atlantic Corp., a Florida corporation (“Steiner”), and DryClean USA License Corp., a Florida corporation (“DryClean, and collectively with Western and Steiner, the “Guarantors”), pursuant to a Security Agreement, dated as of October 7, 2016, between the Company, Western, Steiner, DryClean and the Bank (the “Security Agreement”).

The payment and performance of all indebtedness and other obligations of Company to the Bank is guaranteed jointly and severally by the Guarantors, as evidenced by and subject to the terms of the Continuing Guaranty agreements dated as of October 7, 2016 (each a “Continuing Guaranty”) from each Guarantor in favor of Bank.

The Credit Agreement requires the satisfaction of certain affirmative covenants, including, but not limited to, the following:

---

- a minimum Fixed Charge Coverage Ratio (as defined in the Credit Agreement) of at least 1.25 to 1.00, measured quarterly on a rolling four-quarter basis;
- a minimum Asset Coverage Ratio of not less than 1.00 to 1.00, measured quarterly;
- a Senior Leverage Ratio (as defined in the Credit Agreement) of not more than 2.50 to 1.00, measured quarterly on a rolling four-quarter basis;
- a Total Leverage Ratio (as defined in the Credit Agreement) of not more than 3.50 to 1.00, measured quarterly on a rolling four-quarter basis;
- beginning with distributions relating to fiscal year 2017 net income, distributions will be limited to a maximum of 35% of net income; and
- mergers, acquisitions, purchases or other consolidations of other entities will be limited to the total purchase price of not greater than \$5,000,000 in the aggregate in any calendar year without the prior approval of the Bank (which approval shall not be unreasonably withheld or delayed).

The Credit Agreement also includes certain negative covenants, including, but not limited to, the following:

- capital expenditures may not exceed a total of \$650,000 in any fiscal year other than in connection with an acquisition;
- a prohibition on incurring any operating lease expense for leases of real property used in connection with the Company's business in an amount not to exceed \$750,000 in the aggregate; and
- A prohibition on repurchases of the Company's common stock, par value \$0.025 per share (the "Common Stock").

The Credit Agreement also contains customary events of default, including payment defaults, breaches of covenants, change of control and bankruptcy and insolvency matters.

The descriptions of the Credit Agreement, the Revolving Line of Credit Note, the Term Loan Note, the Security Agreement, the Continuing Guaranty of Steiner, the Continuing Guaranty of DryClean, and the Continuing Guaranty of Western set forth herein do not purport to be complete and are subject to, and qualified in their entirety by, the full text of the Credit Agreement, the Revolving Line of Credit Note, the Term Loan Note, the Security Agreement, the Continuing Guaranty of Steiner, the Continuing Guaranty of DryClean and the Continuing Guaranty of Western, copies of which are attached hereto as Exhibits 10.1, 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7, respectively, and are incorporated herein by reference.

---

## *Stockholders Agreement*

As a condition to the closing of the Transaction, on October 10, 2016, Western State Design, LLC, a California limited liability company (“WSD”), Dennis Mack and Tom Marks (WSD, Dennis Mack and Tom Marks are collectively referred to as, the “Selling Group”), Symmetric Capital, LLC (“Symmetric I”), Symmetric Capital II, LLC (“Symmetric II” and collectively with Symmetric I, “Symmetric”) and certain of Symmetric’s affiliates, including Henry M. Nahmad, the Manager of Symmetric I and the Manager of Symmetric II, entered into a Stockholders Agreement with the Company (the “Stockholders Agreement”), pursuant to which, among other things, each member of the Selling Group agree to vote all shares of Common Stock owned by them at any time during the term of the Stockholders Agreement as directed by the Manager of Symmetric I and grant to the Manager of Symmetric I an irrevocable proxy and power of attorney in furtherance thereof. The Stockholders Agreement contains, among other things, (a) an agreement by Symmetric and its affiliates to vote all of the shares of the Common Stock owned by them in favor of the election of Mr. Mack or Mr. Marks, as the case may be, to the Company’s Board of Directors until the earliest to occur of: (i) the fifth anniversary after the date of the closing of the Transaction, (ii) such time as the Selling Group and their respective affiliates collectively own less than 5% of the Common Stock on a fully diluted basis, and (iii) the cessation of the employment of Mr. Mack or Mr. Marks, as the case may be, with the Company or any of its affiliates due to a termination for cause or a voluntary resignation by Mr. Mack or Mr. Marks, as the case may be, without good reason, in each case of this clause (iii), only during the one year period commencing after the date of the closing of the Transaction, and (b) certain transfer restrictions with respect to the shares of Common Stock held by the Selling Group. The Stockholders Agreement also includes certain drag-along and tag-along provisions with respect to certain proposed sales of Common Stock by Symmetric and its affiliates. In addition, the Selling Group is also entitled to piggyback registration rights in connection with any public offering of the Company’s securities which includes securities held by Symmetric or its affiliates. The Stockholders Agreement has a term of five years, subject to earlier termination under certain circumstances.

The description of the Stockholders Agreement set forth herein does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Stockholders Agreement, a copy of which is attached hereto as Exhibit 4.1, and is incorporated herein by reference.

## *Subcontract Agreement Pending Novation.*

As a condition to the closing of the Transaction, on October 10, 2016, the Company and Western, on the one hand, and the Selling Group, on the other hand, entered into a Subcontract Agreement Pending Novation (the “Subcontract Agreement Pending Novation”), pursuant to which, among other things Western, at its expense, will act as a subcontractor to WSD and assume responsibility for administering and performing WSD’s contracts with governmental entities prior to assignment, novation and transfer of the scope of work of such contracts to Western.

The description of the Subcontract Agreement Pending Novation set forth herein does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Subcontract Agreement Pending Novation, a copy of which is attached hereto as Exhibit 10.8, and is incorporated herein by reference.

---

**Item 1.02 Termination of a Material Definitive Agreement.**

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 1.02.

**Item 2.01 Completion of Acquisition or Disposition of Assets**

On October 10, 2016, the Company, through its wholly-owned subsidiary Western, completed its acquisition of substantially all of the assets of WSD (the "Transaction") pursuant to the terms of the Asset Purchase Agreement, dated as of September 7, 2016 (the "Asset Purchase Agreement"), by and among the Company and Western, on the one hand, and the Selling Group, on the other hand. The execution of the Asset Purchase Agreement was previously disclosed in a Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission (the "SEC") on September 9, 2016.

Consistent with the previously disclosed terms of the Asset Purchase Agreement, the purchase price for the asset acquisition is \$28.0 million, subject to working capital and other adjustments, consisting of: (i) \$18,000,000 in cash (the "Cash Amount"), of which \$2,800,000 was deposited in an escrow account for no less than 18 months after the date of the closing of the Transaction (subject to extension in certain circumstances); and (ii) 2,044,990 shares (the "Stock Consideration") of the Common Stock, which amount is equal to the quotient of \$10,000,000 divided by the average closing price per share of the Common Stock on the NYSE MKT for the 10 trading days immediately prior to the date of the Asset Purchase Agreement ("Average Common Stock Price"). The number of shares of Common Stock issued to WSD at the closing of the Transaction was 1,656,486 shares of Common Stock, which equals 19.9% of the total number of shares of Common Stock outstanding at the time of closing of the Transaction. Under the rules of the NYSE MKT, the issuance of the balance of the shares comprising the Stock Consideration (the "Shortfall Stock Consideration") requires the approval of the Company's stockholders. Pursuant to the Asset Purchase Agreement, the shares comprising the Shortfall Stock Consideration will be issued to WSD within three business days following the date of stockholder approval of the issuance of the Shortfall Stock Consideration if stockholder approval is obtained at a meeting of the Company's stockholders or, if stockholder approval is obtained by written consent of the Company's stockholders without a meeting, following the twentieth calendar day after the mailing of the related information statement (but, in each case, no earlier than January 1, 2017). If the Company does not issue the Shortfall Stock Consideration on or prior to the six month anniversary after the date of the closing of the Transaction, then the Company will pay to WSD within three business days following such date, an amount in cash equal to the number of shares of the Shortfall Stock Consideration multiplied by the Average Common Stock Price.

The Company funded the Cash Amount in part by the private sale (the "Private Placement") of 1,290,323 shares of Common Stock to Symmetric II, a company controlled by the Company's Chairman and Chief Executive Officer. In addition, the Company entered into the Credit Agreement with the Bank for a total aggregate commitment of the Bank of \$20.0 million, approximately \$12.5 million of which the Company used to finance the balance of the Cash Amount not funded by the net proceeds of the Private Placement.

---

The foregoing description of the Asset Purchase Agreement is not complete and is subject to, and qualified in its entirety by, the full text of the Asset Purchase Agreement, which was attached as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on September 9, 2016 and the terms of which are incorporated herein by reference. The Asset Purchase Agreement contains representations and warranties made by the parties as of specific dates and solely for their benefit. The representations and warranties reflect negotiations between the parties and are not intended as statements of fact to be relied upon by the Company's stockholders or any other person or entity other than the parties to the Asset Purchase Agreement and, in certain cases, represent allocation decisions among the parties and are modified or qualified by correspondence or confidential disclosures made between the parties in connection with the negotiation of the Asset Purchase Agreement (which disclosures are not reflected in the Asset Purchase Agreement itself, may not be true as of any date other than the date made, or may apply standards of materiality in a way that is different from what may be viewed as material by stockholders). Accordingly, the representations and warranties may not describe the actual state of affairs at the date they were made or at any other time, and stockholders should not rely on them as statements of fact. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Asset Purchase Agreement.

**Item 2.03            Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03.

**Item 3.02            Unregistered Sales of Equity Securities.**

The information set forth in Items 2.01 and 8.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03.

**Item 8.01            Other Events.**

As previously disclosed in the Company's Current Report on Form 8-K filed with the SEC on September 9, 2016, the Company entered into a Securities Purchase Agreement, dated as of September 7, 2016 (the "Securities Purchase Agreement") with Symmetric II, pursuant to which the Company agreed to issue and sell to Symmetric II in the Private Placement an aggregate of 1,290,323 shares (the "Private Placement Shares") of Common Stock, at a price per share of \$4.65. The \$4.65 per share purchase price in the Private Placement equaled the closing price of the Common Stock on the NYSE MKT on September 6, 2016. On October 10, 2016, the Company closed the Private Placement generating aggregate gross proceeds of approximately \$6,000,000. The Company used the proceeds from the Private Placement to fund a portion of the Cash Amount.

---

The foregoing description of the Securities Purchase Agreement is not complete and is subject to, and qualified in its entirety by, the full text of the Securities Purchase Agreement, which was attached as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 9, 2016 and the terms of which are incorporated herein by reference.

As previously described, Henry M. Nahmad is the Manager of Symmetric and, in such capacity, will have the power to direct the voting of the shares of the Common Stock which may be held by Symmetric, including the shares which may be issued to Symmetric II in connection with the Private Placement, and which Symmetric may otherwise have the right to vote, including the shares which Symmetric II may have the right to vote as a result of the Stockholders Agreement described above. Mr. Nahmad is the Chairman and Chief Executive Officer of the Company and may be deemed to control the Company as a result of his beneficial ownership as of the date of this Current Report on Form 8-K of shares representing approximately 50.3% of the total number of outstanding shares of the Common Stock.

The Stock Consideration and Private Placement Shares were issued in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a)(2) thereof, which exempts transactions by an issuer not involving any public offering. The issuance of the Stock Consideration and Private Placement Shares is not a public offering for purposes of Section 4(a)(2) because it was made only to Mr. Mack and Mr. Marks, in the case of the Stock Consideration, and Symmetric II, in the case of the Private Placement Shares, each such person's status as an accredited investor, and the manner of the issuance, including that the Company did not engage in general solicitation or advertising with regard to the issuance of the Stock Consideration or the Private Placement Shares and did not offer any of the shares to the public in connection with the issuance.

**Item 9.01 Financial Statements and Exhibits.**

(a) The required financial statements of the acquired business will be filed by amendment to this Current Report on Form 8-K not later than 71 calendar days after the date that this initial Current Report on Form 8-K was required to be filed.

(b) The required pro forma financial information will be filed by amendment to this Current Report on Form 8-K not later than 71 calendar days after the date that this initial Current Report on Form 8-K was required to be filed.

(c) Not applicable

(d) Exhibits:

- 2.1 Asset Purchase Agreement, dated as of September 7, 2016, by and among EnviroStar, Inc. and Western State Design, Inc., a wholly owned subsidiary of EnviroStar, Inc., on the one hand, and Dennis Mack, Tom Marks and Western State Design LLC, on the other hand (the schedules and exhibits to the Asset Purchase Agreement are omitted pursuant to Item 601(b)(2) of Regulation S-K. EnviroStar, Inc. agrees to furnish supplementally to the Securities and Exchange Commission, upon request, a copy of any omitted schedule or exhibit) (incorporated by reference to Exhibit 2.1 to EnviroStar, Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 9, 2016).
-

- 4.1 Stockholders Agreement, dated as of October 10, 2016, among EnviroStar, Inc., Symmetric Capital LLC, Symmetric Capital II LLC, Henry M. Nahmad, Western State Design, LLC, Dennis Mack and Tom Marks.
- 10.1 Credit Agreement, dated as of October 7, 2016, between EnviroStar, Inc. and Wells Fargo Bank, National Association.
- 10.2 Revolving Line of Credit Promissory Note, dated October 7, 2016.
- 10.3 Term Loan Promissory Note, dated October 7, 2016.
- 10.4 Security Agreement, dated as of October 7, 2016, by and among, EnviroStar, Inc., Steiner-Atlantic Corp., DryClean USA License Corp. and Western State Design, Inc., on the one hand, and Wells Fargo Bank, National Association, on the other hand.
- 10.5 Continuing Guaranty of Steiner-Atlantic Corp. in favor of Wells Fargo Bank, National Association.
- 10.6 Continuing Guaranty of DryClean USA License Corp. in favor of Wells Fargo Bank, National Association
- 10.7 Continuing Guaranty of Western State Design, Inc. in favor of Wells Fargo Bank, National Association.
- 10.8 Subcontract Agreement Pending Novation, dated as of October 10, 2016, between EnviroStar, Inc. and Western State Design, Inc., on the one hand, and Western State Design, LLC, on the other hand
- 10.9 Securities Purchase Agreement, dated as of September 7, 2016, between EnviroStar, Inc. and Symmetric Capital II LLC (incorporated by reference to Exhibit 10.2 to EnviroStar, Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 9, 2016).

#### **Additional Information and Where to Find it**

**In connection with the issuance of the Shortfall Stock Consideration under the Asset Purchase Agreement which requires stockholder approval, the Company intends to either (i) file a proxy statement in accordance with Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or (ii) file an information statement in accordance with Regulation 14C under the Exchange Act, and in each case, other relevant materials with the SEC. The definitive proxy statement or definitive information statement, as the case may be, will also be mailed to the Company's stockholders, who are urged to read the definitive proxy statement or definitive information statement, as the case may be, and all other relevant documents filed with the SEC, when they become available, because they will contain important information. The Company's stockholders will be able to obtain these documents (when available) free of charge at the SEC's web site, <http://www.sec.gov>. In addition, they may obtain free copies of these documents by contacting the Company's Secretary at 290 N.E. 68<sup>th</sup> Street, Miami, Florida 33138, telephone: (305) 754-4551.**

---



**If the Company solicits proxies from its stockholders in connection with the issuance of the Shortfall Stock Consideration under the Asset Purchase Agreement, which requires stockholder approval, the Company and certain of its directors and executive officers may be deemed to be participants in such solicitation. A list of the names and other information regarding the directors and executive officers of the Company is available in the Company's Definitive Proxy Statement for its 2015 Annual Meeting of Stockholders filed with the SEC on October 14, 2015, which can be obtained free of charge from the sources indicated above. Additional information regarding the interests of such potential participants will be included in any definitive proxy statement relating to the stock issuances that require stockholder approval when it becomes available.**

*Forward Looking Statements*

Except for the historical matters contained herein, statements in this Current Report on Form 8-K are forward-looking and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that may cause actual results, trends, performance or achievements of the Company, or industry trends and results, to differ from the future results, trends, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, among others, those relating to the Transaction described in this Current Report on Form 8-K, including that the potential benefits of the proposed Transaction may not be realized to the extent anticipated or at all, integration risks, risks related to the Company's level of indebtedness, risks related to the business, operations and prospects of WSD, and the risks related to the Company's operations, results, financial condition and growth strategy. Reference is also made to other economic, competitive, governmental, technological and other risks and factors discussed in the Company's filings with the SEC, including, without limitation, its Annual Report on Form 10-K for the year ended June 30, 2016 filed with the SEC on September 20, 2016. Many of these risks and factors are beyond the Company's control. In addition, past performance and perceived trends may not be indicative of future results. The Company cautions that the foregoing factors are not exclusive. Any forward-looking statements relating to the proposed Transaction are based on the Company's current expectations, assumptions, estimates and projections and involve significant risks and uncertainties, including the many variables that may impact or are related to consummation of the Transaction. The Company assumes no obligation for updating any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

---

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EnviroStar, Inc.

Date: October 14, 2016

By: /s/ Henry M. Nahmad  
Henry M. Nahmad,  
Chief Executive Officer

---

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
2.1	Asset Purchase Agreement, dated as of September 7, 2016, by and among EnviroStar, Inc. and Western State Design, Inc., a wholly owned subsidiary of EnviroStar, Inc., on the one hand, and Dennis Mack, Tom Marks and Western State Design LLC, on the other hand (the schedules and exhibits to the Asset Purchase Agreement are omitted pursuant to Item 601(b) (2) of Regulation S-K. EnviroStar, Inc. agrees to furnish supplementally to the Securities and Exchange Commission, upon request, a copy of any omitted schedule or exhibit) (incorporated by reference to Exhibit 2.1 to EnviroStar, Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 9, 2016).
4.1	Stockholders Agreement, dated as of October 10, 2016, among EnviroStar, Inc., Symmetric Capital LLC, Symmetric Capital II LLC, Henry M. Nahmad, Western State Design, LLC, Dennis Mack and Tom Marks.
10.1	Credit Agreement, dated as of October 7, 2016, between EnviroStar, Inc. and Wells Fargo Bank, National Association.
10.2	Revolving Line of Credit Promissory Note, dated October 7, 2016.
10.3	Term Loan Promissory Note, dated October 7, 2016.
10.4	Security Agreement, dated as of October 7, 2016, by and among, EnviroStar, Inc., Steiner-Atlantic Corp., DryClean USA License Corp. and Western State Design, Inc., on the one hand, and Wells Fargo Bank, National Association, on the other hand.
10.5	Continuing Guaranty of Steiner-Atlantic Corp. in favor of Wells Fargo Bank, National Association.
10.6	Continuing Guaranty of DryClean USA License Corp. in favor of Wells Fargo, National Association
10.7	Continuing Guaranty of Western State Design, Inc. in favor of Wells Fargo Bank, National Association.
10.8	Subcontract Agreement Pending Novation, dated as of October 10, 2016, between EnviroStar, Inc. and Western State Design, Inc., on the one hand, and Western State Design, LLC, on the other hand
10.9	Securities Purchase Agreement, dated as of September 7, 2016, between EnviroStar, Inc. and Symmetric Capital II LLC (incorporated by reference to Exhibit 10.2 to EnviroStar, Inc.'s Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 9, 2016).

---

**STOCKHOLDERS AGREEMENT**

This Stockholders Agreement (this “**Agreement**”), dated as of October 10, 2016, is entered into by EnviroStar, Inc., a Delaware corporation (the “**Company**”), Symmetric Capital LLC, a Florida limited liability company (“**Symmetric 1**”), Symmetric Capital II LLC, a Florida limited liability company (and together with Symmetric 1, “**Symmetric**”), Henry M. Nahmad (“**Nahmad**”), Western State Design, LLC, a California limited liability company (“**WSD**”), Dennis Mack and Tom Marks. WSD, Dennis Mack and Tom Marks are sometimes hereinafter referred to individually as a “**Seller**” and collectively as the “**Sellers**.” WSD, the Sellers, Symmetric and Nahmad are sometimes hereinafter referred to individually as a “**Stockholder**” and collectively as the “**Stockholders**.”

**RECITALS**

WHEREAS, Dennis Mack and Tom Mark own all of the membership units of WSD;

WHEREAS, the Company and Western State Design, Inc., a Delaware corporation and a wholly owned subsidiary of the Company (the “**Buyer**”), on the one hand, and the Sellers, on the other hand, entered into that certain Asset Purchase Agreement of even date herewith (the “**Asset Purchase Agreement**”) pursuant to which, among other things, WSD sold to the Buyer all of the assets (other than any Excluded Assets (as defined in the Asset Purchase Agreement)) of WSD for an aggregate purchase price of \$28.0 million, subject to adjustment as set forth therein (the “**Purchase Price**”), of which \$18.0 million was paid in cash (the “**Cash Amount**”) and \$10.0 million was paid in shares of Common Stock, par value \$0.025 per share (“**Common Stock**”), of the Company;

WHEREAS, the Company will pay a portion of the Cash Amount from the proceeds it received from the issuance in a private placement transaction of 1,290,323 shares (the “**Private Placement Shares**”) of the Company’s Common Stock to Symmetric a price per share equal to \$4.65;

WHEREAS, immediately following the consummation of the transactions contemplated by the Asset Purchase Agreement, Symmetric and Nahmad, on the one hand, and the Sellers, on the other hand owned, directly or indirectly, shares of the Company’s Common Stock representing approximately 41.4% and 16.6%, respectively, of shares of the Company’s Common Stock on a fully diluted basis; and

WHEREAS, (1) as an inducement to Symmetric to purchase the Private Placement Shares, and (2) in connection with their entry into the Asset Purchase

---

Agreement and the consummation of the transactions contemplated thereby, the Company, Symmetric, Nahmad and the Sellers agreed to enter into this Agreement, which sets forth certain terms and conditions relating to, among other things, the ownership, transfer and voting of the shares of the Company's Common Stock

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I**  
**Voting**

**Section 1.01      Sellers Covenants to Vote.**

(a) Each Seller hereby agrees to vote or cause to be voted or consent or cause to be consented, with respect to all matters submitted to a vote or consent, as the case may be, of the Company's stockholders at any time during the term of this Agreement, whether the matter is brought before any meeting of the stockholders of the Company however called, proposed to be taken by written consent of the stockholders of the Company or otherwise, all of the shares of Common Stock owned or held by such Seller, directly or indirectly (1,656,486 shares owned by WSD shall hereinafter be referred to as the "**WSD Shares**"), 0 shares owned by Dennis Mack shall hereinafter be referred to as the "**Mack Shares**," 0 shares owned by Tom Marks shall hereinafter be referred to as the "**Marks Shares**," and the WSD Shares, the Mack Shares and the Marks Shares shall collectively be referred to as the "**Seller Shares**"), as directed by the Manager of Symmetric I. For the avoidance of doubt, the terms "**WSD Shares**," "**Mack Shares**," "**Marks Shares**" and "**Seller Shares**" shall include all shares of the Company's Common Stock owned or held by WSD, Dennis Mack, Tom Marks or the Sellers, as the case may be, directly or indirectly, as of the date hereof (after giving effect to the purchase and sale transaction contemplated by the Asset Purchase Agreement) and all shares subsequently acquired by any of WSD, Dennis Mack, Tom Marks or the Sellers, as the case may be, including, without limitation, upon exercise of any stock option, warrant or similar purchase right. The term "**Manager of Symmetric I**" shall mean Nahmad or, if applicable, an entity under his majority control as contemplated by the proviso in Section 7.01(d) ("**Nahmad Entity**"). Notwithstanding the foregoing to the contrary, the obligations of Sellers under this Section 1.01(a) shall terminate immediately if any of the following conditions occur: (a)(i) none of Nahmad or a Nahmad Entity is the sole Manager of Symmetric I, or (ii) a Nahmad Entity does not have majority control over Symmetric; or (b) Nahmad is not Chief Executive Officer of the Company. "**Subject Shares**" means the Seller Shares and the shares of the Company's Common Stock owned by Symmetric or Nahmad or over which Symmetric or Nahmad exercises voting control.

(b) In furtherance of the voting agreement of the Sellers contained in Section 1.01(a), each Seller hereby constitutes and appoints as the proxy of such Seller, and

hereby grants a power of attorney to, the Manager of Symmetric I, with full power of substitution, with respect to all matters submitted to a vote or consent of the Company's stockholders as contemplated by the foregoing Section 1.01(a). Each of the proxy and power of attorney granted pursuant to the immediately preceding sentence is given in consideration of the agreements and covenants of the parties in connection with the transactions contemplated by the Asset Purchase Agreement and this Agreement, including the agreements to vote set forth in this Article I, and, as such, each is coupled with an interest and shall be irrevocable unless and until this Agreement terminates pursuant to Article VI or, if earlier, the obligations of the Sellers under Section 1.01(a) terminate as provided therein.

(c) Each Seller hereby revokes any and all previous proxies or powers of attorney with respect to the Seller Shares and shall not hereafter, unless and until this Agreement terminates pursuant to Article VI, purport to grant any other proxy or power of attorney with respect to any of the Seller Shares, deposit any of the Seller Shares into a voting trust or enter into any agreement (other than this Agreement), arrangement or understanding with any person or entity, directly or indirectly, to vote, grant any proxy or give instructions with respect to the voting of any of the Seller Shares.

(d) Symmetric shall indemnify and hold harmless each Seller and each of their Indemnified Persons (as such term is defined in the Asset Purchase Agreement, except that for purposes of this Agreement, none of the Company nor any subsidiary of the Company shall be deemed an Indemnified Person of either Seller) from, against and in respect of any loss (excluding loss of value of the Seller Shares), liability, claim, damage, cost, fine, deficiency, judgment, award, settlement and expense (including, without limitation, interest, penalties, costs of investigation and defense and the reasonable fees and expenses of attorneys and experts) (collectively, "**Indemnifiable Expenses**") incurred directly by such Seller or Seller Indemnified Person in connection with any claim asserted by an unaffiliated third party against such Seller or Seller Indemnified Person based upon the voting of the Seller Shares by: (i) such Seller under direction of the Manager of Symmetric I pursuant to Section 1.01(a); or (ii) the Manager of Symmetric I or its designee pursuant to the proxy and power of attorney granted under Section 1.01(b). Notwithstanding the foregoing, the aggregate liability of Symmetric to any Seller collectively with such Seller's Indemnified Persons under this Section 1.01(d), together with the aggregate liability of Symmetric to such Seller collectively with such Seller's Indemnified Persons under Section 8.06(b) of the Asset Purchase Agreement, shall not exceed \$10,000,000. In addition, for the avoidance of doubt, the indemnification contemplated by this Section 1.01(d) shall not apply to any Indemnifiable Expenses incurred in connection with such Seller's or Seller Indemnified Person's capacity as a director, officer or employee of the Company.

**Section 1.02 Symmetric and Nahmad Covenants to Vote.** Each of Symmetric and Nahmad hereby agrees to vote or cause to be voted or consent or cause to be consented, at any meeting of the stockholders of the Company however called at which

Dennis Mack or Tom Marks is proposed to be elected to the Company's Board of Directors pursuant to Section 4.17 of the Asset Purchase Agreement, or pursuant to a written consent of the stockholders of the Company relating to the election of Dennis Mack or Tom Marks to the Company's Board of Directors pursuant to Section 4.17 of the Asset Purchase Agreement, all of the shares of Common Stock owned or held by it or him, directly or indirectly (collectively, the "**Symmetric Shares**"), in favor of the election of Dennis Mack or Tom Marks to the Company's Board of Directors; provided Dennis Mack or Tom Marks is willing and able to serve, and has consented to serve, as a director of the Company for the applicable directorship term; provided, further that the obligations of Symmetric and Nahmad under this Section 1.02 shall terminate automatically and forever upon the earlier of (i) the fifth anniversary of the date hereof; (ii) such time, if any, Dennis Mack, Tom Marks and their respective Affiliates collectively own less than 5% of shares of the Company's Common Stock on a fully diluted basis; and (iii) the occurrence of any Termination Event; provided however, in the case of subsection (iii), the obligations of Symmetric and Nahmad under this Section 1.02 shall only terminate with respect to the person for which a Termination Event has occurred. For the avoidance of doubt, the term "**Symmetric Shares**" shall include all shares of the Company's Common Stock owned or held by either Symmetric or Nahmad, directly or indirectly, whether owned or held by Symmetric as of the date hereof or subsequently acquired by either of them, including, without limitation, upon exercise of any stock option, warrant or similar purchase right. The term "**Termination Event**" shall mean, the cessation of Dennis Mack's or Tom Mark's, as the case may be, employment with the Company due to a termination by the Company for Cause (as defined below) or a voluntary resignation by Dennis Mack or Tom Marks, as the case may be, without Good Reason (as defined below), in each case only during the one-year period commencing on the date hereof.

The term "**Cause**" shall have the meaning set forth in any employment agreement between the Company and Dennis Mack or Tom Marks, as the case may be, in effect as of the date of termination of his employment with the Company, or if no such employment agreement is in effect, then "**Cause**" shall mean, with respect to Dennis Mack or Tom Marks, as the case may be: (i) the breach of fiduciary duty or wilful misconduct with respect to the Company or any of its Affiliates, which results or is reasonably likely to result in material harm to the Company or any of its Affiliates, provided that Dennis Mack or Tom Marks, as the case may be, shall be entitled to (A) written notice within 10 calendar days of such breach or action and (B) an opportunity to cure such breach or action to the reasonable satisfaction of the Company's Board of Directors during a period of 30 calendar days following notice of such breach or action; (ii) the commission of an act of fraud with respect to the Company or any of its Affiliates, which results or is reasonably likely to result in material harm to any of such persons; or (iii) the conviction of or plea of guilty or nolo contendere to a felony carrying mandatory jail time of more than twelve (12) months.

