

## FRANCHISE DISCLOSURE DOCUMENT

ZOOM DRAIN FRANCHISE, LLC  
a Delaware limited liability company  
500 Davis Drive  
Plymouth Meeting, PA 19462  
215-259-8050  
[www.zoomdrain.com](http://www.zoomdrain.com)  
[support@zoomdrain.com](mailto:support@zoomdrain.com)



As a franchisee, you will operate a business that provides drain cleaning and sewer inspections, maintenance, repair, and replacement work as well as drain pumping, grease trap and septic services for residential and commercial customers.

The total investment necessary to begin operations of a single-Territory ZOOM DRAIN® franchise is \$259,618 to \$485,641. This includes \$88,350 to \$88,800 that must be paid to the franchisor or affiliates.

The total investment necessary to begin operations of a contiguous, multi-territory ZOOM DRAIN® franchise comprising three (3) territories is \$355,718 to \$586,961. This includes \$158,350 to \$158,800 that must be paid to the franchisor or its affiliate.

The total investment necessary to enter into a development agreement for the right to develop four (4) Franchised Businesses is \$385,218 to \$616,461, which includes \$187,850 to \$188,300 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jim Criniti, Zoom Drain Franchise, LLC at 500 Davis Drive, Plymouth Meeting, PA 19462, 215-259-8050.

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

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

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

Issuance Date: April 26, 2024.

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only ZOOM DRAIN business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a ZOOM DRAIN franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchise *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor delegates. These items may be more expensive than similar items you could buy or own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from the franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit F.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contacts for the location of the State Specific Addenda.

## Special Risks to Consider About *This Franchise*

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreements require you to resolve disputes with the franchisor by mediation and litigation only in Pennsylvania. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with the franchisor in Pennsylvania than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Spousal Obligation.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement, even if your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
5. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
6. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

## **MICHIGAN ADDENDUM TO DISCLOSURE DOCUMENT**

**The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchises from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is competitor of the franchisor or subfranchisor

- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding the notice should be directed to the Michigan Department of Attorney General, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, MI 48933, (517) 373-7117.

**ZOOM DRAIN FRANCHISE, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

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## ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this franchise disclosure document “us” “our” or “we” means Zoom Drain Franchise, LLC, the franchisor. “You” or “your” means the person who buys the franchise. If you are a corporation, partnership or limited liability company, “you” or “your” also means the shareholders of the corporation, partners of the partnership or members and managers of the limited liability company, who must sign an Owner’s Guaranty and Agreement to Comply with Certain Undertakings of the Franchisee.

### Background of Us, Our Parent, Our Predecessor, and Our Affiliates

We are a Delaware limited liability company formed on January 11, 2021. Our principal place of business is 500 Davis Drive, Plymouth Meeting, Pennsylvania 19462. We are operating under the business name Zoom Drain Franchise, LLC and Zoom Drain.

Our predecessor is Zoom Franchise Company, LLC, a Pennsylvania limited liability company formed on July 19, 2013, with a principal place of business at 500 Davis Drive, Plymouth Meeting, PA 19462. Our predecessor offered franchises of the same type of business you will operate from January 2014 until February 12, 2021. We are a wholly owned subsidiary of ZD Holdco, LLC, a Delaware limited liability company formed on January 11, 2021, with an address at 500 Davis Drive, Plymouth Meeting, PA 19462, which we consider our parent company. On February 12, 2021, ZD Holdco, LLC acquired the assets and liabilities of Zoom Franchise Company, LLC. The assets and liabilities of Zoom Franchise Company, LLC were contributed to us by ZD Holdco, LLC. ZD Holdco, LLC is owned by ZD Investments, LLC and ZD LTIP, LLC, which have a principal business address at 500 Davis Drive, Plymouth Meeting, PA 19462. ZD Investments LLC is managed by MPK ZD, LLC, which is in turn managed by MPK Equity Partners, LLC, each of which has the principal business address of 3000 Turtle Creek Blvd., Dallas, Texas 75219.

We have the following affiliates that offer franchises:

1. **Restoration 1:** Restoration 1 Franchise Holding, LLC offers franchises for businesses providing residential and commercial water, fire, smoke, and mold restoration services with additional services such as cleaning, drying, and reconstruction and repair under the name “Restoration 1®”. Restoration 1 Franchise Holding, LLC began offering franchises in April 2020 and as of December 31, 2023, 296 franchised “Restoration 1®” businesses were in operation. Restoration 1 Franchise Holding, LLC has the principal business address of 2929 Carlisle St., Suite 100, Dallas, Texas 75204.
2. **Bluefrog:** BlueFrog Plumbing and Drain, LLC offers franchises for plumbing and drain repair businesses under the name “BlueFrog Plumbing + Drain®.” BlueFrog Plumbing and Drain, LLC began offering franchises in 2014 and as of December 31, 2023, 42 franchised “BlueFrog Plumbing + Drain®” businesses were in operation. BlueFrog Plumbing and Drain, LLC has the principal business address of 2929 Carlisle St., Suite 100, Dallas, Texas 75204.
3. **Softroc:** Softroc Global LLC offers franchises for businesses providing installation, cleaning, maintenance and repair of rubber safety surfacing under the name “Softroc®.” Some Softroc® businesses may also offer a product line of driveway construction and repair services using the name “The Driveway Company®.” Softroc Global LLC began offering franchises in 2021 and as of December 31, 2023, 30 franchised “Softroc®” businesses were in operation. Softroc Global LLC has the principal business address of 2929 Carlisle St., Suite 100, Dallas, Texas 75204.

4. **The Driveway Company:** TDC Franchising, LLC offered franchises for businesses providing driveway construction and repair services under the name “The Driveway Company®” from 2019 to April 2023. TDC Franchising LLC no longer offers new franchises under the “The Driveway Company®” name, but as of December 31, 2023, 16 existing franchised “The Driveway Company®” businesses remained in operation. As described above, Softroc® franchisees may offer a “The Driveway Company” product line as part of their Softroc® business. TDC Franchising, LLC has the principal business address of 2929 Carlisle St., Suite 100, Dallas, Texas 75204.
5. **Patchmaster:** PatchMaster Franchise LLC offers franchises for businesses providing wall surface repair and related services under the name “PatchMaster®”. PatchMaster Franchise LLC began offering franchises in April 2022, and as of December 31, 2023, 91 franchised “PatchMaster®” businesses were in operation. PatchMaster Franchise LLC has the principal business address of 57 Main Street, Chester, NJ 07930.

We also have the following affiliates that operate Zoom Drain locations:

Our affiliate, Zoom Drain Philadelphia, LLC, a Delaware limited liability company, was formed on January 11, 2021. It has been operating, through it and its predecessor Zoom Sewer & Drain Cleaning Service, Inc. since August 1995, the same type of business you will operate, in the Philadelphia, Pennsylvania metropolitan area. Its principal place of business is at 500 Davis Drive, Plymouth Meeting, PA 19462.

Our affiliate, Zoom Drain Charlotte, LLC, a Delaware limited liability company, was formed on January 11, 2021. It has been operating through it and its predecessors since 2020, the same type of business you will operate in the Charlotte, North Carolina metropolitan area. Its principal place of business is at 2725 Westinghouse Blvd., Suite 500, Charlotte, NC 28273.

None of the parents or affiliates described above have owned, operated, or offered franchises for Zoom Drain. Other than as listed above, neither we nor our affiliates offers franchises for any other concept, or offers or sells products or services to our franchisees.

### **Agent for Service of Process**

Our agents for service of process and their principal place of business addresses are disclosed in **Exhibit F**.

### **The Business**

Zoom Drain specializes in solving drain and sewer problems by providing expert services that focus on cleaning, inspecting, and repairing drain and sewer systems. This specialization means we are not general plumbers, but experts who have the technical knowledge, tools, and experience dedicated solely to drain and sewer solutions.

We offer a comprehensive range of services that include high-velocity water jet cleaning, video inspections, grease and septic pumping, and both conventional and trenchless drain system repairs.

Zoom Drain markets itself under the tagline "Fast. Focused. Fixed." which encapsulates our commitment to rapid response times, specialized expertise in sewer and drain issues, and effective problem resolution. The business model places an emphasis on speed and expertise, which is important for emergency-based work. We offer services according to the customer's schedule, underscoring our focus on customer convenience and reliability. Our services cater to residential, commercial, and industrial customers, and includes routine, emergency, and planned maintenance services.

You will operate the ZOOM DRAIN franchise using the System and Marks as described in the Franchise Agreement, which is attached as **Exhibit A-1** (the "**Franchise Agreement**"). "**Marks**" means the service marks, trademarks, trade dress, trade names, and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of the Franchised Business (defined below). Currently, the Marks include "ZOOM," "ZOOM DRAIN" "ZOOM-JETTING" "Fast. Fixed. Zoom," "Fast. Focused. Fixed," "ZOOM DRAIN" and the Zoom Vortex design. "**System**" means the specially developed method of operating a business that provides drain cleaning and sewer inspections, maintenance, repair, and replacement work for residential and commercial customers under the Marks, using certain business formats, methods, procedures, designs, marketing and sales procedures, standards, and specifications, which may be changed, improved, modified, and further developed by us or our Affiliates from time to time.

As a ZOOM DRAIN franchisee, you will do business under the fictitious or assumed name of "**ZOOM DRAIN®**." If you are an entity, your legal entity name may not contain "ZOOM DRAIN" or any other of the Marks. For reference purposes, throughout this Franchise Disclosure Document, the term "**ZOOM DRAIN**" or "ZOOM DRAIN Business" means any business operating under the Marks and the System regardless of whether it is operated by a licensee, franchisee, affiliate, or us. The term "**Franchised Business**" means the ZOOM DRAIN Business you operate under the System and Marks and according to the terms and conditions of the Franchise Agreement. "**Services**" means the types of services that you are permitted and/or required to perform in the operation of the Franchised Business. At the present time, such Services consist of providing drain cleaning and sewer inspections, installation, maintenance, repair, and replacement work as well as drain pumping, grease trap and septic services for residential and commercial customers. We reserve the right to modify, change, and add to the types of Services that may be provided by the Franchised Business, from time to time, and the right to include the sale of certain products in connection with the provision of such Services.

We offer a franchise to operate in up to three contiguous territories under a single Franchise Agreement. If we approve you as a franchisee, you may sign a Franchise Agreement for one, two or three contiguous territories. If you wish to operate in more than three territories, or in multiple non-contiguous territories, we reserve the right to require you to sign additional Franchise Agreements. In no event will you be a franchisee until we have signed a Franchise Agreement with you. We may permit you to convert an existing drain and sewer business into a Franchised Business. In our sole discretion, we may permit you to add the ZOOM DRAIN Business to an existing service business that provides related services we determine might provide strategic advantages. In such event, you will set up an affiliate entity to be the franchisee and sign a "Plus Play Addendum," which is found in Exhibit 5 of the Franchise Agreement at the same time you sign the Franchise Agreement.

The Services offered by ZOOM DRAIN Businesses are used primarily by residential, commercial, and industrial customers. Your Franchised Business will have to compete with other types of plumbing and drain cleaning businesses and businesses offering one or more of the Services your Franchised Business will offer, including national chains, franchises, and local businesses.

## **Multi-Unit Offering**

We also offer qualified individuals and entities the right to open and operate multiple Franchised Businesses within a designated geographical area (the “Development Area”) under our current form of development agreement that is attached to this Disclosure Document as Exhibit A-2 (the “Development Agreement”), which will also outline a schedule or defined period of time in which you must open and commence operating each Franchised Business (a “Development Schedule”).

You will be required to execute a Development Agreement if you either (a) wish to acquire four (4) or more franchises, or (b) wish to open your franchises in non-contiguous Territories. You will be required to sign our then-current form of Franchise Agreement for the initial Franchised Business we grant you the right to open within the Development Area at the same time you sign your Development Agreement. The minimum number of franchises that you must open under a Development Agreement is four (4). Our standard offering assumes that you will open each Franchised Business in the various territories at the same time if the franchises are in contiguous territories. However, if the franchises are not in contiguous territories, we may allow you a defined period to open each Franchised Business. If we do this, you will subsequently need to sign our then-current form of franchise agreement for each of the Franchised Businesses you open under the Development Schedule closer to the time you are required to develop such locations that may contain different terms from our current form of Franchise Agreement attached to this Disclosure Document as Exhibit A-1.

You will be required to pay us an Initial Franchise Fee that will be calculated based on the number of Franchised Businesses we grant you the right to open under the Development Agreement, but you will not be required to pay any other Initial Franchise Fee at the time you execute your Franchise Agreements for each Franchised Business we permit you to open under your Development Agreement, as further detailed in Item 5 of this Disclosure Document.

## **Industry Regulations**

You must comply with all of the state, federal and local laws, rules, regulations, ordinances, and requirements to operate your Franchised Business, and you are responsible for knowing the state, federal and local laws, rules, regulations, ordinances, and requirements that regulate your Franchised Business and the sewer and drain cleaning industry. Some jurisdictions may require you to obtain a license before you can perform Services. If you are a legal entity, some jurisdictions may require that a properly licensed individual owns an equity interest in the entity. You should thoroughly investigate and consult with an attorney regarding all applicable laws and regulations that might impact your Franchised Business before purchasing a franchise from us.

## **Our Business Experience**

Our predecessor began offering franchises in January 2014, and we began offering franchises as of November 15, 2021. While we do not directly operate a business of the type you will be operating, our affiliates, Zoom Drain Philadelphia, LLC and Zoom Drain Charlotte, LLC have been operating a business similar to the ZOOM DRAIN Business since 1995 and 2020 respectively. Our affiliates have not offered franchises in this or any other line of business. We are not currently involved in any other business other than franchising the ZOOM DRAIN Business and providing services to our franchisees. Neither we, nor any of our affiliates have offered franchises in other lines of businesses.

## ITEM 2 BUSINESS EXPERIENCE

### **Manager and Chief Executive Officer: James N. Criniti**

Mr. Criniti has been one of our Managers and Chief Executive Officer since our formation and served as the Manager and CEO of our predecessor since its founding, and as its president from 2019 until February 12, 2021. Mr. Criniti also serves as the Manager of our affiliates and their predecessors since their formations as described in Item 1 above.

### **Vice President of Operations: Joseph Schneeweis**

Mr. Schneeweis has served as our Vice President of Operations since January 2024 in Plymouth Meeting, PA. Prior this, Mr. Schneeweis served as the Franchise Operations Manager of ServiceMaster® Corporation from June 2002 to December 2022 in Atlanta, GA.