The term “**Good Reason**” shall have the meaning set forth in any employment agreement between the Company and Dennis Mack and Tom Marks, as the case may be, in effect as of the date of his resignation, or if no such employment agreement is in effect, then “**Good Reason**” shall mean Dennis Mack’s or Tom Mark’s, as the case may be, resignation from his employment with the Company due to: (i) a material breach by the Company of any material obligation owed to Dennis Mack or Tom Marks, as the case may be, in connection with his employment with the Company (including the failure of the Company to pay any amount, or to provide any benefit, to which Dennis Mack or Tom Marks, as the case may be, may be entitled from time to time), excluding for this purpose any breach which is remedied by the Company within 30 calendar days after receipt of written notice thereof given by Dennis Mack or Tom Marks, as the case may be; or (ii) the assignment to Dennis Mack or Tom Marks, as the case may be, of any duties inconsistent in any material respect with Dennis Mack’s or Tom Mark’s, as the case may be, position (including status, titles and reporting requirements), authority, duties or responsibilities (in each case as compared to the same as they exist immediately following the consummation of the transactions contemplated by the Asset Purchase Agreement), or any other action or omission by the Company that results in a material diminution in such position, title, authority, duties or responsibilities (in each case as compared to the same as they exist immediately following the consummation of the transactions contemplated by the Asset Purchase Agreement), excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company within 30 calendar days after receipt of written notice thereof given by to Dennis Mack or Tom Marks, as the case may be.

## **ARTICLE II**

### **Transfer**

#### **Section 2.01      General Restrictions on Transfer of Seller Shares.**

(a) Except as otherwise expressly permitted pursuant to this ARTICLE II, no Seller shall Transfer (as hereinafter defined) any Seller Shares without the prior written consent of Symmetric, which consent may be granted or withheld in the sole and absolute discretion of Symmetric.

(b) For all purposes of this Agreement, the term “**Transfer**” means, as a noun, any direct or indirect, voluntary or involuntary transfer, sale, pledge, encumbrance, assignment, hypothecation, gift, or other disposition and, as a verb, to voluntarily or involuntarily, directly or indirectly, transfer, sell, assign, pledge, encumber, hypothecate, give, or otherwise dispose of, any of the Seller Shares or Symmetric Shares, as the case may be. In addition, with respect to any Seller that is an entity, or Symmetric, any Transfer by any equity holder of such entity of his or its equity interests in such entity, or the issuance of any additional equity interests in such entity, shall be deemed to be a Transfer for purposes of this Agreement.



(c) From the date hereof until the nine month anniversary of the date hereof, neither the Company nor Symmetric shall grant a shareholder of any entity purchased or acquired by the Company during such period a more favorable right to transfer shares of Common Stock received in such acquisition than the right set forth in this Section 2.01, except in connection with (i) such purchase or acquisition by the Company of an entity in which the stock consideration paid to the seller is less than \$1,000,000 or (ii) such purchase or acquisition by the Company of an entity that qualifies as an Employee Stock Option Plan under the Internal Revenue Code of 1986, as amended.

**Section 2.02 Permitted Transfers.** A Seller shall be free at any time (without the consent of Symmetric but, in the case of clauses (i) or (ii) of this sentence, upon at least five business days advance written notice (other than in the case of the death of a Seller) to Symmetric) to Transfer all or any portion of his Seller Shares: (i) in the case the transferring Seller is a natural persona Transfer made for bona fide estate planning purposes, either during his or her lifetime or on death by will or intestacy to his or her spouse, child (natural or adopted), or any other direct lineal descendant of such Seller (or his or her spouse) (all of the foregoing collectively referred to as “family members”), or to any trust, partnership, limited liability company or similar vehicle owned or controlled by such Seller; (ii) in the case of a transferring Seller that is not a natural person, to (A) such Seller’s equity holders or (B) a wholly owned subsidiary of such Seller; and (iii) in the case of any Seller, to Symmetric (whether pursuant to the provisions of this Article II or otherwise). Seller Shares owned or held by a Seller who is a natural person may also be Transferred involuntarily by operation of law. In addition, Seller Shares may be Transferred pursuant to a merger, consolidation or other business combination involving the Company’s Common Stock that has been approved by the Company’s Board of Directors and otherwise in compliance with all applicable laws, rules and regulations. Notwithstanding the foregoing, in the case of any Transfer permitted under this Section 2.02 (other than a permitted Transfer pursuant to the preceding sentence or clause (iii) of this Section 2.02), it shall be a condition to such Transfer that such transferee agrees, by executing a joinder agreement in substantially the form attached hereto as Exhibit A (y) to be bound by this Agreement as a Seller with respect to all of the Seller Shares Transferred to such transferee, and (z) that all of the Seller Shares Transferred to such transferee remain subject to this Agreement and all of the terms, conditions and restrictions hereof as Seller Shares.

**Section 2.03 Right of First Refusal in Off Market Transaction.**

(a) If, following the date which is one year after the date hereof, a Seller (such Seller, an “**Offering Stockholder**”) receives a bona fide offer (the “**Offer**”) from any unaffiliated third party (a “**Third Party Purchaser**”) to purchase any or all of the Seller Shares owned by such Seller (the “**Offered Shares**”) in an Off Market Transaction (as **defined below**) and the Offering Stockholder desires to Transfer the Offered Shares to the Third Party Purchaser pursuant to such Offer, then the Offering Stockholder must first

make an offering of the Offered Shares to Symmetric in accordance with the provisions of this Section 2.03. **“Off Market Transaction”** means any purchase and sale of Seller Shares other than a purchase and sale of Seller Shares on a national securities exchange on which the Company’s Common Stock is listed for trading, or if the Company’s Common Stock is not listed or admitted to trading on any national securities exchange, in the over-the-counter market or such other system then in use.

(b) The Offering Stockholder shall, within five business days after receipt of the Offer from the Third Party Purchaser, give written notice (the **“Offering Stockholder Notice”**) to Symmetric stating that it has received a bona fide offer from a Third Party Purchaser and specifying:

- (i) the number of Offered Shares proposed to be Transferred by the Offering Stockholder;
- (ii) the identity of the Third Party Purchaser;
- (iii) the per share purchase price and the other material terms and conditions of the Transfer, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and
- (iv) the proposed date, time and location of the closing of the Transfer, which shall not be less than 60 days from the date of the Offering Stockholder Notice.

The Offering Stockholder Notice shall constitute the Offering Stockholder's offer to Transfer the Offered Shares to each ROFR Purchaser (as hereinafter defined), which offer shall be irrevocable for the ROFR Notice Period (as hereinafter defined).

(c) Notwithstanding anything to the contrary contained herein, Symmetric’s right of first refusal contemplated by this Section 2.03 shall be assignable by Symmetric to the Company, Nahmad or any other Affiliate of Symmetric.

(d) Upon receipt of the Offering Stockholder Notice, Symmetric and, if applicable, its assignee under this Section 2.03 (the **“ROFR Purchaser”**) shall have 30 days (the **“ROFR Notice Period”**) to elect, in its sole discretion, to purchase all, but not less than all, of the Offered Shares on the terms specified in the Offering Stockholder Notice (subject to the right of the ROFR Purchaser pursuant to Section 2.03(e) below to pay the purchase price solely in cash), by delivering a written notice of such election (a **“ROFR Notice”**) to the Offering Stockholder. Any ROFR Notice shall be binding upon delivery and irrevocable by the ROFR Purchaser.

(e) If the ROFR Purchaser elects to purchase all, but not less than all, of the Offered Shares pursuant to this Section 2.03, the ROFR Purchaser and the Offering Stockholder shall take all actions as may be reasonably necessary to consummate the purchase and sale of such Offered Shares, including entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate, and making all payments in connection therewith, within 30 days after delivery of the ROFR Notice (or if such 30 day period expires during a period in which

“insiders” of the Company are prohibited from purchasing or selling securities of the Company and such prohibition applies to the exercise of the ROFR Purchaser’s rights hereunder, within 10 days following the expiration of such restricted period). Notwithstanding anything to the contrary contained herein, if all or any portion of the consideration proposed to be paid by the Third Party Purchaser for the Offered Shares as set forth in the Offering Stockholder Notice is other than cash, the ROFR Purchaser shall have the option exercisable in its sole discretion by specifying the same in the ROFR Notice to pay the purchase price solely in cash, in which case the fair market value of the proposed non-cash consideration shall be determined in good faith by the disinterested members of the Company’s Board of Directors. All cash payments shall be paid by certified check or by wire transfer of immediately available funds to an account designated in writing by the Offering Stockholder to the ROFR Purchaser.

(f) If the ROFR Purchaser does not elect in an ROFR Notice delivered during the ROFR Notice Period to purchase all, but not less than all, of the Offered Shares, (i) Symmetric and, if applicable, ROFR Purchaser shall be deemed to have waived their rights to purchase the Offered Shares under this Section 2.03, and (ii) the Offering Stockholder may, during the 60-day period immediately following the expiration of the ROFR Notice Period and subject to Section 2.03(g), Transfer to the Third Party Purchaser all but not less than all of the Offered Shares on terms and conditions no more favorable to the Third Party Purchaser than those set forth in the Offering Stockholder Notice. If the Offering Stockholder does not Transfer the Offered Shares within such period, the rights provided under this Section 2.03 shall be deemed to be revived and the Offered Shares shall not be Transferred to the Third Party Purchaser or otherwise pursuant to this Section 2.03 unless the Offering Stockholder sends a new Offering Stockholder Notice in accordance with, and otherwise complies with, this Section 2.03.

(g) Notwithstanding anything to the contrary contained herein, it shall be a condition to any Transfer of Offered Shares pursuant to this Section 2.03 that the Third Party Purchaser to whom or which the Offered Shares are Transferred agrees, by executing a joinder agreement in substantially the form attached hereto as Exhibit A, (i) to be bound by this Agreement as a Seller with respect to all of the Offered Shares Transferred to such Third Party Purchaser, and (ii) that all of the Offered Shares Transferred to such Third Party Purchaser remain subject to this Agreement and all of the terms, conditions and restrictions hereof as Seller Shares.

(h) From the date hereof until the nine month anniversary of the date hereof, neither the Company nor Symmetric shall provide to a shareholder of any entity purchased or acquired by the Company during such period, a “right of first refusal” more favorable than the right of first refusal set forth in this Section 2.03, except in connection with (i) such purchase or acquisition by the Company of an entity in which the stock consideration paid to the seller is less than \$1,000,000 or (ii) such purchase or acquisition by the Company of an company that qualifies as an Employee Stock Option Plan under the Internal Revenue Code of 1986, as amended.

**Section 2.04 Condition to Transfer of Symmetric Shares.** For so long as Symmetric and Nahmad are required to vote for the election of either Dennis Mack or Tom Marks to the Company's Board of Directors in accordance with Section 1.02 (such period, the "**Symmetric Share Restricted Period**"), it shall be a condition to any Transfer of the Symmetric Shares that the transferee agrees, by executing a joinder agreement in substantially the form attached hereto as Exhibit A, (i) to be bound by this Agreement as Symmetric is bound with respect to all of the Symmetric Shares Transferred to such transferee, and (ii) that all of the Symmetric Shares Transferred to such transferee remain subject to this Agreement and all of the terms, conditions and restrictions hereof as Symmetric Shares.

**Section 2.05 Drag-Along and Tag-Along Rights.**

(a) If Symmetric elects to sell (either in a single or a series of related transactions) shares representing 25% or more of the Symmetric Shares (such Symmetric Shares desired to be so Transferred, the "**Transferor Shares**") to an unaffiliated third party (a "**Drag Buyer**"), then, at least 30 days prior to the date upon which Symmetric intends to consummate such Transfer, Symmetric shall give written notice thereof which notice shall set forth the consideration to be paid by the Drag Buyer, and the other material terms and conditions of such transaction (such notice, the "**Transferor Notice**") to each Seller, and such notice may also include notice to the Sellers that Symmetric desires (the "**Drag-Along Right**") that each such Seller Transfer in the transaction the percentage of his, her or its Seller Shares equal to the percentage of the Transferor Shares being Transferred in the transaction compared to all of Symmetric Shares owned by Symmetric, Nahmad and the Affiliates of either at that time (the "**Ratable Percentage Shares**") and on the same terms and conditions, including price, upon which Symmetric is Transferring the Transferor Shares. The Sellers shall, subject to the provisions of this Section 2.05, consent to and raise no objections against such Transfer by Symmetric and, if requested to do so by Symmetric in the Transferor Notice, Transfer their respective Ratable Percentage Shares, subject to the provisions of this Section 2.05, on the same terms and conditions upon which Symmetric is Transferring the Transferor Shares.

(b) If Symmetric proposes to sell Transferor Shares pursuant to any transaction or series of related transactions representing 5% or more of the Symmetric Shares to an unaffiliated third party, including in the case where Symmetric would be entitled to exercise the Drag-Along Right but Symmetric does not so elect to exercise the Drag-Along Right (a "**Tag Buyer**"), then, as a condition to such Transfer, each Seller shall have the right (the "**Tag-Along Right**") to sell to the Tag Buyer at such Seller's option, such Seller's Ratable Percentage Shares (as calculated in the same manner as set forth in Section 2.05(a)), on the same terms and conditions and at the same price as are applicable to the Transferor Shares. In the event that the Tag-Along Right applies with respect to a proposed Transfer of Transferor Shares, then (i) Symmetric shall provide notice thereof in the Transferor Notice and (ii) each Seller shall have 30 days following receipt of the Transferor Notice to elect to sell all or a portion of such Seller's Ratable

Percentage Shares. The failure of a Seller to notify Symmetric of its election of the Tag-Along Right within such 30 day period shall be deemed to constitute a waiver of such Seller's Tag-Along Right with respect to such Transfer. If the Tag Buyer, as the case may be, is unwilling to purchase the Transferor Shares and all of the Seller Shares desired to be sold by Sellers exercising the Tag-Along Right, then, at Symmetric's sole option, either (i) the transaction shall not be consummated or (ii) each of the Transferor Shares and the Seller Shares desired to be sold in the transaction by Sellers exercising the Tag-Along Right shall be ratably reduced to equal an amount of shares determined by multiplying the Transferor Shares or the applicable Seller Shares, as the case may be, by a fraction, the numerator of which is the total number of shares which the Tag Buyer, as the case may be, agrees to purchase in the transaction and the denominator of which is the total number of Transferor Shares and Seller Shares desired to be sold in the transaction.

(c) If Symmetric exercises the Drag-Along Right, each Seller shall, and each Seller who exercises the Tag-Along Right shall, take such actions as reasonably necessary to consummate the applicable transaction, including, without limitation, to execute and deliver a definitive purchase and sale (or other similar) agreement, in substantially the same form and substance as the definitive agreement executed and delivered by Symmetric; provided, that (i) if Symmetric exercises the Drag-Along Right, the Sellers will be required to provide customary representations and warranties and customary indemnities, and (ii) if the Tag-Along Right is exercised, (A) the representations and warranties relating specifically to a Seller participating in the transaction shall be made only by such Seller and any indemnification provided by any Seller participating in the transaction with respect to the Company, if any, shall be based on the shares being Transferred by each of them *vis a vis* all of the shares in the Company being Transferred in the transaction, on a several, not joint, basis, (B) no Seller shall be required to provide any indemnity in such transaction that provides for liability to such Seller in excess of the amount of proceeds actually received by such Seller in such transaction, (C), only if the Tag Along Right is exercised, each of Symmetric and each Seller participating in the transaction shall bear its pro rata share of the costs of the transactions based on the net proceeds to be received by each such person in connection with the transaction to the extent such costs are incurred for the benefit of persons selling shares in the transaction and are not paid by the Tag Buyer, and (D), only if the Drag Along is exercised, Symmetric bear all reasonable costs of each Seller participating in the transaction,.

(d) Symmetric shall have 120 days following the date of the Transferor Notice in which to consummate a transaction subject to this Section 2.05 on the terms set forth in the Transferor Notice (which 120-day period shall be extended for a reasonable time to the extent reasonably necessary to obtain any regulatory approvals or if necessary to enable Symmetric and any Seller as an insider of the Company to engage in a transaction in the securities of the Company). If at the end of such period, Symmetric has not completed the transaction other than as a result of any action or inaction by a Seller in

breach of this Agreement, Symmetric may not then effect a transaction subject to this Section 2.06 without again fully complying with the provisions of this Section 2.05.

### **ARTICLE III Preemptive Rights**

#### **Section 3.01 Preemptive Rights.**

(a) Except in the case of Excluded Securities (as defined below), if the Company proposes to issue or sell any shares of Common Stock or any securities convertible into, or exchangeable or exercisable for, any equity securities of the Company (the foregoing collectively, “**Equity Securities**”), to any person or entity (including, without limitation, any existing shareholder of the Company) in exchange for cash in a transaction that is exempt from the registration requirements of the Securities Act of 1933, as amended (the “**Securities Act**”), then the Company shall first offer in writing (such writing, a “**Preemptive Rights Notice**”) to sell such Equity Securities, on the same terms and conditions as proposed by the Company to such person or entity, to each of the Sellers (each such Seller a “**Participating Seller**” and collectively the “**Participating Sellers**”). Each Participating Seller shall then have the right (but not the obligation) (the “**Preemptive Right**”) to purchase from the Company such amount of the Equity Securities that would enable the Participating Seller to maintain the percentage determined by dividing (a) the total number of shares of Common Stock (on a fully diluted and as converted basis) held by such Participating Seller immediately prior to the issuance, by (b) the Company’s entire number of issued and outstanding shares of Common Stock (on a fully diluted and as converted basis) immediately prior to the issuance (for each Participating Seller, its “**Preemptive Pro Rata Portion**”). All Equity Securities to be purchased by the Participating Sellers shall be purchased at the price and on the terms set forth in such Preemptive Rights Notice. “**Excluded Securities**” shall mean (i) shares of capital stock of the Company granted to employees, officers or directors of, or consultants to, the Company pursuant to equity-based incentive compensation plans; (ii) shares of capital stock issued by the Company to third parties (who are not affiliates of the Company) in connection with an acquisition (or series of related acquisitions), strategic partnership, combination or merger; and (iii) shares of capital stock of the Company issued or issuable upon conversion of outstanding convertible securities on the date hereof.

(b) Each Participating Seller shall exercise its Preemptive Right under this Section 3.01 by delivery of written notice to the Company no later than 10 business days after receipt of the Preemptive Rights Notice (the “**Preemptive Rights Exercise Period**”), such notice to state the irrevocable intent to exercise and the number or percentage of Equity Securities to be purchased by such Participating Seller up to its Preemptive Pro Rata Portion. Any failure by a Participating Seller to deliver written notice of the exercise of its Preemptive Right prior to the expiration of the Preemptive Rights Exercise Period shall be deemed to be a rejection by such Participating Seller of

its Preemptive Right in respect of the offering of Equity Securities contemplated by such Preemptive Rights Notice. Unless otherwise specified in the Preemptive Right Notice or agreed in writing by all of the Participating Sellers purchasing Equity Securities in the offering, closing of the Equity Securities purchased by the Participating Sellers shall take place upon the later of: (i) 30 days after the expiration of the Preemptive Right Exercise Period and (ii) the consummation of the sale of the Equity Securities which triggered the Preemptive Rights Notice, on the terms and conditions specified in the Preemptive Right Notice. Any subsequent offering of Equity Securities by the Limited Partnership shall be subject to the provisions of this Section 3.01 and a new Preemptive Rights Notice shall be required.

(c) Following the expiration of the earlier of the date of written rejection of a Preemptive Rights Notice or the last day of the Preemptive Rights Exercise Period, the Company shall be free to complete the proposed issuance or sale of Equity Securities described in the Preemptive Rights Notice with respect to which Preemptive Sellers declined to exercise the Preemptive Right on terms no less favorable to the Company than those set forth in the Preemptive Right Notice (except that the amount of Equity Securities to be issued or sold by the Company may be reduced); provided, that: (i) such issuance or sale is closed within 120 days after the expiration of the earlier of the date of written rejection of a Preemptive Rights Notice or the last day of the Preemptive Rights Exercise Period; and (ii) for the avoidance of doubt, the price at which such Equity Securities are sold to the Prospective Purchaser is at least equal to or higher than the purchase price described in the Preemptive Right Notice. In the event the Company has not sold such Equity Securities within such time period, the Company shall not thereafter issue or sell such Equity Securities without first again offering such securities to the Participating Sellers in accordance with the procedures set forth in this Section 3.01.

#### **ARTICLE IV Registration Rights**

##### **Section 4.01 Piggyback Registration.**

(a) If (but without any obligation to do so) at any time after the date hereof, Symmetric proposes to register any of its shares of Common Stock in connection with the public offering of such securities (each such registration not withdrawn or abandoned prior to the effective date thereof being herein called a “**Piggyback Registration**”), Symmetric shall, at such time, promptly give the Sellers written notice of such registration not later than 30 days prior to the anticipated filing date of such Piggyback Registration. Upon the written request of the Sellers given within 20 days after the delivery of such notice by Symmetric, the Company shall use its commercially reasonable efforts to cause to be registered under the 1933 Act all of the Seller Shares that the Sellers have requested to be registered, provided, however, that at any time after giving written notice of its intention to register any securities and prior to the effective date of the registration statement filed under the Securities Act in connection with such

registration, Symmetric shall determine for any reason not to register or to delay registration of such securities, Symmetric shall give written notice of such determination and its reasons therefor to the Sellers, and (i) in the case of a determination not to register, the Company shall be relieved of its obligation to register any Sellers Shares in connection with such registration and (ii) in the case of a determination to delay registering, the Company shall be permitted to delay registering any Seller Shares, for the same period as the delay in registering such other securities of Symmetric. Symmetric shall have no obligation under this Section 4.01(a) to make any offering of its securities, or to complete an offering of its securities that it proposes to make. A Seller shall be permitted to withdraw all or any part of its Seller Shares from any Piggyback Registration at any time prior to the filing date of such Piggyback Registration, provided it delivers its notice to inform the Company such intention at least one trading day prior to such filing date. . If a Seller decides not to include all of its Seller Shares in any registration statement thereafter filed by the Company, such Seller shall nevertheless continue to have the right to include any Seller Shares in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein

(b) If any Piggyback Registration is in the form of an underwritten offering and the lead managing Underwriter of such offering advises Symmetric or the Company that, in its view, the number of securities requested to be included in such registration exceeds the number (the “**Sale Number**”) that can be sold in an orderly manner in such registration within a price range acceptable to Symmetric, the Company shall include in such registration (in each case, to the extent that the inclusion of such shares would not cause the number of securities to be included in such Piggyback Registration to exceed the Sale Number):

(i) first, any securities of the Company that Symmetric proposes to register and all Seller Shares requested to be included in such registration by the Sellers, up to the Sale Number; provided, however, that, if the number of such securities and Seller Shares exceed the Sale Number, the number of such securities and Seller Shares (not to exceed the Sale Number) to be included in such registration shall be allocated on a pro rata basis among Symmetric and all of the Sellers requesting that Seller Shares be included in such registration, on the basis of the number of shares of Common Stock (on a fully diluted, as converted basis), owned by Symmetric and the Sellers requesting that Seller Shares be included in such registration or in such manner as they may otherwise agree; and

(ii) second, any securities that any other person proposes to register, up to the Sale Number.

(c) If any Piggyback Registration is in the form of an underwritten offering, the lead managing Underwriter and any additional investment bankers and managers to be used in connection with such registration shall be selected by Symmetric.



(d) The Sellers proposing to distribute their Seller Shares through such underwriting shall (i) (together with Symmetric and the Sellers distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the lead managing Underwriter selected for such underwriting by Symmetric, and each Seller selling Seller Shares shall participate in such underwriting, and (ii) furnish to Symmetric and the Company in writing such information with respect to itself as shall be necessary in order to assure compliance with federal and applicable state securities laws.

**Section 4.02 Indemnification.** In the event any Seller Shares are included in a registration statement under this ARTICLE IV:

(a) To the fullest extent permitted by law, the Company will, and hereby does, indemnify, hold harmless and defend each Seller whose Seller Shares are included in a registration statement, the directors, officers, members, partners, employees, agents, representatives of, and each Person, if any, who controls any Seller whose Seller Shares are included in a registration statement within the meaning of the Securities Act and the Exchange Act (each, an “**Indemnified Person**”), against any losses, claims, damages, liabilities, judgments, fines, penalties, charges, costs, reasonable attorneys’ fees, amounts paid in settlement or expenses, joint or several, (collectively, “**Claims**”) incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the Securities and Exchange Commission (the “**SEC**”), whether pending or threatened, whether or not an indemnified party is or may be a party thereto (“**Indemnified Damages**”), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a registration statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other “blue sky” laws of any jurisdiction in which Seller Shares are offered (“**Blue Sky Filing**”), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such registration statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in the light of the circumstances under which the statements therein were made, not misleading, (iii) any violation or alleged violation by the Company of the Securities Act, the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Seller Shares pursuant to a registration statement or (iv) any violation of this ARTICLE IV (the matters in the foregoing clauses (i) through (iv) being, collectively, “**Violations**”). Subject to Section

4.03(c), the Company shall reimburse the Indemnified Persons, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 4.02(a): (i) shall not apply to a Claim by an Indemnified Person arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by such Indemnified Person for such Indemnified Person expressly for use in connection with the preparation of the registration statement or any such amendment thereof or supplement thereto, and (ii) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company.

(b) In connection with any registration statement in which a Seller is participating, each such Seller agrees to severally and not jointly indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 4.02(a), the Company, each of its directors, each of its officers who signs the registration statement and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act (each, an “**Indemnified Party**”), against any Claim or Indemnified Damages to which any of them may become subject, under the Securities Act, the Exchange Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, in each case to the extent, and only to the extent, that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Seller expressly for use in connection with such registration statement; and, subject to Section 4.01(c), such Seller will reimburse any legal or other expenses reasonably incurred by an Indemnified Party in connection with investigating or defending any such Claim; provided, however, that the indemnity agreement contained in this Section 4.02(b) and the agreement with respect to contribution contained in Section 4.04 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Holder.

(c) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 4.02 of notice of the commencement of any action or proceeding (including any governmental action or proceeding) involving a Claim, such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 4.02, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses of not more than one counsel for such Indemnified Person or Indemnified Party to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or

Indemnified Party and any other party represented by such counsel in such proceeding. In the case of an Indemnified Person, legal counsel referred to in the immediately preceding sentence shall be selected by the Sellers holding at least a majority in interest of the Seller Shares included in the registration statement to which the Claim relates. The Indemnified Party or Indemnified Person shall cooperate fully with the indemnifying party in connection with any negotiation or defense of any such action or Claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party or Indemnified Person which relates to such action or Claim. The indemnifying party shall keep the Indemnified Party or Indemnified Person reasonably apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its prior written consent; provided, however, that the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Indemnified Party or Indemnified Person, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party or Indemnified Person of a release from all liability in respect to such Claim or litigation, and such settlement shall not include any admission as to fault on the part of the Indemnified Party. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnified Party or Indemnified Person with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 4.02, except to the extent that the indemnifying party is prejudiced in its ability to defend such action.

(d) The indemnification required by this Section 4.02 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnified Damages are incurred.

(e) The indemnity agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnified Party or Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

**Section 4.03 Contribution.** To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 4.02 to the fullest extent permitted by law; provided, however, that: (i) no person involved in the sale of Seller Shares which person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) in

connection with such sale shall be entitled to contribution from any Person involved in such sale of Seller Shares who was not guilty of fraudulent misrepresentation; and (ii) contribution by any seller of Seller Shares shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Seller Shares pursuant to such registration statement.

**Section 4.04 Expenses of Registration.** Except as specifically provided herein, all Registration Expenses (as defined below) incurred in connection with any registration under Section 4.01 shall be borne by the Company. All Selling Expenses (as defined below) incurred in connection with any registrations hereunder, shall be borne by the holders of the securities so registered pro rata on the basis of the number of shares so registered. “**Selling Expenses**” shall mean all underwriting discounts and selling commissions applicable to the sale. “Registration Expenses” means all expenses incurred by the Company (exclusive of any Selling Expenses) in complying with Sections 4.01, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).

**Section 4.05 Most Favored Nations.** Except in connection with (i) a capital raising transaction, (ii) a purchase or acquisition by the Company of an entity that qualifies as an Employee Stock Option Plan under the Internal Revenue Code of 1986, as amended, or (iii) a purchase or acquisition by the Company of an entity during period beginning on the date hereof and ending on the nine month anniversary of the date hereof in which the stock consideration paid to the seller is less than \$1,000,000, if the Company grants more favorable demand, piggyback or incidental registration rights to any shareholder in connection with an acquisition by the Company at any time following the nine month anniversary of the date hereof, any such more favorable rights and/or terms shall be granted to the Sellers. Notwithstanding the foregoing, the Company may grant pari passu registration rights to the rights granted hereunder.