## ITEM 3 LITIGATION

Zoom Drain Franchise, LLC does not have any litigation that is required to be disclosed in this Item and has no currently effective restrictive orders or decrees from any state. The below Settlement Order is from our affiliate, Restoration 1 Franchise Holdings, LLC that we are required to disclose due to common control through MPK Equity Partners, LLC:

*Commonwealth of Virginia, ex rel. State Corporation Commission v. Restoration 1 Franchise Holdings, LLC and Andor Kovacs*, (Case No. SEC-2014-00028). On July 16, 2024, our affiliate Restoration 1 Franchise Holdings LLC entered into a Settlement Order with the Virginia State Corporation Commission based upon the allegation that it offered and sold a “Restoration 1®” franchise in Virginia after its Virginia registration had lapsed. Restoration 1 Franchise Holding LLC neither admitted nor denied the allegations but nonetheless agreed to the terms of the Settlement Order whereby it paid \$1,000 to defray the costs of investigation to the State of Virginia, agreed to attend franchise sales compliance training, and agreed to never again violate the Virginia Retail Franchise Act in the future.

Other than as set forth above, no litigation is required to be disclosed in this Item.

## ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

## ITEM 5 INITIAL FEES

### **Franchise Agreement**

#### *Initial Franchise Fee*

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement (“**Initial Franchise Fee**”). The amount of your Initial Franchise Fee will be determined by the number of territories you acquire. If you acquire a single territory containing a population of up to 300,000, your Initial Franchise Fee will be \$49,500. If you acquire two contiguous Territories, your Initial Franchise Fee will be \$89,500. If you acquire three contiguous territories, your Initial Franchise Fee will be \$119,500. If you wish to purchase one or more Territories with a population greater than 300,000 per Territory, you must pay us a fee of \$0.16 per additional person within that Territory. You may not acquire more than three territories

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under a single Franchise Agreement. You may not acquire multiple non-contiguous territories under a single Franchise Agreement. For more than three territories, a second Franchise Agreement will be required. The Initial Franchise Fee is fully earned by us when paid and is not refundable under any circumstances.

*Veteran Discount*

If you are an honorably discharged veteran who meets our qualifications for purchasing a franchise, we will discount your Initial Franchise Fee by \$5,000. This reduced Initial Franchise Fee must be paid immediately upon execution of your Franchise Agreement. You may only apply for one discount and the discount only applies to the purchase of your first Territory.

*Technology Fee*

Starting 3-4 months before the Franchised Business opens, you are required to start paying us a Technology Fee which is currently \$300 per franchisee per month (if you operate in contiguous Territories).

*Productivity Application Fee*

Starting 3-4 months before the Franchised Business opens, you are required to start paying us a fee of \$30 per account per month for a productivity suite such as Google Workplace or Microsoft 365 (the “Productivity Application Fee”). We estimate that you will start with approximately 5 accounts.

*Equipment, Initial Small Tools, and Inventory of Supplies*

A portion of the equipment, initial small tools, and inventory and supplies will be paid to us in the amount of \$37,500. We will provide you with certain drain cleaning equipment, supplies and tools.

Development Agreement

*Initial Franchise Fee Under the Development Agreement*

If we grant you the right to open (a) Franchised Businesses in two (2) or more non-contiguous Territories, or (ii) four (4) or more Franchised Businesses in contiguous Territories under a Development Agreement, you must pay us a one-time Initial Franchise Fee upon executing your Development Agreement. Your Initial Franchise Fee will depend on the number of Franchised Businesses we grant you the right to open within the Development Area and is calculated as follows:

<b>Unit</b>	<b>Additional Fee per Territory</b>	<b>Total Initial Franchise Fee (Non-Contiguous Territories)</b>
2	\$40,000	\$89,500
3	\$30,000	\$119,500
<b>Unit</b>	<b>Additional Fee per Territory</b>	<b>Total Initial Franchise Fee (Contiguous Territories)</b>
4	\$29,500	\$149,000
5	\$29,000	\$178,000
6	\$28,000	\$206,000
7	\$27,000	\$233,000

Unit	Additional Fee per Territory	Total Initial Franchise Fee (Non-Contiguous Territories)
8	\$25,000	\$258,000
9	\$23,000	\$281,000
10	\$18,500	\$299,500

You will be required to enter into our then-current form of franchise agreement for each Franchised Business you wish to open under your Development Agreement, but you will not be required to pay any additional Initial Franchise Fee at the time you execute each of these franchise agreements. If you enter into a Development Agreement, you must execute our current form of Franchise Agreement for the first Franchised Business we grant you the right to open within your Development Area concurrently with the Development Agreement.

Your Initial Franchise Fee will be deemed fully earned upon payment and is not refundable under any circumstances.

#### ITEM 6 OTHER FEES

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
Royalty Fee (Note 1)	During the first 12 months from the execution of your Franchise Agreement, you are required to pay us a Royalty Fee equal to 6% of Gross Sales.  Starting 13 months from the execution of the Franchise Agreement, you are required to pay us a Royalty Fee equal to the greater of (i) 6% of Gross Sales, or (ii) \$1,000 per Territory per month.	Payable on the 10 <sup>th</sup> day and 25 <sup>th</sup> day of each month	We require payments to be made via electronic funds transfer (“EFT”) or automated clearing house (“ACH”) charges, as we designate.  If you operate in multiple territories under a single Franchise Agreement, you will report your Gross Sales of all territories together to us. For example, if you operate in three territories under a single Franchise Agreement, your Royalty Fee would be the greater of (i) 6% of Gross Sales generated in all territories, or (ii) \$3,000.
Brand Fund Contribution (Note 1)	2% of Gross Sales per month	Payable on the 10 <sup>th</sup> day and 25 <sup>th</sup> day of each month	This amount is paid in the same manner as the Royalty Fees.  The Brand Fund Contribution starts upon opening your Franchised Business.
Local Advertising Requirement	Your Local Advertising Requirement will be \$1,000 per Territory per month. If you operate in multiple Territories under a single Franchise	As incurred	This is the minimum amount you must spend on the local advertising and promotion of your Franchised Business within your Territory. We encourage you to spend additional amounts on

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
	<p>Agreement, then you must spend \$1,000 per Territory per month.</p>		<p>promoting and advertising your Franchised Business as you and your business advisors determine appropriate.</p> <p>We must approve all advertising consistent with your Franchise Agreement and we may require that any portion of your Local Advertising Requirement be spent on materials that you must acquire from a supplier we designate or otherwise approve prior to use. We reserve the right to require you to pay the Local Advertising Requirement directly to us to spend on advertising in your Territory. The Local Advertising Requirement begins upon opening your Franchised Business.</p> <p>You must also pay the then-current amount to ServiceTitan for Marketing Pro, which is currently: (i) \$300.00 per month for 0-1,500 contacts; (ii) \$600.00 per month for 1,501-3,000 contacts; and (iii) \$1,000 per month for 3,001+ contacts.</p>
<p>Technology Fee; Productivity Account Fee (Note 3)</p>	<p>The then-current technology fee, which is currently \$300 per franchisee per month (if in contiguous Territories) (the “Technology Fee”).</p> <p>The then-current productivity account fee, which is currently \$30 per account per month for a productivity suite such as Google Workplace or Microsoft 365 (the “Productivity Application Fee”).</p>	<p>Payable on the 20<sup>th</sup> day of each month</p>	<p>The Technology Fee is paid beginning 3-4 months before you open the Franchised Business.</p> <p>In addition to the Technology Fee, you are also required to pay \$250 per managed tech per month to ServiceTitan.</p>
<p>Transfer Fee</p>	<p>\$10,000 per transaction.</p>	<p>Prior to consummation of transfer</p>	<p>Payable when you sell your franchise, an interest in you or</p>

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
			<p>assets of your Franchised Business.</p> <p>The Transfer Fee is determined based on the number of transactions that you engage in. For example, if you operate in three (3) Territories under a single Franchise Agreement and you transfer all three (3) Territories to one purchaser, then you will pay a Transfer Fee of \$10,000. However, if you decide to transfer two (2) Territories to a purchaser and one (1) Territory to a different purchaser, then you would pay two (2) \$10,000 Transfer Fees – one in each transaction.</p>
Renewal Fee	\$10,000 per transaction.	At the time of renewal	Payable when you renew the Franchise Agreement. If you operate in multiple contiguous territories under a single Franchise Agreement, then your Renewal Fee is \$10,000. If you operate in non-contiguous Territories under multiple Franchise Agreements, then you would pay a renewal fee equal to \$10,000 per Franchise Agreement.
Additional Training and Assistance (Note 4)	Fee and all expenses  Currently \$1,000 per day plus travel expenses	Upon request or as we require	This is for additional training we may provide from time to time or additional assistance that you need or request.
National Conference	The then-current fee, which is currently \$250 per attendee	Upon demand	This is for an annual National Conference lasting 2-3 days which your Principal Owner must attend.
Testing for Supplier Approval	Reasonable fee	Upon demand	Only if you request that a supplier be approved.
Interest on late payments (Note 5)	Lesser of 1 ½% per month or maximum legal rate	Upon demand	Payable on all overdue amounts to us or our affiliates.
Audit Fee (Note 5)	Cost of audit	Upon demand	If we determine that you have been deficient in reporting your Gross Sales by more than 2%.

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
Taxes (Note 6)	Actual cost	Upon demand	Payable if certain taxes are levied or assessed on the fees you pay to us or our affiliates.
Additional Location Fee	\$2,000	Upon demand	Payable if you decide to operate the Franchised Business from an Additional Location.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your Franchised Business operation
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the Franchise Agreement, and we must seek assistance to enforce the Agreement.

\* All fees are imposed by and are payable to us or our affiliates. All fees are non-refundable. All fees are uniformly imposed on all franchisees.

**Note 1: Royalty Fee; Brand Fund Contribution.** Upon execution of your Franchise Agreement, you are required to pay us a semi-monthly Royalty Fee equal to 6% of Gross Sales. Starting in month 13 after execution of the Franchise Agreement, you are required to pay us a semi-monthly Royalty Fee equal to the greater of (i) 6% of Gross Sales, or (ii) \$1,000 per Territory per month. The Royalty Fee is payable on the 10<sup>th</sup> day and 25<sup>th</sup> day of the month (each a “**Payment Date**”). The Royalty Fee payable on the 10<sup>th</sup> day of the month is based on the Gross Sales made from the 16<sup>th</sup> day to through the last day of the prior month, and the Royalty Fee payable on the 25<sup>th</sup> day of the month based on the Gross Sales made from the first day to the 15<sup>th</sup> day of that month (each a “**Payment Period**”). We reserve the right to modify the Payment Date and Payment Period from time to time.

You are required to contribute 2% of Gross Sales per month to the Brand Fund. The Brand Fund Contribution will be paid at the same time and in the same manner as the Royalty Fee.

“**Gross Sales**” means the total amount of all sales of products and services sold from, through, or in connection with the Franchised Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.

We are authorized to take these fees, as well as the Technology Fee (if paid to us) and Productivity Application Fee from you by electronic transfer or such other manner that we may designate from time to time. You will comply with the procedures specified in the Confidential Operations Manuals or as otherwise communicated for the EFT program and will perform the acts and sign the documents, including authorization forms that we, our bank, and your bank may require to provide payment by EFT, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, you will pay all costs associated with utilizing an EFT payment program.

**Note 2: Technology Fee.** We use this fee to support modifications, enhancements, research, testing, and subscriptions of system-wide technology, including but not limited to companywide intranet, project & learning management and franchise support systems and software.

The Technology Fee will be paid on the 20th day of the month in the same manner as the Royalty Fee and Brand Fund Contribution. Currently, you will pay the full Technology Fee to us; however, we reserve the

right to change service providers and/or to require you to pay this fee directly to the designated vendor in whole or in part. If you pay this fee to us, it will be due on the 20th of each month. We will alert you promptly upon our receipt of notice from the vendor of any increases in this fee or of our determination to have you pay the vendor directly, at which point the date on which your payment is due may change depending on the vendor's payment requirements.

**Note 3: Additional Training and Assistance Fees.** We reserve the right to charge you a reasonable amount for any training we provide to you, your managers, or employees in addition to the initial Zoom Training Team training described in Item 11. Currently, we charge \$1,000 per day, plus travel and lodging expenses incurred by our trainers. You will also be responsible for any salaries, travel, meal, incidental, and lodging expenses incurred by persons attending the training program. We will make available continuing advisory assistance in a manner as we deem appropriate, and we can charge a reasonable fee for it.

**Note 4: Interest /Audit Fees.** You must pay us interest on any amounts past due to us or our affiliates, including Royalty Fees, Brand Fund Contributions, Technology Fee (if paid to us), Productivity Application Fee, and products purchases. The rate of interest will be the lesser of 1½ % per month or the maximum legal rate in the jurisdiction where your Franchised Business is located. If you under report Gross Sales, in addition to paying us for the amount of the deficiencies in the fees you paid, you must also pay interest on these unpaid amounts. If the amount of Gross Sales you report for any calendar year is less than 98% of the actual Gross Sales for that period, you must reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals, and lodging.

**Note 5: Taxes.** You agree to indemnify and/or reimburse us and our affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the operation of the Franchised Business or the license of any of our or our affiliates' intangible property to you (whether required to be paid by us or our affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our affiliates for these taxes does not extend to income-type taxes which a state or local government imposes on us or our affiliates' income.

*The remainder of this page is intentionally left blank.*

**ITEM 7 ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**A. Franchise Agreement – Single Territory**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT (Low Range)</b>	<b>AMOUNT (High Range)</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee (Note 1)	\$49,500	\$49,500	Lump Sum	Upon signing the Franchise Agreement	Zoom Drain Franchise, LLC
Payroll (Includes GL and WC Insurance and Medical) (Note 2)	\$65,116	\$78,139	As arranged	Before Opening and as incurred	All non-owner payroll, payroll taxes and benefits
Vehicle & Equipment, Initial Small Tools, and Inventory of Supplies (Note 3)	\$12,600	\$185,120	As arranged	Before Opening and as incurred	Suppliers and Zoom Drain Franchise, LLC
Opening Marketing, Brand Fund, and Local Advertising Requirement (Note 4)	\$26,100	\$31,320	As arranged	Before Opening and as Incurred	Suppliers and Vendors
Building Lease, Improvements, Utilities, Supplies (Note 5)	\$25,200	\$30,240	As arranged	Before Opening and as incurred	Landlord, Suppliers, Utility Companies
Maintenance, Fuel, Insurance, and Tolls (Note 6)	\$4,830	\$5,796	As arranged	Before Opening, and as incurred	Various vendors
Recruiting, Hiring, and Uniforms	\$5,850	\$7,020	As arranged	Before Opening, and as incurred	Various vendor
Office Supplies, Furniture, Equipment (Note 7)	\$5,150	\$6,180	As arranged	Before Opening, and as incurred	Suppliers
Phones, Computer, Technology Expenses (Note 8)	\$7,650	\$9,180	As arranged	Before Opening, and as incurred	Various Vendors

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT (Low Range)</b>	<b>AMOUNT (High Range)</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Business Licenses and Permits (Note 9)	\$1,120	\$9,344	As arranged	Before Opening, and as incurred	Government Agencies and Organizations; Utility Companies; Subcontractors
Travel, Lodging for Training (Note 10)	\$9,300	\$11,160	As arranged	Before Opening, and as incurred	Various Vendors
Professional Fees	\$3,900	\$4,680	As arranged	Before Opening, and as incurred	Attorney and accountant
Additional Funds – 3 months (Note 11)	\$43,302	\$57,962	As arranged	As incurred	Zoom Drain Franchise, LLC, Suppliers and Various Vendors
<b>TOTAL</b>	<b>\$259,618</b>	<b>\$485,641</b>			

**Notes to Table A:**

The chart above describes the estimated initial investment for a Franchised Business operating in a single Territory. Our current offering assumes and the chart above is based on an owner-operated Franchised Business operated with 2 to 3 employees. If you hire additional full-time employees, your expenses will increase. This estimate does not contemplate that you will hire a manager to operate the Franchised Business and will pay yourself a salary at the same time. If you currently own or lease an existing building that meets our standards and specifications, and/or if you currently own equipment approved for use in connection with the operation of the Franchised Business, your initial investment expenses may be lower. .

**Note 1. Initial Franchise Fee.** The Initial Franchise Fee is \$49,500 for a single territory franchise. If you wish to purchase a territory with a population greater than 300,000, you must also pay us \$0.16 per additional person. The Initial Franchise Fee is described in greater detail in Item 5.

**Note 2. Payroll.** This estimate includes amounts for general liability and workers compensation insurance premiums as well as medical insurance. This range does not include any owner’s salary or draw.

**Note 3. Vehicle and Equipment, Initial Small Tools, and Inventory of Supplies.** Before you open your Franchised Business, you are required to own, purchase, finance, or lease at least one standard service truck for use in connection with the Franchised Business (a “Vehicle”). Thereafter, you will be required to secure enough Vehicles to meet the demand in your Territory, however, we don’t expect you to obtain more than one Vehicle during the first 3 months of operation. You may acquire the Vehicle by purchase, and you may acquire a used Vehicle so long as it meets our standards, including (i) being not more than 7 years old, (ii)

the Vehicle being laid out according to our specifications, (iii) the Vehicle being free from rust, and (iv) the Vehicle is able to accommodate the basic inventory list. The low end assumes that you will lease the Vehicle (and includes the first three months of lease payments) while the high end assumes that you will purchase the vehicle (and pay 6% tax minus payments). Lease rates on an unknown specific make or model of the Vehicle from an unknown region of the country cannot be predicted in advance. These costs will vary greatly depending on the make and model of the Vehicle selected and the prevailing lease rates in the metropolitan area where the Franchised Business will be located.

This includes the required Vehicle stock list, the equipment, and supplies you will need to start your Franchised Business, including draining cleaning machines, cameras and other diagnostic equipment, parts inventory, and general plumbing tools. If, at the time you sign the Franchise Agreement, you already own equipment that meets our standards and specifications, and you wish to use that equipment in connection with the operation of the Franchised Business, you may do so, provided that you first secure our prior written approval. We keep certain of these items in stock for you to purchase so some of these items will be purchased from us.

**Note 4. Opening Marketing, Brand Fund, and Local Advertising Requirement.** You are required to conduct an initial advertising and marketing campaign during the period of three months prior to the opening of your Franchised Business through the opening of your Franchised Business. You are required to spend \$15,000 in connection with your Opening Marketing. You are also required to comply with your Local Advertising Requirement, which we require that you spend least \$1,000 per month each month. You must also use the ServiceTitan Marketing Pro Add-On which starts at \$300 per month and included in this range. This amount also includes your Brand Fund contributions over the initial three months of operations. The high end of this estimate reflects the cost of additional marketing efforts beyond your Opening Marketing and Local Advertising Requirement.

**Note 5. Building Lease, Improvements, Utilities, Supplies.** You must find office space to lease that is within your Territory. The size of the office should be approximately 1,000 square feet. The space you use should have sufficient parking for your Vehicle(s) (defined below). This estimate does not include covered parking and assumes that all trucks will be parked outside. Our standard offering assumes that you will not purchase the real estate for your Franchised Business but instead lease space from a landlord. You may be permitted to conduct the Franchised Business from your home, provided that doing so complies with applicable zoning regulations, the office space is significantly separate from the home, and you have ample space to park, at minimum, two service trucks. If you rent, the landlord will usually require you to pay the equivalent of one- or two-month's rent. The range in the Table above represents four months of rent plus a security deposit. Rental rates or deposits on an unknown location cannot be predicted in advance. These costs will vary greatly depending on the metropolitan area where the Franchised Business will be located. In most cases, we would expect franchisees to rent rather than purchase property.

Depending on the specifics of the site you select, you may need to remodel the space to meet the needs of the Franchised Business. We will provide you with layout, drawings, and design of a typical ZOOM DRAIN Business. The cost of construction, improvements, or building varies widely by the size of the space, the existing improvements and local construction rates. Until a specific site is located and evaluated a reliable estimate of costs cannot be projected. Sometimes you may receive a construction allowance from the landlord, or you may lease a location that was already built out in a suitable fashion and if so, the costs may be reduced accordingly.

**Note 6. Maintenance, Fuel, Insurance, and Tolls.** These figures represent the cost to maintain your Vehicle, as well as pay for fuel and tolls during your initial 3-month period of operations. This amount also includes your automobile insurance during the initial 3-month period of operations.

**Note 7. Office Supplies, Furniture and Fixtures.** These figures include basic office furniture, fixtures, and basic business supplies.

**Note 8. Phones, Computer and Technology Expenses.** You will need to have or install communications systems that comply with our specifications, including high speed Internet access, email capacity and a dedicated telephone line. You will need the computer system described in Item 11. This estimate also includes your Technology Fee and Productivity Application Fee during the initial 3-month period of operations.

**Note 9. Business Licenses and Permits.** These amounts represent the business licenses and permits you will likely need to establish the Franchised Business. Your Vehicle will likely need to be registered with your state vehicle registration authority. You are required to obtain all necessary licenses and pay all required governmental fees to operate your Franchised Business. The high range of this estimate includes fees paid to a licensed qualifier should this be necessary to operate your business.

**Note 10. Additional Funds.** This item estimates the amount of additional operating capital that you may need to operate your Franchised Business during the first three months after commencing operations. This estimate includes items such as utilities, additional supplies, dues and subscriptions, initial payroll, taxes, ongoing fees, and other items.

**Note 11. Total.** These figures were based on the experience of our affiliates, Zoom Drain Philadelphia, LLC, which has operated a similar business to the ZOOM DRAIN Business in Philadelphia, Pennsylvania for over 25 years, Zoom Drain Charlotte LLC, our suppliers, and our current franchisees. Except as described above, none of the fees listed in this Item are refundable.

As of the Issuance Date of this Disclosure Document, we do not offer, either directly or indirectly, financing to you for any items. (See Item 10). We reserve the right to provide financing options, directly or indirectly, at any time in the future. The availability of third-party financing will depend upon various factors like the availability of financing generally, your creditworthiness, other security that you may have, and the requirements of lending institutions concerning the type of business to be operated by you.

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**B. Franchise Agreement – 3-Pack**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT (Low Range)</b>	<b>AMOUNT (High Range)</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee (Note 1)	\$119,500	\$119,500	Lump Sum	Upon signing the Franchise Agreement	Zoom Drain Franchise, LLC
Payroll (Includes GL and WC Insurance and Medical) (Note 2)	\$65,116	\$78,139	As arranged	Before Opening and as incurred	All non-owner payroll, payroll taxes and benefits
Vehicle & Equipment, Initial Small Tools and Inventory of Supplies (Note 3)	\$12,600	\$185,120	As arranged	Before Opening and as incurred	Suppliers and Zoom Drain Franchise, LLC
Opening Marketing, Brand Fund, and Local Advertising Requirement (Note 4)	\$52,200	\$62,640	As arranged	Before Opening and as incurred	Suppliers and Vendors
Building Lease, Improvements, Utilities, Supplies (Note 5)	\$25,200	\$30,240	As arranged	Before Opening	Landlord, Suppliers, Utility Companies
Maintenance, Fuel, Insurance, and Tolls (Note 6)	\$4,830	\$5,796	As arranged	Before Opening, and as incurred	Various vendors
Recruiting, Hiring, and Uniforms	\$5,850	\$7,020	As arranged	Before Opening, and as incurred	Various vendor
Office Supplies, Furniture, Equipment (Note 7)	\$5,150	\$6,180	As arranged	Before Opening, and as incurred	Suppliers
Phones, Computer, Technology Expenses (Note 8)	\$7,650	\$9,180	As arranged	Before Opening, and as incurred	Various Vendors
Business Licenses and Permits (Note 9)	\$1,120	\$9,344	As arranged	Before Opening, and as incurred	Government Agencies and Organizations; Utility

TYPE OF EXPENDITURE	AMOUNT (Low Range)	AMOUNT (High Range)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
					Companies; Subcontractors
Travel, Lodging for Training (Note 10)	\$9,300	\$11,160	As arranged	Before Opening, and as incurred	Vendors
Professional Fees	\$3,900	\$4,680	As arranged	Before Opening, and as incurred	Attorney and accountant
Additional Funds – 3 months (Note 11)	\$43,302	\$57,962	As arranged	As incurred	Zoom Drain Franchise, LLC, Suppliers and Various Vendors
<b>TOTAL</b>	<b>\$355,718</b>	<b>\$586,961</b>			

**Notes to Table B:**

The chart above describes the estimated initial investment for a Franchised Business operating in three territories. Our current offering assumes and the chart above is based on an owner-operated Franchised Business operated with 2 to 3 employees. If you hire additional full-time employees, your expenses will increase. This estimate does not contemplate that you will hire a manager to operate the Franchised Business and will pay yourself a salary at the same time. If you currently own or lease an existing building that meets our standards and specifications, and/or if you currently own equipment approved for use in connection with the operation of the Franchised Business, your initial investment expenses may be lower.

**Note 1. Initial Franchise Fee.** The Initial Franchise Fee is \$119,500 for three territories. If one or more of your Territories contains a population greater than 300,000 people, you must also pay us \$0.16 per additional person within that Territory. The Initial Franchise Fee is described in greater detail in Item 5.

**Note 2. Payroll.** This estimate includes amounts for general liability and workers compensation insurance premiums as well as medical insurance. This range does not include any owner’s salary or draw.

**Note 3. Vehicle and Equipment, Initial Small Tools, and Inventory of Supplies.** Before you open your Franchised Business, you are required to own, purchase, finance, or lease at least one standard service truck for use in connection with the Franchised Business (a “Vehicle”). Thereafter, you will be required to secure enough Vehicles to meet the demand in your Territory, however, we don’t expect you to obtain more than one Vehicle during the first 3 months of operation. You may acquire the Vehicle by purchase, and you may acquire a used Vehicle so long as it meets our standards, including (i) being not more than 7 years old, (ii) the Vehicle being laid out according to our specifications, (iii) the Vehicle being free from rust, and (iv) the Vehicle is able to accommodate the basic inventory list. The low end assumes that you will lease the Vehicle (and includes the first three months of lease payments) while the high end assumes that you will purchase the vehicle (and pay 6% tax minus payments). Lease rates on an unknown specific make or model of the

Vehicle from an unknown region of the country cannot be predicted in advance. These costs will vary greatly depending on the make and model of the Vehicle selected and the prevailing lease rates in the metropolitan area where the Franchised Business will be located.

This includes the required Vehicle stock list, the equipment, and supplies you will need to start your Franchised Business, including draining cleaning machines, cameras and other diagnostic equipment, parts inventory and general plumbing tools. If, at the time you sign the Franchise Agreement, you already own equipment that meets our standards and specifications, and you wish to use that equipment in connection with the operation of the Franchised Business, you may do so, provided that you first secure our prior written approval. We keep certain of these items in stock for you to purchase so some of these items will be purchased from us.

**Note 4. Opening Marketing, Brand Fund, and Local Advertising Requirement.** You are required to conduct an initial advertising and marketing campaign during the period of three months prior to the opening of your Franchised Business through the opening of your Franchised Business. You are required to spend \$30,000 in connection with your Opening Marketing. You are also required to comply with your Local Advertising Requirement, which we require that you spend at least \$1,000 per Territory per month. This amount also includes your requirement to contribute to the Brand Fund. You must also use the ServiceTitan Marketing Pro Add-On which starts at \$300 per month and is included in this range. The high end of this estimate reflects the cost of additional marketing efforts beyond your Opening Marketing and Local Advertising Requirement.

**Note 5. Building Lease, Improvements, Utilities, Supplies.** You must find office space to lease that is within your Territory. The size of the office should be approximately 1,000 square feet. The space you use should have sufficient parking for your Vehicle(s) (defined below). This estimate does not include covered parking and assumes that all trucks will be parked outside. Our standard offering assumes that you will not purchase the real estate for your Franchised Business but instead lease space from a landlord. You may be permitted to conduct the Franchised Business from your home, provided that doing so complies with applicable zoning regulations, the office space is significantly separate from the home, and you have ample space to park, at minimum, two service trucks. If you rent, the landlord will usually require you to pay the equivalent of one- or two-month's rent. The range in the Table above represents four months of rent plus a security deposit. Rental rates or deposits on an unknown location cannot be predicted in advance. These costs will vary greatly depending on the metropolitan area where the Franchised Business will be located. In most cases, we would expect franchisees to rent rather than purchase property.

Depending on the specifics of the site you select, you may need to remodel the space to meet the needs of the Franchised Business. We will provide you with layout, drawings, and design of a typical ZOOM DRAIN Business. The cost of construction, improvements, or building varies widely by the size of the space, the existing improvements and local construction rates. Until a specific site is located and evaluated a reliable estimate of costs cannot be projected. Sometimes you may receive a construction allowance from the landlord, or you may lease a location that was already built out in a suitable fashion and if so, the costs may be reduced accordingly.

**Note 6. Maintenance, Fuel, Insurance, and Tolls.** These figures represent the cost to maintain your Vehicle, as well as pay for fuel and tolls during your initial 3-month period of operations. This amount also includes your automobile insurance during the initial 3-month period of operations.

**Note 7. Office Supplies, Furniture and Fixtures.** These figures include basic office furniture, fixtures, and basic business supplies.

**Note 8. Phones, Computer and Technology Expenses.** You will need to have or install communications systems that comply with our specifications, including high speed Internet access, email capacity and a dedicated telephone line. You will need the computer system described in Item 11. This estimate also includes your Technology Fee and Productivity Application Fee during the initial 3-month period of operations.

**Note 9. Business Licenses and Permits.** These amounts represent the business licenses and permits you will likely need to establish the Franchised Business. Your Vehicle will likely need to be registered with your state vehicle registration authority. You are required to obtain all necessary licenses and pay all required governmental fees to operate your Franchised Business. The high range includes fees paid to a licensed qualifier should this be necessary to operate your business.