## ARTICLE V Representations and Warranties

**Section 5.01 Representations and Warranties.** Each Seller, severally and not jointly, represents and warrants to the Company, Symmetric and Nahmad, and each of the Company, Symmetric and Nahmad, severally and not jointly, represents and warrants:

(a) the Company or if such Stockholder is not a natural person, the Company or such Stockholder is duly organized and validly existing in good standing under the laws of the jurisdiction in which it is formed, and has the requisite power and authority to own its properties and to carry on its business as now being conducted;

- (b) if such Stockholder is a natural person, such Stockholder is under no impairment or other disability, legal, physical, mental or otherwise, that would preclude or limit the ability of the Seller to enter into this Agreement or perform his obligations hereunder;
- (c) the Company or such Stockholder has the requisite power and authority to enter into and perform its or his obligations under this Agreement;
- (d) the execution and delivery of this Agreement by the Company or such Stockholder have been duly authorized and, except for filings required under the Exchange Act, no further filing, consent, or authorization is required;
- (e) this Agreement has been duly executed and delivered by the Company or such Stockholder, and constitutes the legal, valid and binding obligation of the Company or such Stockholder, enforceable against the Company or such Stockholder in accordance with the terms hereof, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies;
- (f) the execution, delivery and performance of this Agreement and the consummation by the Company or such Stockholder of the transactions contemplated hereby do not and will not: (i) with respect to the Company or if such Stockholder is not a natural person, result in a violation of the organizational documents of the Company or such Stockholder; (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or such Stockholder is a party or by which the Company or such Stockholder is bound or to which any of its or his assets or properties are subject; or (iii) result in a violation of any law applicable to the Company or such Stockholder or by which any of his or its assets or properties is bound or affected; and
- (g) except for this Agreement, the Asset Purchase Agreement and in the case of Symmetric and Nahmad, that certain Stockholders Agreement dated as of March 6, 2015, by and among Symmetric, Nahmad, Michael Steiner and Robert Steiner, , such Stockholder has not entered into or agreed to be bound by any other agreements or arrangements of any kind with any other party with respect to the shares of the Company's Common Stock owned or held by such Stockholder, including agreements or arrangements with respect to the acquisition or disposition of such shares or any interest therein or the voting of such shares.

**ARTICLE VI**  
**Symmetric Covenants**

**Section 6.01 Covenant.** Symmetric agrees to vote all shares of Common Stock over which it exercises voting control and that it is eligible to vote in favor of the NYSE Approval (as defined in the Asset Purchase Agreement).

**ARTICLE VII**  
**Term and Termination**

**Section 7.01 Termination.** The term of this Agreement shall commence on the date hereof and shall terminate upon the earliest of (a) such time, if any, as no Seller Shares remain subject to this Agreement, (b) the dissolution, liquidation, or winding up of the Company, (c) such time, if any, as the holder(s) of a majority of the Symmetric Shares elect to terminate this Agreement by providing written notice of such termination to the Sellers, (d) the date that Nahmad is no longer the sole Manager of Symmetric I; provided that this Agreement will not be subject to termination under this clause (d) if a Nahmad Entity is the sole Manager of Symmetric I or any such Nahmad Entity otherwise continues to have majority control over Symmetric, or (e) the fifth anniversary of the date hereof; provided, however, that solely in the case of clause (e), if any period for giving notice or exercising a right or option under, or otherwise complying with the provisions of or completing a transaction (or, if applicable, series of related transactions), under, Sections 2.03, 2.05, 3.01 or 4.01 is in effect on the fifth anniversary of the date hereof, then solely with respect to such transaction (or, if applicable, series of related transactions), the provisions of Sections 2.03, 2.05, 3.01 or 4.01, as the case may be, and the Parties' respective obligations thereunder shall survive the termination of this Agreement in accordance with their terms. Notwithstanding the earlier termination of the Agreement, Sections 7.01 through 7.14, and in the case where the Sellers are terminated other than for Cause or leave the Company other than for Good Reason, ARTICLE IV, shall survive until the fifth anniversary of the date hereof unless Sellers and the Company agree to terminate those provisions before the fifth anniversary.

**ARTICLE VIII**  
**Miscellaneous**

**Section 8.01 Expenses; Prevailing Party.** Each Party shall pay his or its own expenses (including attorneys' fees) incident to this Agreement and the transactions contemplated herein. Notwithstanding the foregoing, in the event that any Party institutes any action or suit to enforce this Agreement or to secure relief from any default hereunder or breach hereof, the prevailing party shall be reimbursed by the losing party or parties for all costs and expenses, including reasonable attorneys' fees and expenses, incurred in connection therewith and in enforcing or collecting any judgment rendered therein.

**Section 8.02 Notices.** Any and all notices or other communications or deliveries required or permitted to be provided under this Agreement shall be in writing and shall be deemed given and effective on the earliest of (a) the business day following the date of mailing, if sent by nationally recognized overnight courier service, specifying next business day delivery, (b) the third business day following the date of mailing, if sent by certified mail, return receipt requested, postage prepaid, or (c) upon actual receipt by the Party to whom such notice is required to be given if delivered by hand. The address for such notices and communications shall be as follows:

If to Dennis Mack: Dennis Mack  
2331 Tripaldi Way  
Hayward, CA 94545

If to Tom Marks: Tom Marks  
2331 Tripaldi Way  
Hayward, CA 94545

In the case of notices to both Dennis Mack and Tom Marks, with a copy (which shall not constitute Notice) to: Wendel, Rosen, Black & Dean, LLP  
1111 Broadway, 24<sup>th</sup> Floor  
Oakland, CA 94607  
Attn: Richard A. Lyons, Esq.

If to Symmetric and/or Nahmad: Henry M. Nahmad  
290 N.E. 68th Street  
Miami, FL 33138

In the case of notices to both Symmetric and Nahmad, with a copy (which shall not constitute Notice) to: Troutman Sanders LLP  
875 Third Ave.  
New York, NY 10022  
Attn: Joseph Walsh, Esq.

or, in each case or in the case of a subsequently admitted Party to this Agreement, to such other address as may be designated in writing hereafter, in the same manner, by such Party by prior notice to the other Party or Parties, as the case may be, in accordance with this Section 5.02.

**Section 8.03 Governing Law; Jurisdiction; Waiver of Jury Trial.** This Agreement shall be governed by and construed in accordance with the Laws of the State of Florida applicable to a contract executed and performed in such State without giving effect to the conflicts of Laws principles thereof, which would result in the applicability of the Laws of another jurisdiction. Each of the parties hereto hereby irrevocably

consents and submits to the exclusive jurisdiction of the United States District Court for the Eleventh Judicial District of Florida and the courts of the State of Florida located in Miami-Dade County in connection with any Action arising out of or relating to this Agreement or the Transactions, waives any objection to venue in the Eleventh Judicial District of Florida and the courts of the State of Florida located in Miami-Dade County, and agrees that service of any summons, complaint, notice or other process relating to such proceeding may be effected in the manner provided by Section 8.02. IN ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PARTIES HERETO WAIVE TRIAL BY JURY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

**Section 8.04 Titles and Headings.** The titles and headings in this Agreement are for reference purposes only, and shall not in any way affect the meaning or interpretation of this Agreement.

**Section 8.05 Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. If any court of competent jurisdiction determines that any term or provision hereof, or any part of any such term or provision is invalid or unenforceable, such term or provision, or part thereof, shall be enforced to the full extent permitted by such court, and all other terms and provisions shall not thereby be affected and shall be given full effect, without regard to the invalid provisions or portions.

**Section 8.06 Entire Agreement.** This Agreement, the Asset Purchase Agreement and the other documents being executed by the parties in connection with the Asset Purchase Agreement constitute the entire agreement of the Parties with respect to the subject matter contained herein and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

**Section 8.07 Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs, successors, legal representatives, and permitted assigns and, to the extent set forth herein, transferees.

**Section 8.08 No Third Party Beneficiaries.** Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon any person or entity



other than the Parties hereto and their respective heirs, successors, legal representatives, and permitted assigns and, to the extent set forth herein, transferees, any rights or remedies under or by reason of this Agreement.

**Section 8.09 Amendment and Modification; Waiver.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by the holder(s) of a majority of the Seller Shares then subject to this Agreement and the holder(s) of a majority of Symmetric Shares then subject to this Agreement. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

**Section 8.10 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original agreement, but all of which together shall constitute one and the same instrument. This Agreement may be transmitted by facsimile or electronically, and it is the intent of the parties that the facsimile copy (or a photocopy or PDF copy) of any signature printed by a receiving facsimile machine or computer printer shall be deemed an original signature and shall have the same force and effect as an original signature.

**Section 8.11 Further Assurances.** The Parties hereto shall from time to time execute and deliver all such further documents and instruments and do all acts and things as the other Parties (in particular, the party or parties whose rights and privileges may be affected or at issue) may reasonably request or require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

**Section 8.12 Equitable Remedies.** Each Party hereto acknowledges that the other Party or Parties hereto would be irreparably damaged in the event of a breach or threatened breach by such Party of any of its obligations under this Agreement and hereby agrees that in the event of a breach or a threatened breach by such Party of any such obligations, each of the other Parties hereto shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach under this Agreement, at law or in equity, be entitled to an injunction from a court of competent jurisdiction (without any requirement to post bond) granting specific performance by such Party of its obligations under this Agreement.

**Section 8.13 Legend on Stock Certificates.**

(a) In addition to any legends required by applicable law, (i) each stock certificate representing any Seller Shares or Symmetric Shares shall bear a legend in substantially the form set forth in paragraph (b) below for so long as this Agreement remains in effect.

(b) The restrictive legend referenced in paragraph (a) above shall be in substantially the following form:

“The shares represented by this certificate are subject to that certain Stockholders Agreement, dated October 7, 2016, and all amendments thereto, copies of which are on file at the principal office of the Company, and voluntary or involuntary sale, pledge, assignment, hypothecation, gift, or other disposition or transfer (as defined in such Stockholders Agreement) of the shares represented by this certificate or any interest therein shall be subject to the terms of such Stockholders Agreement and the shares represented hereby shall remain subject to the terms of such Stockholders Agreement notwithstanding any such Transfer.”

(c) The Stockholders hereby agree to immediately submit to the Company the stock certificates held by each of them representing the Seller Shares or Symmetric Shares, as the case may be, for inscription of the aforesaid restrictive legend thereon.

(d) Notwithstanding the foregoing or anything to the contrary contained herein, the enforceability of this Agreement, including, without limitation, the proxy granted hereby, shall not be affected by the fact that the stock certificates representing any Seller Shares or Symmetric Shares have not been delivered as provided for herein or that such stock certificates may not bear any legend with respect to the provisions of this Agreement.

**Section 8.14 Construction; Interpretation; Definitions.**

(a) This Agreement shall be interpreted and construed without regard to any rule or presumption requiring that this Agreement be interpreted or construed against the party causing this Agreement to be drafted.

(b) Whenever the context of this Agreement permits, the masculine or neuter gender shall include the feminine, masculine and neuter genders, and any reference to the singular or plural shall be interchangeable with the other.

(c) For the avoidance of doubt, the terms “**Common Stock**,” “**Seller Shares**” and “**Symmetric Shares**” as used throughout this Agreement shall refer to the

Company's Common Stock or shares thereof, as the context may require, and any other securities into which the Company's Common Stock may be converted during the term of this Agreement.

(d) Capitalized terms used, but not defined herein, shall have the respective meanings set forth in the Asset Purchase Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed as of the date first written above.

ENVIROSTAR, INC.

By: /s/ Henry M. Nahmad  
Name: Henry M. Nahmad  
Title: Chief Executive Officer

SYMMETRIC CAPITAL LLC

By: /s/ Henry M. Nahmad  
Name: Henry M. Nahmad  
Title: Manager

SYMMETRIC CAPITAL II LLC

By: /s/ Henry M. Nahmad  
Name: Henry M. Nahmad  
Title: Manager

/s/ Henry M. Nahmad  
Henry M. Nahmad

WESTERN STATE DESIGN, LLC

By: /s/ Dennis Mack  
Name: Dennis Mack  
Title: President

/s/ Dennis Mack  
Dennis Mack

/s/ Tom Marks  
Tom Marks

**EXHIBIT A**

Form of Joinder Agreement

Reference is hereby made to that certain Stockholders Agreement, dated as October 7, 2016 (as amended from time to time, the “**Stockholders Agreement**”), by Symmetric Capital LLC, a Florida limited liability company, Symmetric Capital II LLC, a Florida limited liability company, Henry M. Nahmad, and Western State Design, LLC, Dennis Mack and Tom Marks, and the other Stockholders which may have become a party thereto from time to time.

Pursuant to and in accordance with Section \_\_\_ of the Stockholders Agreement, the undersigned hereby agrees that upon the execution of this Joinder Agreement, (a) the undersigned shall become a party to the Stockholders Agreement as a [\_\_\_\_], (b) the undersigned shall be fully bound by, and subject to, all of the covenants, terms and conditions of the Stockholders Agreement as a [\_\_\_\_] as though an original party thereto, and (c) the shares of the Company’s Common Stock acquired on the date hereof by the undersigned from \_\_\_\_\_ shall be deemed to be [\_\_\_\_] Shares for all purposes of the Stockholders Agreement.

Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Stockholders Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement as of \_\_\_\_\_.

[Transferee Stockholder Name]

By \_\_\_\_\_

Name:

Title:

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement") is entered into as of October 7, 2016, by and between ENVIROSTAR, INC., a Delaware corporation ("Borrower"), and WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank").

RECITALS

Borrower has requested that Bank extend or continue credit to Borrower as described below, and Bank has agreed to provide such credit to Borrower on the terms and conditions contained herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank and Borrower hereby agree as follows:

ARTICLE I  
CREDIT TERMS

## SECTION 1. LINE OF CREDIT.

(a) Line of Credit. Subject to the terms and conditions of this Agreement, Bank hereby agrees to make advances to Borrower from time to time up to and including October 10, 2021, not to exceed at any time the aggregate principal amount of Fifteen Million Dollars (\$15,000,000.00) ("Line of Credit"), the proceeds of which shall be used to finance Borrower's working capital requirements as well as approved acquisitions pursuant to the terms of this Agreement. Borrower's obligation to repay advances under the Line of Credit shall be evidenced by that certain Revolving Line of Credit Note dated as of even date herewith (as the same may be amended modified from time to time, the "Line of Credit Note"), all terms of which are incorporated herein by this reference.

(b) Borrowing and Repayment. Borrower may from time to time during the term of the Line of Credit borrow, partially or wholly repay its outstanding borrowings, and reborrow, subject to all of the limitations, terms and conditions contained herein or in the Line of Credit Note; provided however, that the total outstanding borrowings under the Line of Credit shall not at any time exceed the lesser of (i) \$15,000,000, or (ii) the amount available as calculated under the Asset Coverage Ratio (as defined herein).

## SECTION 1.2. TERM LOAN.

(a) Term Loan. Subject to the terms and conditions of this Agreement, Bank hereby agrees to make a loan to Borrower in the principal amount of Five Million Dollars (\$5,000,000.00) ("Term Loan"), the proceeds of which shall be used to finance the acquisition of substantially all of the assets of Western State Design, LLC. Borrower's obligation to repay the Term Loan shall be evidenced by that certain Term Note dated as of even date herewith (as the same may be amended or modified from time to time, the "Term Note"), all terms of which are incorporated herein by this reference.

(b) Repayment. Principal and interest on the Term Loan shall be repaid in accordance with the provisions of the Term Note.

(c) Prepayment. Borrower may prepay principal on the Term Loan solely in accordance with the provisions of the Term Note.

SECTION 1.3. INTEREST/FEES.

(a) Interest. The outstanding principal balance of each credit subject hereto shall bear interest at the rate of interest set forth in the Line of Credit Note and the Term Note, as applicable.

(b) Computation and Payment. Interest shall be computed on the basis set forth in the Line of Credit Note and the Term Note, as applicable, and interest shall be payable at the times and place set forth in the Line of Credit Note and the Term Note, as applicable.

(c) Commitment Fee. Borrower shall pay to Bank a non-refundable commitment fee for the Line of Credit equal to \$37,500 and a non-refundable commitment fee for the Term Loan equal to \$25,000, which fees shall be due and payable in full on the date of this Agreement.

SECTION 1.4. COLLECTION OF PAYMENTS. Borrower authorizes Bank to collect all principal, interest and fees due under each credit subject hereto by debiting Borrower's deposit account number \_\_\_\_\_ with Bank, or any other deposit account maintained by Borrower with Bank, for the full amount thereof. Should there be insufficient funds in any such deposit account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower.

SECTION 1.5. COLLATERAL.

As security for all indebtedness and other obligations of Borrower to Bank, Borrower hereby grants to Bank security interests of first priority in all business assets of Borrower, Western State Design, Inc., a Delaware corporation ("Western"), Steiner-Atlantic Corp., a Florida corporation ("Steiner"), and DryClean USA License Corp., a Florida corporation ("Dryclean"; and together with Western and Steiner, individually and/or collectively, the "Guarantor") pursuant to that certain Security Agreement dated as of even date herewith from Borrower and Guarantor in favor of Bank (as the same may be amended or modified from time to time, the "Security Agreement").

All of the foregoing shall be evidenced by and subject to the terms of such security agreements, financing statements and other documents as Bank shall reasonably require, all in form and substance satisfactory to Bank. Borrower shall pay to Bank promptly upon demand the full amount of all charges, costs and expenses (to include fees paid to third parties and all out-of-pocket costs of Bank personnel), expended or incurred by Bank in connection with any of the foregoing security, including without limitation, filing and recording fees and costs of appraisals, audits and title insurance.

SECTION 1.6. GUARANTIES. The payment and performance of all indebtedness and other obligations of Borrower to Bank shall be guaranteed jointly and severally by Guarantor, as evidenced by and subject to the terms of those certain Continuing Guaranty agreements dated as of even date herewith from each Guarantor in favor of Bank.

ARTICLE II  
REPRESENTATIONS AND WARRANTIES

Borrower makes the following representations and warranties to Bank, which representations and warranties shall survive the execution of this Agreement and shall continue in full force and effect until the full and final payment, and satisfaction and discharge, of all obligations of Borrower to Bank subject to this Agreement.

SECTION 2.1. LEGAL STATUS. Borrower is: (a) a corporation, duly organized and existing and in good standing under the laws of Delaware and is qualified or licensed to do business (and is in good standing as a foreign corporation, if applicable) in all jurisdictions in which such qualification or licensing is required or in which the failure to so qualify or to be so licensed could have a material adverse effect on Borrower; and (b) not the target of any trade or economic sanctions promulgated by the United Nations or the governments of the United States, the United Kingdom, the European Union, or any other jurisdiction in which the Borrower is located or operates (collectively, "Sanctions").

SECTION 2.2. AUTHORIZATION AND VALIDITY. This Agreement and each promissory note, contract, instrument and other document required hereby or at any time hereafter delivered to Bank in connection herewith (collectively, the "Loan Documents") have been duly authorized, and upon their execution and delivery in accordance with the provisions hereof will constitute legal, valid and binding agreements and obligations of Borrower or the party which executes the same, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 2.3. NO VIOLATION. The execution, delivery and performance by Borrower of each of the Loan Documents do not violate any provision of any law or regulation applicable to Borrower's business, the violation of which could have a material adverse effect on Borrower's business, or contravene any provision of the organizational and governing documents of Borrower, or result in any breach of or default under any material contract, obligation, indenture or other instrument to which Borrower is a party or by which Borrower may be bound.

SECTION 2.4. LITIGATION. There are no pending, or to the best of Borrower's knowledge threatened, actions, claims, investigations, suits or proceedings by or before any governmental authority, arbitrator, court or administrative agency which could have a material adverse effect on the financial condition or operation of Borrower other than those disclosed by Borrower to Bank in writing prior to the date hereof.

SECTION 2.5. CORRECTNESS OF FINANCIAL STATEMENT. The annual financial statement of Borrower dated June 30, 2016, and all interim financial statements delivered to Bank since said date, true copies of which have been delivered by Borrower to Bank prior to the date hereof, (a) are complete and correct and present fairly the financial condition of Borrower, (b) disclose all liabilities of Borrower that are required to be reflected or reserved against under generally accepted accounting principles, whether liquidated or unliquidated, fixed or contingent, and (c) have been prepared in accordance with generally accepted accounting principles consistently applied. Since the dates of such financial statements there has been no material adverse change in the financial condition of Borrower, nor has Borrower mortgaged, pledged,



granted a security interest in or otherwise encumbered any of its assets or properties except in favor of Bank or as otherwise permitted by Bank in writing.

SECTION 2.6. INCOME TAX RETURNS. Borrower has no knowledge of any pending assessments or adjustments of its income tax payable with respect to any year.

SECTION 2.7. NO SUBORDINATION. There is no agreement, indenture, contract or instrument to which Borrower is a party or by which Borrower may be bound that requires the subordination in right of payment of any of Borrower's obligations subject to this Agreement to any other obligation of Borrower.

SECTION 2.8. PERMITS, FRANCHISES. Borrower possesses, and will hereafter possess, all permits, consents, approvals, franchises and licenses required and rights to all trademarks, trade names, patents, and fictitious names, if any, necessary to enable it to conduct the business in which it is now engaged in compliance with applicable law.

SECTION 2.9. ERISA. Borrower is in compliance in all material respects with all applicable provisions of the Employee Retirement Income Security Act of 1974, as amended or recodified from time to time ("ERISA"); Borrower has not violated any provision of any defined employee pension benefit plan (as defined in ERISA) maintained or contributed to by Borrower (each, a "Plan"); no Reportable Event as defined in ERISA has occurred and is continuing with respect to any Plan initiated by Borrower; Borrower has met its minimum funding requirements under ERISA with respect to each Plan; and each Plan will be able to fulfill its benefit obligations as they come due in accordance with the Plan documents and under generally accepted accounting principles.

SECTION 2.10. OTHER OBLIGATIONS. Borrower is not in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation.

SECTION 2.11. ENVIRONMENTAL MATTERS. Except as disclosed by Borrower to Bank in writing prior to the date hereof, Borrower is in compliance in all material respects with all applicable federal or state environmental, hazardous waste, health and safety statutes, and any rules or regulations adopted pursuant thereto, which govern or affect any of Borrower's operations and/or properties, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act of 1986, the Federal Resource Conservation and Recovery Act of 1976, and the Federal Toxic Substances Control Act, as any of the same may be amended, modified or supplemented from time to time. None of the operations of Borrower is the subject of any federal or state investigation evaluating whether any remedial action involving a material expenditure is needed to respond to a release of any toxic or hazardous waste or substance into the environment. Borrower has no material contingent liability in connection with any release of any toxic or hazardous waste or substance into the environment.

### ARTICLE III CONDITIONS

SECTION 3.1. CONDITIONS OF INITIAL EXTENSION OF CREDIT. The obligation of Bank to extend any credit contemplated by this Agreement is subject to the fulfillment to Bank's satisfaction of all of the following conditions:

( a ) Approval of Bank Counsel. All legal matters incidental to the extension of credit by Bank shall be satisfactory to Bank's counsel.

( b ) Field Exam. Bank shall have completed and approved a field exam (each, a "Field Exam") prior to the closing of the Line of Credit and the Term Loan satisfactory to Bank, which Field Exam shall be at Borrower's expense. The initial Field Exam, and any other Field Exams required during the term of the Line of Credit, shall be capped at \$12,500 each. Additional Field Exams may be conducted at any time during the term of the Line of Credit; provided, however, Borrower shall be liable for the expense of Field Exams as follows: (i) if an Event of Default has occurred, (ii) once per year upon Bank's request (with such field exam not to occur prior to January 1, 2018), and (iii) if required by governmental regulators or similar officials.

( c ) Review of Due Diligence and Contracts. Bank shall have completed satisfactory review of due diligence required by Bank including, without limitation, (i) the Borrower's due diligence, relating to the pending acquisition of Western State Design, LLC, and (ii) Borrower's two largest contracts outlined on their most recent backlog report.

( d ) Loan Documents. Borrower shall have executed, or caused to be executed by any Guarantor or other party required hereby, and delivered to Bank, any and all promissory notes, contracts, instruments and other documents, including without limitation a comprehensive loan agreement, required by Bank to evidence Bank's extension of credit pursuant to the terms and conditions of this letter, all of which shall be in form and substance satisfactory to Bank and shall include, in addition to the terms and conditions of this letter, customary representations, warranties, conditions, covenants, events of default and other provisions.

( e ) Financial Condition. Since June 30, 2016, there shall have been no material adverse change, as determined by Bank, in the financial condition or business of Borrower or any of its wholly-owned subsidiaries (each, a "Subsidiary"), nor any material decline, as determined by Bank, in the market value of any collateral required hereunder or a substantial or material portion of the assets of Borrower or any such Subsidiary or each Guarantor. As a condition to execution of this Agreement, Borrower shall demonstrate pro forma compliance with the financial covenants contained in Section 4.9 (c) and (d) hereof and shall provide Bank with any such documentation as Bank may reasonably request evidencing such compliance.

( f ) Insurance. Borrower shall have delivered to Bank evidence of insurance coverage, in form, substance, amounts, covering risks and issued by companies satisfactory to Bank, and where reasonably required by Bank, with lender loss payable endorsements in favor of Bank. Bank acknowledges that such evidence delivered by Borrower prior to the date of this Agreement is satisfactory to Bank.

SECTION 3.2. CONDITIONS OF EACH EXTENSION OF CREDIT. The obligation of Bank to make each extension of credit requested by Borrower hereunder shall be subject to the fulfillment to Bank's satisfaction of each of the following conditions:

( a ) Compliance. The representations and warranties contained herein and in each of the other Loan Documents shall be true on and as of the date of the signing of this Agreement and on the date of each extension of credit by Bank pursuant hereto, with the same effect as though such representations and warranties had been made on and as of each such date, and on each such date, no Event of Default as defined herein, and no condition, event or

act which with the giving of notice or the passage of time or both would constitute such an Event of Default, shall have occurred and be continuing or shall exist.

(b) Documentation. Bank shall have received all additional documents which may be required in connection with such extension of credit.

ARTICLE IV  
AFFIRMATIVE COVENANTS

Borrower covenants that so long as Bank remains committed to extend credit to Borrower pursuant hereto, or any liabilities (whether direct or contingent, liquidated or unliquidated) of Borrower to Bank under any of the Loan Documents remain outstanding, and until payment in full of all obligations of Borrower subject hereto, Borrower shall, unless Bank otherwise consents in writing:

SECTION 4.1. PUNCTUAL PAYMENTS. Punctually pay all principal, interest, fees or other liabilities due under any of the Loan Documents at the times and place and in the manner specified therein, and within three (3) days following demand by Bank, the amount by which the outstanding principal balance of any credit subject hereto at any time exceeds any limitation on borrowings applicable thereto.

SECTION 4.2. ACCOUNTING RECORDS. Maintain adequate books and records in accordance with generally accepted accounting principles consistently applied, and permit any representative of Bank, at any reasonable time, to inspect, audit and examine such books and records, to make copies of the same, and to inspect the properties of Borrower.

SECTION 4.3. FINANCIAL STATEMENTS. Provide to Bank all of the following, in form and detail satisfactory to Bank:

- a) Within 10 days of the acquisition of any new entity, Borrower shall provide Bank with a report detailing the newly acquired entities and any other supporting documentation regarding such entities as Bank may reasonably request. In connection therewith, Borrower shall cause any such new entities to execute and deliver a guaranty agreement and provide any such information as Bank may reasonably request pursuant to its then current underwriting standards.
- b) Within 90 days of each fiscal year end, Borrower shall deliver to Bank an audited financial statement of Borrower, prepared by a CPA reasonably acceptable to Bank including a balance sheet, income statement and cash flow statement, all in form acceptable to Bank.
- c) Within 45 days of each fiscal quarter end, Borrower shall deliver to Bank a company-prepared financial statement of Borrower, including a balance sheet, income statement and cash flow statement, all in form acceptable to Bank.
- d) Within 45 days of each fiscal quarter end, Borrower shall deliver to Bank an accounts receivable aging report, work in process report, backlog report, inventory report, and accounts payable aging report, all in form acceptable to Bank.
- e) Within 30 days of each fiscal year end, Borrower shall deliver to Bank an annual financial projection/budget to the Bank in form acceptable to Bank.
- f) Concurrent with the delivery of the financial statements required herein, Borrower shall deliver a covenant compliance certificate in the form attached as Exhibit A hereto, which certificate shall be certified as true and correct by person with appropriate Borrower authority (a "Compliance Certificate").

SECTION 4.4. COMPLIANCE. Preserve and maintain all licenses, permits, governmental approvals, rights, privileges and franchises necessary for the conduct of its

business; comply with the provisions of all documents pursuant to which Borrower is organized and/or which govern Borrower's continued existence; comply with the requirements of all laws, rules, regulations and orders of any jurisdiction in which the Borrower is located or doing business applicable to Borrower's business, the violation of which could have a material adverse effect on Borrower's business. In addition to the foregoing, Borrower shall comply with the requirements of all laws, regulations and orders relating to (a) all Sanctions, (b) all laws and regulations that relate to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto, (c) the U.S. Foreign Corrupt Practices Act of 1977, as amended, (d) the U.K. Bribery Act of 2010, as amended, and (e) any other applicable anti-bribery or anti-corruption laws and regulations.

SECTION 4.5. INSURANCE. Maintain and keep in force, for each business in which Borrower is engaged, insurance of the types and in amounts customarily carried in similar lines of business, with all such insurance carried in amounts satisfactory to Bank, and deliver to Bank from time to time at Bank's request schedules setting forth all insurance then in effect, together with a lender's loss payee endorsement for all such insurance naming Bank as a lender loss payee. Such insurance may be obtained from an insurer or through an insurance agent of Borrower's choice, provided that any insurer chosen by Borrower is acceptable to Bank on such reasonable grounds as may be permitted under applicable law.

SECTION 4.6. FACILITIES. Keep all properties useful or necessary to Borrower's business in good repair and condition, and from time to time make necessary repairs, renewals and replacements thereto so that such properties shall be fully and efficiently preserved and maintained.

SECTION 4.7. TAXES AND OTHER LIABILITIES. Pay and discharge when due any and all indebtedness, obligations, assessments and taxes, both real or personal, including without limitation federal and state income taxes and state and local property taxes and assessments, except (a) such as Borrower may in good faith contest or as to which a bona fide dispute may arise, and (b) for which Borrower has made provision, to Bank's satisfaction, for eventual payment thereof in the event Borrower is obligated to make such payment.