**Note 10. Additional Funds.** This item estimates the amount of additional operating capital that you may need to operate your Franchised Business during the first three months after commencing operations. This estimate includes items such as utilities, additional supplies, dues and subscriptions, initial payroll, taxes, ongoing fees, and other items.

**Note 11. Total.** These figures were based on the experience of our affiliates, Zoom Drain Philadelphia, LLC, which has operated a similar business to the ZOOM DRAIN Business in Philadelphia, Pennsylvania for over 25 years, Zoom Drain Charlotte LLC, our suppliers, and our current franchisees. Except as described above, none of the fees listed in this Item are refundable.

We do not offer, either directly or indirectly, financing to you for any items. (See Item 10). We reserve the right to provide financing options, directly or indirectly, at any time in the future. The availability of third-party financing will depend upon various factors like the availability of financing generally, your creditworthiness, other security that you may have, and the requirements of lending institutions concerning the type of business to be operated by you.

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### C. Development Agreement – 4 Territories

TYPE OF EXPENDITURE <sup>1</sup>	AMOUNT (LOW RANGE)	AMOUNT (HIGH RANGE)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee <sup>2</sup>	\$149,000	\$149,000	Lump sum, in cash, certified check or bank wire	At signing of the Development Agreement.	Us
Initial Investment to Open Initial Franchised Business <sup>3</sup>	\$236,218	\$467,461	See Chart B of this Item 7.		
<b>TOTAL ESTIMATED INITIAL INVESTMENT <sup>3</sup></b>	\$385,218	\$616,461	This is the total estimated initial investment to enter into a Development Agreement for the right to develop four (4) total Franchise Businesses, as well as the costs to open and commence operating your initial Franchised Business for the first three months (as described more fully in Chart B of this Item 7). See Note 3.		

#### Notes to Table C:

<sup>1</sup> General. All amounts payable to us are nonrefundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. These figures are estimates of the range of your initial costs in the first three months of operating the initial Franchised Business you are granted under your Development Agreement only. You are required to enter into a Development Agreement with us if you (a) wish to open four (4) or more Franchised Businesses in contiguous Territories, or (b) wish to open two (2) or more Franchised Businesses in non-contiguous Territories.

<sup>2</sup> Initial Franchise Fee. The Initial Franchise Fee is non-refundable. The Initial Franchise Fee is described in greater detail in Item 5 of this Disclosure Document, and this Initial Franchise Fee is for the right to open and operate a total of either (a) two (2) or more Franchised Businesses in non-contiguous Territories, or (b) four or more Franchised Businesses in contiguous Territories (provided you comply with your development obligations under the Development Agreement). If you choose to open a different number of Franchised Businesses, your Initial Franchise Fee will be calculated as follows:

Territory	Additional Fee per Territory	Total Initial Franchise Fee (Non-Contiguous Territories)
2	\$40,000	\$89,500
3	\$30,000	\$119,500
Territory	Additional Fee per Territory	Total Initial Franchise Fee (Contiguous Territories)
4	\$29,500	\$149,000
5	\$29,000	\$178,000
6	\$28,000	\$206,000
7	\$27,000	\$233,000

<b>Territory</b>	<b>Additional Fee per Territory</b>	<b>Total Initial Franchise Fee (Non-Contiguous Territories)</b>
8	\$25,000	\$258,000
9	\$23,000	\$281,000
10	\$18,500	\$299,500

<sup>3</sup> Initial Investment for Initial Franchised Outlet. This figure represents the total estimated initial investment required to open and commence operating the first Franchised Business you agreed to develop under your Development Agreement. You will be required to enter into our then-current form of franchise agreement for the initial Franchised Business you develop under your Development Agreement, most likely once you have found a Premises for the Franchised Business that we approve. The range includes all the items outlined in Chart 7.B. of this Item, except for the \$149,000 Initial Franchise Fee.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must operate the Franchised Business according to our System. You are required to purchase all products, services, supplies, inventory, computer software and hardware (as described in Item 11), equipment and materials required for the operation of the Franchised Business from manufacturers, suppliers and distributors we approve, or from other suppliers who meet our specifications and standards. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention complaints, as well as payments, contributions or other consideration to us, our affiliates, any advertising fund we maintain, whether now or in the future, and/or otherwise, and our approval may be temporary, in each case in our reasonable discretion. We have imposed these requirements to assure quality and uniformity of Franchised Businesses and services provided to our customers. We may, from time-to-time, withhold, condition and/or revoke our approval of particular items and/or suppliers in our reasonable discretion. We and/or our affiliates may receive rebates, commissions, and other benefits from suppliers in relation to items purchased or leased by you and/or other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under the Franchise Agreement. We and/or our affiliates may become exclusive, approved and/or designated suppliers at any time in the future.

Approved suppliers will be designated in the Confidential Operations Manuals or otherwise communicated to you in writing. We reserve the right to modify and/or substitute products or suppliers. If we do so, we will inform you of any changes by updates or supplements to the Confidential Operations Manuals or otherwise communicate these changes to you in writing. We reserve the right to serve as an approved supplier for any product or service that you purchase. We reserve the right to collect fees on behalf of any third party. We also reserve the right to mark up any product that you purchase from us or our affiliate(s) or for any service that we collect on behalf of a third party. We reserve the right to receive rebates for any products or services that you purchase in connection with the operation of the Franchised Business. We intend to receive a rebate ranging from 1% - 10% on any services, product, or piece of equipment that you purchase in the operation of the Franchised Business. The amount of the rebate will depend on factors such as the volume purchased, number of users, etc.

We will purchase certain equipment, initial small tools, and inventory from approved suppliers on your behalf and you will be required to reimburse us for these costs. There are no approved suppliers in which any of our officers own an interest, other than their interest in us. Both we and our officers reserve the right to have an interest in any approved supplier at any time in the future.

If you wish to: (a) purchase or lease any services, goods, products, equipment, and/or supplies not currently approved by us, or (b) use suppliers not approved by us as meeting our specifications, you must first notify us and secure our prior written approval. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, supplies, or suppliers meet our specifications. Our standards and specifications may, among other conditions, impose minimum requirements for delivery, performance, design, and appearance. Generally, we will advise you within a 20-day period whether these goods, products, equipment, supplies, or suppliers meet our specifications. We are not required to identify the specifications or standards we require to you or to the proposed supplier, as such information may be considered confidential and/or proprietary to our System. We may require samples from alternate suppliers or vendors to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay a reasonable charge for our review and consideration, and also based upon the cost of the test made by us or by an independent testing laboratory designated by us.

We and our affiliates reserve the right to negotiate with various vendors for quantity discount contracts that may include rebates to us and/or to our affiliates in the future. We and/or our affiliates have the right to affiliate ourselves with suppliers, and/or to receive revenues and/or other material consideration on account of purchases and leases made by franchisees. There are currently no purchasing or distribution cooperatives, but we reserve the right to establish these in the future. We may negotiate purchase arrangements with suppliers (including price terms) for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of products or services or use of particular suppliers.

During the fiscal year 2023, we received rebates in the amount of \$117,380 from our software, products, and plumbing suppliers. This amount is 1.83% of our total revenue of \$6,424,593 during the 2023 calendar year.

The purchase of products from approved sources will represent approximately 45% - 65% of your overall purchases in opening the franchise and 10% - 20% of your overall purchases in operating the franchise.

In addition to the purchases or leases described above, you must buy and maintain, at your own expense, insurance coverage that we require and meet the other insurance-related obligations we specify, all of which are described in detail in Section 8.9 of the Franchise Agreement. Our current minimum requirements as of the Issuance Date of this Disclosure Document are as follows:

- (a) general liability coverage with minimum policy limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate;
- (b) automobile liability insurance, including coverage of vehicles not owned by you, but used by your employees in connection with your business, with minimum policy limits of \$1,000,000;
- (c) business interruption insurance, covering at least 12 months of income loss and including coverage for Royalty Fees with no co-insurance clause;
- (d) employment practices liability insurance with minimum policy limit of \$25,000;
- (e) cyber liability and data compromise insurance with minimum policy limit of \$25,000;
- (f) workers' compensation insurance with minimum coverage of \$1,000,000 per employee, \$1,000,000 per accident, and a minimum policy limit of \$1,000,000, or in such larger amounts as may be required by the statute or rule in the jurisdiction in which your business is located; and
- (g) any other insurance, in such amounts, as may be required by statute or rule in the jurisdiction in which your business is located.

The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us as an additional insured party.

### ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
(a) Site selection and acquisition/lease	Sections 5.1, 5.2 and 5.3 of the Franchise Agreement	Items 6 and 11
(b) Pre-opening purchases/leases	Sections 8.4, 8.5, 8.6 and 8.9 of the Franchise Agreement	Items 7 and 8
(c) Site development and other pre-opening requirements	Sections 5.4 and 5.5 of the Franchise Agreement	Item 11
(d) Initial and ongoing training	Sections 7.1 of the Franchise Agreement	Items 6, 7 and 11
(e) Opening	Sections 5.4, 5.5 and 8.12 of the Franchise Agreement	Item 11
(f) Fees	Article 6 of the Franchise Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies/Operations Manual	Article 8.1, 8.2, 8.7, 8.8 and 8.10 of the Franchise Agreement	Items 8 and 11
(h) Trademarks and proprietary information	Article 12 and Section 16.1 of the Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Sections 8.2, 8.3 and 8.4 of the Franchise Agreement	Items 8, 12 and 16
(j) Warranty and customer service requirements	Section 8.8 of the Franchise Agreement	Item 11
(k) Territorial development and sales quotas	Section 3.3 of the Franchise Agreement	Item 12
(l) Ongoing product/service purchases	Sections 8.2, 8.3 and 8.4 of the Franchise Agreement	Item 8
(m) Maintenance, appearance, and remodeling requirements	Section 5.7 of the Franchise Agreement	Items 8, 11 and 17
(n) Insurance	Section 8.9 of the Franchise Agreement	Items 6, 7 and 8
(o) Advertising	Article 9 of the Franchise Agreement	Items 6, 7 and 11
(p) Indemnification	Section 13.2 of the Franchise Agreement	Item 6
(q) Owner's participation/management/ Staffing	Section 8.14 of the Franchise Agreement	Items 11 and 15
(r) Records/Reports	Article 10 of the Franchise Agreement	Item 6
(s) Inspections/audits	Article 11 of the Franchise Agreement	Items 6 and 11
(t) Transfer	Article 14 of the Franchise Agreement	Item 17
(u) Renewal	Section 4.3 of the Franchise Agreement	Item 17

<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
(v) Post-termination obligations	Section 15.4 of the Franchise Agreement	Item 17
(w) Non-competition covenants	Sections 16.3 and 16.4 of the Franchise Agreement	Items 15 and 17
(x) Dispute Resolution	Article 17 of the Franchise Agreement	Item 17

## **ITEM 10 FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

## **ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.**

Before you open the Franchised Business, we will:

- (1) Designate your Territory. (Franchise Agreement – Section 3.1 and Exhibit 2);
- (2) You may locate or relocate your office only within the Territory and only with our prior written approval. (Franchise Agreement – Section 5.1) The site for your Franchised Business must be approved by us. (Franchise Agreement – Section 5.3) If you and we cannot agree upon a site, we may provide you with reasonable additional time, in our discretion, to obtain an acceptable site. Our approval of a site is not to be regarded as an endorsement by us of any site, nor will it constitute a warranty by us as to the future success of the Franchised Business at that location. You are primarily responsible for investigating the site and having any leases or sale contract for the site reviewed and approved by your attorney. Typically, you will operate your office from a leased location, but you may choose to use a home office if there is sufficiently separate space, and you comply with applicable zoning laws. You are solely responsible for locating, securing, and evaluating the suitability of your office and, if applicable, for the review and negotiations of your lease. The site must meet our criteria for demographic characteristics; traffic patterns; parking; zoning; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics.
- (3) Provide approved suppliers or minimum standards and specification for the products and services you need to equip and operate your Franchised Business. (Franchise Agreement – Sections 8.2 and 8.4);
- (4) Provide an initial training program for the operation of the Franchised Business to your Principal Owner and up to 3 additional people. This training currently consists of 6 phases. The phases are described in greater detail later in this Item 11 and are subject to modification at any time. (Franchise Agreement – Section 7.1); and
- (5) Provide you a copy of the Confidential Operations Manuals (“Manuals”) described below. (Franchise Agreement – Section 8.10).

### Time for Opening the Franchised Business

We estimate that the typical length of time between signing of the Franchise Agreement and date you Commence Operating a new Franchised Business is between 90 and 160 days. You must locate your site within 90 days of signing the Franchise Agreement. If we are unable to agree on a site within 90 days, we may terminate the Franchise Agreement. “**Commence Operating**” means, with respect to the Franchised Business or any particular Additional Location, the date you first perform or are able to perform the Services under the Marks to customers in your Territory, which date(s) will be set forth in our notice(s) of approval. Factors affecting the length of time usually include satisfactorily completing the Zoom Training Team training, obtaining all necessary equipment and supplies, and obtaining all necessary licenses or permits. The opening of the franchise may be delayed only if such delay is caused by contingencies not within your control, such as acts of God, governmental restrictions, strikes or labor disputes. You will use your best efforts to cure any such delay and any such delay in opening shall be for a period of days equal to number of days during which such event prevents completion. You must notify us of any such delays promptly. For any newly developed Approved Location, all construction work must be completed, and the Franchised Business at the Approved Location must Commence Operating within 160 days after the Franchise Agreement is signed. For any newly developed Additional Location, all construction work must be completed, and the Franchised Business at the Additional Location must Commence Operating within 120 days after the applicable Additional Site Schedule is signed. You may not Commence Operating your Franchised Business at the Approved Location or any Additional Location until we provide our written notice of approval. For any converted Franchised Business operated at an Approved Location, all conversion work must be completed, and the Franchised Business at the Approved Location must Commence Operating within 90 days after the Franchise Agreement is signed. For any converted Franchised Business operated at an Additional Location, all conversion work must be completed, and the Franchised Business at the Additional Location must Commence Operating within 90 days after the applicable Additional Site Schedule is signed. You may not Commence Operating your Franchised Business at the Approved Location or any Additional Location until we provide our written notice of approval. If you do not Commence Operating the Franchised Business within the time periods previously described, we have the right to terminate the Franchise Agreement.

### Development Agreement and Corresponding Development Schedule

If you have entered into a Development Agreement to open and operate multiple Franchised Businesses, your Development Agreement will include a Development Schedule. Our standard offering assumes that you will open each Territory at the same time, and you will only be required to obtain one Approved Location. However, we may adjust the development schedule to contain a deadline by which you must have each of your Franchised Businesses open and operating. Your Development Schedule may depend on the number of Franchised Businesses you are granted the right to open and operate. You will be required to develop the applicable Franchised Businesses by a certain date under the Development Schedule to maintain compliance with your Development Schedule. We will approve the locations for each additional Franchised Business in the same manner as set forth in the applicable Franchise Agreement for that location using the same criteria.