SECTION 4.8. LITIGATION. Promptly give notice in writing to Bank of any litigation in excess of \$500,000.00 pending or threatened against Borrower.

SECTION 4.9 FINANCIAL COVENANTS. During the term of the Loan, Borrower shall comply with the following financial covenants, which shall be tested quarterly commencing with the quarter ending December 31, 2016 and calculated on a rolling, four quarters basis:

a) FIXED CHARGE COVERAGE RATIO (FCCR). Borrower shall maintain a minimum Fixed Charge Coverage Ratio of not less than 1.25 to 1.00. For purposes of this Agreement, "Fixed Charge Coverage Ratio" shall be defined as: (I) the sum of net profit after tax, depreciation, amortization, interest expense (including any interest permitted to be paid on shareholder debt) and net distributions less unfinanced capital expenditures, plus (i) any stock compensation expense provided there is no present or future cash impact from such stock compensation expense and (ii) one-time fees, costs and expenses related to the acquisition of Western State Design, LLC, as well as commercially reasonable, one-time fees, costs and expenses related to future acquisitions, approved by Bank, in accordance with the terms of this Agreement and the other Loan Documents, divided by (II) the sum of interest expense, the current portion of long term debt (including any principal payments permitted to be paid on shareholder debt), and capital lease payments.

This financial covenant shall be tested quarterly commencing with the quarter ending December 31, 2016 and calculated on a rolling, four quarters basis; provided, however, that the calculations for the testing periods for the quarters ending December 31, 2016, March 31, 2017, June 30, 2017 and September 30, 2017, shall be calculated by combining the financial statements of Borrower and Western State Design, LLC (with add-backs to Western State Design, LLC's financial statements to be adjusted by Borrower to give effect to Bank approved transaction expenses incurred by Western State Design, LLC in connection with its acquisition by Borrower), for the applicable rolling four quarter period, and shall include current portion of long term debt in an amount equal to current portion of long term debt as shown on Borrower's quarterly financial statement.

b) ASSET COVERAGE RATIO. Borrower shall maintain a minimum Asset Coverage Ratio of not less than 1.00 to 1.00, which shall be tested quarterly; provided, however, if utilization under the Line of Credit exceeds 65% of the maximum commitment available under the Line of Credit for any quarter, the Asset Coverage Ratio will be tested monthly thereafter; provided, however, if Borrower's utilization under the Line of Credit is less than 65% of the maximum commitment available under the Line of Credit for three (3) consecutive fiscal months during such monthly testing, the Asset Coverage Ratio will be tested quarterly thereafter so long as Borrower remains in compliance with this utilization requirement as set forth in this Section 4.9(b). For purposes of this Agreement, "Asset Coverage Ratio" shall be defined as: the ratio of (a) the sum of (i) ninety percent (90%) of Eligible Government Account Receivables, plus (ii) eighty-five percent (85%) of Eligible Commercial Accounts Receivables, less the Credit Memo Refresh Lag Reserve, plus (iii) the sum of (A) up to fifty percent (50%) of Eligible Equipment Inventory less the Slow Moving Equipment Inventory Reserve, plus (B) up to thirty percent (30%) of Eligible Parts Inventory less the Slow Moving Parts Inventory Reserve, divided by (C) the outstanding principal balance of the Line of Credit. The foregoing advance rates may be adjusted by Bank from time to time based on the results of any Field Exam or inventory appraisal(s) required herein or conducted by Bank, provided further, that the Credit Memo Lag Reserve may be reduced or eliminated from the calculation of the Asset Coverage Ratio if Bank receives evidence satisfactory to Bank in Bank's reasonable discretion that such reserve is not required. For purposes of calculating the Asset Coverage Ratio upon the acquisition of Western State Design, LLC, such ratio shall be determined by a Compliance Certificate provided by Borrower prior to the closing of the acquisition of Western State Design, LLC, so long as the closing of the Line of Credit occurs within three (3) business days from the closing of such acquisition.

"Eligible Government Accounts Receivable" shall mean trade accounts created in the ordinary course of Borrower's business with any state or municipal government or the United States government or any political subdivision thereof, upon which Borrower's right to receive payment is absolute and not contingent upon the fulfillment of any condition whatsoever, and in which Bank has a perfected security interest of first priority (provided, however, that with respect to trade accounts with the United States government, Notices of Assignment of Account shall not be required to be executed by the government contract party until the occurrence and after the continuance of an Event of Default), and shall not include:

- (i) any account that has been outstanding more than (A) 90 days past due, or (B) 120 days from the invoice date, whichever is less;

(ii) that portion of any account for which there exists any right of setoff, defense or discount (except regular discounts allowed in the ordinary course of business to promote prompt payment) or for which any defense or counterclaim has been asserted;

(iii) any account which represents an obligation of an account debtor that is legally organized in or has its headquarters in a foreign country;

(iv) any account which arises from the sale or lease to or performance of services for, or represents an obligation of, an employee, affiliate, partner, member, parent or subsidiary of Borrower;

(v) that portion of any account, which represents interim or progress billings, retention rights or billings in excess of costs on the part of the account debtor (it being understood that installment billings for which no condition exists to prevent the receivable from being paid by the account debtor shall not be excluded);

(vi) any account which represents an obligation of any account debtor when twenty percent (20%) or more of Borrower's accounts from such account debtor are not eligible pursuant to (i) above;

(vii) that portion of any account from an account debtor which represents the amount by which Borrower's total accounts from said account debtor exceeds (a) twenty-five percent (25%) of Borrower's total accounts, or (b) as to any individual contract with the United States Department of Veterans Affairs, thirty-five percent (35%) of Borrower's total accounts; individual contracts of a government account debtor shall not be aggregated with other contracts of the same government account debtor for purposes of this calculation; and

(viii) any account deemed ineligible by Bank when Bank, in its commercially reasonable discretion, deems the creditworthiness or financial condition of the account debtor, or the industry in which the account debtor is engaged, to be unsatisfactory.

“Eligible Commercial Accounts Receivable” shall mean trade accounts created in the ordinary course of Borrower's business, upon which Borrower's right to receive payment is absolute and not contingent upon the fulfillment of any condition whatsoever, and in which Bank has a perfected security interest of first priority, and shall not include:

(i) any account that has been outstanding more than (A) 90 days past due, or (B) 120 days from the invoice date, whichever is less;

(ii) that portion of any account for which there exists any right of setoff, defense or discount (except regular discounts allowed in the ordinary course of business to promote prompt payment) or for which any defense or counterclaim has been asserted;

(iii) any account which represents an obligation of any state or municipal government or of the United States government or any political subdivision thereof;

(iv) any account which represents an obligation of an account debtor that is legally organized in or has its headquarters in a foreign country;

(v) any account which arises from the sale or lease to or performance of services for, or represents an obligation of, an employee, affiliate, partner, member, parent or subsidiary of Borrower;

(vi) that portion of any account, which represents interim or progress billings, retention rights or billings in excess of costs on the part of the account debtor (it being understood that installment billings for which no condition exists to prevent the receivable from being paid by the account debtor shall not be excluded);

(vii) any account which represents an obligation of any account debtor when twenty percent (20%) or more of Borrower's accounts from such account debtor are not eligible pursuant to (i) above;

(viii) that portion of any account from an account debtor which represents the amount by which Borrower's total accounts from said account debtor exceeds twenty-five percent (25%) of Borrower's total accounts; provided, however, individual franchisors of an account debtor shall not be aggregated with other franchisors of an account debtor; and

(ix) any account deemed ineligible by Bank when Bank, in its commercially reasonable discretion, deems the creditworthiness or financial condition of the account debtor, or the industry in which the account debtor is engaged, to be unsatisfactory.

“Eligible Equipment Inventory” shall mean all equipment inventory owned by Borrower, valued at the lower of cost or market in accordance with generally accepted accounting principles in which Bank has a perfected security interest of first priority, and shall not include:

(i) inventory that is in-transit (excluding inventory titled in the name of Borrower with clear title and fully insured naming Bank as loss payee); located at any warehouse (provided that on or before November 30, 2016, Borrower shall obtain warehouseman's agreements from third-party warehousemen in form and substance satisfactory to the Bank, and that until November 30, 2016, such inventory located at such warehouses shall not be ineligible), job site or other premises not approved by Bank; covered by any negotiable or non-negotiable warehouse receipt, bill of lading or other document of title; on consignment from any consignor; or on consignment to any consignee or subject to any bailment unless the consignee or bailee has executed an agreement with Bank;

(ii) supplies, parts or sample inventory, tooling inventory, customer supplied inventory, or customized or customer specific inventory not supported by a valid purchase order;

(iii) work-in-process inventory;

(iv) inventory that is damaged, defective, or not currently saleable in the ordinary course of Borrower's business, or is past its expiration date, or the amount of such inventory that has been reduced by shrinkage;

(v) inventory that Borrower has returned, has attempted to return, is in the process of returning or intends to return to the vendor of the inventory;

- (vi) inventory manufactured or held for resale by Borrower pursuant to a license unless the applicable licensor has agreed in writing to permit Bank to exercise its rights and remedies against such inventory;
- (vii) inventory that is subject to a security interest or lien in favor of any third party; and
- (viii) equipment inventory otherwise deemed ineligible by Bank in its commercially reasonable discretion.

“Eligible Parts Inventory” shall mean all parts inventory owned by Borrower, valued at the lower of cost or market in accordance with generally accepted accounting principles in which Bank has a perfected security interest of first priority, and shall not include:

(i) In transit inventory and rolling stock parts inventory in company-owned vehicles (excluding the following types of inventory titled in the name of Borrower with clear title and fully insured naming Bank as loss payee: (a) in-transit inventory; and (b) rolling stock parts inventory in company-owned vehicles);

(ii) inventory located at any warehouse (provided that on or before November 30, 2016, Borrower shall obtain warehouseman’s agreements from third-party warehousemen in form and substance satisfactory to the Bank and that until November 30, 2016, such inventory located at such warehouses shall not be ineligible), job site or other premises not approved by Bank; covered by any negotiable or non-negotiable warehouse receipt, bill of lading or other document of title; on consignment from any consignor; or on consignment to any consignee or subject to any bailment unless the consignee or bailee has executed an agreement with Bank;

(iii) work-in-process inventory;

(iv) inventory that is damaged, defective, or not currently saleable in the ordinary course of Borrower’s business, or is past its expiration date, or the amount of such inventory that has been reduced by shrinkage;

(v) inventory that Borrower has returned, has attempted to return, is in the process of returning or intends to return to the vendor of the inventory;

(vi) inventory manufactured or held for resale by Borrower pursuant to a license unless the applicable licensor has agreed in writing to permit Bank to exercise its rights and remedies against such inventory;

(vii) inventory that is subject to a security interest or lien in favor of any third party; and

(viii) parts inventory otherwise deemed ineligible by Bank in its sole commercially reasonable discretion.

The calculation of Asset Coverage Ratio shall include all Eligible Government Accounts Receivable, Eligible Commercial Accounts Receivable, Eligible Equipment Inventory and Eligible Parts Inventory of Borrower and Guarantor on an aggregate basis. Eligible Equipment Inventory and Eligible Parts Inventory shall be calculated without duplication.



“Credit Memo Refresh Lag Reserve” means an amount equal to \$141,000.00.

“Slow Moving Equipment Inventory Reserve” shall mean five percent (5%) of the cost basis of all equipment inventory owned by Borrower.

“Slow Moving Parts Inventory Reserve” shall mean five percent (5%) of the cost basis of all parts inventory owned by Borrower.

c) SENIOR LEVERAGE RATIO. Borrower shall maintain a Senior Leverage Ratio of not more than 2.50 to 1.00. For purposes of this Agreement, “Senior Leverage Ratio” shall be defined as: (I) Total Funded Senior Secured Debt divided by (II) earnings before interest, taxes, depreciation and amortization (EBITDA). The calculation of EBITDA shall exclude certain non-cash items, limited to stock compensation expense (provided there is no present or future cash impact from such stock compensation expense), gain/loss from the sale of fixed assets and temporary non-cash items relating to swap obligations. The calculation of EBITDA shall also exclude one-time fees, costs and expenses related to the acquisition of Western State Design, LLC, as well as commercially reasonable, one-time fees, costs and expenses related to future acquisitions, approved by Bank, in accordance with the terms of this Agreement and the other Loan Documents. Funded Senior Secured Debt shall be defined as the outstanding principal balance of the Term Loan and the Line of Credit.

This financial covenant shall be tested quarterly commencing with the quarter ending December 31, 2016 and calculated on a rolling, four quarters basis; provided, however, that the calculations for the testing periods for the quarters ending December 31, 2016, March 31, 2017, June 30, 2017 and September 30, 2017, shall be calculated by combining the financial statements of Borrower and Western State Design, LLC (with add-backs to Western State Design, LLC’s financial statements to be adjusted by Borrower to give effect to Bank approved transaction expenses incurred by Western State Design, LLC in connection with its acquisition by Borrower), for the applicable rolling four quarter period and shall include Total Funded Senior Secured Debt ’s per the Borrower’s quarterly financial statement.

d) TOTAL LEVERAGE RATIO. Borrower shall maintain a Total Leverage Ratio of not more than 3.50 to 1.00. For purposes of this Agreement, “Total Leverage Ratio” shall be defined as: (I) Total Funded Senior Secured Debt plus Subordinated Shareholder Debt divided by (II) earnings before interest, taxes, depreciation and amortization (EBITDA). Total Funded Senior Secured Debt plus Subordinated Debt shall be defined as the outstanding principal balance of all the Term Loan and the Line of Credit plus the outstanding principal balance of any Subordinated Debt. The calculation of EBITDA shall not include non-cash expenses limited to stock compensation expense (provided there is no present or future cash impact from such stock compensation expense), gain/loss from the sale of fixed assets and temporary non-cash items relating to swap obligations. The calculation of EBITDA shall also exclude one-time fees, costs and expenses related to the acquisition of Western State Design, LLC, as well as commercially reasonable, one-time fees, costs and expenses related to future acquisitions, approved by Bank, in accordance with the terms of this Agreement and the other Loan Documents. All Shareholder Debt must be fully subordinated to all obligations under the Term Loan and the Line of Credit.

This financial covenant shall be tested quarterly commencing with the quarter ending December 31, 2016 and calculated on a rolling, four quarters basis; provided, however, that the calculations for the testing periods for the quarters ending December 31, 2016, March 31, 2017,

June 30, 2017 and September 30, 2017, shall be calculated by combining the financial statements of Borrower and Western State Design, LLC (with add-backs to Western State Design, LLC's financial statements to be adjusted by Borrower to give effect to Bank approved transaction expenses incurred by Western State Design, LLC in connection with its acquisition by Borrower), for the applicable rolling four quarter period and shall include Total Funded Senior Secured Debt and Total Subordinated Debt per the Borrower's quarterly financial statement.

e) PROFITABILITY. At all times during the term of the Term Loan and the Line of Credit, Net Earnings (as defined in Borrower's 10K or 10Q statements) shall not be less than \$0.00; provided, however, for purposes of calculating profitability, such calculation shall exclude one-time fees, costs and expenses related to the acquisition of Western State Design, LLC, and such other reasonable one-time fees, costs and expenses related to other acquisitions approved by Bank in accordance with the terms of this Agreement and the other Loan Documents.

f) DISTRIBUTIONS. Beginning with distributions relating to fiscal year 2017 net income, distributions shall be limited to a maximum of 35% of Net Income and, in any event, prohibited during the continuance of an Event of Default. The calculation of Net Income shall exclude one-time fees, costs and expenses related to the acquisition of Western State Design, LLC, and shall exclude commercially reasonable one-time fees, costs and expenses approved by Bank, related to other acquisitions approved by Bank in accordance with the terms of this Agreement and the other Loan Documents. All distributions made on account of the 2016 calendar year attributable to 2016 net income shall not exceed those attributable to 2015 fiscal year net income.

g) FUTURE ACQUISITIONS. Mergers, acquisitions, purchases or other consolidations of other entities shall be limited to the total purchase price of not greater than \$5,000,000 in the aggregate in any calendar year without Bank prior approval. If Bank approval is required, such approval shall not be unreasonably withheld or delayed; provided, however, that whether or not such approval shall be required, prior to such acquisition and/or prior to any borrowing for any such acquisition, the Borrower shall demonstrate pro forma compliance with all loan covenants.

h) STOCK COMPENSATION EXPENSE. Borrower shall not pay more than \$1,000,000.00 annually in stock compensation expense which has or will have a cash impact on the Borrower.

SECTION 4.10. NOTICE TO BANK. Promptly (but in no event more than five (5) days after the occurrence of each such event or matter) give written notice to Bank in reasonable detail of: (a) the occurrence of any Event of Default, or any condition, event or act which with the giving of notice or the passage of time or both would constitute an Event of Default; (b) any change in the name or the organizational structure of Borrower; (c) the occurrence and nature of any Reportable Event or Prohibited Transaction, each as defined in ERISA, or any funding deficiency with respect to any Plan; or (d) any termination or cancellation of any insurance policy which Borrower is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting Borrower's property.

SECTION 4.11 PRIMARY DEPOSIT RELATIONSHIP. Bank shall be the primary depository and treasury management service provider of Borrower and its Subsidiaries.

SECTION 4.12 ASSIGNMENT OF GOVERNMENT ACCOUNTS. Within ten (10) days after closing, Borrower shall deliver to Bank "Notice of Assignment of Accounts"

instruments in a form that can be executed by Bank and a government contract party for each government contract party in contract with Borrower or Guarantor as of the date of this Agreement. Following the occurrence and during the continuance of an Event of Default, Bank may require Borrower to use commercially reasonable efforts to assist in the assignment to Bank of any account which represents an obligation of the United States government or any political subdivision thereof pursuant to the assignment provisions of the Federal Assignment of Claims Act, as amended or recodified from time to time, or other similar laws, and obtain within 120 days of request thereof by Bank executed "Notice of Assignment of Accounts" instruments in form acceptable to Bank from each government contract party under a contract. In the event Borrower is unable to obtain a Notice of Assignment of Account within such 120-day period, such account shall not be an Eligible Government Accounts Receivable until such executed Notice of Assignment of Account is delivered to Bank. So long as no Event of Default has occurred and is continuing, Borrower shall not be required to obtain executed Notice of Assignment of Accounts instruments and so long as such contracts otherwise satisfy the eligibility requirements set forth in this Agreement, such contracts of Western State Design, Inc., Borrower, Guarantor and/or their Subsidiaries will be considered Eligible Government Account Receivables for the calculation of the Asset Coverage Ratio notwithstanding Bank has not received such Notices of Assignment of Accounts.

ARTICLE V  
NEGATIVE COVENANTS

Borrower further covenants that so long as Bank remains committed to extend credit to Borrower pursuant hereto, or any liabilities (whether direct or contingent, liquidated or unliquidated) of Borrower to Bank under any of the Loan Documents remain outstanding, and until payment in full of all obligations of Borrower subject hereto, Borrower will not without Bank's prior written consent:

SECTION 5.1. USE OF FUNDS. Use any of the proceeds of any credit extended hereunder except for the purposes stated in Article I hereof, or directly or indirectly use any such proceeds for the purpose of (a) providing financing or otherwise funding any targets of Sanctions; or (b) providing financing or otherwise funding any transaction which would be prohibited by Sanctions or would otherwise cause Bank or any of Bank's affiliates to be in breach of any Sanction.

SECTION 5.2. CAPITAL EXPENDITURES. Make any additional investment in fixed assets of more than \$650,000 in the aggregate in any fiscal year other than in connection with an acquisition, with such cap to be adjusted in connection with the consummation of future acquisitions, as such cap may be agreed between Bank and Borrower.

SECTION 5.3. LEASE EXPENDITURES. Incur any operating lease expense for leases of real property used in connection with Borrower's business in an amount not to exceed \$750,000 in the aggregate.

SECTION 5.4. OTHER INDEBTEDNESS. Except as permitted under Section 4.9(g) hereof, create, incur, assume or permit to exist any indebtedness or liabilities resulting from borrowings, loans or advances, whether secured or unsecured, matured or unmatured, liquidated or unliquidated, joint or several, except (a) the liabilities of Borrower to Bank, and (b) any other liabilities of Borrower existing as of, and disclosed to Bank prior to, the date hereof.

SECTION 5.5. MERGER, CONSOLIDATION, TRANSFER OF ASSETS. Subject to the limitation contained in Section 4.9(g) herein, (i) acquire all or substantially all of the assets of another entity, or (ii) merge into or consolidate with any other entity where the Borrower is not the surviving entity; make any substantial change in the nature of Borrower's business as conducted as of the date hereof; nor sell, lease, transfer or otherwise dispose of all or a substantial or material portion of Borrower's assets except in the ordinary course of its business.

SECTION 5.6. GUARANTIES. Guarantee or become liable in any way as surety, endorser (other than as endorser of negotiable instruments for deposit or collection in the ordinary course of business), accommodation endorser or otherwise for, nor pledge or hypothecate any assets of Borrower as security for, any liabilities or obligations of any other person or entity, except any of the foregoing in favor of Bank.

SECTION 5.7. LOANS, ADVANCES, INVESTMENTS. Make any loans or advances to or investments in any person or entity, except any of the foregoing existing as of, and disclosed to Bank prior to, the date hereof.

SECTION 5.8. DIVIDENDS, DISTRIBUTIONS. Except as permitted under Section 4.9(f) hereof, declare or pay any dividend or distribution either in cash, stock or any other property on Borrower's stock now or hereafter outstanding, nor redeem, retire, repurchase or otherwise acquire any shares of any class of Borrower's stock now or hereafter outstanding; provided however, that (a) Borrower may declare and make dividend payment or other distributions payable solely in the common stock or other common equity interests of such person; (b) Borrower may purchase, redeem or otherwise acquire its common stock with the proceeds received from the substantially concurrent issue of new common stock; (c) Borrower may make cashless repurchases of common stock of the Borrower deemed to occur upon the exercise of options, warrants or similar rights solely to the extent that shares of such stock represent a portion of the exercise price of such options, warrants or similar rights; (d) Borrower may make repurchases of stock of the Borrower deemed to occur upon the payment by the Borrower of employee tax liabilities arising from stock issued pursuant to stock option or other equity-based incentive plans or other benefit plans approved by the Borrower's board of directors (or substantially equivalent governing body) for management or employees of the Borrower and its Subsidiaries; (e) the Borrower may make cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for equity interests of the Borrower; and (f) the Borrower and each Subsidiary may repurchase, retire or otherwise acquire the stock of the Borrower from directors, officers, employees or members of management consultants or independent contractors (or their estate, family members, spouse and/or former spouse) of the Borrower or any Subsidiary not in excess of \$1,500,000 during each fiscal year of the Borrower if immediately before and after giving effect to such payment no Event of Default shall exist.

SECTION 5.9. PLEDGE OF ASSETS. Mortgage, pledge, grant or permit to exist a security interest in, or lien upon, all or any portion of Borrower's assets now owned or hereafter acquired, except any of the foregoing in favor of Bank or which is existing as of, and disclosed to Bank in writing prior to, the date hereof.

ARTICLE VI  
EVENTS OF DEFAULT

SECTION 6.1. The occurrence of any of the following shall constitute an "Event of Default" under this Agreement:

(a) Borrower shall fail to pay within five (5) days when due (other than any failure to pay amounts when due on the respective maturity dates of the Line of Credit Note or the Term Note) when due any principal, interest, fees or other amounts payable under the Term Note, the Line of Credit Note or any of the Loan Documents.

(b) Any financial statement or certificate furnished to Bank in connection with, or any representation or warranty made by Borrower or any other party under this Agreement or any other Loan Document shall prove to be incorrect, false or misleading in any material respect when furnished or made and such statement if correct would show a material adverse effect on Borrower's business.

(c) Any default in the performance of or compliance with any obligation, agreement or other provision contained herein or in any other Loan Document (other than those specifically described as an "Event of Default" in this section 6.1), and with respect to any such default that by its nature can be cured, such default shall continue for a period of twenty (20) days from its occurrence, provided, however, that if the default cannot by its nature, be cured within the twenty (20) day period or cannot after diligent attempts by Borrower be cured within such twenty (20) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period determined by Bank determined by Bank (which shall not in any case exceed an additional thirty (30) days) to attempt to cure such default, and within such additional period the failure to cure the default shall not be deemed an Event of Default.

(d) Any default in the payment or performance of any obligation, or any defined event of default, under the terms of any material contract, instrument or document (other than any of the Loan Documents) pursuant to which Borrower, any guarantor hereunder or any Subsidiary, general partner or joint venturer in Borrower if a partnership or joint venture (with each such guarantor, Subsidiary, general partner and/or joint venturer referred to herein as a "Third Party Obligor") has incurred any debt or other liability to any person or entity, including Bank.

(e) Borrower or any Third Party Obligor shall become insolvent, or shall suffer or consent to or apply for the appointment of a receiver, trustee, custodian or liquidator of itself or any of its property, or shall generally fail to pay its debts as they become due, or shall make a general assignment for the benefit of creditors; Borrower or any Third Party Obligor shall file a voluntary petition in bankruptcy, or seeking reorganization, in order to effect a plan or other arrangement with creditors or any other relief under the Bankruptcy Reform Act, Title 11 of the United States Code, as amended or recodified from time to time ("Bankruptcy Code"), or under any state or federal law granting relief to debtors, whether now or hereafter in effect; or Borrower or any Third Party Obligor shall file an answer admitting the jurisdiction of the court and the material allegations of any involuntary petition; or Borrower or any Third Party Obligor shall be adjudicated a bankrupt, or an order for relief shall be entered against Borrower or any Third Party Obligor by any court of competent jurisdiction under the Bankruptcy Code or any other applicable state or federal law relating to bankruptcy, reorganization or other relief for debtors.

(f) The filing of a notice of judgment lien against Borrower or any Third Party Obligor in excess of \$500,000.00; or the recording of any abstract or transcript of judgment against Borrower or any Third Party Obligor in excess of \$500,000.00 in any county or recording district in which Borrower or such Third Party Obligor has an interest in real property; or the service of a notice of levy and/or of a writ of attachment or execution, or other like process, against the

assets of Borrower; or the entry of a judgment against Borrower or any Third Party Obligor in excess of \$500,000.00; or any involuntary petition or proceeding pursuant to the Bankruptcy Code or any other applicable state or federal law relating to bankruptcy, reorganization or other relief for debtors is filed or commenced against Borrower or any Third Party Obligor and is not dismissed or stayed within sixty (60) days after the commencement thereof.

(g) There shall exist or occur any event or condition that Bank in good faith believes impairs, or is substantially likely to impair, the prospect of payment or performance by Borrower, any Third Party Obligor, or the general partner of either if such entity is a partnership, of its obligations under any of the Loan Documents and such condition could have a material adverse effect on the rights of Bank hereunder.

(h) The dissolution or liquidation of Borrower or any Third Party Obligor if a corporation, partnership, joint venture or other type of entity; or Borrower or any such Third Party Obligor, or any of its directors, stockholders or members, shall take action seeking to effect the dissolution or liquidation of Borrower or such Third Party Obligor.

(i) Any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), but excluding any of Henry Nahmad, Michael Steiner, or any "group" controlled by either such individual) shall become, or obtain rights (whether by means or warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of more than 25% of the capital stock of the Borrower.

SECTION 6.2. REMEDIES. Upon the occurrence and during the continuance of any Event of Default: (a) all principal, unpaid interest outstanding and other indebtedness of Borrower under each of the Loan Documents, any term thereof to the contrary notwithstanding, shall at Bank's option and without notice become immediately due and payable without presentment, demand, protest or any notices of any kind, including without limitation, notice of nonperformance, notice of protest, notice of dishonor, notice of intention to accelerate or notice of acceleration, all of which are hereby expressly waived by Borrower; (b) the obligation, if any, of Bank to extend any further credit under any of the Loan Documents shall immediately cease and terminate; and (c) Bank shall have all rights, powers and remedies available under each of the Loan Documents, or accorded by law, including without limitation the right to resort to any or all security for any credit subject hereto and to exercise any or all of the rights of a beneficiary or secured party pursuant to applicable law. All rights, powers and remedies of Bank may be exercised at any time by Bank and from time to time after the occurrence and during the continuance of an Event of Default, are cumulative and not exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity.

#### ARTICLE VII MISCELLANEOUS

SECTION 7.1. NO WAIVER. No delay, failure or discontinuance of Bank in exercising any right, power or remedy under any of the Loan Documents shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver, permit, consent or approval of any kind by Bank of any breach of or default under any of the Loan Documents must be in writing and shall be effective only to the extent set forth in such writing.

SECTION 7.2. NOTICES. All notices, requests and demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing delivered to each party at the following address:

BORROWER: EnviroStar, Inc.  
290 NE 68<sup>th</sup> Street  
Miami, Florida 33138

BANK: WELLS FARGO BANK, NATIONAL ASSOCIATION  
200 South Biscayne Boulevard, Annex Building  
Miami, Florida 33131

or to such other address as any party may designate by written notice to all other parties. Each such notice, request and demand shall be deemed given or made as follows: (a) if sent by hand delivery, upon delivery; (b) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and (c) if sent by telecopy, upon receipt.

SECTION 7.3. COSTS, EXPENSES AND ATTORNEYS' FEES. Borrower shall pay to Bank promptly upon demand the full amount of all payments, advances, charges, costs and expenses, including, to the extent permitted by applicable law, reasonable attorneys' fees (to include outside counsel fees), expended or incurred by Bank in connection with (a) the negotiation and preparation of this Agreement and the other Loan Documents, Bank's continued administration hereof and thereof, and the preparation of any amendments and waivers hereto and thereto, (b) the enforcement of Bank's rights and/or the collection of any amounts which become due to Bank under any of the Loan Documents, whether or not suit is brought, and (c) the prosecution or defense of any action in any way related to any of the Loan Documents, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Borrower or any other person or entity. Notwithstanding anything in this Agreement to the contrary, reasonable attorneys' fees shall not exceed the amount permitted by law. Whenever in this Agreement and the other Loan Documents Borrower is obligated to pay for the attorneys' fees of Bank, or the phrase "reasonable attorneys' fees" or a similar phrase is used, it shall be Borrower's obligation to pay the attorneys' fees actually incurred or allocated, at standard hourly rates, without regard to any statutory interpretation, which shall not apply, Borrower hereby waiving the application of any such statute.

SECTION 7.4. SUCCESSORS, ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties; provided however, that Borrower may not assign or transfer its interests or rights hereunder without Bank's prior written consent. Bank reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, Bank's rights and benefits under each of the Loan Documents. In connection therewith, Bank may disclose all documents and information which Bank now has or may hereafter acquire relating to any credit subject hereto, Borrower or its business, any guarantor hereunder or the business of such guarantor, if any, or any collateral required hereunder.

SECTION 7.5. ENTIRE AGREEMENT; AMENDMENT. To the full extent permitted by law, this Agreement and the other Loan Documents constitute the entire agreement between

Borrower and Bank with respect to each credit subject hereto and supersede all prior negotiations, communications, discussions and correspondence concerning the subject matter hereof. This Agreement may be amended or modified only in writing signed by each party hereto.

SECTION 7.6. NO THIRD PARTY BENEFICIARIES. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their respective permitted successors and assigns, and no other person or entity shall be a third party beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any other of the Loan Documents to which it is not a party.

SECTION 7.7. TIME. Time is of the essence of each and every provision of this Agreement and each other of the Loan Documents.

SECTION 7.8. SEVERABILITY OF PROVISIONS. If any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or any remaining provisions of this Agreement.

SECTION 7.9. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same Agreement. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed .pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 7.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (such State, Commonwealth or District is referred to herein as the "State"), but giving effect to federal laws applicable to national banks, without reference to the conflicts of law or choice of law principles thereof.

SECTION 7.11. BUSINESS PURPOSE. Borrower represents and warrants that each credit subject hereto is made for (a) a business, commercial, investment, agricultural or other similar purpose, (b) the purpose of acquiring or carrying on a business, professional or commercial activity, or (c) the purpose of acquiring any real or personal property as an investment and not primarily for a personal, family or household use.

SECTION 7.12. RIGHT OF SETOFF; DEPOSIT ACCOUNTS. Upon the occurrence and during the continuance of an Event of Default, (a) Borrower hereby authorizes Bank, at any time and from time to time, without notice, which is hereby expressly waived by Borrower, and whether or not Bank shall have declared any credit subject hereto to be due and payable in accordance with the terms hereof, to set off against, and to appropriate and apply to the payment of, Borrower's obligations and liabilities under the Loan Documents (whether matured or unmatured, fixed or contingent, liquidated or unliquidated), any and all amounts owing by Bank to Borrower (whether payable in U.S. dollars or any other currency, whether matured or unmatured, and in the case of deposits, whether general or special (except trust and escrow accounts), time or demand and however evidenced), and (b) pending any such action, to the extent necessary, to hold such amounts as collateral to secure such obligations and liabilities and to return as unpaid for insufficient funds any and all checks and other items drawn against any deposits so held as Bank, in its sole discretion, may elect. Bank may exercise this remedy regardless of the adequacy of any collateral for the obligations of Borrower to Bank and whether



or not the Bank is otherwise fully secured. Borrower hereby grants to Bank a security interest in all deposits and accounts maintained with Bank to secure the payment of all obligations and liabilities of Borrower to Bank under the Loan Documents.

SECTION 7.13 CROSS-COLLATERIZATION/CROSS-DEFAULT. The obligations of Borrower under the Loan Documents with respect to the Line of Credit and all agreements executed in connection therewith and the obligations of Borrower under the Loan Documents with respect to the Term Loan and all agreements executed in connection therewith shall be cross-collateralized and cross-defaulted under this Agreement and to any and all other obligations owed by Borrower to the Bank under this Agreement or the other Loan Documents with respect to either the Line of Credit or the Term Loan.

SECTION 7.14. ARBITRATION.

(a) Arbitration. The parties hereto agree, upon demand by any party, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise in any way arising out of or relating to (i) any credit subject hereto, or any of the Loan Documents, and their negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination; or (ii) requests for additional credit. In the event of a court ordered arbitration, the party requesting arbitration shall be responsible for timely filing the demand for arbitration and paying the appropriate filing fee within 30 days of the abatement order or the time specified by the court. Failure to timely file the demand for arbitration as ordered by the court will result in that party's right to demand arbitration being automatically terminated.

(b) Governing Rules. Any arbitration proceeding will (i) proceed in a location in the State selected by the American Arbitration Association ("AAA"); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA's commercial dispute resolution procedures, unless the claim or counterclaim is at least \$1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to herein, as applicable, as the "Rules"). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

(c) No Waiver of Provisional Remedies, Self-Help and Foreclosure. The arbitration requirement does not limit the right of any party to (i) foreclose against real or personal property collateral; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including

those arising from the exercise of the actions detailed in sections (i), (ii) and (iii) of this paragraph.

(d) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is \$5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than \$5,000,000.00. Any dispute in which the amount in controversy exceeds \$5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in the State or a neutral retired judge of the state or federal judiciary of the State, in either case with a minimum of ten years' experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of the State and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the corresponding rules of civil practice and procedure applicable in the State or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(e) Discovery. In any arbitration proceeding, discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(f) Class Proceedings and Consolidations. No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, except parties who have executed any Loan Document, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

(g) Payment Of Arbitration Costs And Fees. The arbitrator shall award all costs and expenses of the arbitration proceeding.

(h) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the

arbitration provision most directly related to the Loan Documents or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the Loan Documents or any relationship between the parties.

(i) Small Claims Court. Notwithstanding anything herein to the contrary, each party retains the right to pursue in Small Claims Court any dispute within that court's jurisdiction. Further, this arbitration provision shall apply only to disputes in which either party seeks to recover an amount of money (excluding attorneys' fees and costs) that exceeds the jurisdictional limit of the Small Claims Court.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have caused this Agreement to be executed as of the day and year first written above.

ENVIROSTAR, INC., a Delaware corporation

By: /s/ Henry M Nahmad  
Name: Henry Nahmad  
Title: President

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Amy L. Brown  
Amy L. Brown, Senior Vice President

---

Exhibit A

Compliance Certificate

**COVENANT COMPLIANCE CERTIFICATE (BORROWER)**

Borrower Name: ENVIROSTAR, INC., a Delaware corporation

For the fiscal \_\_\_\_\_ ended \_\_\_\_\_

**ATTACHED HERETO ARE CALCULATIONS EVIDENCING COMPLIANCE WITH THE FOLLOWING COVENANTS PURSUANT TO THE TERMS OF THE CREDIT AGREEMENT:**

<b><u>COVENANT REQUIRED</u></b>	<b><u>ACTUAL</u></b>		
FIXED CHARGE COVERAGE RATIO (pursuant to Section 4.9(a) of the Credit Agreement) 1.25 to 1.00	_____ to 1.00	<b>Compliance?</b>	<b>Yes</b>
<b>No</b>			
ASSET COVERAGE RATIO (pursuant to Section 4.9(b) of the Credit Agreement) 1.00 to 1.00	_____ to 1.00	<b>Compliance?</b>	<b>Yes</b>
<b>No</b>			
SENIOR LEVERAGE RATIO (pursuant to Section 4.9(c) of the Credit Agreement) 2.50 to 1.00	_____ to 1.00	<b>Compliance?</b>	<b>Yes</b>
<b>No</b>			
TOTAL LEVERAGE RATIO (pursuant to Section 4.9(d) of the Credit Agreement) 3.50 to 1.00	_____ to 1.00	<b>Compliance?</b>	<b>Yes</b>
<b>No</b>			
PROFITABILITY (pursuant to Section 4.9(e) of the Credit Agreement) \$0.00	_____		>
<b>No</b>		<b>Compliance?</b>	<b>Yes</b>

---

DISTRIBUTIONS  
(pursuant to Section 4.9(f) of the Credit Agreement)  
Income)

\_\_\_\_\_ (< 35% of Net

No

**Compliance? Yes**

ACQUISITIONS  
(pursuant to Section 4.9(g) of the Credit Agreement)  
(<\$5,000,000)

\_\_\_\_\_

No

**Compliance? Yes**

STOCK COMPENSATION EXPENSE  
(pursuant to Section 4.9(h) of the Credit Agreement)  
(<\$1,000,000)

\_\_\_\_\_

No

**Compliance? Yes**

NEGATIVE COVENANT COMPLIANCE

**Compliance? Yes**  
**No**



In accordance with the terms of the Credit Agreement dated as of October \_\_\_\_\_, 2016, by and between WELLS FARGO BANK, NATIONAL ASSOCIATION and Borrower, I hereby certify that:

1. I am a principal financial officer of Borrower;
2. The enclosed financial calculations are prepared in form acceptable to Bank;
3. No Event of Default (as defined in the Loan Documents) or any event which, upon the giving of notice or lapse of time or both, would constitute such an Event of Default, has occurred; and
4. Borrower is in compliance with the Financial Covenant(s) and Negative Covenants set forth in the Loan Documents, as demonstrated by the calculations contained in this certificate.

**BORROWER:**

ENVIROSTAR, INC., a Delaware corporation

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

Name: \_\_\_\_\_

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



## PROMISSORY NOTE

\$15,000,000.00

October 7, 2016

FOR VALUE RECEIVED, the undersigned EnviroStar, Inc., a Delaware corporation ("Borrower") promises to pay to the order of WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank") at its office at 200 South Biscayne Boulevard, Annex Building, Miami, Florida 33131, Attention: Matthew Rapoport, or at such other place as the holder hereof may designate, in lawful money of the United States of America and in immediately available funds, the principal sum of FIFTEEN MILLION DOLLARS (\$15,000,000.00) or so much thereof as may be advanced and be outstanding pursuant to the terms of the Credit Agreement, as defined herein, with interest thereon, to be computed on each advance from the date of its disbursement as set forth herein.

## DEFINITIONS:

As used herein, the following terms shall have the meanings set forth after each, and any other term defined in this Note shall have the meaning set forth at the place defined:

(a) "Daily One Month LIBOR" means, for any day, the rate of interest equal to LIBOR then in effect for delivery for a one (1) month period.

(b) "LIBOR" means the rate of interest per annum determined by Bank based on the rate for United States dollar deposits for delivery of funds for one (1) month as published by the ICE Benchmark Administration Limited, a United Kingdom company, at approximately 11:00 a.m., London time, or, for any day not a London Business Day, the immediately preceding London Business Day (or if not so published, then as determined by Bank from another recognized source or interbank quotation); provided, however, that if LIBOR determined as provided above would be less than zero percent (0.0%), then LIBOR shall be deemed to be zero percent (0.0%).

(c) "London Business Day" means any day that is a day for trading by and between banks in dollar deposits in the London interbank market.

## INTEREST:

(a) Interest. The outstanding principal balance of this Note shall bear interest (computed on the basis of a 360-day year, actual days elapsed) at a fluctuating rate per annum determined by Bank to be two and twenty-five hundredths of one percent (2.25%) above Daily One Month LIBOR in effect from time to time. Bank is hereby authorized to note the date and interest rate applicable to this Note and any payments made thereon on Bank's books and records (either manually or by electronic entry) and/or on any schedule attached to this Note, which notations shall be prima facie evidence of the accuracy of the information noted.

(b) Taxes and Regulatory Costs. Borrower shall pay to Bank immediately upon demand, in addition to any other amounts due or to become due hereunder, any and all (i) withholdings, interest equalization taxes, stamp taxes or other taxes (except income and franchise taxes) imposed by any domestic or foreign governmental authority and related in any manner to LIBOR, and (ii) costs, expenses and liabilities arising from or in connection with



reserve percentages prescribed by the Board of Governors of the Federal Reserve System (or any successor) for "Eurocurrency Liabilities" (as defined in Regulation D of the Federal Reserve Board, as amended), assessment rates imposed by the Federal Deposit Insurance Corporation, or similar requirements or costs imposed by any domestic or foreign governmental authority or resulting from compliance by Bank with any request or directive (whether or not having the force of law) from any central bank or other governmental authority and related in any manner to LIBOR. In determining which of the foregoing are attributable to any LIBOR option available to Borrower hereunder, any reasonable allocation made by Bank among its operations shall be conclusive and binding upon Borrower.

( c ) Default Interest. From and after the maturity date of this Note, or such earlier date as all principal owing hereunder becomes due and payable by acceleration or otherwise, or upon the occurrence and during the continuance of an Event of Default, then at the option of Bank, in its sole and absolute discretion, the outstanding principal balance of this Note shall bear interest at an increased rate per annum (computed on the basis of a 360-day year, actual days elapsed) equal to four percent (4%) above the rate of interest from time to time applicable to this Note.

#### BORROWING AND REPAYMENT:

( a ) Borrowing and Repayment of Principal. Borrower may from time to time during the term of this Note borrow, partially or wholly repay its outstanding borrowings, and reborrow, subject to all of the limitations, terms and conditions of this Note, that certain Credit Agreement dated of even date herewith between Borrower and Bank (as the same may be amended or modified from time to time, the "Credit Agreement"), and of any document executed in connection with or governing this Note; provided however, that the total outstanding borrowings under this Note shall not at any time exceed the principal amount stated above. The unpaid principal balance of this obligation at any time shall be the total amounts advanced hereunder by the holder hereof less the amount of principal payments made hereon by or for Borrower, which balance may be endorsed hereon from time to time by the holder. The outstanding principal balance of this Note shall be due and payable in full on October 7, 2021 (the "Maturity Date").

( b ) Payment of Interest. Interest accrued on this Note shall be payable on the 7<sup>th</sup> day of each month, commencing on November 7, 2016.

( c ) Advances. Advances hereunder, to the total amount of the principal sum stated above, may be made by the holder at the oral or written request of any individual so authorized in the Borrower's resolutions delivered in connection with the execution of the Credit Agreement.

( d ) Application of Payments. Each payment made on this Note shall be credited first, to any interest then due and second, to the outstanding principal balance hereof.

#### PREPAYMENT:

Borrower may prepay principal on this Note at any time, in any amount and without penalty. If principal under this Note is payable in more than one installment, then any prepayments of principal shall be applied to the most remote principal installment or installments then unpaid.

EVENTS OF DEFAULT:

This Note is made pursuant to and is subject to the terms and conditions of the Credit Agreement. Any default in the payment or performance of any obligation under this Note, or any defined event of default under the Credit Agreement, shall constitute an "Event of Default" under this Note.

MISCELLANEOUS:

(a) Remedies. Upon the sale, transfer, hypothecation, assignment or other encumbrance, whether voluntary, involuntary or by operation of law, of all or any interest in any real property securing this Note, if any, or upon the occurrence of any Event of Default, the holder of this Note, at the holder's option, may declare all sums of principal and interest outstanding hereunder to be immediately due and payable without presentment, demand, notice of nonperformance, notice of protest, protest or notice of dishonor, all of which are expressly waived by Borrower, and the obligation, if any, of the holder to extend any further credit hereunder shall immediately cease and terminate. Borrower shall pay to the holder immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees (to include outside counsel fees and all allocated costs of the holder's in-house counsel), expended or incurred by the holder in connection with the enforcement of the holder's rights and/or the collection of any amounts which become due to the holder under this Note whether or not suit is brought, and the prosecution or defense of any action in any way related to this Note, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Borrower or any other person or entity.

(b) Obligations Joint and Several. Should more than one person or entity sign this Note as a Borrower, the obligations of each such Borrower shall be joint and several.

(c) Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of New York, but giving effect to federal laws applicable to national banks, without reference to the conflicts of law or choice of law principles thereof.

(d) Savings Clause. If at any time the interest rate set forth in this Note exceeds the maximum interest rate allowable under applicable law, the interest rate shall be deemed to be such maximum interest rate allowable under applicable law.

(e) Right Of Setoff; Deposit Accounts. Upon and after the occurrence of an Event of Default, (a) Borrower hereby authorizes Bank, at any time and from time to time, without notice, which is hereby expressly waived by Borrower, and whether or not Bank shall have declared this Note to be due and payable in accordance with the terms hereof, to set off against, and to appropriate and apply to the payment of, Borrower's obligations and liabilities under this Note (whether matured or unmatured, fixed or contingent, liquidated or unliquidated), any and all amounts owing by Bank to Borrower (whether payable in U.S. dollars or any other currency, whether matured or unmatured, and in the case of deposits, whether general or special (except trust and escrow accounts), time or demand and however evidenced), and (b) pending any such action, to the extent necessary, to hold such amounts as collateral to secure such obligations and liabilities and to return as unpaid for insufficient funds any and all checks and other items

drawn against any deposits so held as Bank, in its sole discretion, may elect. Borrower hereby grants to Bank a security interest in all deposits and accounts maintained with Bank to secure the payment of all obligations and liabilities of Borrower to Bank under this Note.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

EnviroStar, Inc., a Delaware corporation

By: /s/ Henry M. Nahmad  
Name: Henry M. Nahmad  
Title: President

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of October, 2016, by \_\_\_\_\_, as \_\_\_\_\_ of EnviroStar, Inc., a Delaware corporation, on behalf of the corporation. He is personally known to me or produced \_\_\_\_\_ as identification.

Print or Stamp Name: \_\_\_\_\_  
Notary Public: State of \_\_\_\_\_  
Commission Number: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

## TERM NOTE

\$5,000,000.00

October 7, 2016

FOR VALUE RECEIVED, the undersigned EnviroStar, Inc., a Delaware corporation ("Borrower") promises to pay to the order of WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank") at its office at 200 South Biscayne Boulevard, Annex Building, Miami, Florida 33131, Attention: Matthew Rapoport, or at such other place as the holder hereof may designate, in lawful money of the United States of America and in immediately available funds, the principal sum of FIVE MILLION DOLLARS (\$5,000,000.00) or so much thereof as may be advanced and be outstanding pursuant to the terms of the Credit Agreement, as defined herein, with interest thereon, to be computed on each advance from the date of its disbursement as set forth herein.

## DEFINITIONS:

As used herein, the following terms shall have the meanings set forth after each, and any other term defined in this Note shall have the meaning set forth at the place defined:

(a) "Daily One Month LIBOR" means, for any day, the rate of interest equal to LIBOR then in effect for delivery for a one (1) month period.

(b) "LIBOR" means the rate of interest per annum determined by Bank based on the rate for United States dollar deposits for delivery of funds for one (1) month as published by the ICE Benchmark Administration Limited, a United Kingdom company, at approximately 11:00 a.m., London time, or, for any day not a London Business Day, the immediately preceding London Business Day (or if not so published, then as determined by Bank from another recognized source or interbank quotation); provided, however, that if LIBOR determined as provided above would be less than zero percent (0.0%), then LIBOR shall be deemed to be zero percent (0.0%).

(c) "London Business Day" means any day that is a day for trading by and between banks in dollar deposits in the London interbank market.

## INTEREST:

(a) Interest. The outstanding principal balance of this Note shall bear interest (computed on the basis of a 360-day year, actual days elapsed) at a fluctuating rate per annum determined by Bank to be two and eighty-five hundredths of one percent (2.85%) above Daily One Month LIBOR in effect from time to time. Bank is hereby authorized to note the date and interest rate applicable to this Note and any payments made thereon on Bank's books and records (either manually or by electronic entry) and/or on any schedule attached to this Note, which notations shall be prima facie evidence of the accuracy of the information noted.

(b) Taxes and Regulatory Costs. Borrower shall pay to Bank immediately upon demand, in addition to any other amounts due or to become due hereunder, any and all (i) withholdings, interest equalization taxes, stamp taxes or other taxes (except income and franchise taxes) imposed by any domestic or foreign governmental authority and related in any manner to LIBOR, and (ii) costs, expenses and liabilities arising from or in connection with reserve percentages prescribed by the Board of Governors of the Federal Reserve System (or

any successor) for "Eurocurrency Liabilities" (as defined in Regulation D of the Federal Reserve Board, as amended), assessment rates imposed by the Federal Deposit Insurance Corporation, or similar requirements or costs imposed by any domestic or foreign governmental authority or resulting from compliance by Bank with any request or directive (whether or not having the force of law) from any central bank or other governmental authority and related in any manner to LIBOR. In determining which of the foregoing are attributable to any LIBOR option available to Borrower hereunder, any reasonable allocation made by Bank among its operations shall be conclusive and binding upon Borrower.

( c ) Default Interest. From and after the maturity date of this Note, or such earlier date as all principal owing hereunder becomes due and payable by acceleration or otherwise, or upon the occurrence and during the continuance of an Event of Default, then at the option of Bank, in its sole and absolute discretion, the outstanding principal balance of this Note shall bear interest at an increased rate per annum (computed on the basis of a 360-day year, actual days elapsed) equal to four percent (4%) above the rate of interest from time to time applicable to this Note.

REPAYMENT:

( a ) Payment of Interest. Interest accrued on this Note shall be payable on the 7<sup>th</sup> day of each month, commencing on November 7, 2016.

( b ) Repayment of Principal. Principal shall be payable on the 7<sup>th</sup> day of each month in installments of \$59,523.81 each, commencing on November \_\_, 2016 and continuing on the same day of each month thereafter, with a final installment consisting of all remaining unpaid principal and accrued interest due and payable in full on October \_\_, 2021 (the "Maturity Date").

(c) Application of Payments. Each payment made on this Note shall be credited first, to any interest then due and second, to the outstanding principal balance hereof.

PREPAYMENT:

Borrower may prepay principal on this Note at any time, in any amount and without penalty. If principal under this Note is payable in more than one installment, then any prepayments of principal shall be applied to the most remote principal installment or installments then unpaid.

EVENTS OF DEFAULT:

This Note is made pursuant to and is subject to the terms and conditions of that certain Credit Agreement between Borrower and Bank dated of even date herewith, as amended from time to time (the "Credit Agreement"). Any default in the payment or performance of any obligation under this Note, or any defined event of default under the Credit Agreement, shall constitute an "Event of Default" under this Note.

MISCELLANEOUS:

(a) Remedies. Upon the sale, transfer, hypothecation, assignment or other encumbrance, whether voluntary, involuntary or by operation of law, of all or any interest in any real property securing this Note, if any, or upon the occurrence of any Event of Default, the

holder of this Note, at the holder's option, may declare all sums of principal and interest outstanding hereunder to be immediately due and payable without presentment, demand, notice of nonperformance, notice of protest, protest or notice of dishonor, all of which are expressly waived by Borrower, and the obligation, if any, of the holder to extend any further credit hereunder shall immediately cease and terminate. Borrower shall pay to the holder immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees (to include outside counsel fees and all allocated costs of the holder's in-house counsel), expended or incurred by the holder in connection with the enforcement of the holder's rights and/or the collection of any amounts which become due to the holder under this Note whether or not suit is brought, and the prosecution or defense of any action in any way related to this Note, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Borrower or any other person or entity.

(b) Obligations Joint and Several. Should more than one person or entity sign this Note as a Borrower, the obligations of each such Borrower shall be joint and several.

(c) Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of New York, but giving effect to federal laws applicable to national banks, without reference to the conflicts of law or choice of law principles thereof.

(d) Savings Clause. If at any time the interest rate set forth in this Note exceeds the maximum interest rate allowable under applicable law, the interest rate shall be deemed to be such maximum interest rate allowable under applicable law.

(e) Right Of Setoff; Deposit Accounts. Upon and after the occurrence of an Event of Default, (a) Borrower hereby authorizes Bank, at any time and from time to time, without notice, which is hereby expressly waived by Borrower, and whether or not Bank shall have declared this Note to be due and payable in accordance with the terms hereof, to set off against, and to appropriate and apply to the payment of, Borrower's obligations and liabilities under this Note (whether matured or unmatured, fixed or contingent, liquidated or unliquidated), any and all amounts owing by Bank to Borrower (whether payable in U.S. dollars or any other currency, whether matured or unmatured, and in the case of deposits, whether general or special (except trust and escrow accounts), time or demand and however evidenced), and (b) pending any such action, to the extent necessary, to hold such amounts as collateral to secure such obligations and liabilities and to return as unpaid for insufficient funds any and all checks and other items drawn against any deposits so held as Bank, in its sole discretion, may elect. Borrower hereby grants to Bank a security interest in all deposits and accounts maintained with Bank to secure the payment of all obligations and liabilities of Borrower to Bank under this Note.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

EnviroStar, Inc., a Delaware corporation

By: /s/ Henry M. Nahmad  
Name: Henry M. Nahmad  
Title: President

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of October, 2016, by \_\_\_\_\_, as \_\_\_\_\_ of EnviroStar, Inc., a Delaware corporation, on behalf of the corporation. He is personally known to me or produced \_\_\_\_\_ as identification.

Print or Stamp Name: \_\_\_\_\_  
Notary Public: State of \_\_\_\_\_  
Commission Number: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_



## SECURITY AGREEMENT: BUSINESS ASSETS

1. GRANT OF SECURITY INTEREST. For valuable consideration, the undersigned ENVIROSTAR, INC., a Delaware corporation ("Envirostar"), STEINER-ATLANTIC CORP., a Florida corporation ("Steiner"), DRYCLEAN USA LICENSE CORP., a Florida corporation ("Dryclean") and WESTERN STATE DESIGN, INC., a Delaware corporation ("Western State; and together with Envirostar, Steiner and Dryclean, individually and/or collectively, the "Debtor"), hereby grants and transfers to WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank") a security interest in all of the property of Debtor described as follows:

(a) all accounts, deposit accounts, contract rights, chattel paper, (whether electronic or tangible) instruments, promissory notes, documents, general intangibles, payment intangibles, software, letter of credit rights, health-care insurance receivables and other rights to payment of every kind now existing or at any time hereafter arising;

(b) all inventory, goods held for sale or lease or to be furnished under contracts for service, or goods so leased or furnished, raw materials, component parts, work in process and other materials used or consumed in Debtor's business, now or at any time hereafter owned or acquired by Debtor, wherever located, and all products thereof, whether in the possession of Debtor, any warehousemen, any bailee or any other person, or in process of delivery, and whether located at Debtor's places of business or elsewhere;

(c) all warehouse receipts, bills of sale, bills of lading and other documents of every kind (whether or not negotiable) in which Debtor now has or at any time hereafter acquires any interest, and all additions and accessions thereto, whether in the possession or custody of Debtor, any bailee or any other person for any purpose;

(d) all money and property heretofore, now or hereafter delivered to or deposited with Bank or otherwise coming into the possession, custody or control of Bank (or any agent or bailee of Bank) in any manner or for any purpose whatsoever during the existence of this Agreement and whether held in a general or special account or deposit for safekeeping or otherwise;

(e) all right, title and interest of Debtor under licenses, guaranties, warranties, management agreements, marketing or sales agreements, escrow contracts, indemnity agreements, insurance policies, service or maintenance agreements, supporting obligations and other similar contracts of every kind in which Debtor now has or at any time hereafter shall have an interest;

(f) all goods, tools, machinery, furnishings, furniture and other equipment and fixtures of every kind now existing or hereafter acquired, and all improvements, replacements, accessions and additions thereto and embedded software included therein, whether located on any property owned or leased by Debtor or elsewhere, including without limitation, any of the foregoing now or at any time hereafter located at or installed on the land or in the improvements at any of the real property owned or leased by Debtor, and all such goods after they have been severed and removed from any of said real property; and

(g) all motor vehicles, trailers, mobile homes, manufactured homes, boats, other rolling stock and related equipment of every kind now existing or hereafter acquired and all

additions and accessories thereto, whether located on any property owned or leased by Debtor or elsewhere;

(collectively called "Collateral"), together with all proceeds thereof, including whatever is acquired when any of the Collateral or proceeds thereof are sold, leased, licensed, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary and whatever is collected on or distributed on account thereof, including without limitation, (i) all rights to payment however evidenced, (ii) all goods returned by or repossessed from Debtor's customers, (iii) rights arising out of Collateral, (iv) claims arising out of the loss, nonconformity, or interference with the use of, defects or infringement of rights in, or damage to, the Collateral, (v) insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, the Collateral, (vi) returned insurance premiums, and (vii) all rights to payment with respect to any claim or cause of action affecting or relating to any of the foregoing (hereinafter called "Proceeds").

2. OBLIGATIONS SECURED. The obligations secured hereby are the payment and performance of: (a) all present and future Indebtedness of Debtor to Bank; (b) all obligations of Steiner, Dryclean and Western under those certain Continuing Guaranty agreements dated of even date herewith; (c) all obligations of Debtor and rights of Bank under this Agreement; and (d) all present and future obligations of Debtor to Bank of other kinds. The word "Indebtedness" is used herein in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of Debtor, or any of them, heretofore, now or hereafter made, incurred or created, whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, including under any swap, derivative, foreign exchange, hedge, deposit, treasury management or other similar transaction or arrangement, and whether Debtor may be liable individually or jointly with others, or whether recovery upon such Indebtedness may be or hereafter becomes unenforceable.

3. TERMINATION. This Agreement will terminate upon the performance of all obligations of Debtor to Bank, including without limitation, the payment of all Indebtedness of Debtor to Bank, and the termination of all commitments of Bank to extend credit to Debtor, existing at the time Bank receives written notice from Debtor of the termination of this Agreement.