### During the Operation of your Franchised Business, we:

(1) May provide you, at your request, with additional guidance and assistance. We reserve the right to charge a reasonable fee for this additional guidance and assistance. (Franchise Agreement – Section 7.2);

(2) We may, from time to time, suggest or establish the prices or range of prices, and terms and conditions of sale, for products and services that you offer. You are required, if permitted by applicable law, to follow these suggested or established prices in operating the Franchised Business. (Franchise Agreement – Section 7.4); and

(3) Provide you with access to a copy of the Manuals. (Franchise Agreement – Section 8.10).

These Manuals are confidential and remain our property. You will operate your Franchised Business in strict compliance with those operational systems, procedures, policies, methods, and requirements found in the Manuals that are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments to the Manuals, which we may provide to you in writing, either in document or electronic form, all of which are a part of the Manuals.

You must treat the Manuals, any other manuals or written materials provided by us or our affiliate for use in the operation of the Franchised Business, (in any format whatsoever, including but not limited to electronically, via the Internet, hard copy, etc.) and the information contained in them, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manuals must be kept in a secure place within your Franchised Business. You must return all physical copies of the Manual to us, and you must permanently delete all electronic copies of the Manual in your possession or control upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from, or revisions to the Manuals, which you must comply with at your own cost. You must ensure that the Manuals are always kept current. If there is any dispute as to the contents of the Manuals, the terms of the master copies maintained by us, at our principal office, will be controlling. The table of contents of the Manuals, including allocations of pages to each subject, are included as Exhibit B to this disclosure document. As of the date of this disclosure document, the Manuals, collectively, consist of 449 pages.

## **ADVERTISING**

### **Brand Fund**

We have established a brand development fund (the “**Fund**”). You must contribute to the Brand Fund in an amount equal to 2% of Gross Sales for all Territories that you operate in each month. We have complete discretion over the expenditure of Brand Fund Contributions. The Brand Fund Contributions received from you are used, in our discretion, to promote the ZOOM DRAIN brand and may be used to pay for, among other items, all costs associated with the creation, production, distribution, media placement and administration of local, state, regional or national advertising programs, website design, and maintenance, and for any taxes incurred on these funds. Additionally, at our discretion, Brand Fund Contributions may be used for: advertising on television, radio, direct marketing mailings, the newspaper, solicitation and maintenance of National Accounts, Internet and such other forms of advertising and public relations on a local, state, regional or national level as we deem appropriate in our discretion; search engine optimization; public relations; social media marketing, advertising and accounts; sales CRM; marketing CRM; customized lists for email, direct mail and calling services; postcard and/or email campaigns; e-commerce sites; the website, contests and giveaways, among other uses, as we deem appropriate in our sole discretion. We have the right to determine the type of advertising and the media in which it will appear, as we feel is appropriate. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising and franchise expansion program, consistent with applicable law. We will not be obligated, in

administering the Fund or otherwise, to make expenditures for your Franchised Business which are: (i) equivalent or proportional to your contribution; or (ii) spent in any area or territory, including in your Territory. We do not spend any funds from the Fund on advertising that is principally a solicitation for the sale of franchises, except that we will use portions of the Brand Fund Contributions towards the costs of any website we may maintain, which website may contain information about our franchising programs and we may include statements about the availability of information regarding the franchise opportunity and the purchase of a Franchised Business in any advertising and/or other items produced, circulated and/or distributed. We will not have to spend the funds in the Fund during any specific time period. We are permitted to perform any Fund functions ourselves, through our employees, representatives, agents, or affiliates, in which case we are permitted to compensate ourselves or our affiliate(s) from Brand Fund Contributions for the cost of performing those functions, including reasonable allocations of overhead and administrative expenses. Advertising may be handled by the outside advertising agency that we select. We are permitted to establish a separate entity to receive payments and administer the Fund, in which case we may require you to submit the Brand Fund Contributions to that separate entity. Vendors and suppliers may, if we permit or require, contribute to the Fund.

We will account for the Fund separately from our other accounts or assets and will maintain a separate bank account. We will maintain separate bookkeeping accounts for the Fund, and we will provide an annual unaudited financial statement of the Fund upon request. The Fund will not be our asset. The Fund will also not be a trust. We will have a contractual obligation to hold all funds in the Fund for the benefit of the contributors and to use contributions only for their permitted purposes described in this Item 11. We will have no fiduciary obligation to you for administering the Fund.

During our fiscal year ending December 31, 2023, we spent the Brand Fund as follows: (i) 40% on marketing salaries, and (ii) 60% on website, social media, and design and production services.

ZOOM DRAIN Businesses owned by us or our affiliates will be required to contribute the same amount to the Fund as our franchisees. Not all franchisees contribute to the Brand Fund in the same amounts. If we do not use all the funds contributed to the Fund in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year's advertising budget. We may spend an amount that is greater or less than Brand Fund Contributions collected in any given year, and we have the right to borrow funds from any lender, including from us and/or any related parties, to cover Fund expenditures or commitments. We intend for the Fund to be of perpetual duration; however, we may terminate the Fund at any time. If terminated, any unspent Fund contributions will be used, at our discretion, on marketing, promotion and/or public relations purposes. We may also, at our discretion, distribute any unspent Fund contributions to our franchisees in proportion to their respective contributions during the previous period we determine in our sole discretion. We will be entitled to reimbursement from the Fund to cover our administrative and overhead expenses associated with operating the Fund.

### Local Advertising

As described in Item 6, we may provide local advertising and marketing materials and related services to promote the Franchised Business in your Territory. This includes both opening marketing and ongoing local advertising. The materials and services will include the creation, production and placement of marketing and may include commercial advertising, internet advertising, email, direct mail and other media advertising, and local promotion. Advertisements may be placed in media of our choice but will generally be directed at customers in the Territory. In addition to your required contributions to the Fund, you must spend at least \$1,000 per Territory per month on the promotion and marketing of your Franchised Business in your Territory. If you operate multiple Territories under a single Franchise Agreement, then you must spend \$1,000 per Territory per month.

You are responsible for ensuring that all advertising and promotion materials used by you, whether created or consented to by us, comply with applicable laws. You may not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols (“©”, “®”, “TM” or “SM”) as we direct. You are not permitted to use the Marks in any manner that we have not expressly approved in writing. Without limiting this broad restriction, you may not use the Marks (including on any signage) in connection with any political campaign or promotion of a political party or political cause, or for organizations and programs that we have not directly approved.

Currently, we require you to contract with our approved suppliers for e-marketing, search engine optimization, and pay per click marketing services. Amounts you spend with these suppliers count towards your Local Advertising Requirement.

You may not advertise or use any of the Marks on the Internet except after obtaining our consent. Any advertising on the Internet shall be pre-approved by us and on terms specified by us. Further, you may not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name, user, or account name, or in the content of any worldwide website, including any social media website (such as LinkedIn, Facebook, or Twitter). We currently maintain and control the web sites [www.zoomdrain.com](http://www.zoomdrain.com). We may provide contact information for ZOOM DRAIN Businesses, including the Franchised Business, on our website for so long as we determine. All the information on these or any other pages of our website remains subject to our control and approval. Subject to our right to consent, you may be permitted to create a social media account from which to advertise your Franchised Business on the Internet. Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual or otherwise in writing, which may restrict the content that you are permitted to post to the social media outlet. We have the right to establish and implement social media guidelines and policies at any time, and we have the right to discontinue, modify and supplement any social media guidelines and policies as we determine in our sole discretion. You must comply with any and all established social media guidelines and policies and you are responsible for ensuring that your managers and employees comply with the guidelines and procedures.

We have the right to require a modification of or cease granting you permission to develop, operate or maintain any such social media outlet or other Internet presence at any time and to require you to give us administrative control and/or login information for any such social media site you operate for the promotion of your Franchised Business. Except as otherwise provided in the Manual or otherwise in writing, you may not maintain a presence on the Internet for your Franchised Business. Any advertising delivered by electronic mail or other electronic means must be pre-approved by us and on terms specified by us.

### Opening Marketing

Upon signing your Franchise Agreement, you must spend \$15,000 in connection with the initial advertising and marketing campaign for your Franchised Business, which will be spent during the three months prior to the opening of your Franchised Business. If you open in two or more contiguous Territories, then you must spend \$30,000. We reserve the right to conduct the marketing campaign on your behalf or provide you with materials for use in connection with the campaign. You must use the marketing and public relations programs and the media and advertising materials that we provide or otherwise designate or approve. You must provide to us, within 30 days of our request, copies of all receipts and other documents we reasonably request, including but not limited to access to your QuickBooks Online management software, demonstrating your compliance with these obligations.

## Advertising Councils and Cooperatives

At the present time, we do not have an advertising council composed of franchisees that advises us on advertising policies. We reserve the right to create such a council in the future.

In 2022, we created a franchise advisory council (“FAC”) which serves as an official channel of collaborative communication consisting of two (2) Zoom Drain franchisees selected by us and Zoom Drain representatives. The FAC will provide us with advice and guidance as to the “on-the-ground” needs of franchisees. The goal of the FAC is to facilitate communication between us and our franchisees and to improve the business overall. The FAC serves in an advisory capacity and does not have authority to establish or modify our policies. However, we will take into consideration the input of the FAC in formulating plans, programs, and policies which impact franchisees. Franchisee FAC members currently serve for a period of one (1) year at a time. In order to be eligible to become a franchisee FAC member, you must meet our then-current standards. We currently try to meet once a month, however, this depends on each member’s availability.

Currently, we do not operate or authorize any local or regional advertising cooperatives. However, we reserve the right to identify certain advertising markets that may benefit from the formation of an advertising cooperative in the future, and we reserve the right to require your participation in any advertising cooperative we form. If we establish an advertising cooperative, we will create the governing documents that control the cooperative, which documents will be available for franchisees and prospective franchisees to review. The governing documents do not presently exist. Day-to-day administration of any cooperative will be managed by a board comprised of the members of the cooperative that we select. The board will have the right to establish the amount of contributions required by each member of the cooperative, subject to our consent. The fees you contribute to any such cooperative will be in addition to your contributions to the Fund and to your Initial Marketing Fee, but they will count towards your minimum Local Advertising Requirement. Any outlets that we or our affiliates own that are part of a cooperative we establish will participate in the management of the cooperative and will make contributions to the cooperative in the same manner as the franchisee-owned outlets that are members of that cooperative.

## **COMPUTER SYSTEM**

You must obtain and use the computer system we require as will be stated in the Manuals. Currently, this includes the following computer hardware: at least one desktop or laptop computer operating Windows or Apple with software not more than one year old, tablet devices for all technicians and smart phones for all other employees who are engaged in field work. The cost of the computer system is estimated to be \$2,500 depending on the specific computer, tablet and smart phone makes and options you elect to purchase. You must periodically check the Manuals for most current computer system requirements. You must have a functioning email address so that we can send you notices and otherwise communicate with you.

You must also obtain Intuit’s QuickBooks Online accounting software and integrate it with ServiceTitan. You will utilize a cloud-based network connection. The cost of this software is currently estimated to be \$79 - \$129 per month plus \$250 for each service technician you have accessing the software per month.

You are required to start paying us a fee of \$30 per account per month for a productivity suite such as Google Workplace or Microsoft 365 (the “Productivity Application Fee”). We estimate that you will start with approximately 5 accounts.

We have independent, unlimited access to the information generated by the computer system. The types of business information that will be collected will be orders, customer information (as further detailed below), pricing, and sales information. We will have independent access to information and data in your computer system, including independent access to your QuickBooks Online accounting, and there are no contractual limitations on our right to access the information. You are required to sign an acknowledgment with ServiceTitan confirming our access to your data on the ServiceTitan system. The acknowledgment is attached to the Franchise Agreement as Exhibit 7. We reserve the right to collect any amounts on behalf of ServiceTitan. We have no contractual obligation to upgrade or update any hardware or software. The fee to use ServiceTitan is currently \$250 per managed tech per month. Our franchisees are also required to use the ServiceTitan Marketing Pro Add-On, which is currently: (i) \$300 per month for 0 - 1,500 contacts; (ii) \$600 per month for 1,501 – 3,000 contacts; and (iii) \$1,000 per month for 3,001+ contacts.

We also charge a Technology Fee in connection with certain cloud-based computing, productivity, and other items. The Technology Fee is currently \$300 per franchisee (in contiguous Territories). If you operate in non-contiguous Territories, then the Technology Fee is \$300 per non-contiguous Territory.

We own and have the right to access all customer data, in whatever form existing, and wherever stored. Because we own the customer data, we can share it with our affiliates, service providers, contracted third parties, or any other person, for any purpose, without notifying or compensating you, both during and after the term of the franchise, including marketing and cross-selling products and services. Whenever we request, and without request upon termination or expiration of your Franchise Agreement, you must promptly deliver all customer data in your possession or control, without retaining any of it in any media. You may not sell or disclose to anyone else any personal information or aggregated or non-aggregated customer data without first obtaining our written consent. In the event of an approved sale of the Franchised Business to a new owner who will continue to operate the Franchised Business under an agreement with us, we will permit the transfer of the customer data to the new owner.

In the future, we may require you to change, upgrade, or modify the type of computer hardware and software at your expense. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We and our affiliates may condition any license of proprietary software to you or your use of technology that we or our affiliates may require, develop, or maintain, on you signing an agreement or similar document that we, our affiliates, or the vendor may require to regulate the use of the software.

## **TRAINING**

We or our representatives or agents will provide our then-current initial training program to your Principal Owner and personnel. Before you may attend the initial training program, you must ensure that you have (i) paid your initial franchise fee (consistent with state law), (ii) secured financing for your vehicle, and (iii) complete and return any exhibit to the Franchise Agreement that was not completed upon signing the Franchise Agreement. We expect that initial training will be conducted after the Franchise Agreement has been signed and before you commence operating the Franchised Business. There is no specific date by which you must complete the training, but you must complete the training to our satisfaction before you open your Franchised Business. If you currently operate a ZOOM DRAIN Business, the training program is not mandatory, but it will be offered if we determine it to be necessary. We have the right to waive, in our sole discretion, any portions of the training program that we believe will not be necessary to you based on your previous experience. There currently are no fixed (i.e., monthly or bi-monthly) training schedules, but the training programs are given on an as-needed basis.

The Zoom Training Team training program consists of five phases that occur prior to your opening and one phase during your grand opening week: Phase 1 typically includes 12-24 hours of non-concurrent virtual training; Phase 2 typically includes 3-5 days in Plymouth Meeting, PA; Phase 3 typically includes 8-16 hours of non-concurrent virtual training; Phase 4 (where the Principal Owner and your key manager must attend) typically includes 3-5 days in Plymouth Meeting, PA; and Phase 5 typically includes 4-8 hours of non-concurrent virtual training. Phase 6 occurs during your grand opening week at your Franchised Business and is typically 3-5 days. We do not charge for the initial Zoom Training Team training program for your Principal Owner and up to 3 additional people, but you are responsible for wages, travel, and living expenses for your trainees.

Our initial training program includes the following:

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
<b><u>Phase 1</u></b>			
Registering your Business	0.5	0	Remote
Productivity Application Setup and Training- Google Workspace	1	0	Remote
Intranet Setup and Training- Zoom Drain Hub	1	0	Remote
Franchise Training Journey	1	0	Remote
Franchise Operations Manual Review	1	0	Remote
Review Personality Mapping - Zorakle	0.5	0	Remote
Review Owner Folders and Files	1	0	Remote
Intro to Marketing	1	0	Remote
ServiceTitan Introduction	1	0	Remote
Review Computer and Phone requirements	0.5	0	Remote
Insurance Requirements Review	0.5	0	Remote
Org Chart Setup and Training	1	0	Remote
Owner's Meeting Training	1	0	Remote
Building Requirements	1	0	Remote
Budgeting	3	0	Remote
Demographics Overview	1	0	Remote
Marketing Introduction	1	0	Remote
Truck Procurement	1	0	Remote

ServiceTitan Academy Training	2	0	Remote
Review and Training on HR Files and Procedures	2	0	Remote
Website Setup and Review	1	0	Remote
Business Development Intro	1	0	Remote
<b>Phase 2</b>			
Recruiting & Hiring Training	4	0	Our headquarters, currently located in Plymouth Meeting, PA
Technical Training	12	12	Our headquarters, currently located in Plymouth Meeting, PA
Marketing and Business Development Training	8	0	Our headquarters, currently located in Plymouth Meeting, PA
<b>Phase 3</b>			
Career Ladder for Office and Field Staff	1	0	Remote
Quickbooks Setup and Review	1	0	Remote
Review Bookkeeping Procedures and Support Options	1	0	Remote
Business Development List Procurement	1	0	Remote
Business Development Follow Up Support	2	0	Remote
ServiceTitan Training Academy Courses	4	0	Remote
Social Media Setup and Training	2	0	Remote
Phone System Setup & Routing	1	0	Remote
Property & Facility Manager Portals Training	1	0	Remote
Marketing Campaigns	2	0	Remote
<b>Phase 4</b>			

Pricing, Price Book	4	0	Our headquarters, currently located in Plymouth Meeting, PA
Sales Training for Service Managers	2	0	Our headquarters, currently located in Plymouth Meeting, PA
Marketing and Business Development Training	8	0	Our headquarters, currently located in Plymouth Meeting, PA
Social Media Training	2	0	Our headquarters, currently located in Plymouth Meeting, PA
Service Manager Operations Training	6	0	Our headquarters, currently located in Plymouth Meeting, PA
Bonus & Compensation Programs for Team	1	0	Our headquarters, currently located in Plymouth Meeting, PA
Apprentice to Technician Training Files and Procedures	1	0	Our headquarters, currently located in Plymouth Meeting, PA
<b>Phase 5</b>			
Marketing Pro Setup and Training	3	0	Remote
Business Development Additional Training	3	0	Remote
Linked-In Training	2	0	Remote
<b>Phase 6</b>			
Office & Warehouse Organization	0	1	Your location
Bonus & Comp Setup and Training	0	2	Your location
Daily Procedures and Operations	0	4	Your location
Leadership Training	0	2	Your location
Field and Office Staff Schedules	0	1	Your location

Training Checklists Setup and Procedures	0	2.5	Your location
Operational Meetings Calendar and Agenda	0	1.5	Your location
Truck Stocking Procedures	0	1	Your location
Scheduling, Dispatching, Invoicing Processes	0	2	Your location
Marketing & Business Development Review	0	3	Your location
Budgeting Review	0	2	Your location
Profitability Blueprint and KPI's	0	2	Your location
<b>Total</b>	<b>96</b>	<b>36</b>	

Note that some subjects may be intermingled, and time periods and subject matter may be subject to change. The above are merely estimates.

The above training program is conducted by our own in-house team, franchisees and their team members and select 3<sup>rd</sup> party training partners, all of which will have at least one year of experience in the subjects that they teach. .

We may provide additional training throughout the term of the Franchise Agreement. Sometimes the training may be provided through system-wide conference calls or in regional or national meetings. Currently, we conduct monthly one-hour virtual conferences that one member of your team is required to attend, and we intend to hold an annual 2 to 3-day national conference – Zoom Drain Vortex Event in Plymouth Meeting, PA, or another location we designate. Attendance at the annual event will be mandatory for your Principal Owner and your Day-to-Day Operations Manager. We may elect to charge a reasonable fee for any training or meeting provided after the opening of the Franchised Business. You must pay the compensation of the trainee as well as such trainee’s travel, lodging and personal expenses. We do not currently charge for the monthly one-hour virtual conferences. Other than Zoom Drain Vortex Event, the location, duration, and content of such refresher training programs or meeting has not yet been determined.

**ITEM 12 TERRITORY**

Under the Franchise Agreement, you will conduct and operate your Franchised Business from one or more offices located within your Territory. Initially, you will establish a single Approved Location that will be listed in Exhibit 2 of the Franchise Agreement. If you and we agree, you and we complete the Additional Site Schedule set forth in Exhibit 3 of the Franchise Agreement, and you pay the Additional Location Fee, you will be able to operate your Franchised Business from one or more Additional Locations. You and we will agree upon a geographic territory before you sign your Franchise Agreement, which will be listed in Exhibit 2 of the Franchise Agreement (“**Territory**”). The Territory will typically be based on contiguous zip codes and will be comprised of approximately 300,000 individuals (according to the most recent U.S. Census data available at the time you and we sign the Franchise Agreement). You may not market or operate your Franchised Business outside of the Territory without our prior written consent. If you wish to perform a job in the Territory of another franchisee, then you must obtain both our consent and the applicable franchisee’s consent. You may obtain up to three contiguous Protected Territories under a single Franchise Agreement. You may obtain four or more contiguous territories, but purchasing more than three territories will require you to sign an additional Franchise Agreement. You are responsible to

independently evaluate any geographic territory in which you are interested and satisfying yourself as to its appropriateness. The Approved Location and any Additional Locations must all be located within your Territory.

So long as the Franchise Agreement is in force and effect and you are not in default, neither we nor our affiliates will locate, operate, or grant a franchise for another ZOOM DRAIN Business within your Territory. Except as limited above in this Item 12, we and our affiliates retain all rights with respect to ZOOM DRAIN Businesses, the Marks, the sale of similar or dissimilar products and services and any other activities we deem appropriate whenever and wherever we desire, including (1) the right to own or operate, or license others to own or operate ZOOM DRAIN Businesses anywhere outside of your Territory; (2) the right to operate or license others the right to operate similar businesses or any other businesses under trademarks or service marks other than the Marks in any location, both inside or outside of your Territory; (3) the right to operate or license others to operate businesses that are not the same as a ZOOM DRAIN Businesses under the Marks in any location, both inside or outside of your Territory; and (4) the right to offer any products or services (including the products and services you offer at your Franchised Business) through other channels of distribution (including the Internet, print catalogues and direct marketing media) both inside and outside of your Territory. We are not required to pay you if we exercise any of the rights specified above inside your Territory. You will not receive an exclusive Territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If you are granted the right to (a) develop four (4) or more Territories, or (b) develop non-contiguous Territories, then you will be required to sign a Development Agreement and we will provide you with a development area (the "Development Area") upon execution of the Development Agreement, which consists of the Territories for each Franchised Business you are granted the right to develop. The size of your Development Area will vary from other System developers based on the number of Franchised Businesses we grant you the right to develop and the location and demographics of each Territory within the Development Area. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Data Sheet in the Development Agreement.

Each Franchised Business you timely develop and commence operating under our then-current form of franchise agreement will be operated from a Premises located within the Territory for that Franchised Business. Under each franchise agreement that you enter into pursuant to the Development Agreement, we will approve of the Premises of each Franchised Business and the then-current standards for locations and Territories will apply.

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your rights within the Development Area and each Territory. If you do not comply with you Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties.

Nothing will prohibit us or our affiliates from doing business within the Territory for National Accounts. A National Account means those customers with more than one location covered by an agreement for services, which are not located solely in the area of one franchisee. If you obtain an account that is considered a National Account, you must refer it to us and it will be treated as a National Account; however, we reserve the absolute right to reject any such account for any reason. National Accounts shall be negotiated solely by us or our affiliates, even if you procure the National Account. All National Accounts will be considered our property, and you will have no claim to them. If one or more locations of a National

Account fall within your Territory, we will first offer you the opportunity to provide services on the terms and conditions that we have established with such National Account. You are not required to service a National Account, and if you do not accept such offer in the manner and within the time period that we specify, we have the right to service the account ourselves, or may authorize other ZOOM DRAIN Business, to provide such services. However, the decision to accept or reject you as a provider of services for the National Account ultimately rests with the National Account.

You cannot relocate your office without obtaining our prior approval. We do not grant any right of first refusal or similar rights to acquire additional franchises. You must operate your Franchised Business and provide Services only to customers located within the Territory. You are not permitted to solicit customers outside of your Territory. However, you may provide Services to customers located outside of your Territory so long as you obtain our prior written consent and the customers are not located in the protected territory of another ZOOM DRAIN Business; however, if you generate more than ten percent (10%) of your revenue from an area outside of your Territory, we may require that you purchase the additional area. You have no territorial protection in any area outside of your Territory, and upon the establishment of a ZOOM DRAIN Business in an area outside of your Territory, you may only continue servicing a customer in that area if you maintain a maintenance agreement with that customer. You may not provide Services or sell any products through alternate channels of distribution, whether inside or outside of your Territory.

We have not established and do not operate, and have not formulated any plans or policies to establish or operate, or to franchise others to operate, any business offering services similar to or competitive with those to be offered for sale by your Franchised Business under different trade names or trademarks, or of selling other services or products utilizing the Marks, but we retain the right to do so.

We and our affiliates have the right, now and in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as ZOOM DRAIN Businesses operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within or near your Territory).

We and our affiliates may sell ourselves, our assets, our proprietary marks (including the Marks) and/or our system (including the System) to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments, and dispositions, you will, in the Franchise Agreement, expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, Marks, other proprietary marks (or any derivation of those marks), the System, other systems and/or the loss of association with or identification as a franchisee under this Agreement. If we assign our rights in the Franchise Agreement, nothing in this disclosure document or in the Franchise Agreement will be deemed to require us to remain in the drain cleaning business.

As described further in Item 1, we have certain affiliates that operate other franchised brands. Affiliates franchises may be located within close proximity to your Franchised Business, including within your Territory, and they may solicit or accept orders from customers near your Franchised Business. One of our affiliated brands offers full-service plumbing services under the "BlueFrog®" trademark. If a conflict should arise between any Franchised Business and any other business operated or franchised by an affiliate of ours, we will analyze the conflict and take any action or no action as we deem appropriate. We do not have the same corporate office or training facility as our affiliates that offer franchises.

You have no options, rights of first refusal or similar rights to acquire additional franchises.

We have the right to annually evaluate the financial performance of your Franchised Business. As previously disclosed, we have unrestricted access to your Computer System, including unrestricted access to view and pull reports from your QuickBooks Online account. For you to retain the rights to the Territory, beginning in your 3<sup>rd</sup> year, and every year thereafter, you must annually achieve at least a 2:1 ratio between your Gross Sales and the total population in your Territory. The total population in your Territory will be listed in Exhibit 2 of the Franchise Agreement. If you fail to reach this minimum business growth requirement, we reserve the right to either reduce the size of your Territory or to terminate the Franchise Agreement by written notice to you. If you obtained more than one Territory under your Franchise Agreement and are not reaching the minimum business growth requirement in one of them, we may either terminate that Territory or terminate the Franchise Agreement by written notice to you.

Except as provided above, continuation of your franchise or territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency.

### ITEM 13 TRADEMARKS

We will grant you the right to operate your Franchised Business under the Marks. The registrations have been filed on the principal register. The principal Marks are:

Mark	Registration Date	Registration Number
ZOOM	August 7, 2012	4186144
ZOOM-JETTING	January 5, 2016	4881312
ZOOM DRAIN	February 9, 2016	4897999
FAST. FIXED. ZOOM.	August 9, 2016	5018901
	June 6, 2017	5217542
ZOOM DRAIN	October 1, 2019	5871837
FAST. FOCUSED. FIXED.	May 19, 2020	6059525
	July 27, 2021	6432414

<b>Mark</b>	<b>Registration Date</b>	<b>Registration Number</b>
ZOOM SEPTIC	January 17, 2023	6955299
ZOOM CESSPOOL	January 17, 2023	6955297
ZOOM PUMPING	January 17, 2023	6955296

All required affidavits or renewal filings have been filed in connection with the Marks. We intend to renew the registrations at all times required by law.

We will grant you a nontransferable, non-sublicensable, non-exclusive license to use the Marks in connection with the Franchised Business. You must follow our rules when you use the Marks, including giving proper notices of trademark or service mark ownership and/or registration and obtaining assumed and fictitious name registration for your Franchised Business as required by law. You cannot use any name or mark as part of a corporate name or with modifying words, designs, or symbols except for those which we license to you. You may not use the Marks in connection with the sale of an unauthorized product or service, in a manner not authorized in writing by us, or as part of any domain name, homepage, electronic address, or otherwise in connection with a website.

There are currently no effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, and no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving the Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the trademark.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark. We have the sole right to take such action, as we deem appropriate, and the right to exclusively control any litigation or administrative proceedings arising out of any infringement, challenge, or claim. You must execute all instruments and documents, provide such assistance, and take any action that may be necessary or advisable to protect and maintain our and our affiliates' interest in any litigation or other proceeding or otherwise to protect and maintain our or our affiliates' interest in the Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

If we decide to modify or discontinue the use of the Marks and/or to use one or more additional or substitute names or marks, you must make the changes we require of you at your own expense and without claim against us. You will need to comply within a reasonable time of the request, which shall not exceed 90 days.

We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

## **ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

We own no special patents that pertain to the Franchise Agreement.

We and our affiliates claim common law copyright rights in the Manual. You may use these items while operating your Franchised Business (and must stop using them if we direct you to stop).

Neither we nor any of our affiliates have filed an application for a copyright registration with the U.S. Registrar of Copyrights for these materials but need not do so at this time to protect them. Item 11 describes limitations on the use of the Manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information.

We are not obligated to take any action to protect or defend copyrights, although we intend to do so if we decide it is necessary. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

The Franchise Agreement provides that you acknowledge that the System and the methods of operation licensed by us for the operation of a ZOOM DRAIN Business, are proprietary, confidential trade secrets belonging to us or our affiliates, and you agree to maintain the confidentiality of all materials and information lent or otherwise furnished to you by us at all times, including after the termination or expiration of the Franchise Agreement, for any reason. The Franchise Agreement also provides that all ideas, concepts, techniques, or materials concerning a ZOOM DRAIN Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you must assign ownership of that item and all related rights to that item to us, and must take whatever action (including signing assignment or other documents) we request to show our ownership or help us obtain intellectual property rights in the item.