4. OBLIGATIONS OF BANK. Bank has no obligation to make any loans hereunder. Any money received by Bank in respect of the Collateral may be deposited, at Bank's option, into a non-interest bearing account over which Debtor shall have no control, and the same shall, for all purposes, be deemed Collateral hereunder. Bank shall not be required to apply such money to the Indebtedness or other obligations secured hereby or to remit such money to Debtor or to any other party until the full payment of all Indebtedness of Debtor to Bank, and the termination of all commitments to Bank to extend credit to Debtor.

5. REPRESENTATIONS AND WARRANTIES. Debtor represents and warrants to Bank that: (a) Debtor's legal name is exactly as set forth on the first page of this Agreement, and all of Debtor's organizational documents or agreements delivered to Bank are complete and accurate in every respect; (b) Debtor is the owner and has possession or control of the Collateral and Proceeds; (c) Debtor has the exclusive right to grant a security interest in the Collateral and Proceeds; (d) all Collateral and Proceeds are genuine, free from liens, adverse claims, setoffs, default, prepayment, defenses and conditions precedent of any kind or character, except the lien created hereby, any other Lien in favor of Bank or any predecessor of

Bank, or as otherwise agreed to by Bank, or as heretofore disclosed by Debtor to Bank, in writing; (e) all statements contained herein and, where applicable, in the Collateral are true and complete in all material respects; (f) no financing statement covering any of the Collateral or Proceeds, and naming any secured party other than Bank or a predecessor of Bank, is on file in any public office; (g) where Collateral consists of rights to payment, all persons appearing to be obligated on the Collateral and Proceeds have authority and capacity to contract and are bound as they appear to be, all property subject to chattel paper has been properly registered and filed in compliance with law and to perfect the interest of Debtor in such property, and all such Collateral and Proceeds comply with all applicable laws concerning form, content and manner of preparation and execution, including where applicable Federal Reserve Regulation Z and any State consumer credit laws; and (h) where the Collateral consists of equipment, fixtures, or specific goods, Debtor is not in the business of selling goods of the kind included within such Collateral, and Debtor acknowledges that no sale or other disposition of any such Collateral, including without limitation, any such Collateral which Debtor may deem to be surplus, has been consented to or acquiesced in by Bank, except as specifically set forth in writing by Bank.

#### 6. COVENANTS OF DEBTOR.

(a) Debtor agrees in general: (i) to pay Indebtedness secured hereby when due; (ii) to indemnify Bank against all losses, claims, demands, liabilities and expenses of every kind caused by property subject hereto; (iii) to permit Bank to exercise its powers; (iv) to execute and deliver such documents as Bank deems reasonably necessary to create, perfect and continue the security interests contemplated hereby; (v) not to change its name, and as applicable, its chief executive office, its principal residence or the jurisdiction in which it is organized and/or registered without giving Bank prior written notice thereof; (vi) not to change the places where Debtor keeps any Collateral or Debtor's records concerning the Collateral and Proceeds without giving Bank prior written notice of the address to which Debtor is moving same (provided that if Debtor fails to so notify Bank or obtain a landlord waiver or warehouseman's agreement, as applicable, within thirty (30) days after moving such Collateral, Bank's sole right and remedy with respect to such breach shall be to exclude such Collateral from any calculation of the Asset Coverage Ratio under the Credit Agreement dated as of even date herewith between Borrower and Bank (the "Credit Agreement"); and (vii) to use commercially reasonable efforts to cooperate with Bank in perfecting all security interests granted herein and in obtaining such agreements from third parties as Bank deems reasonably necessary, proper or convenient in connection with the preservation, perfection or enforcement of any of its rights hereunder.

(b) Debtor agrees with regard to the Collateral and Proceeds, unless Bank agrees otherwise in writing: (i) that Bank is authorized to file financing statements in the name of Debtor to perfect Bank's security interest in Collateral and Proceeds; (ii) where applicable, to operate the Collateral in accordance with all applicable statutes, rules and regulations relating to the use and control thereof, and not to use any Collateral for any unlawful purpose or in any way that would void any insurance required to be carried in connection therewith; (iii) not to remove the Collateral from Debtor's premises except in the ordinary course of Debtor's business; (iv) to pay when due all license fees, registration fees and other charges in connection with any Collateral that are materially necessary to the operation of Debtor's business; (v) not to knowingly permit and to use commercially reasonable efforts to remove any lien on the Collateral or Proceeds, including without limitation, liens arising from repairs to or storage of the Collateral, except in favor of Bank; (vi) not to sell, hypothecate or dispose of, nor permit the transfer by operation of law of, any of the Collateral or Proceeds or any interest therein, except sales of inventory to buyers in the ordinary course of Debtor's business, the disposal of property and/or equipment replaced in the ordinary course of business, or the disposition of fully

depreciated and/or obsolete equipment in the ordinary course of business; (vii) to permit Bank to inspect the Collateral at any time, provided, that prior to an Event of Default (as defined in the Credit Agreement), such inspection shall be during regular business hours of the Debtor and with reasonable prior notice to Debtor; (viii) to keep, in accordance with generally accepted accounting principles, complete and accurate records regarding all Collateral and Proceeds, and to permit Bank to inspect the same and make copies thereof at any reasonable time; (ix) if requested by Bank, to receive and use reasonable diligence to collect Collateral consisting of accounts and other rights to payment and Proceeds, in trust and as the property of Bank, and to immediately endorse as appropriate and deliver such Collateral and Proceeds to Bank daily in the exact form in which they are received together with a collection report in form satisfactory to Bank; (x) not to commingle Collateral or Proceeds, or collections thereunder, with other property; (xi) to give only normal allowances and credits and to advise Bank thereof immediately in writing if they affect any rights to payment or Proceeds in any material respect; (xii) from time to time, when requested by Bank, to prepare and deliver a schedule of all Collateral and Proceeds subject to this Agreement and to assign in writing and deliver to Bank all accounts, contracts, leases and other chattel paper, instruments, documents and other evidences thereof; (xiii) in the event Bank elects to receive payments of rights to payment or Proceeds hereunder, to pay all expenses incurred by Bank in connection therewith, including expenses of accounting, correspondence, collection efforts, reporting to account or contract debtors, filing, recording, record keeping and expenses incidental thereto; and (xiv) to provide any service and do any other acts which may be necessary to maintain, preserve and protect all Collateral and, as appropriate and applicable, to keep all Collateral in good and saleable condition, to deal with the Collateral in accordance with the standards and practices adhered to generally by users and manufacturers of like property, and to keep all Collateral and Proceeds free and clear of all defenses, rights of offset and counterclaims.

7. POWERS OF BANK. Debtor appoints Bank its true attorney in fact to perform any of the following powers, which are coupled with an interest, are irrevocable until termination of this Agreement and may be exercised from time to time by Bank's officers and employees, or any of them: (a) to perform any obligation of Debtor hereunder in Debtor's name or otherwise; (b) upon the occurrence and during the continuance of an Event of Default to give notice to account debtors or others of Bank's rights in the Collateral and Proceeds, to enforce or forebear from enforcing the same and make extension and modification agreements with respect thereto; (c) to release persons liable on Collateral or Proceeds and to give receipts and acquittances and compromise disputes in connection therewith; (d) to release or substitute security; (e) to resort to security in any order; (f) to prepare, execute, file, record or deliver notes, assignments, schedules, designation statements, financing statements, continuation statements, termination statements, statements of assignment, applications for registration or like papers to perfect, preserve or release Bank's interest in the Collateral and Proceeds; (g) upon the occurrence and during the continuance of an Event of Default to receive, open and read mail addressed to Debtor; (h) upon the occurrence and during the continuance of an Event of Default to take cash, instruments for the payment of money and other property to which Bank is entitled; (i) to verify facts concerning the Collateral and Proceeds by inquiry of obligors thereon, or otherwise, in its own name or a fictitious name; (j) upon the occurrence and during the continuance of an Event of Default to endorse, collect, deliver and receive payment under instruments for the payment of money constituting or relating to Proceeds; (k) upon the occurrence and during the continuance of an Event of Default to prepare, adjust, execute, deliver and receive payment under insurance claims, and to collect and receive payment of and endorse any instrument in payment of loss or returned premiums or any other insurance refund or return, and to apply such amounts received by Bank, at Bank's sole option, toward repayment of the Indebtedness or, where appropriate, replacement of the Collateral; (l) to exercise all rights, powers and remedies which Debtor would

have, but for this Agreement, with respect to all Collateral and Proceeds subject hereto; (m) upon prior notice to Debtor as provided herein prior to an Event of Default, and at any time during the continuation of an Event of Default, to enter onto Debtor's premises in inspecting the Collateral; (n) to make withdrawals from and to close deposit accounts or other accounts with any financial institution, wherever located, into which Proceeds may have been deposited, and to apply funds so withdrawn to payment of the Indebtedness; (o) to preserve or release the interest evidenced by chattel paper to which Bank is entitled hereunder and to endorse and deliver any evidence of title incidental thereto; and (p) to do all acts and things and execute all documents in the name of Debtor or otherwise, deemed by Bank as necessary, proper and convenient in connection with the preservation, perfection or enforcement of its rights hereunder.

8. PAYMENT OF PREMIUMS, TAXES, CHARGES, LIENS AND ASSESSMENTS. Debtor agrees to pay, prior to delinquency, all insurance premiums, taxes, charges, liens and assessments against the Collateral and Proceeds, and upon the failure of Debtor to do so, Bank at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Any such payments made by Bank shall be obligations of Debtor to Bank, due and payable immediately upon demand, and at Bank's option and subject to any restrictions under applicable law pertaining to usury, together with interest at a rate determined in accordance with the provisions of this Agreement, and shall be secured by the Collateral and Proceeds, subject to all terms and conditions of this Agreement.

9. EVENTS OF DEFAULT. The occurrence of any of the following shall constitute an "Event of Default" under this Agreement: (a) an Event of Default under the Credit Agreement; (b) any representation or warranty made by Debtor herein shall prove to be incorrect, false or misleading in any material respect when made; (c) Debtor shall fail to observe or perform any obligation or agreement contained herein and with respect to any such default that by its nature can be cured, such default shall continue for a period of thirty (30) days from its occurrence, provided, however, if the default cannot by its nature be cured within the thirty (30) day period or cannot after diligent attempts by Debtor be cured within such thirty (30) day period, and such default is likely to be cured within a reasonable time, then Debtor shall have an additional period determined by Bank (which shall not in any case exceed an additional thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default; (d) any impairment of the rights of Bank in any Collateral or Proceeds, or any attachment or like levy on any property of Debtor that causes a material adverse effect on the Debtor; and (e) Bank, in good faith, believes any or all of the Collateral and/or Proceeds to be in danger of misuse, dissipation, commingling, loss, theft, damage or destruction, or otherwise in jeopardy or unsatisfactory in character or value and such condition will have a material adverse effect on the rights of Bank hereunder.

10. REMEDIES. Upon the occurrence of any Event of Default, Bank shall have the right to declare immediately due and payable all or any Indebtedness secured hereby and to terminate any commitments to make loans or otherwise extend credit to Debtor. Bank shall have all other rights, powers, privileges and remedies granted to a secured party upon default under the Uniform Commercial Code or the Business and Commerce Code of the jurisdiction identified in Section 18 below, or otherwise provided by law, including without limitation, the right (a) to contact all persons obligated to Debtor on any Collateral or Proceeds and to instruct such persons to deliver all Collateral and/or Proceeds directly to Bank, and (b) to sell, lease, license or otherwise dispose of any or all Collateral. In addition to any other remedies set forth in this Agreement, Debtor authorizes Bank to engage in "electronic self-help" as defined in and in accordance with applicable law. All rights, powers, privileges and remedies of Bank shall be

cumulative. No delay, failure or discontinuance of Bank in exercising any right, power, privilege or remedy hereunder shall affect or operate as a waiver of such right, power, privilege or remedy; nor shall any single or partial exercise of any such right, power, privilege or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. Any waiver, permit, consent or approval of any kind by Bank of any default hereunder, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing. It is agreed that public or private sales or other dispositions, for cash or on credit, to a wholesaler or retailer or investor, or user of property of the types subject to this Agreement, or public auctions, are all commercially reasonable since differences in the prices generally realized in the different kinds of dispositions are ordinarily offset by the differences in the costs and credit risks of such dispositions. While an Event of Default exists: (a) Debtor will deliver to Bank from time to time, as requested by Bank, current lists of all Collateral and Proceeds; (b) Debtor will not dispose of any Collateral or Proceeds except on terms approved by Bank; (c) at Bank's request, Debtor will assemble and deliver all Collateral and Proceeds, and books and records pertaining thereto, to Bank at a reasonably convenient place designated by Bank; and (d) Bank may, without notice to Debtor, enter onto Debtor's premises and take possession of the Collateral. With respect to any sale or other disposition by Bank of any Collateral subject to this Agreement, Debtor hereby expressly grants to Bank the right to sell such Collateral using any or all of Debtor's trademarks, trade names, trade name rights and/or proprietary labels or marks. Debtor further agrees that Bank shall have no obligation to process or prepare any Collateral for sale or other disposition. In addition, Bank shall have the right to file against each individual government contract of Borrower, Guarantor and/or its subsidiaries, as applicable, in accordance with the terms of the Assignment of Claims Act of 1940, following and during the continuance of an Event of Default.

11. **DISPOSITION OF COLLATERAL AND PROCEEDS; TRANSFER OF INDEBTEDNESS.** In disposing of Collateral hereunder, Bank may disclaim all warranties of title, possession, quiet enjoyment and the like. Any proceeds of any disposition of any Collateral or Proceeds, or any part thereof, may be applied by Bank to the payment of expenses incurred by Bank in connection with the foregoing, including reasonable attorneys' fees, and the balance of such proceeds may be applied by Bank toward the payment of the Indebtedness in such order of application as Bank may from time to time elect. Upon the transfer of all or any part of the Indebtedness, Bank may transfer all or any part of the Collateral or Proceeds and shall be fully discharged thereafter from all liability and responsibility with respect to any of the foregoing so transferred, and the transferee shall be vested with all rights and powers of Bank hereunder with respect to any of the foregoing so transferred; but with respect to any Collateral or Proceeds not so transferred, Bank shall retain all rights, powers, privileges and remedies herein given.

12. **STATUTE OF LIMITATIONS.** Until all Indebtedness shall have been paid in full and all commitments by Bank to extend credit to Debtor have been terminated, the power of sale or other disposition and all other rights, powers, privileges and remedies granted to Bank hereunder shall, to the extent permitted by law, continue to exist and may be exercised by Bank at any time and from time to time irrespective of the fact that the Indebtedness or any part thereof may have become barred by any statute of limitations, or that the personal liability of Debtor may have ceased, unless such liability shall have ceased due to the payment in full of all Indebtedness secured hereunder.

13. **MISCELLANEOUS.** When there is more than one Debtor named herein: (a) the word "Debtor" shall mean all or any one or more of them as the context requires; (b) the obligations of each Debtor hereunder are joint and several; and (c) until all Indebtedness shall

have been paid in full, no Debtor shall have any right of subrogation or contribution, and each Debtor hereby waives any benefit of or right to participate in any of the Collateral or Proceeds or any other security now or hereafter held by Bank. Debtor hereby waives any right to require Bank to (i) proceed against Debtor or any other person, (ii) marshal assets or proceed against or exhaust any security from Debtor or any other person, (iii) perform any obligation of Debtor with respect to any Collateral or Proceeds, and (iv) make any presentment or demand, or give any notices of any kind, including without limitation, any notice of nonpayment or nonperformance, protest, notice of protest, notice of dishonor, notice of intention to accelerate or notice of acceleration hereunder or in connection with any Collateral or Proceeds. Debtor further waives any right to direct the application of payments or security for any Indebtedness of Debtor or indebtedness of customers of Debtor.

14. NOTICES. All notices, requests and demands required under this Agreement must be in writing, addressed to Bank at the address specified in any other loan documents entered into between Debtor and Bank and to Debtor at the address of its chief executive office (or principal residence, if applicable) specified below or to such other address as any party may designate by written notice to each other party, and shall be deemed to have been given or made as follows: (a) if personally delivered, upon delivery; (b) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and (c) if sent by telecopy, upon receipt.

15. COSTS, EXPENSES AND ATTORNEYS' FEES. Debtor shall pay to Bank immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including, to the extent permitted by applicable law, reasonable attorneys' fees (to include outside counsel fees), expended or incurred by Bank in connection with (a) the perfection and preservation of the Collateral or Bank's interest therein, and (b) the realization, enforcement and exercise of any right, power, privilege or remedy conferred by this Agreement, whether or not suit is brought or foreclosure is commenced, and where suit is brought, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Debtor or in any way affecting any of the Collateral or Bank's ability to exercise any of its rights or remedies with respect thereto. Notwithstanding anything in this Agreement to the contrary, reasonable attorneys' fees shall not exceed the amount permitted by law. Whenever in this Agreement Debtor is obligated to pay for the attorneys' fees of Bank, or the phrase "reasonable attorneys' fees" or a similar phrase is used, it shall be Debtor's obligation to pay the attorneys' fees actually incurred or allocated, at standard hourly rates, without regard to any statutory interpretation, which shall not apply, Debtor hereby waiving the application of any such statute. Subject to any restrictions under applicable law pertaining to usury, all of the foregoing shall be paid by Debtor with interest from the date of demand until paid in full at a rate per annum equal to the greater of any default rate applicable to the Borrower's outstanding obligations under the Credit Agreement, or Bank's Prime Rate in effect from time to time.

16. SUCCESSORS; ASSIGNS; AMENDMENT. This Agreement shall be binding upon and inure to the benefit of the administrators, legal representatives, successors and assigns of the parties, and may be amended or modified only in writing signed by Bank and Debtor.

17. SEVERABILITY OF PROVISIONS. If any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only

to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or any remaining provisions of this Agreement.

18. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, but giving effect to federal laws applicable to national banks.

19. INSURANCE PROVISIONS. Debtor agrees with regard to the Collateral and Proceeds, unless Bank agrees otherwise in writing, to insure the Collateral with Bank named as loss payee, in form, substance and amounts, under agreements, against risks and liabilities, and with insurance companies satisfactory to Bank.

Envirostar warrants that is an organization registered under the laws of Delaware.

Envirostar warrants that its chief executive office (or principal residence, if applicable) is located at the following address: 290 NE 68<sup>th</sup> Street, Miami, Florida 33138.

Envirostar warrants that the Collateral (except goods in transit) is located or domiciled at the following additional addresses: 290 NE 68<sup>th</sup> Street, Miami, Florida 33138 and all vans and trucks owned by Envirostar.

Steiner warrants that is an organization registered under the laws of Florida.

Steiner warrants that its chief executive office (or principal residence, if applicable) is located at the following address: 290 NE 68<sup>th</sup> Street and 286 NE 67<sup>th</sup> Street, Miami, Florida 33138.

Steiner warrants that the Collateral (except goods in transit) is located or domiciled at the following additional addresses: 290 NE 68<sup>th</sup> Street, Miami, Florida 33138 and all vans and trucks owned by Steiner.

Dryclean warrants that is an organization registered under the laws of Florida.

Dryclean warrants that its chief executive office (or principal residence, if applicable) is located at the following address: 290 NE 68<sup>th</sup> Street, Miami, Florida 33138.

Dryclean warrants that the Collateral (except goods in transit) is located or domiciled at the following additional addresses: 290 NE 68<sup>th</sup> Street and 286 NE 67<sup>th</sup> Street, Miami, Florida 33138 and all vans and trucks owned by Dryclean.

Western warrants that is an organization registered under the laws of Delaware.

Western warrants that its chief executive office (or principal residence, if applicable) is located at the following address: 2331 Tripaldi Way, Hayward, CA 94545

Western warrants that the Collateral (except goods in transit) is located or domiciled at the following additional addresses: 1700 Marquardt Avenue, Cerritos, CA 90703, warehouses in Cerritos, Oregon and Washington, and all vans and trucks owned by Western.





IN WITNESS WHEREOF, this Agreement has been duly executed by Debtor, intending to be legally bound hereby, as of October 7, 2016.

ENVIROSTAR, INC., a Delaware corporation

By: /s/ Henry M. Nahmad  
Name: Henry M. Nahmad  
Title: President

STEINER-ATLANTIC CORP., a Florida corporation

By: /s/ Michael Steiner  
Name: Michael Steiner  
Title: President

DRYCLEAN USA LICENSE CORP., a Florida corporation

By: /s/ Michael Steiner  
Name: Michael Steiner  
Title: President

WESTERN STATE DESIGN, INC., a Delaware corporation

By: /s/ Henry M. Nahmad  
Name: Henry Nahmad  
Title: President

## CONTINUING GUARANTY

TO: WELLS FARGO BANK, NATIONAL ASSOCIATION

1. GUARANTY; DEFINITIONS. In consideration of any credit or other financial accommodation heretofore, now or hereafter extended or made to EnviroStar, Inc., a Delaware corporation ("Borrower"), by WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank"), and for other valuable consideration, the undersigned Steiner-Atlantic Corp., a Florida corporation ("Guarantor"), jointly and severally unconditionally guarantees and promises to pay to Bank, on demand after the occurrence and during the continuance of an Event of Default (as such term is defined in the Credit Agreement of even date herewith between Borrower and Bank, the "Credit Agreement") demand in lawful money of the United States of America and in immediately available funds, any and all Indebtedness of any of the Borrower to Bank, all without relief from valuation and appraisal laws as applicable. The term "Indebtedness" is used herein in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of Borrower, heretofore, now or hereafter made, incurred or created, whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, including under any swap, derivative, foreign exchange, hedge, deposit, treasury management or other similar transaction or arrangement, and whether the Borrower may be liable individually or jointly with others, or whether recovery upon such Indebtedness may be or hereafter becomes unenforceable. This Guaranty is a guaranty of payment and not collection. Guarantor's obligations under this Guaranty are secured by that certain Security Agreement dated of even date herewith from Borrower, Guarantor and certain other entities in favor of Bank.

2. MAXIMUM LIABILITY; SUCCESSIVE TRANSACTIONS; REVOCATION; OBLIGATION UNDER OTHER GUARANTIES. This is a continuing guaranty and all rights, powers and remedies hereunder shall apply to all Indebtedness of the Borrower to Bank, whether now existing or hereafter arising, including that arising under successive transactions which shall either continue the Indebtedness, increase or decrease it, or from time to time create new Indebtedness after all or any prior Indebtedness has been satisfied, and notwithstanding the dissolution, liquidation or bankruptcy of the Borrower or Guarantor or any other event or proceeding affecting the Borrower or Guarantor. This Guaranty shall not apply to any new Indebtedness created after actual receipt by Bank of written notice of its revocation as to such new Indebtedness; provided however, that loans or advances made by Bank to the Borrower after revocation under commitments existing prior to receipt by Bank of such revocation, and extensions, renewals or modifications, of any kind, of Indebtedness incurred by the Borrower or committed by Bank prior to receipt by Bank of such revocation, shall not be considered new Indebtedness. Any such notice must be sent to Bank by registered U.S. mail, postage prepaid, addressed to its office at 200 South Biscayne Boulevard, Annex Building, Miami, Florida 33131, or at such other address as Bank shall from time to time designate. Any payment by Guarantor shall not reduce Guarantor's maximum obligation hereunder unless written notice to that effect is actually received by Bank at or prior to the time of such payment. The obligations of Guarantor hereunder shall be in addition to any obligations of Guarantor under any other guaranties of any liabilities or obligations of the Borrower or any other persons heretofore or hereafter given to Bank unless said other guaranties are expressly modified or revoked in writing; and this Guaranty shall not, unless expressly herein provided, affect or invalidate any such other guaranties.

3. OBLIGATIONS JOINT AND SEVERAL; SEPARATE ACTIONS; WAIVER OF STATUTE OF LIMITATIONS; REINSTATEMENT OF LIABILITY. The obligations hereunder are joint and several and independent of the obligations of Borrower, and a separate action or actions may be brought and prosecuted against Guarantor whether action is brought against the Borrower or any other person, or whether the Borrower or any other person is joined in any such action or actions. Guarantor acknowledges that this Guaranty is absolute and unconditional, there are no conditions precedent to the effectiveness of this Guaranty, and this Guaranty is in full force and effect and is binding on Guarantor as of the date written below, regardless of whether Bank obtains collateral or any guaranties from others or takes any other action contemplated by Guarantor. To the extent permitted by applicable law, Guarantor waives the benefit of any statute of limitations affecting Guarantor's liability hereunder or the enforcement thereof, and Guarantor agrees that any payment of any Indebtedness or other act which shall toll any statute of limitations applicable thereto shall similarly operate to toll such statute of limitations applicable to Guarantor's liability hereunder. The liability of Guarantor hereunder shall be reinstated and revived and the rights of Bank shall continue if and to the extent for any reason any amount at any time paid on account of any Indebtedness guaranteed hereby is rescinded or must otherwise be restored by Bank, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, all as though such amount had not been paid. The determination as to whether any amount so paid must be rescinded or restored shall be made by Bank in its sole discretion; provided however, that if Bank chooses to contest any such matter at the request of Guarantor, Guarantor agrees to indemnify and hold Bank harmless from and against all costs and expenses, including reasonable attorneys' fees, expended or incurred by Bank in connection therewith, including without limitation, in any litigation with respect thereto.

4. AUTHORIZATIONS TO BANK. Guarantor authorizes Bank either before or after revocation hereof, without notice to or demand on Guarantor, and without affecting Guarantor's liability hereunder, from time to time to: (a) alter, compromise, renew, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Indebtedness or any portion thereof, including increase or decrease of the rate of interest thereon; (b) take and hold security for the payment of this Guaranty or the Indebtedness or any portion thereof, and exchange, enforce, waive, subordinate or release any such security; (c) apply such security and direct the order or manner of sale thereof, including without limitation, a non-judicial sale permitted by the terms of the controlling security agreement, mortgage or deed of trust, as Bank in its discretion may determine; (d) release or substitute any one or more of the endorsers or any other guarantors of the Indebtedness, or any portion thereof, or any other party thereto; and (e) apply payments received by Bank from the Borrower to any Indebtedness of the Borrower to Bank, in such order as Bank shall determine in its sole discretion, whether or not such Indebtedness is covered by this Guaranty, and Guarantor hereby waives any provision of law regarding application of payments which specifies otherwise. Bank may without notice assign this Guaranty in whole or in part. Upon Bank's request, Guarantor agrees to provide to Bank copies of Guarantor's financial statements.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS. Guarantor represents and warrants to Bank that: (a) this Guaranty is executed at Borrower's request; (b) Guarantor shall not, without Bank's prior written consent, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all or a substantial or material part of Guarantor's assets other than in the ordinary course of Guarantor's business; (c) Bank has made no representation to Guarantor as to the creditworthiness of the Borrower; and (d) Guarantor has established adequate means of obtaining from the Borrower on a continuing basis financial and other information pertaining to Borrower's financial condition. Guarantor agrees to keep

adequately informed from such means of any facts, events or circumstances which might in any way affect Guarantor's risks hereunder, and Guarantor further agrees that Bank shall have no obligation to disclose to Guarantor any information or material about the Borrower which is acquired by Bank in any manner. In addition, Guarantor hereby covenants and agrees to comply with all covenants applicable to Guarantor as set forth in the Credit Agreement dated of even date herewith between Borrower and Bank.

6. **BANK'S RIGHTS WITH RESPECT TO GUARANTOR'S PROPERTY IN BANK'S POSSESSION.** In addition to all liens upon and rights of setoff against the monies, securities or other property of Guarantor given to Bank by law, Bank shall have a lien upon and a right of setoff against all monies, securities and other property of Guarantor now or hereafter in the possession of or on deposit with Bank, whether held in a general or special account or deposit or for safekeeping or otherwise, and every such lien and right of setoff may be exercised without demand upon or notice to Guarantor. No lien or right of setoff shall be deemed to have been waived by any act or conduct on the part of Bank, or by any neglect to exercise such right of setoff or to enforce such lien, or by any delay in so doing, and every right of setoff and lien shall continue in full force and effect until such right of setoff or lien is specifically waived or released by Bank in writing. Bank may exercise this remedy regardless of the adequacy of any collateral for the obligations of Guarantor to Bank and whether or not the Bank is otherwise fully secured.

7. **SUBORDINATION.** Any Indebtedness of the Borrower now or hereafter held by Guarantor is hereby subordinated to the Indebtedness of Borrower to Bank. For purposes of this Section 7, "Indebtedness" shall not include Borrower's obligations owed to Guarantor related to regularly scheduled lease or rental obligations to its shareholders pursuant to bona fide written leases (copies of which have been provided to Bank), ordinary compensation to its shareholders (which compensation does not constitute indebtedness), share issuances to its shareholders, post-closing adjustments to the purchase price owed to Western State Design, Inc. under that certain asset purchase agreement entered into by Borrower, Western State Design, Inc., and certain other parties thereto, and buyer and seller indemnifications under said asset purchase agreement. Such Indebtedness of Borrower to Guarantor is assigned to Bank as security for this Guaranty and the Indebtedness and, if Bank requests, shall be collected and received by Guarantor as trustee for Bank and paid over to Bank on account of the Indebtedness of Borrower to Bank but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty. Any notes or other instruments now or hereafter evidencing such Indebtedness of the Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and, if Bank so requests, shall be delivered to Bank. Bank is hereby authorized in the name of Guarantor from time to time to file financing statements and continuation statements and execute such other documents and take such other action as Bank deems necessary or appropriate to perfect, preserve and enforce its rights hereunder.

8. **REMEDIES; NO WAIVER.** All rights, powers and remedies of Bank hereunder are cumulative. No delay, failure or discontinuance of Bank in exercising any right, power or remedy hereunder shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver, permit, consent or approval of any kind by Bank of any breach of this Guaranty, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing.

9. COSTS, EXPENSES AND ATTORNEYS' FEES. Guarantor shall pay to Bank immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including, to the extent permitted by applicable law, reasonable attorneys' fees (to include outside counsel fees), expended or incurred by Bank in connection with the enforcement of any of Bank's rights, powers or remedies and/or the collection of any amounts which become due to Bank under this Guaranty, and the prosecution or defense of any action in any way related to this Guaranty, whether or not suit is brought, and if suit is brought, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Guarantor or any other person or entity, Notwithstanding anything in this Guaranty to the contrary, reasonable attorneys' fees shall not exceed the maximum amount permitted by law. Whenever in this Guaranty Guarantor is obligated to pay for the attorneys' fees of Bank, or the phrase "reasonable attorneys' fees" or a similar phrase is used, it shall be Guarantor's obligation to pay the attorneys' fees actually incurred or allocated, at standard hourly rates, without regard to any statutory interpretation, which shall not apply, Guarantor hereby waiving the application of any such statute. Subject to any restrictions under applicable law pertaining to usury, all of the foregoing shall be paid by Guarantor with interest from the date of demand until paid in full at a rate per annum equal to the greater of any default rate applicable to the Borrower's outstanding obligations under that certain Credit Agreement dated of even date herewith between Borrower and Bank, or Bank's Prime Rate in effect from time to time.

10. SUCCESSORS; ASSIGNMENT. This Guaranty shall be binding upon and inure to the benefit of the administrators, legal representatives, successors and assigns of the parties; provided however, that Guarantor may not assign or transfer any of its interests or rights hereunder without Bank's prior written consent. Guarantor acknowledges that Bank has the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, any Indebtedness of Borrower to Bank and any obligations with respect thereto, including this Guaranty. In connection therewith, Bank may disclose all documents and information which Bank now has or hereafter acquires relating to Guarantor and/or this Guaranty, whether furnished by Borrower, Guarantor or otherwise. Guarantor further agrees that Bank may disclose such documents and information to Borrower.

11. AMENDMENT. This Guaranty may be amended or modified only in writing signed by Bank and Guarantor.

12. APPLICATION OF SINGULAR AND PLURAL. In all cases where there is but a single Borrower, then all words used herein in the plural shall be deemed to have been used in the singular where the context and construction so require; and when there is more than one Borrower named herein, or when this Guaranty is executed by more than one Guarantor, the word "Borrower" and the word "Guarantor" respectively shall mean all or any one or more of them as the context requires.

13. COUNTERPARTS; GOVERNING LAW. This Guaranty may be executed in as many counterparts as may be required to reflect all parties assent; all counterparts will collectively constitute a single agreement. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York, but giving effect to federal laws applicable to national banks, without reference to the conflicts of law or choice of law principles thereof.

14. GUARANTOR'S WAIVERS.

(a) To the extent permitted under applicable law, Guarantor waives any right to require Bank to: (i) proceed against the Borrower or any other person; (ii) marshal assets or proceed against or exhaust any security held from the Borrower or any other person; (iii) give notice of the terms, time and place of any public or private sale or other disposition of personal property security held from the Borrower or any other person; (iv) take any other action or pursue any other remedy in Bank's power; or (v) make any presentment or demand for performance, or give any notices of any kind, including, without limitation, any notice of nonperformance, protest, notice of protest or notice of dishonor, notice of intention to accelerate or notice of acceleration hereunder or in connection with any obligations or evidences of indebtedness held by Bank as security for or which constitute in whole or in part the Indebtedness guaranteed hereunder, or in connection with the creation of new or additional Indebtedness; or (vi) set off against the Indebtedness the fair value of any real or personal property given as collateral for the Indebtedness (whether such right of setoff arises under statute or otherwise). In addition to the foregoing, Guarantor specifically waives any statutory right it might have to require Bank to proceed against Borrower or any collateral that secures the Indebtedness.

(b) To the extent permitted under applicable law, Guarantor waives any defense to its obligations hereunder based upon or arising by reason of: (i) any disability or other defense of the Borrower or any other person; (ii) the cessation or limitation from any cause whatsoever, other than payment in full, of the Indebtedness of the Borrower or any other person; (iii) any lack of authority of any officer, director, partner, agent or any other person acting or purporting to act on behalf of the Borrower which is a corporation, partnership or other type of entity, or any defect in the formation of any such Borrower; (iv) the application by the Borrower of the proceeds of any Indebtedness for purposes other than the purposes represented by Borrower to, or intended or understood by, Bank or Guarantor; (v) any act or omission by Bank which directly or indirectly results in or aids the discharge of the Borrower or any portion of the Indebtedness by operation of law or otherwise, or which in any way impairs or suspends any rights or remedies of Bank against the Borrower; (vi) any impairment of the value of any interest in security for the Indebtedness or any portion thereof, including without limitation, the failure to obtain or maintain perfection or recordation of any interest in any such security, the release of any such security without substitution, and/or the failure to preserve the value of, or to comply with applicable law in disposing of, any such security; (vii) any modification of the Indebtedness, in any form whatsoever, including any modification made after revocation hereof to any Indebtedness incurred prior to such revocation, and including without limitation the renewal, extension, acceleration or other change in time for payment of, or other change in the terms of, the Indebtedness or any portion thereof, including increase or decrease of the rate of interest thereon; or (viii) or any requirement that Bank give any notice of acceptance of this Guaranty. Until all Indebtedness shall have been paid in full, Guarantor shall have no right of subrogation, and Guarantor waives any right to enforce any remedy which Bank now has or may hereafter have against the Borrower or any other person and waives any benefit of, or any right to participate in, any security now or hereafter held by Bank. To the fullest extent permitted by applicable law, Guarantor waives all rights of a surety and the benefits of any applicable suretyship law, statute or regulation, and without limiting any of the waivers set forth herein, Guarantor further waives, to the extent permitted under applicable law, any other fact or event that, in the absence of this provision, would or might constitute or afford a legal or equitable discharge or release of or defense to Borrower.

(c) Guarantor further waives all rights and defenses Guarantor may have arising out of (i) any election of remedies by Bank, even though that election of remedies, such as a non-judicial foreclosure with respect to any security for any portion of the Indebtedness, destroys Guarantor's rights of subrogation or Guarantor's rights to proceed against the Borrower for

reimbursement, or (ii) any loss of rights Guarantor may suffer by reason of any rights, powers or remedies of the Borrower in connection with any anti-deficiency laws or any other laws limiting, qualifying or discharging Borrower's Indebtedness, whether by operation of law or otherwise, including any rights Guarantor may have to claim a fair market credit with respect to a deficiency or have a fair market value hearing to determine the size of a deficiency following any foreclosure sale or other disposition of any real property security for any portion of the Indebtedness, and Guarantor waives any right Guarantor may have under any "one-action" rule. Guarantor further waives the benefit of any homestead, exemption or other similar laws.

15. **UNDERSTANDING WITH RESPECT TO WAIVERS; SEVERABILITY OF PROVISIONS.** Guarantor warrants and agrees that each of the waivers set forth herein is made with Guarantor's full knowledge of its significance and consequences, and that under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any waiver or other provision of this Guaranty shall be held to be prohibited by or invalid under applicable public policy or law, such waiver or other provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such waiver or other provision or any remaining provisions of this Guaranty.

16. **ARBITRATION.**

(a) **Arbitration.** The parties hereto agree, upon demand by any party, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise in any way arising out of or relating to this Guaranty and its negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination. In the event of a court ordered arbitration, the party requesting arbitration shall be responsible for timely filing the demand for arbitration and paying the appropriate filing fee within 30 days of the abatement order or the time specified by the court. Failure to timely file the demand for arbitration as ordered by the court will result in that party's right to demand arbitration being automatically terminated.

(b) **Governing Rules.** Any arbitration proceeding will (i) proceed in a location in New York selected by the American Arbitration Association ("AAA"); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA's commercial dispute resolution procedures, unless the claim or counterclaim is at least \$1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to herein, as applicable, as the "Rules"). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

(c) **No Waiver of Provisional Remedies, Self-Help and Foreclosure.** The arbitration requirement does not limit the right of any party to (i) foreclose against real or personal property collateral; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as



setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in sections (i), (ii) and (iii) of this paragraph.

(d) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is \$5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than \$5,000,000.00. Any dispute in which the amount in controversy exceeds \$5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in New York or a neutral retired judge of the state or federal judiciary of New York, in either case with a minimum of ten years' experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of New York and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the corresponding rules of civil practice and procedure in New York or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(e) Discovery. In any arbitration proceeding, discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(f) Class Proceedings and Consolidations. No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, except parties who have executed this Agreement or any other contract, instrument or document relating to any Indebtedness, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

(g) Payment Of Arbitration Costs And Fees. The arbitrator shall award all costs and expenses of the arbitration proceeding.

(h) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA or administrator. No arbitrator or other party to an

arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the documents between the parties or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the documents or any relationship between the parties.

- (i) Small Claims Court. Notwithstanding anything herein to the contrary, each party retains the right to pursue in Small Claims Court any dispute within that court's jurisdiction. Further, this arbitration provision shall apply only to disputes in which either party seeks to recover an amount of money (excluding attorneys' fees and costs) that exceeds the jurisdictional limit of the Small Claims Court.

IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty, intending to be legally bound hereby, as of October 7, 2016.

Steiner-Atlantic Corp., a Florida corporation

By: /s/ Michael Steiner

Name: Michael Steiner

Title: President

## CONTINUING GUARANTY

TO: WELLS FARGO BANK, NATIONAL ASSOCIATION

1. GUARANTY; DEFINITIONS. In consideration of any credit or other financial accommodation heretofore, now or hereafter extended or made to EnviroStar, Inc., a Delaware corporation ("Borrower"), by WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank"), and for other valuable consideration, the undersigned DRYCLEAN USA LICENSE CORP., a Florida corporation ("Guarantor"), jointly and severally unconditionally guarantees and promises to pay to Bank, after the occurrence and during the continuance of an Event of Default (as such term is defined in the Credit Agreement of even date herewith between Borrower and Bank, the "Credit Agreement") in lawful money of the United States of America and in immediately available funds, any and all Indebtedness of any of the Borrower to Bank, all without relief from valuation and appraisal laws as applicable. The term "Indebtedness" is used herein in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of Borrower, heretofore, now or hereafter made, incurred or created, whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, including under any swap, derivative, foreign exchange, hedge, deposit, treasury management or other similar transaction or arrangement, and whether the Borrower may be liable individually or jointly with others, or whether recovery upon such Indebtedness may be or hereafter becomes unenforceable. This Guaranty is a guaranty of payment and not collection. Guarantor's obligations under this Guaranty are secured by that certain Security Agreement dated of even date herewith from Borrower, Guarantor and certain other entities in favor of Bank.

2. MAXIMUM LIABILITY; SUCCESSIVE TRANSACTIONS; REVOCATION; OBLIGATION UNDER OTHER GUARANTIES. This is a continuing guaranty and all rights, powers and remedies hereunder shall apply to all Indebtedness of the Borrower to Bank, whether now existing or hereafter arising, including that arising under successive transactions which shall either continue the Indebtedness, increase or decrease it, or from time to time create new Indebtedness after all or any prior Indebtedness has been satisfied, and notwithstanding the dissolution, liquidation or bankruptcy of the Borrower or Guarantor or any other event or proceeding affecting the Borrower or Guarantor. This Guaranty shall not apply to any new Indebtedness created after actual receipt by Bank of written notice of its revocation as to such new Indebtedness; provided however, that loans or advances made by Bank to the Borrower after revocation under commitments existing prior to receipt by Bank of such revocation, and extensions, renewals or modifications, of any kind, of Indebtedness incurred by the Borrower or committed by Bank prior to receipt by Bank of such revocation, shall not be considered new Indebtedness. Any such notice must be sent to Bank by registered U.S. mail, postage prepaid, addressed to its office at 200 South Biscayne Boulevard, Annex Building, Miami, Florida 33131, or at such other address as Bank shall from time to time designate. Any payment by Guarantor shall not reduce Guarantor's maximum obligation hereunder unless written notice to that effect is actually received by Bank at or prior to the time of such payment. The obligations of Guarantor hereunder shall be in addition to any obligations of Guarantor under any other guaranties of any liabilities or obligations of the Borrower or any other persons heretofore or hereafter given to Bank unless said other guaranties are expressly modified or revoked in writing; and this Guaranty shall not, unless expressly herein provided, affect or invalidate any such other guaranties.

3. OBLIGATIONS JOINT AND SEVERAL; SEPARATE ACTIONS; WAIVER OF STATUTE OF LIMITATIONS; REINSTATEMENT OF LIABILITY. The obligations hereunder are joint and several and independent of the obligations of Borrower, and a separate action or actions may be brought and prosecuted against Guarantor whether action is brought against the Borrower or any other person, or whether the Borrower or any other person is joined in any such action or actions. Guarantor acknowledges that this Guaranty is absolute and unconditional, there are no conditions precedent to the effectiveness of this Guaranty, and this Guaranty is in full force and effect and is binding on Guarantor as of the date written below, regardless of whether Bank obtains collateral or any guaranties from others or takes any other action contemplated by Guarantor. To the extent permitted by applicable law, Guarantor waives the benefit of any statute of limitations affecting Guarantor's liability hereunder or the enforcement thereof, and Guarantor agrees that any payment of any Indebtedness or other act which shall toll any statute of limitations applicable thereto shall similarly operate to toll such statute of limitations applicable to Guarantor's liability hereunder. The liability of Guarantor hereunder shall be reinstated and revived and the rights of Bank shall continue if and to the extent for any reason any amount at any time paid on account of any Indebtedness guaranteed hereby is rescinded or must otherwise be restored by Bank, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, all as though such amount had not been paid. The determination as to whether any amount so paid must be rescinded or restored shall be made by Bank in its sole discretion; provided however, that if Bank chooses to contest any such matter at the request of Guarantor, Guarantor agrees to indemnify and hold Bank harmless from and against all costs and expenses, including reasonable attorneys' fees, expended or incurred by Bank in connection therewith, including without limitation, in any litigation with respect thereto.

4. AUTHORIZATIONS TO BANK. Guarantor authorizes Bank either before or after revocation hereof, without notice to or demand on Guarantor, and without affecting Guarantor's liability hereunder, from time to time to: (a) alter, compromise, renew, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Indebtedness or any portion thereof, including increase or decrease of the rate of interest thereon; (b) take and hold security for the payment of this Guaranty or the Indebtedness or any portion thereof, and exchange, enforce, waive, subordinate or release any such security; (c) apply such security and direct the order or manner of sale thereof, including without limitation, a non-judicial sale permitted by the terms of the controlling security agreement, mortgage or deed of trust, as Bank in its discretion may determine; (d) release or substitute any one or more of the endorsers or any other guarantors of the Indebtedness, or any portion thereof, or any other party thereto; and (e) apply payments received by Bank from the Borrower to any Indebtedness of the Borrower to Bank, in such order as Bank shall determine in its sole discretion, whether or not such Indebtedness is covered by this Guaranty, and Guarantor hereby waives any provision of law regarding application of payments which specifies otherwise. Bank may without notice assign this Guaranty in whole or in part. Upon Bank's request, Guarantor agrees to provide to Bank copies of Guarantor's financial statements.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS. Guarantor represents and warrants to Bank that: (a) this Guaranty is executed at Borrower's request; (b) Guarantor shall not, without Bank's prior written consent, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all or a substantial or material part of Guarantor's assets other than in the ordinary course of Guarantor's business; (c) Bank has made no representation to Guarantor as to the creditworthiness of the Borrower; and (d) Guarantor has established adequate means of obtaining from the Borrower on a continuing basis financial and other information pertaining to Borrower's financial condition. Guarantor agrees to keep

adequately informed from such means of any facts, events or circumstances which might in any way affect Guarantor's risks hereunder, and Guarantor further agrees that Bank shall have no obligation to disclose to Guarantor any information or material about the Borrower which is acquired by Bank in any manner. In addition, Guarantor hereby covenants and agrees to comply with all covenants applicable to Guarantor as set forth in the Credit Agreement dated of even date herewith between Borrower and Bank.

6. **BANK'S RIGHTS WITH RESPECT TO GUARANTOR'S PROPERTY IN BANK'S POSSESSION.** In addition to all liens upon and rights of setoff against the monies, securities or other property of Guarantor given to Bank by law, Bank shall have a lien upon and a right of setoff against all monies, securities and other property of Guarantor now or hereafter in the possession of or on deposit with Bank, whether held in a general or special account or deposit or for safekeeping or otherwise, and every such lien and right of setoff may be exercised without demand upon or notice to Guarantor. No lien or right of setoff shall be deemed to have been waived by any act or conduct on the part of Bank, or by any neglect to exercise such right of setoff or to enforce such lien, or by any delay in so doing, and every right of setoff and lien shall continue in full force and effect until such right of setoff or lien is specifically waived or released by Bank in writing. Bank may exercise this remedy regardless of the adequacy of any collateral for the obligations of Guarantor to Bank and whether or not the Bank is otherwise fully secured.

7. **SUBORDINATION.** Any Indebtedness of the Borrower now or hereafter held by Guarantor is hereby subordinated to the Indebtedness of Borrower to Bank. For purposes of this Section 7, "Indebtedness" shall not include Borrower's obligations owed to Guarantor related to regularly scheduled lease or rental obligations to its shareholders pursuant to bona fide written leases (copies of which have been provided to Bank), ordinary compensation to its shareholders (which compensation does not constitute indebtedness), share issuances to its shareholders, post-closing adjustments to the purchase price owed to Western State Design, Inc. under that certain asset purchase agreement entered into by Borrower, Western State Design, Inc., and certain other parties thereto, and buyer and seller indemnifications under said asset purchase agreement. Such Indebtedness of Borrower to Guarantor is assigned to Bank as security for this Guaranty and the Indebtedness and, if Bank requests, shall be collected and received by Guarantor as trustee for Bank and paid over to Bank on account of the Indebtedness of Borrower to Bank but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty. Any notes or other instruments now or hereafter evidencing such Indebtedness of the Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and, if Bank so requests, shall be delivered to Bank. Bank is hereby authorized in the name of Guarantor from time to time to file financing statements and continuation statements and execute such other documents and take such other action as Bank deems necessary or appropriate to perfect, preserve and enforce its rights hereunder.

8. **REMEDIES; NO WAIVER.** All rights, powers and remedies of Bank hereunder are cumulative. No delay, failure or discontinuance of Bank in exercising any right, power or remedy hereunder shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver, permit, consent or approval of any kind by Bank of any breach of this Guaranty, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing.

9. COSTS, EXPENSES AND ATTORNEYS' FEES. Guarantor shall pay to Bank immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including, to the extent permitted by applicable law, reasonable attorneys' fees (to include outside counsel fees), expended or incurred by Bank in connection with the enforcement of any of Bank's rights, powers or remedies and/or the collection of any amounts which become due to Bank under this Guaranty, and the prosecution or defense of any action in any way related to this Guaranty, whether or not suit is brought, and if suit is brought, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Guarantor or any other person or entity, Notwithstanding anything in this Guaranty to the contrary, reasonable attorneys' fees shall not exceed the maximum amount permitted by law. Whenever in this Guaranty Guarantor is obligated to pay for the attorneys' fees of Bank, or the phrase "reasonable attorneys' fees" or a similar phrase is used, it shall be Guarantor's obligation to pay the attorneys' fees actually incurred or allocated, at standard hourly rates, without regard to any statutory interpretation, which shall not apply, Guarantor hereby waiving the application of any such statute. Subject to any restrictions under applicable law pertaining to usury, all of the foregoing shall be paid by Guarantor with interest from the date of demand until paid in full at a rate per annum equal to the greater of any default rate applicable to the Borrower's outstanding obligations under that certain Credit Agreement dated of even date herewith between Borrower and Bank, or Bank's Prime Rate in effect from time to time.

10. SUCCESSORS; ASSIGNMENT. This Guaranty shall be binding upon and inure to the benefit of the administrators, legal representatives, successors and assigns of the parties; provided however, that Guarantor may not assign or transfer any of its interests or rights hereunder without Bank's prior written consent. Guarantor acknowledges that Bank has the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, any Indebtedness of Borrower to Bank and any obligations with respect thereto, including this Guaranty. In connection therewith, Bank may disclose all documents and information which Bank now has or hereafter acquires relating to Guarantor and/or this Guaranty, whether furnished by Borrower, Guarantor or otherwise. Guarantor further agrees that Bank may disclose such documents and information to Borrower.

11. AMENDMENT. This Guaranty may be amended or modified only in writing signed by Bank and Guarantor.

12. APPLICATION OF SINGULAR AND PLURAL. In all cases where there is but a single Borrower, then all words used herein in the plural shall be deemed to have been used in the singular where the context and construction so require; and when there is more than one Borrower named herein, or when this Guaranty is executed by more than one Guarantor, the word "Borrower" and the word "Guarantor" respectively shall mean all or any one or more of them as the context requires.

13. COUNTERPARTS; GOVERNING LAW. This Guaranty may be executed in as many counterparts as may be required to reflect all parties assent; all counterparts will collectively constitute a single agreement. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York, but giving effect to federal laws applicable to national banks, without reference to the conflicts of law or choice of law principles thereof.

14. GUARANTOR'S WAIVERS.

(a) To the extent permitted under applicable law, Guarantor waives any right to require Bank to: (i) proceed against the Borrower or any other person; (ii) marshal assets or proceed against or exhaust any security held from the Borrower or any other person; (iii) give notice of the terms, time and place of any public or private sale or other disposition of personal property security held from the Borrower or any other person; (iv) take any other action or pursue any other remedy in Bank's power; or (v) make any presentment or demand for performance, or give any notices of any kind, including, without limitation, any notice of nonperformance, protest, notice of protest or notice of dishonor, notice of intention to accelerate or notice of acceleration hereunder or in connection with any obligations or evidences of indebtedness held by Bank as security for or which constitute in whole or in part the Indebtedness guaranteed hereunder, or in connection with the creation of new or additional Indebtedness; or (vi) set off against the Indebtedness the fair value of any real or personal property given as collateral for the Indebtedness (whether such right of setoff arises under statute or otherwise). In addition to the foregoing, Guarantor specifically waives any statutory right it might have to require Bank to proceed against Borrower or any collateral that secures the Indebtedness.

(b) To the extent permitted under applicable law, Guarantor waives any defense to its obligations hereunder based upon or arising by reason of: (i) any disability or other defense of the Borrower or any other person; (ii) the cessation or limitation from any cause whatsoever, other than payment in full, of the Indebtedness of the Borrower or any other person; (iii) any lack of authority of any officer, director, partner, agent or any other person acting or purporting to act on behalf of the Borrower which is a corporation, partnership or other type of entity, or any defect in the formation of any such Borrower; (iv) the application by the Borrower of the proceeds of any Indebtedness for purposes other than the purposes represented by Borrower to, or intended or understood by, Bank or Guarantor; (v) any act or omission by Bank which directly or indirectly results in or aids the discharge of the Borrower or any portion of the Indebtedness by operation of law or otherwise, or which in any way impairs or suspends any rights or remedies of Bank against the Borrower; (vi) any impairment of the value of any interest in security for the Indebtedness or any portion thereof, including without limitation, the failure to obtain or maintain perfection or recordation of any interest in any such security, the release of any such security without substitution, and/or the failure to preserve the value of, or to comply with applicable law in disposing of, any such security; (vii) any modification of the Indebtedness, in any form whatsoever, including any modification made after revocation hereof to any Indebtedness incurred prior to such revocation, and including without limitation the renewal, extension, acceleration or other change in time for payment of, or other change in the terms of, the Indebtedness or any portion thereof, including increase or decrease of the rate of interest thereon; or (viii) or any requirement that Bank give any notice of acceptance of this Guaranty. Until all Indebtedness shall have been paid in full, Guarantor shall have no right of subrogation, and Guarantor waives any right to enforce any remedy which Bank now has or may hereafter have against the Borrower or any other person and waives any benefit of, or any right to participate in, any security now or hereafter held by Bank. To the fullest extent permitted by applicable law, Guarantor waives all rights of a surety and the benefits of any applicable suretyship law, statute or regulation, and without limiting any of the waivers set forth herein, Guarantor further waives,, to the extent permitted under applicable law, any other fact or event that, in the absence of this provision, would or might constitute or afford a legal or equitable discharge or release of or defense to Borrower.

(c) Guarantor further waives all rights and defenses Guarantor may have arising out of (i) any election of remedies by Bank, even though that election of remedies, such as a non-judicial foreclosure with respect to any security for any portion of the Indebtedness, destroys Guarantor's rights of subrogation or Guarantor's rights to proceed against the Borrower for



reimbursement, or (ii) any loss of rights Guarantor may suffer by reason of any rights, powers or remedies of the Borrower in connection with any anti-deficiency laws or any other laws limiting, qualifying or discharging Borrower's Indebtedness, whether by operation of law or otherwise, including any rights Guarantor may have to claim a fair market credit with respect to a deficiency or have a fair market value hearing to determine the size of a deficiency following any foreclosure sale or other disposition of any real property security for any portion of the Indebtedness, and Guarantor waives any right Guarantor may have under any "one-action" rule. Guarantor further waives the benefit of any homestead, exemption or other similar laws.

15. **UNDERSTANDING WITH RESPECT TO WAIVERS; SEVERABILITY OF PROVISIONS.** Guarantor warrants and agrees that each of the waivers set forth herein is made with Guarantor's full knowledge of its significance and consequences, and that under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any waiver or other provision of this Guaranty shall be held to be prohibited by or invalid under applicable public policy or law, such waiver or other provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such waiver or other provision or any remaining provisions of this Guaranty.

16. **ARBITRATION.**

(a) **Arbitration.** The parties hereto agree, upon demand by any party, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise in any way arising out of or relating to this Guaranty and its negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination. In the event of a court ordered arbitration, the party requesting arbitration shall be responsible for timely filing the demand for arbitration and paying the appropriate filing fee within 30 days of the abatement order or the time specified by the court. Failure to timely file the demand for arbitration as ordered by the court will result in that party's right to demand arbitration being automatically terminated.

(b) **Governing Rules.** Any arbitration proceeding will (i) proceed in a location in New York selected by the American Arbitration Association ("AAA"); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA's commercial dispute resolution procedures, unless the claim or counterclaim is at least \$1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to herein, as applicable, as the "Rules"). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

(c) **No Waiver of Provisional Remedies, Self-Help and Foreclosure.** The arbitration requirement does not limit the right of any party to (i) foreclose against real or personal property collateral; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as

setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in sections (i), (ii) and (iii) of this paragraph.

(d) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is \$5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than \$5,000,000.00. Any dispute in which the amount in controversy exceeds \$5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in New York or a neutral retired judge of the state or federal judiciary of New York, in either case with a minimum of ten years' experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of New York and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the corresponding rules of civil practice and procedure in New York or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(e) Discovery. In any arbitration proceeding, discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(f) Class Proceedings and Consolidations. No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, except parties who have executed this Agreement or any other contract, instrument or document relating to any Indebtedness, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

(g) Payment Of Arbitration Costs And Fees. The arbitrator shall award all costs and expenses of the arbitration proceeding.

(h) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA or administrator. No arbitrator or other party to an

arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the documents between the parties or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the documents or any relationship between the parties.

(i) Small Claims Court. Notwithstanding anything herein to the contrary, each party retains the right to pursue in Small Claims Court any dispute within that court's jurisdiction. Further, this arbitration provision shall apply only to disputes in which either party seeks to recover an amount of money (excluding attorneys' fees and costs) that exceeds the jurisdictional limit of the Small Claims Court.

IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty, intending to be legally bound hereby, as of October 7, 2016.

DRYCLEAN USA LICENSE CORP., a Florida corporation

By: /s/ Michael Steiner

Name: Michael Steiner

Title: President

## CONTINUING GUARANTY

TO: WELLS FARGO BANK, NATIONAL ASSOCIATION

1. GUARANTY; DEFINITIONS. In consideration of any credit or other financial accommodation heretofore, now or hereafter extended or made to EnviroStar, Inc., a Delaware corporation ("Borrower"), by WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank"), and for other valuable consideration, the undersigned Western State Design, Inc., a Delaware corporation ("Guarantor"), jointly and severally unconditionally guarantees and promises to pay to Bank, after the occurrence and during the continuance of an Event of Default (as such term is defined in the Credit Agreement of even date herewith between Borrower and Bank, the "Credit Agreement") in lawful money of the United States of America and in immediately available funds, any and all Indebtedness of any of the Borrower to Bank, all without relief from valuation and appraisal laws as applicable. The term "Indebtedness" is used herein in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of Borrower, heretofore, now or hereafter made, incurred or created, whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, including under any swap, derivative, foreign exchange, hedge, deposit, treasury management or other similar transaction or arrangement, and whether the Borrower may be liable individually or jointly with others, or whether recovery upon such Indebtedness may be or hereafter becomes unenforceable. This Guaranty is a guaranty of payment and not collection. Guarantor's obligations under this Guaranty are secured by that certain Security Agreement dated of even date herewith from Borrower, Guarantor and certain other entities in favor of Bank.