Further, according to the Franchise Agreement, you agree that you will not, during the term of the Franchise Agreement (other than to the extent necessary to operate the Franchised Business) or after its expiration or termination, for any reason, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those in the public domain. You must also agree not to use our confidential information in an unauthorized manner and to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement. We may regulate the form of confidentiality agreement that you use with your employees or agents and we will be a third-party beneficiary of those agreements, with independent enforcement rights.

## **ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You recognize the importance of your Principal Owner’s participation in the management of the Franchised Business and that this Principal Owner’s agreement to so participate in the management of the Franchised Business is a material inducement for us to enter into the Franchise Agreement. Therefore, the Principal Owner is required to use his or her best efforts and is personally responsible for the management of the Franchised Business on a day-to-day basis, unless we otherwise approve an alternate arrangement. We, in our sole discretion, may allow you to hire a qualified manager without ownership interest to operate the day-to-day affairs of the Franchised Business; however, your Principal Owner must remain actively

involved in the operations and management of the Franchised Business. If we allow you to hire such qualified manager, both the Principal Owner and the manager must attend our initial training program. Your Principal Owner is required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of the Franchised Business. Any designated manager who will operate the Franchised Business, as well as other supervisory personnel, are required to sign a confidentiality and non-competition agreement in a form we approve.

If you are a corporation, limited liability company or partnership, your owners and their spouses must personally guarantee certain non-financial and financial obligations under the Franchise Agreement and agree to be bound personally by these contractual provisions including the covenant not to compete and confidentiality. The “Owners Guaranty and Assumption of Franchisee’s Obligations” and “Agreement to Comply with Certain Undertakings of the Franchisee” are attached to the Franchise Agreement.

**ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

We require you to offer and sell only those services and products that we have approved in writing. We have the unlimited right to change the types of required and/or authorized services and/or products that must and may be offered to customers and you will have the obligation to adhere to any such changes. We may notify you of these changes in writing (e.g., by a bulletin or a supplement to the Manual). You are prohibited from offering or selling any products or services not authorized or approved by us. You must offer and sell required services and products in compliance with the Franchise Agreement. We, in our discretion, may approve or deny your request to eliminate some or add other services or products. In accordance with applicable law, we have the right to set the prices at which you will sell the Services. You also agree to add such equipment and make such alterations, at your expense, as may be necessary to equip the Franchised Business for sale of the Services or any additional services we may require. You recognize that you may need to make an additional investment to do so.

You are not permitted to solicit business outside of your Territory and you are only permitted to Service customers located outside of your Territory as described in Item 12. Other than that, we do not impose any other restrictions or conditions that limit your access to customers.

**ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR OTHER AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the franchise term	Section 4.1 of the Franchise Agreement	10 years from signing the Franchise Agreement
b. Renewal or extension	Section 4.3 of the Franchise Agreement	2 additional terms for 5 years each
c. Requirement for franchisee to renew or extend	Section 4.3 of the Franchise Agreement	Give notice, pay then-current renewal fee, sign a release and sign a new franchise agreement that may contain terms and conditions materially different from those in your previous franchise

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR OTHER AGREEMENT</b>	<b>SUMMARY</b>
		agreement, such as different fee requirements and territorial rights
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Sections 15.1, 15.2 and 15.3 of the Franchise Agreement	If you don't satisfactorily complete training, don't open within 160 days after you sign the Franchise Agreement, you fail to meet minimum Gross Sales requirements, or generally if you breach the Franchise Agreement
g. "Cause" defined – curable defaults	Sections 15.1 and 15.2 of the Franchise Agreement	You have 10 days to cure monetary defaults and 30 days to cure all others except those listed in Section 15.1 of the Franchise Agreement
h. "Cause" defined – non-curable defaults	Section 15.3 of the Franchise Agreement	Non-curable defaults, conviction of felony or any crime of moral turpitude, abandonment, giving insufficient funds checks and bankruptcy
i. Franchisee's obligation on termination/non-renewal	Section 15.4 of the Franchise Agreement	Payment of amounts due, return inventory, at our option, sell to us all vehicles and equipment used in connection with the operation of the Franchised Business (offset against any amounts you owe to us), return of Manual/deletion of electronic copies in your possession, turn over customers and information upon our request, cancel any assumed names using the Marks, and comply with all post-termination provisions
j. Assignment of contract by Franchisor	Section 14.1 of the Franchise Agreement	No restrictions on right to assign
k. "Transfer" by franchisee – defined	Section 2.1.14 of the Franchise Agreement	Transfer of contract or assets or ownership change
l. Franchisor approval of transfer by franchisee	Section 14.2 of the Franchise Agreement	Right to approve all transfers
m. Conditions for franchisor approval of transfer	Section 14.2 of the Franchise Agreement	Transferee qualifies, transfer fee paid, new franchise agreement signed, training of transferee, release signed
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.4 of the Franchise Agreement	We can match any offer for your business or an ownership interest in you
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of the franchisee	Section 14.3 of the Franchise Agreement	Heir must be approved but no right of first refusal

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
q. Noncompetition covenants during the term of the franchise	Section 16.2 of the Franchise Agreement	No involvement in a Competitive Business (as defined in the Franchise Agreement)
r. Noncompetition covenant after the franchise is terminated or expires	Sections 16.3 and 16.4 of the Franchise Agreement	No involvement in a Competitive Business except as duly licensed by us for 2 years within: (a) the Territory; (b) a 25-mile radius of the location of your former Franchised Business; (c) a 50-mile radius surrounding the Territory; (d) within the Territory of any other ZOON DRAIN Business; (e) at the location of any other ZOOM DRAIN Business; or (f) within a 50-mile radius of the Territory of any other ZOOM DRAIN Business. You will also be bound by a 2-year non-solicitation clause.
s. Modification of the agreement	Section 20.8 of the Franchise Agreement	The Franchise Agreement can be modified only by written agreement between us and you. We can modify or change the System through changes in the Manual.
t. Integration/merger clause	Section 20.6 of the Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 17.1 and 17.3 of the Franchise Agreement	Except for certain claims, all disputes must be mediated first in Montgomery County, PA (subject to applicable state law)
v. Choice of forum	Section 17.2 of the Franchise Agreement	Litigation must be in the state or federal courts of general jurisdiction for Montgomery County, PA (subject to applicable state law)
w. Choice of law	Section 18.5 of the Franchise Agreement	Pennsylvania law applies (subject to applicable state law)

*[The remainder of the page is intentionally left blank.]*

## B. Development Agreement

	<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
a.	Term of the Franchise	Section 6.1, Exhibit A	The Development Agreement will commence on the date it is fully executed and end on the earlier of (a) the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule or (b) the day that the final Franchised Business is opened.
b.	Renewal or extension of the term	Not Applicable	Not Applicable
c.	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d.	Termination by franchisee	Not Applicable	Not Applicable
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with “cause”	Section 6.2	We may terminate your Development Agreement with cause. Please be advised that defaults or violations of your Franchise Agreement may be grounds for termination of your Development Agreement, as further described in (g)-(h) below.
g.	“Cause” defined – curable defaults	Section 6.2	You will be provided notice and 30 days to cure any default caused by your failure to meet your development obligations under the Development Schedule for any single Development Period.
h.	“Cause” defined - defaults which cannot be cured	Section 6.2	Your Development Agreement can be terminated by us, without an opportunity to cure, if: (i) you cease to actively engage in development activities in the Development Area or otherwise abandon your development business for three (3) consecutive months, or any shorter period that indicates an intent by you to discontinue development of the Franchised Businesses within the Development Area; (ii) you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; and (iii) any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i.	Franchisee’s obligations on termination/non-renewal	Not Applicable	Not Applicable

	<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
j.	Assignment of contract by franchisor	Section 8	We have the right to assign our rights under the Development Agreement.
k.	“Transfer” by franchisee – defined	Section 8	Any transfer in you (if you are an entity) or your rights/obligations under the Development Agreement.
l.	Franchisor approval of transfer by franchisee	Section 8	You may not transfer any rights or obligations under the Development Agreement without our prior written consent.
m.	Conditions for franchisor approval of transfer	Not Applicable	Not Applicable
n.	Franchisor’s right of first refusal to acquire franchisee’s business	Not Applicable	Not Applicable
o.	Franchisor’s option to purchase franchisee’s business	Not Applicable	Not Applicable
p.	Death or disability of franchisee	Not Applicable	Not Applicable
q.	Non-competition covenants during the term of the franchise	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Development Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Section 9	In the event you enter into a Development Agreement and that agreement is subsequently terminated for any reason prior to you developing and opening any Shop within your former Development Area, then the geographic scope of the post-term covenant against competition will also include that Development Area (in addition to the prohibited areas under the initial Franchise Agreement you are required to execute at the same time you sign your Development Agreement).
s.	Modification of the agreement	Section 28	Your Development Agreement may not be modified, except by a writing signed by both parties.
t.	Integration/merger clause	Section 28	Only the terms of the Development Agreement (and ancillary agreements) and this Disclosure Document are binding (subject to state law). Any representations or promises outside of the Disclosure Document and this Agreement may not be enforceable. Nothing in the Agreement or in any related agreement is intended to disclaim the representations made in this Disclosure Document.

	<b>Provision</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
u.	Dispute resolution by arbitration or mediation	Section 13  Section 14	You must first submit all dispute and controversies arising under the Development Agreement to our management and make every effort to resolve the dispute internally.  At our option, all claims or disputes arising out of the Development Agreement must be submitted to non-binding mediation, which will take place at our then-current headquarters. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator’s fees and bear all their other respective costs of the mediation.
v.	Choice of forum	Section 16	Subject to Sections 13 and 14 of the Development Agreement, all claims and causes of action arising out of the Development Agreement must be brought in the state court of general jurisdiction that is closest to our then-current headquarters or, if appropriate, the USDC for the Eastern District of Pennsylvania. (subject to state law).
w.	Choice of law	Section 12	The Development Agreement is governed by the laws of the Commonwealth of Pennsylvania, without reference to this state’s conflict of laws principles. (subject to state law).

**ITEM 18 PUBLIC FIGURES**

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

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## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

### BACKGROUND

As of December 31, 2023, there were 46 franchisees (each, a "Franchisee") operating in 123 Territories, and two affiliate-owned locations (each, an "Affiliate-Owned Location") operating in three Territories. This Item sets forth certain historical data submitted to us by our Franchisees and Affiliate-Owned Locations.

Part I of this Item discloses the average, median, high, and low monthly Gross Sales generated by 25 Franchisees over the 2023 calendar year that have been operating for less than 12 months, split into thirds.

Part II of this Item discloses the average, median, high, and low annual Gross Sales generated by 9 Franchisees over the 2023 calendar year that have been operating between 12 to 24 months, split into thirds.

Part III of this Item discloses the average, median, high, and low annual Gross Sales generated by 12 Franchisees over the 2023 calendar year that have been operating for more than 24 months, split into thirds.

Part IV of this Item discloses the total Gross Sales generated during the 2021, 2022, and 2023 calendar years by the Franchisees and Affiliate-Owned Locations.

Part V of this Item discloses the (i) average, median, high, and low Gross Sales per job by the Franchisees over the 2023 calendar year, split into thirds, (ii) average, median, high, and low Gross Sales per job by Affiliate-Owned Locations over the 2023 calendar year, and (iii) average, median, high, and low Gross Sales per job by Franchisees and Affiliate-Owned Locations over the 2023 calendar year

Part VI of this Item discloses the total gross sales, total cost of goods sold, gross profit, estimated royalty fees, total operating expenses and estimated earnings generated by the two (2) Affiliate-Owned Locations (operating in a total of three (3) Territories) during the 2023 Calendar Year. Part I of this Item excludes the Franchisees.

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**PART I: AVERAGE, MEDIAN, HIGH, AND LOW MONTHLY GROSS SALES GENERATED BY FRANCHISEES OPERATING LESS THAN 12 MONTHS OVER THE 2023 CALENDAR YEAR**

	<b>Number of Franchisees</b>	<b>Average Monthly Gross Sales</b>	<b>Median Monthly Gross Sales</b>	<b>High Average Monthly Gross Sales</b>	<b>Low Average Monthly Gross Sales</b>	<b>Number That Met or Exceeded Average Gross Sales</b>
<b>Top Third</b>	8	\$37,169	\$36,749	\$59,038	\$32,492	6 (75%)
<b>Middle Third</b>	8	\$26,446	\$26,696	\$30,935	\$21,390	4 (50%)
<b>Bottom Third</b>	9	\$16,593	\$17,853	\$20,961	\$5,812	5 (55%)

**Notes to Part I:**

1. **Gross Sales.** The term “Gross Sales” means the total amount of all sales of products and services sold from, though, or in connection with the Franchised Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.
2. **Average.** Average is also known as the “mean,” and means the sum of all data points in a set, divided by the number of data points in that set.
3. **Median.** Median means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the vent the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.
4. **High.** High means the largest or highest number in a data set.
5. **Low.** Low means the smallest or lowest number in a data set.
6. In Part I, if a Franchisee opened in the middle of a month, that month was excluded from the calculations set forth in Part I. For example, if a Franchisee opened on February 15, then February was excluded from the calculations.
7. Of the Franchisees set forth in Part I, the median number of Territories owned by a Franchisee is three and the median population is 940,549.

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**PART II: AVERAGE, MEDIAN, HIGH, AND LOW ANNUAL GROSS SALES  
GENERATED BY FRANCHISEES OPERATING BETWEEN 12 TO 24  
MONTHS OVER THE 2023 CALENDAR YEAR**

	<b>Number of Franchisees</b>	<b>Average Gross Sales</b>	<b>Median Gross Sales</b>	<b>High Average Gross Sales</b>	<b>Low Average Gross Sales</b>	<b>Number That Met or Exceeded Average Gross Sales</b>
<b>Top Third</b>	3	\$735,682	\$608,324	\$1,012,454	\$586,269	1 (33%)
<b>Middle Third</b>	3	\$484,910	\$501,736	\$573,157	\$379,838	2 (66%)
<b>Bottom Third</b>	3	\$298,293	\$319,649	\$333,490	\$241,714	2 (66%)

**Notes to Part II:**

1. **Gross Sales.** The term “Gross Sales” means the total amount of all sales of products and services sold from, through, or in connection with the Franchised Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.
2. **Average.** Average is also known as the “mean,” and means the sum of all data points in a set, divided by the number of data points in that set.
3. **Median.** Median means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the vent the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.
4. **High.** High means the largest or highest number in a data set.
5. **Low.** Low means the smallest or lowest number in a data set.
6. Of the Franchisees set forth in Part II, the median number of Territories owned by a Franchisee is three and the median population is 1,064,788.