2. MAXIMUM LIABILITY; SUCCESSIVE TRANSACTIONS; REVOCATION; OBLIGATION UNDER OTHER GUARANTIES. This is a continuing guaranty and all rights, powers and remedies hereunder shall apply to all Indebtedness of the Borrower to Bank, whether now existing or hereafter arising, including that arising under successive transactions which shall either continue the Indebtedness, increase or decrease it, or from time to time create new Indebtedness after all or any prior Indebtedness has been satisfied, and notwithstanding the dissolution, liquidation or bankruptcy of the Borrower or Guarantor or any other event or proceeding affecting the Borrower or Guarantor. This Guaranty shall not apply to any new Indebtedness created after actual receipt by Bank of written notice of its revocation as to such new Indebtedness; provided however, that loans or advances made by Bank to the Borrower after revocation under commitments existing prior to receipt by Bank of such revocation, and extensions, renewals or modifications, of any kind, of Indebtedness incurred by the Borrower or committed by Bank prior to receipt by Bank of such revocation, shall not be considered new Indebtedness. Any such notice must be sent to Bank by registered U.S. mail, postage prepaid, addressed to its office at 200 South Biscayne Boulevard, Annex Building, Miami, Florida 33131, or at such other address as Bank shall from time to time designate. Any payment by Guarantor shall not reduce Guarantor's maximum obligation hereunder unless written notice to that effect is actually received by Bank at or prior to the time of such payment. The obligations of Guarantor hereunder shall be in addition to any obligations of Guarantor under any other guaranties of any liabilities or obligations of the Borrower or any other persons heretofore or hereafter given to Bank unless said other guaranties are expressly modified or revoked in writing; and this Guaranty shall not, unless expressly herein provided, affect or invalidate any such other guaranties.

3. OBLIGATIONS JOINT AND SEVERAL; SEPARATE ACTIONS; WAIVER OF STATUTE OF LIMITATIONS; REINSTATEMENT OF LIABILITY. The obligations hereunder are joint and several and independent of the obligations of Borrower, and a separate action or actions may be brought and prosecuted against Guarantor whether action is brought against the Borrower or any other person, or whether the Borrower or any other person is joined in any such action or actions. Guarantor acknowledges that this Guaranty is absolute and unconditional, there are no conditions precedent to the effectiveness of this Guaranty, and this Guaranty is in full force and effect and is binding on Guarantor as of the date written below, regardless of whether Bank obtains collateral or any guaranties from others or takes any other action contemplated by Guarantor. To the extent permitted by applicable law, Guarantor waives the benefit of any statute of limitations affecting Guarantor's liability hereunder or the enforcement thereof, and Guarantor agrees that any payment of any Indebtedness or other act which shall toll any statute of limitations applicable thereto shall similarly operate to toll such statute of limitations applicable to Guarantor's liability hereunder. The liability of Guarantor hereunder shall be reinstated and revived and the rights of Bank shall continue if and to the extent for any reason any amount at any time paid on account of any Indebtedness guaranteed hereby is rescinded or must otherwise be restored by Bank, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, all as though such amount had not been paid. The determination as to whether any amount so paid must be rescinded or restored shall be made by Bank in its sole discretion; provided however, that if Bank chooses to contest any such matter at the request of Guarantor, Guarantor agrees to indemnify and hold Bank harmless from and against all costs and expenses, including reasonable attorneys' fees, expended or incurred by Bank in connection therewith, including without limitation, in any litigation with respect thereto.

4. AUTHORIZATIONS TO BANK. Guarantor authorizes Bank either before or after revocation hereof, without notice to or demand on Guarantor, and without affecting Guarantor's liability hereunder, from time to time to: (a) alter, compromise, renew, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Indebtedness or any portion thereof, including increase or decrease of the rate of interest thereon; (b) take and hold security for the payment of this Guaranty or the Indebtedness or any portion thereof, and exchange, enforce, waive, subordinate or release any such security; (c) apply such security and direct the order or manner of sale thereof, including without limitation, a non-judicial sale permitted by the terms of the controlling security agreement, mortgage or deed of trust, as Bank in its discretion may determine; (d) release or substitute any one or more of the endorsers or any other guarantors of the Indebtedness, or any portion thereof, or any other party thereto; and (e) apply payments received by Bank from the Borrower to any Indebtedness of the Borrower to Bank, in such order as Bank shall determine in its sole discretion, whether or not such Indebtedness is covered by this Guaranty, and Guarantor hereby waives any provision of law regarding application of payments which specifies otherwise. Bank may without notice assign this Guaranty in whole or in part. Upon Bank's request, Guarantor agrees to provide to Bank copies of Guarantor's financial statements.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS. Guarantor represents and warrants to Bank that: (a) this Guaranty is executed at Borrower's request; (b) Guarantor shall not, without Bank's prior written consent, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all or a substantial or material part of Guarantor's assets other than in the ordinary course of Guarantor's business; (c) Bank has made no representation to Guarantor as to the creditworthiness of the Borrower; and (d) Guarantor has established adequate means of obtaining from the Borrower on a continuing basis financial and other information pertaining to Borrower's financial condition. Guarantor agrees to keep

adequately informed from such means of any facts, events or circumstances which might in any way affect Guarantor's risks hereunder, and Guarantor further agrees that Bank shall have no obligation to disclose to Guarantor any information or material about the Borrower which is acquired by Bank in any manner. In addition, Guarantor hereby covenants and agrees to comply with all covenants applicable to Guarantor as set forth in the Credit Agreement dated of even date herewith between Borrower and Bank.

6. **BANK'S RIGHTS WITH RESPECT TO GUARANTOR'S PROPERTY IN BANK'S POSSESSION.** In addition to all liens upon and rights of setoff against the monies, securities or other property of Guarantor given to Bank by law, Bank shall have a lien upon and a right of setoff against all monies, securities and other property of Guarantor now or hereafter in the possession of or on deposit with Bank, whether held in a general or special account or deposit or for safekeeping or otherwise, and every such lien and right of setoff may be exercised without demand upon or notice to Guarantor. No lien or right of setoff shall be deemed to have been waived by any act or conduct on the part of Bank, or by any neglect to exercise such right of setoff or to enforce such lien, or by any delay in so doing, and every right of setoff and lien shall continue in full force and effect until such right of setoff or lien is specifically waived or released by Bank in writing. Bank may exercise this remedy regardless of the adequacy of any collateral for the obligations of Guarantor to Bank and whether or not the Bank is otherwise fully secured.

7. **SUBORDINATION.** Any Indebtedness of the Borrower now or hereafter held by Guarantor is hereby subordinated to the Indebtedness of Borrower to Bank. For purposes of this Section 7, "Indebtedness" shall not include Borrower's obligations owed to Guarantor related to regularly scheduled lease or rental obligations to its shareholders pursuant to bona fide written leases (copies of which have been provided to Bank), ordinary compensation to its shareholders (which compensation does not constitute indebtedness), share issuances to its shareholders, post-closing adjustments to the purchase price owed to Guarantor under that certain asset purchase agreement entered into by Borrower, Guarantor and certain other parties thereto, and buyer and seller indemnifications under said asset purchase agreement. Such Indebtedness of Borrower to Guarantor is assigned to Bank as security for this Guaranty and the Indebtedness and, if Bank requests, shall be collected and received by Guarantor as trustee for Bank and paid over to Bank on account of the Indebtedness of Borrower to Bank but without reducing or affecting in any manner the liability of Guarantor under the other provisions of this Guaranty. Any notes or other instruments now or hereafter evidencing such Indebtedness of the Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and, if Bank so requests, shall be delivered to Bank. Bank is hereby authorized in the name of Guarantor from time to time to file financing statements and continuation statements and execute such other documents and take such other action as Bank deems necessary or appropriate to perfect, preserve and enforce its rights hereunder.

8. **REMEDIES; NO WAIVER.** All rights, powers and remedies of Bank hereunder are cumulative. No delay, failure or discontinuance of Bank in exercising any right, power or remedy hereunder shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver, permit, consent or approval of any kind by Bank of any breach of this Guaranty, or any such waiver of any provisions or conditions hereof, must be in writing and shall be effective only to the extent set forth in writing.

9. **COSTS, EXPENSES AND ATTORNEYS' FEES.** Guarantor shall pay to Bank immediately upon demand the full amount of all payments, advances, charges, costs and

expenses, including, to the extent permitted by applicable law, reasonable attorneys' fees (to include outside counsel fees), expended or incurred by Bank in connection with the enforcement of any of Bank's rights, powers or remedies and/or the collection of any amounts which become due to Bank under this Guaranty, and the prosecution or defense of any action in any way related to this Guaranty, whether or not suit is brought, and if suit is brought, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Guarantor or any other person or entity, Notwithstanding anything in this Guaranty to the contrary, reasonable attorneys' fees shall not exceed the maximum amount permitted by law. Whenever in this Guaranty Guarantor is obligated to pay for the attorneys' fees of Bank, or the phrase "reasonable attorneys' fees" or a similar phrase is used, it shall be Guarantor's obligation to pay the attorneys' fees actually incurred or allocated, at standard hourly rates, without regard to any statutory interpretation, which shall not apply, Guarantor hereby waiving the application of any such statute. Subject to any restrictions under applicable law pertaining to usury, all of the foregoing shall be paid by Guarantor with interest from the date of demand until paid in full at a rate per annum equal to the greater of any default rate applicable to the Borrower's outstanding obligations under that certain Credit Agreement dated of even date herewith, or Bank's Prime Rate in effect from time to time.

10. SUCCESSORS; ASSIGNMENT. This Guaranty shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties; provided however, that Guarantor may not assign or transfer any of its interests or rights hereunder without Bank's prior written consent. Guarantor acknowledges that Bank has the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, any Indebtedness of Borrower to Bank and any obligations with respect thereto, including this Guaranty. In connection therewith, Bank may disclose all documents and information which Bank now has or hereafter acquires relating to Guarantor and/or this Guaranty, whether furnished by Borrower, Guarantor or otherwise. Guarantor further agrees that Bank may disclose such documents and information to Borrower.

11. AMENDMENT. This Guaranty may be amended or modified only in writing signed by Bank and Guarantor.

12. APPLICATION OF SINGULAR AND PLURAL. In all cases where there is but a single Borrower, then all words used herein in the plural shall be deemed to have been used in the singular where the context and construction so require; and when there is more than one Borrower named herein, or when this Guaranty is executed by more than one Guarantor, the word "Borrower" and the word "Guarantor" respectively shall mean all or any one or more of them as the context requires.

13. COUNTERPARTS; GOVERNING LAW. This Guaranty may be executed in as many counterparts as may be required to reflect all parties assent; all counterparts will collectively constitute a single agreement. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York, but giving effect to federal laws applicable to national banks, without reference to the conflicts of law or choice of law principles thereof.

14. GUARANTOR'S WAIVERS.

(a) To the extent permitted under applicable law, Guarantor waives any right to require Bank to: (i) proceed against the Borrower or any other person; (ii) marshal assets or proceed



against or exhaust any security held from the Borrower or any other person; (iii) give notice of the terms, time and place of any public or private sale or other disposition of personal property security held from the Borrower or any other person; (iv) take any other action or pursue any other remedy in Bank's power; or (v) make any presentment or demand for performance, or give any notices of any kind, including, without limitation, any notice of nonperformance, protest, notice of protest or notice of dishonor, notice of intention to accelerate or notice of acceleration hereunder or in connection with any obligations or evidences of indebtedness held by Bank as security for or which constitute in whole or in part the Indebtedness guaranteed hereunder, or in connection with the creation of new or additional Indebtedness; or (vi) set off against the Indebtedness the fair value of any real or personal property given as collateral for the Indebtedness (whether such right of setoff arises under statute or otherwise). In addition to the foregoing, Guarantor specifically waives any statutory right it might have to require Bank to proceed against Borrower or any collateral that secures the Indebtedness.

(b) To the extent permitted under applicable law, Guarantor waives any defense to its obligations hereunder based upon or arising by reason of: (i) any disability or other defense of the Borrower or any other person; (ii) the cessation or limitation from any cause whatsoever, other than payment in full, of the Indebtedness of the Borrower or any other person; (iii) any lack of authority of any officer, director, partner, agent or any other person acting or purporting to act on behalf of the Borrower which is a corporation, partnership or other type of entity, or any defect in the formation of any such Borrower; (iv) the application by the Borrower of the proceeds of any Indebtedness for purposes other than the purposes represented by Borrower to, or intended or understood by, Bank or Guarantor; (v) any act or omission by Bank which directly or indirectly results in or aids the discharge of the Borrower or any portion of the Indebtedness by operation of law or otherwise, or which in any way impairs or suspends any rights or remedies of Bank against the Borrower; (vi) any impairment of the value of any interest in security for the Indebtedness or any portion thereof, including without limitation, the failure to obtain or maintain perfection or recordation of any interest in any such security, the release of any such security without substitution, and/or the failure to preserve the value of, or to comply with applicable law in disposing of, any such security; (vii) any modification of the Indebtedness, in any form whatsoever, including any modification made after revocation hereof to any Indebtedness incurred prior to such revocation, and including without limitation the renewal, extension, acceleration or other change in time for payment of, or other change in the terms of, the Indebtedness or any portion thereof, including increase or decrease of the rate of interest thereon; or (viii) or any requirement that Bank give any notice of acceptance of this Guaranty. Until all Indebtedness shall have been paid in full, Guarantor shall have no right of subrogation, and Guarantor waives any right to enforce any remedy which Bank now has or may hereafter have against the Borrower or any other person and waives any benefit of, or any right to participate in, any security now or hereafter held by Bank. To the fullest extent permitted by applicable law, Guarantor waives all rights of a surety and the benefits of any applicable suretyship law, statute or regulation, and without limiting any of the waivers set forth herein, Guarantor further waives, to the extent permitted under applicable law, any other fact or event that, in the absence of this provision, would or might constitute or afford a legal or equitable discharge or release of or defense to Borrower.

(c) Guarantor further waives all rights and defenses Guarantor may have arising out of (i) any election of remedies by Bank, even though that election of remedies, such as a non-judicial foreclosure with respect to any security for any portion of the Indebtedness, destroys Guarantor's rights of subrogation or Guarantor's rights to proceed against the Borrower for reimbursement, or (ii) any loss of rights Guarantor may suffer by reason of any rights, powers or remedies of the Borrower in connection with any anti-deficiency laws or any other laws limiting,

qualifying or discharging Borrower's Indebtedness, whether by operation of law or otherwise, including any rights Guarantor may have to claim a fair market credit with respect to a deficiency or have a fair market value hearing to determine the size of a deficiency following any foreclosure sale or other disposition of any real property security for any portion of the Indebtedness, and Guarantor waives any right Guarantor may have under any "one-action" rule. Guarantor further waives the benefit of any homestead, exemption or other similar laws.

15. **UNDERSTANDING WITH RESPECT TO WAIVERS; SEVERABILITY OF PROVISIONS.** Guarantor warrants and agrees that each of the waivers set forth herein is made with Guarantor's full knowledge of its significance and consequences, and that under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any waiver or other provision of this Guaranty shall be held to be prohibited by or invalid under applicable public policy or law, such waiver or other provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such waiver or other provision or any remaining provisions of this Guaranty.

16. **ARBITRATION.**

( a ) **Arbitration.** The parties hereto agree, upon demand by any party, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise in any way arising out of or relating to this Guaranty and its negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination. In the event of a court ordered arbitration, the party requesting arbitration shall be responsible for timely filing the demand for arbitration and paying the appropriate filing fee within 30 days of the abatement order or the time specified by the court. Failure to timely file the demand for arbitration as ordered by the court will result in that party's right to demand arbitration being automatically terminated.

( b ) **Governing Rules.** Any arbitration proceeding will (i) proceed in a location in New York selected by the American Arbitration Association ("AAA"); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA's commercial dispute resolution procedures, unless the claim or counterclaim is at least \$1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to herein, as applicable, as the "Rules"). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

( c ) **No Waiver of Provisional Remedies, Self-Help and Foreclosure.** The arbitration requirement does not limit the right of any party to (i) foreclose against real or personal property collateral; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the

pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in sections (i), (ii) and (iii) of this paragraph.

(d) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is \$5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than \$5,000,000.00. Any dispute in which the amount in controversy exceeds \$5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in New York or a neutral retired judge of the state or federal judiciary of New York, in either case with a minimum of ten years' experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of New York and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the corresponding rules of civil practice and procedure in New York or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(e) Discovery. In any arbitration proceeding, discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(f) Class Proceedings and Consolidations. No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, except parties who have executed this Agreement or any other contract, instrument or document relating to any Indebtedness, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

(g) Payment Of Arbitration Costs And Fees. The arbitrator shall award all costs and expenses of the arbitration proceeding.

(h) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA or administrator. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by

applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the documents between the parties or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the documents or any relationship between the parties.

(i) Small Claims Court. Notwithstanding anything herein to the contrary, each party retains the right to pursue in Small Claims Court any dispute within that court's jurisdiction. Further, this arbitration provision shall apply only to disputes in which either party seeks to recover an amount of money (excluding attorneys' fees and costs) that exceeds the jurisdictional limit of the Small Claims Court.

IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty, intending to be legally bound hereby, as of October 7, 2016.

Western State Design, Inc., a Delaware corporation

By: /s/ Henry M. Nahmad  
Name: Henry M. Nahmad  
Title: President

**SUBCONTRACT AGREEMENT PENDING NOVATION**

This SUBCONTRACT AGREEMENT PENDING NOVATION (“Agreement”) is entered into effective as of October 10, 2016, by and among EnviroStar, Inc., a Delaware corporation (the “Parent”), Western State Design, Inc., a Delaware corporation and a wholly owned subsidiary of Parent (the “Buyer”) on the one hand, and Dennis Mack and Tom Marks (collectively, the “Members”) and Western State Design, LLC, a California limited liability company (the “Company”), on the other hand. The Members and the Company are sometimes collectively referred to as the “Seller Group.” Each of the Parent, the Buyer, the Company, and the Members is also referred to herein as a “Party” and collectively as the “Parties”. Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement (as defined below).

**RECITALS**

WHEREAS, the Parties are parties to the Asset Purchase Agreement (the “Purchase Agreement”) dated as September 7, 2016 providing for the purchase by Buyer from the Company of the Acquired Assets, and the transfer of the Assigned Contracts and the Assumed Liabilities to Buyer on the terms and subject to the conditions set forth in the Purchase Agreement;

WHEREAS, the Parties desire that Buyer begin performing the prime contracts and task orders set forth on Schedule A to this Agreement (the “Government Contracts”) immediately upon the Closing, prior to approval by the applicable Governmental Authority of the assignment, novation or transfer of the scope of work of the Government Contracts to Buyer and, if necessary, the assignment of any subcontracts under such Government Contracts (the “Company Subcontracts”);

WHEREAS, prior to the assignment, novation or transfer of the scope of work of the Government Contracts to Buyer, the Parties desire to enter into a relationship whereby Buyer will assume responsibility for the performance of all obligations under the Government Contracts and the Company Subcontracts and the Company will receive payments under the Government Contracts and remit such payments to Buyer; and

WHEREAS, the Parties desire that Buyer begin performing the other customer subcontracts set forth on Schedule B to this Agreement (the “Customer Subcontracts”) immediately upon the Closing, prior to approval by the applicable counter-party of the assignment of the Customer Subcontracts to Buyer; and

WHEREAS, prior to the assignment of the Customer Subcontracts to Buyer, the Parties desire to enter into a relationship whereby Buyer will assume responsibility for the performance of all obligations under the Customer Subcontracts and the Company will receive payments under the Customer Subcontracts and remit such payments to Buyer.

---

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for such other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

### 1. Buyer's Responsibilities and Authority.

(a) Assumption of Responsibility. On and after the Closing Date, Buyer, at its cost and expense, will act as a subcontractor to the Company and assume complete responsibility for administering and performing the Government Contracts set forth on Schedule A, the Company Subcontracts and the Customer Subcontracts set forth on Schedule B (collectively, the "Covered Contracts"). In addition, Buyer is authorized to and will take on behalf of the Company, subject to the Company's supervision and control as set forth in Section 2, all such reasonable actions or inactions as are necessary to ensure that each of the Covered Contracts is administered and performed on and after the date hereof in accordance with all of the contract requirements and applicable Laws related thereto. Without intending to limit the authority granted to Buyer in this Section 1, the Company specifically authorizes Buyer to perform the following actions with respect to the administration and performance of the Covered Contracts on and after the date hereof, when necessary, on the Company's behalf:

- (i) prepare, submit, negotiate, enter into and agree on any revisions, modifications, changes, or amendments to the Covered Contracts;
- (ii) prepare and submit formal correspondence, reports, certifications, contract data requirements list documents, DD-250s, progress payment requests, invoices, vouchers, and any other document required to be submitted under the Covered Contracts;
- (iii) prepare, submit, negotiate and agree on any claims, requests for equitable adjustments or other pricing adjustment proposals under any of the Covered Contracts;
- (iv) bring a lawsuit, seek arbitration or file an appeal or complaint from a government contracting officer's final decision to a Board of Contract Appeals or the U.S. Court of Federal Claims in accordance with the Contracts Disputes Act of 1978 (the "CDA") under the Covered Contracts; and
- (v) perform any other action necessary to ensure that each of the Covered Contracts are administered and performed in accordance with all contract requirements and applicable Laws related thereto.

(b) Execution of Documents. Subject to the Company's supervision and control as set forth in Section 2, with respect to the execution of contract revisions, modifications, changes, amendments, progress payment requests, invoices, vouchers and any other contractual

documents authorized in Section 1(a) related to the administration and performance of the Covered Contracts, the Company hereby authorizes Buyer to execute those documents on the Company's behalf.

2 . Control and Supervision. Buyer will obtain the Company's prior written approval, which will not be unreasonably withheld or delayed, before executing an agreement with the Government or other counter-party that has a binding effect on the Company, bringing a lawsuit, rendering any certification the scope of which encompasses more than the Acquired Assets, and seeking arbitration or filing an appeal or complaint in accordance with the CDA in the Company's name related to the Covered Contracts.

3. Right to Payment; Payment Terms. The Company will promptly pay or cause to be paid to Buyer, all funds received by the Company on or after the Closing, but in no event more than two (2) Business Days following receipt of such funds by the Company, as payments pursuant to any invoice, voucher or request for progress payments rendered by Buyer for product sold or services rendered by Buyer on or after the Closing or otherwise received in respect of Buyer's performance of or under the Government Contracts or the Customer Subcontracts on or after the Closing.

4 . Company Action. Unless Buyer fails to perform its duties or responsibilities under this Agreement, the Company will refrain from undertaking any actions which Buyer is authorized to undertake by this Agreement unless requested to do so, in writing, by Buyer. The Company also will refrain from appointing any other individual or entity to perform any of the actions covered in this Agreement. The Company will promptly forward to Buyer all notices and correspondence it receives from the Government or any other contractor with respect to the Covered Contracts.

5. Duty to Cooperate. The Buyer and the Company will use commercially reasonable efforts to cooperate with and assist each other as may be reasonably necessary or desirable from time to time to implement the terms of this Agreement and to enable Buyer to administer and perform the Covered Contracts.

6. Term and Termination. Subject to Section 7, this Agreement terminates in its entirety: (a) upon mutual agreement of the Parties; (b) after (i) the appropriate Governmental Authority executes an assignment or novation agreement of the Government Contracts to Buyer, and (ii) when notice of, consent to, or approval of, the assignment to Buyer of the Customer Subcontracts or, to the extent required, the Company Subcontracts, has been executed and delivered to Buyer by the appropriate counter-party; or (c) upon the expiration or termination of, including completion of all duties and obligations under and close out of, the Government Contracts, the Company Subcontracts and the Customer Subcontracts.

Subject to Section 7, this Agreement and Buyer's authority hereunder terminates in part with respect to (x) each Government Contract when the assignment or novation applicable to such Government Contract has been executed and delivered to Buyer by the appropriate Governmental Authority or upon the expiration or termination of the Government Contract (as provided above); (y) with respect to each Company Subcontract, to the extent required, when notice of, consent to, or approval of, the assignment to Buyer of such Company Subcontract has



been executed and delivered to Buyer by the appropriate counter-party or upon the expiration or termination of such Company Subcontract (as provided above); and (z) with respect to each Customer Subcontract, when notice of, consent to, or approval of, the assignment to Buyer of such Customer Subcontract has been executed and delivered to Buyer by the appropriate counter-party or upon the expiration or termination of such Customer Subcontract (as provided above).

This Agreement's termination will not relieve the Parties of their obligations pursuant to the Purchase Agreement.

7. Conflicts with the Purchase Agreement. Nothing in this Agreement in any way supersedes, modifies, replaces, amends, changes, rescinds, waives, expands, exceeds, enlarges or affects the provisions set forth in, or any Person's rights, remedies or obligations under, the Purchase Agreement. Notwithstanding anything to the contrary contained herein, to the extent that any provision of this Agreement is inconsistent or conflicts with the Purchase Agreement, the Purchase Agreement controls.

8. Costs of Seller Group. Except for legal costs incurred by Seller Group in fulfillment of its obligations under Section 4.23(a) of the Purchase Agreement, Seller Group shall be compensated by the Buyer for any and all reasonable, actual and documented out-of-pocket costs incurred by Seller Group in connection with the performance of this Agreement, including but not limited to any costs incurred by the Company after the Closing Date to maintain insurance required by the Covered Contracts.

9. Miscellaneous.

(a) Commercial Agreement. This Agreement is intended to be a commercial agreement between the Parties as private parties. It is not intended to, nor does it, bind the United States Government or any other Person.

(b) Compliance with Laws. Each Party will comply with all Laws, rules and regulations applicable to the performance of its obligations under this Agreement, and will procure and maintain all licenses and permits necessary for the performance of its obligations under this Agreement.

(c) Further Assurances. Each Party will, at its own expense, execute all further instruments and documents and take all additional actions as the other Party may reasonably require in order to effectuate this Agreement's terms and purposes.

(d) Notices. All notices, requests and other communications to any Party hereunder will be in writing (including facsimile transmission) and given,

if to Parent or Buyer, to:

EnviroStar, Inc.  
290 Northeast 68<sup>th</sup> Street  
Miami, Florida 33138  
Telephone No.: (305) 754-4551

Facsimile No.: (305) 751-4903  
Attn.: Mr. Henry M. Nahmad

with a copy (which shall not constitute notice) to:

Troutman Sanders LLP  
875 Third Ave.  
New York, New York 10002  
Telephone No.: (212) 704-6030  
Facsimile No.: (212) 704-5919  
Attn: Joseph Walsh, Esq.

if to any member of the Seller Group, to:

Western State Design, LLC  
2331 Tripaldi Way  
Hayward, CA 94545  
Telephone No.: 510-786-9271  
Facsimile No. : 510-783-9748  
Attn: Dennis Mack

with a copy (which shall not constitute notice) to:

Wendel, Rosen, Black & Dean, LLC  
1111 Broadway, 24<sup>th</sup> Floor  
Oakland, CA 94607  
Telephone No.: 510-834-6600  
Facsimile No.: 510-808-4672  
Attn: Richard A. Lyons

or such other address or facsimile number as such Party may hereafter specify for the purpose by notice to the other Parties hereto. All such notices, requests and other communications will be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a Business Day in the place of receipt. Otherwise, any such notice, request or communication is deemed not to have been received until the next succeeding Business Day in the place of receipt.

( e ) Amendment; Waiver. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each Party to this Agreement, or in the case of a waiver, by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder operates as a waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

( f ) Successors and Assigns. This Agreement's provisions are binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns; *provided* that no

Party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement (other than to an Affiliate) without the consent of the other Party hereto.

(g) Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Florida applicable to a contract executed and performed in such State without giving effect to the conflicts of Laws principles thereof, which would result in the applicability of the Laws of another jurisdiction.

(h) Jurisdiction; Venue. Each of the parties hereto hereby irrevocably consents and submits to the exclusive jurisdiction of the United States District Court for the Eleventh Judicial District of Florida and the courts of the State of Florida located in Miami-Dade County in connection with any Action arising out of or relating to this Agreement or the Transactions, waives any objection to venue in the Eleventh Judicial District of Florida and the courts of the State of Florida located in Miami-Dade County, and agrees that service of any summons, complaint, notice or other process relating to such proceeding may be effected in the manner provided by Section 8(d). IN ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OPERATIVE AGREEMENTS, THE PARTIES HERETO WAIVE TRIAL BY JURY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT OR THE OPERATIVE AGREEMENTS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(i) Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which is an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement becomes effective when each Party hereto receives a counterpart hereof signed by the other Party hereto. Until and unless each Party has received a counterpart hereof signed by the other Party hereto, this Agreement has no effect and no Party has any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication). The Parties intend to sign and deliver this Agreement by facsimile or other electronic transmission. The delivery of this Agreement by facsimile or other electronic transmission has the same force and effect as delivery of original signatures and each Party may use such signatures delivered by facsimile or electronic transmission as evidence of the execution and delivery of this Agreement by all Parties to the same extent that an original signature could be used.

(j) No Third-Party Beneficiaries. This Agreement does not create, and will not be construed as creating, any rights or interests enforceable by any Person not a Party to this Agreement.

(k) Entire Agreement. This Agreement and the Purchase Agreement constitute the entire agreement between the Parties relating to the subject matter hereof and supersede all prior agreements and understandings, both oral and written, between the Parties with respect thereto.

(l) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this

Agreement will remain in full force and effect and will in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

*[Signature page follows]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

ENVIROSTAR, INC.

By: /s/ Henry Nahmad  
Name: Henry Nahmad  
Title: Chief Executive Officer

WESTERN STATE DESIGN, INC.

By: /s/ Henry Nahmad  
Name: Henry Nahmad  
Title: President

WESTERN STATE DESIGN, LLC

By: /s/ Dennis Mack  
Name: Denis Mack  
Title: President

/s/ Dennis Mack  
Dennis Mack

/s/ Tom Marks  
Tom Marks

**[Agreement Regarding Contracts]**

---

**SCHEDULE A**

**GOVERNMENT CONTRACTS**

---

**SCHEDULE B**

**CUSTOMER SUBCONTRACTS**

---