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**PART III: AVERAGE, MEDIAN, HIGH, AND LOW ANNUAL GROSS SALES  
GENERATED BY FRANCHISEES OPERATING MORE THAN 24  
MONTHS OVER THE 2023 CALENDAR YEAR**

	<b>Number of Franchisees</b>	<b>Average Gross Sales</b>	<b>Median Gross Sales</b>	<b>High Average Gross Sales</b>	<b>Low Average Gross Sales</b>	<b>Number That Met or Exceeded Average Gross Sales</b>
<b>Top Third</b>	4	\$3,483,149	\$2,589,789	\$6,656,909	\$2,096,109	1 (25%)
<b>Middle Third</b>	4	\$1,487,591	\$1,318,917	\$2,033,125	\$1,279,298	1 (25%)
<b>Bottom Third</b>	4	\$912,417	\$890,499	\$1,141,848	\$726,824	2 (50%)

**Notes to Part III:**

1. **Gross Sales.** The term “Gross Sales” means the total amount of all sales of products and services sold from, though, or in connection with the Franchised Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.
2. **Average.** Average is also known as the “mean,” and means the sum of all data points in a set, divided by the number of data points in that set.
3. **Median.** Median means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the vent the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.
4. **High.** High means the largest or highest number in a data set.
5. **Low.** Low means the smallest or lowest number in a data set.
6. Of the Franchisees set forth in Part III, the median number of Territories owned by a Franchisee is one and the median population is 2,287,614.

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**PART IV: TOTAL GROSS SALES GENERATED BY FRANCHISEES AND AFFILIATE-OWNED LOCATIONS OVER THE 2021, 2022, AND 2023 CALENDAR YEARS**

	Calendar Year		
	2021	2022	2023
<b>Affiliate-Owned Territories</b>	3	3	3
<b>Franchisee Territories</b>	17	51	123
<b>Total Territories</b>	<b>20</b>	<b>54</b>	<b>126</b>
<b>Affiliate-Owned Locations Gross Sales</b>	\$12,224,323	\$14,201,326	\$13,917,860
<b>Franchisee Gross Sales</b>	\$20,120,892	\$26,645,288	\$32,296,126
<b>Total Gross Sales</b>	<b>\$32,345,215</b>	<b>\$40,846,614</b>	<b>\$46,213,986</b>

**Notes to Part IV:**

1. **Gross Sales.** The term “Gross Sales” means the total amount of all sales of products and services sold from, through, or in connection with the Franchised Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.

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**PART V: AVERAGE, MEDIAN, HIGH, AND LOW AVERAGE GROSS SALES PER JOB GENERATED BY THE FRANCHISEES AND AFFILIATE-OWNED LOCATIONS OVER THE 2023 CALENDAR YEAR**

	<b>Number of Franchisees</b>	<b>Average Gross Sales Per Job</b>	<b>Median Gross Sales Per Job</b>	<b>High Gross Sales Per Job</b>	<b>Low Gross Sales Per Job</b>	<b>Number That Met or Exceeded Average Gross Sales Per Job</b>
<b>Top Third</b>	16	\$1,043	\$935	\$3,354	\$762	7 (43%)
<b>Middle Third</b>	15	\$626	\$608	\$725	\$545	6 (40%)
<b>Bottom Third</b>	15	\$467	\$472	\$535	\$352	9 (60%)
<b>All Franchisees</b>	46	\$819	\$611	\$3,354	\$352	14 (30%)
<hr/>						
	<b>Number of Affiliate-Owned Locations</b>	<b>Average Gross Sales Per Job</b>	<b>Median Gross Sales Per Job</b>	<b>High Gross Sales Per Job</b>	<b>Low Gross Sales Per Job</b>	<b>Number That Met or Exceeded Average Gross Sales Per Job</b>
<b>Affiliate-Owned Locations</b>	2	\$935	\$894	\$940	\$849	1 (50%)
<hr/>						
	<b>Franchisees and Affiliate-Owned Locations</b>	<b>Average Gross Sales Per Job</b>	<b>Median Gross Sales Per Job</b>	<b>High Gross Sales Per Job</b>	<b>Low Gross Sales Per Job</b>	<b>Number That Met or Exceeded Average Gross Sales Per Job</b>
<b>All Franchisees and Affiliate-Owned Locations</b>	48	\$850	\$622	\$3,354	\$352	11 (23%)

**Notes to Part V:**

1. **Gross Sales Per Job.** Gross Sales Per Job is calculated by taking the total Gross Sales generated by each Franchisee or Affiliate-Owned Location (as applicable) and dividing that number by the Total Jobs completed by that Franchisee or Affiliate-Owned Location (as applicable). Gross Sales Per Job includes installation work and service work.

**PART VI: TOTAL GROSS SALES, COSTS OF GOODS SOLD, GROSS PROFIT, OPERATING EXPENSES, AND EARNINGS FOR THE AFFILIATE-OWNED LOCATIONS (3 TERRITORIES) DURING THE 2023 CALENDAR YEAR**

<b>2023 Calendar Year</b>		
<b>Expense/Category</b>	<b>Total</b>	<b>% of Gross Sales</b>
<b>Gross Sales</b>		
Sales	\$13,917,860	100.0%
<b>Total Gross Sales<sup>1</sup></b>	<b>\$13,917,860</b>	<b>100.0%</b>
<b>Costs of Goods Sold</b>		
Labor	\$3,401,870	24.4%
Materials	\$783,134	5.6%
Other COGS	\$226,499	1.6%
<b>Total Costs of Goods Sold<sup>2</sup></b>	<b>\$4,411,503</b>	<b>31.7%</b>
<b>Gross Profit<sup>3</sup></b>	<b>\$9,506,357</b>	<b>68.3%</b>
<b>Operating Expenses</b>		
Office & Sales Personnel Wages <sup>4</sup>	\$1,493,995	10.7%
Employee Payroll Taxes, Insurance & Benefits	\$862,709	6.2%
Employee Recruiting, Payroll Admin Fees	\$76,461	0.5%
Advertising & Marketing	\$1,064,954	7.7%
Brand Fund Contribution <sup>5</sup>	\$278,236	2.0%
Royalty Fee <sup>6</sup>	\$834,782	6.0%
Technology Expenses	\$243,340	1.7%
Building Expenses	\$479,098	3.4%
Vehicle & Equipment Expenses	\$1,110,155	8.0%
Insurance Expenses	\$314,095	2.3%
Credit Card and Banking Fees	\$273,922	2.0%
Other SG&A	\$305,634	2.2%
<b>Total Operating Expenses<sup>7</sup></b>	<b>7,337,381</b>	<b>52.7%</b>
<b>Estimated Earnings<sup>8</sup></b>	<b>\$2,168,976</b>	<b>15.6%</b>

**Notes to Part VI:**

1. **Total Gross Sales.** The term “Total Gross Sales” means the total amount of all sales of products and services sold from, through, or in connection with the Affiliate-Owned Locations, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.
2. **Total Costs of Goods Sold.** The term “Total Costs of Goods Sold” is calculated by taking the total amount the Affiliate-Owned Locations expended on labor, materials, subcontractors, and other items.

3. **Gross Profit.** The term “Gross Profit” is calculated by taking the Total Gross Sales and subtracting the Total Costs of Goods Sold.
4. **Office and Sales Personnel Wages.** Office and Sales Personnel Wages excludes the salary, wages, and medical benefits paid to Vice President of Operations for the Affiliate-Owned Locations.
5. **Brand Fund Contribution.** This amount includes the Brand Fund Contribution of 2% of Gross Sales, calculated by multiplying the Total Gross Sales by .02 to account for the Brand Fund Contribution of 2% set forth and required under our current form of Franchise Agreement.
6. **Royalty Fee.** The term “Royalty Fee” means the Royalty Fee that the Affiliate-Owned Locations paid us over the 2023 Calendar Year. We calculated the Royalty Fees by multiplying the Total Gross Sales by .06 to account for the Royalty Fee of 6% set forth and required under our current form of Franchise Agreement.
7. **Total Operating Expenses.** The term “Total Operating Expenses” is calculated by adding up all the line items set forth under the “Operating Expenses” category.
8. **Estimated Earnings.** The term “Estimated Earnings” is calculated by taking the Gross Profit and subtracting the Total Operating Expenses. Estimated Earnings is defined as earnings before interest, taxes, depreciation, and amortization.
9. Operating costs and expenses may vary substantially from business to business. The above figures exclude start-up expenses; advertising; costs of goods sold; insurance, payroll costs, taxes, administrative expenses as well as the cost of labor; owner compensation/salary; healthcare and employee benefits costs; utilities expenses; the cost of equipment, inventory, and supplies; travel and entertainment expenses; license and permit fees and professional services expenses; taxes; financing expenses, interest expense, interest income, depreciation, and amortization expenses; and related expenses which you will incur as a franchisee.

### **GENERAL NOTES TO ITEM 19**

1. **Some outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.**
2. We have not audited this information. Written substantiation of the data used in preparing this information will be made available upon reasonable request.
3. Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing ZOOM DRAIN business, however, we may provide you with the actual records of that particular business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Jim Criniti at 500 Davis Drive, Plymouth Meeting, PA 19462 or at 215-259-8050, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary for Years 2021, 2022, and 2023**

<b>*Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2021	17	17	0
	2022	17	51	+34
	2023	51	123	+72
Company-Owned±	2021	3	3	0
	2022	3	3	0
	2023	3	3	0
<b>Total Outlets</b>	<b>2021</b>	<b>20</b>	<b>20</b>	<b>0</b>
	<b>2022</b>	<b>20</b>	<b>54</b>	<b>+34</b>
	<b>2023</b>	<b>54</b>	<b>126</b>	<b>+72</b>

± We do not own any ZOOM DRAIN Businesses. These outlets are owned and operated by our affiliates Zoom Drain Philadelphia, LLC and Zoom Drain Charlotte, LLC.

\*For purposes of this Item 20, Outlet is defined as a Territory. If a franchisee is able to operate in multiple Territories under a single franchise agreement, the franchisee is considered open in all Territories once it begins servicing a Territory.

**Table No. 2  
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2021, 2022, and 2023**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Florida	2021	0
	2022	0
	2023	3
Michigan	2021	0
	2022	0
	2023	3
<b>Total</b>	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>6</b>

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**Table No. 3**  
**Status of Franchised Outlets**  
**For years 2021, 2022, and 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
	2023	3	4	0	0	0	0	7
California	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	7	0	0	1	0	9
Colorado	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	4	0	0	0	0	4
Connecticut	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
Delaware	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
Florida	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	17	0	0	0	0	17
Georgia	2021	0	0	0	0	0	0	0
	2022	0	6	0	0	0	0	6
	2023	6	0	0	0	0	3	3
Idaho	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Illinois	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	1	0	0	0	1
Indiana	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
Kentucky	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Maine	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Maryland	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Massachusetts	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Michigan	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Missouri	2021	0	0	0	0	0	0	0
	2022	0	5	0	0	0	0	5
	2023	5	3	0	0	0	0	8
Nebraska	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	3	1	0	0	0	0	4
	2022	4	4	0	0	0	0	8
	2023	8	2	0	0	0	0	10
New York	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
North Carolina	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
	2023	3	6	0	0	0	0	9
Ohio	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
Pennsylvania	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
Rhode Island	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
South Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Texas	2021	0	0	0	0	0	0	0
	2022	0	9	0	0	0	0	9
	2023	9	9	4	0	0	0	14

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Washington	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
<b>Total</b>	<b>2021</b>	<b>17</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>17</b>
	<b>2022</b>	<b>17</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51</b>
	<b>2023</b>	<b>51</b>	<b>81</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>123</b>

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For years 2021, 2022, 2023**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	1	1	0	0
North Carolina	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Pennsylvania	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
<b>Total±</b>	<b>2021</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2022</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2023</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>3</b>

± We do not own any ZOOM DRAIN Businesses directly. These outlets are owned and operated by our affiliates, Zoom Drain Philadelphia, LLC and Zoom Drain Charlotte, LLC.

**Table No. 5**  
**Projected Openings As of December 31, 2023**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
Arizona	2 (7 Territories)	7	0
California	1 (3 Territories)	3	0
Florida	2 (5 Territories)	5	0
Minnesota	1 (3 Territories)	3	0
Nevada	1 (3 Territories)	3	0
North Carolina	0	4	0
New Mexico	1 (2 Territories)	2	0
South Carolina	0	0	2
Tennessee	1 (3 Territories)	3	0
Texas	1 (4 Territories)	4	0
Washington	1 (2 Territories)	2	0
<b>Total</b>	<b>10</b> <b>(30 Territories)</b>	<b>34</b>	<b>2</b>

**Exhibit D** lists the names, addresses and telephone numbers of all of our operating franchisees. **Exhibit D** also lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, transferred or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In the past three years, in some instances, current and former franchisees signed provisions restricting their ability to speak openly about their experience with Zoom Drain Franchise, LLC. You may wish to speak with current and former franchisees but be aware that not all those franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the franchise system at this time.

## ITEM 21 FINANCIAL STATEMENTS

Attached to this disclosure document as **Exhibit E** are our audited financial statements as of (i) February 12, 2023 and December 31, 2021, (ii) December 31, 2022, and (iii) December 31, 2023. Our fiscal year end is December 31<sup>st</sup> of each year.

## ITEM 22 CONTRACTS

The following are attached to this disclosure document:

**Exhibit A-1** – Franchise Agreement

- **Exhibit 1** – Owner’s Guaranty and Agreement to Comply with Certain Undertakings of Franchisee
- **Exhibit 2** – Business Terms
- **Exhibit 3** – Additional Site Schedule
- **Exhibit 4** – Owners of Franchisee
- **Exhibit 5** – Plus Play Addendum
- **Exhibit 6** – State Law Addendum
- **Exhibit 7** – ServiceTitan Addendum
- **Exhibit 8** – Franchisee Disclosure Questionnaire
- **Exhibit 9** – SBA Addendum

**Exhibit A-2** – Development Agreement

**Exhibit G** – Release

## ITEM 23 RECEIPTS

Exhibit I of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: Jim Criniti at Zoom Drain Franchise, LLC, Jim Criniti at 500 Davis Drive, Plymouth Meeting, PA 19462 or at 215-259-8050.

**EXHIBIT A-1**  
**FRANCHISE AGREEMENT**

**ZOOM DRAIN FRANCHISE, LLC**  
**FRANCHISE AGREEMENT**

---

**Franchisee**

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**Date of Agreement**

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**ZOOM DRAIN FRANCHISE, LLC**  
**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “Franchise Agreement” or “Agreement”) is entered into on \_\_\_\_\_ (the “Effective Date”), by and between ZOOM DRAIN FRANCHISE, LLC (“we”, “us,” or “our”), located at 500 Davis Drive, Plymouth Meeting, PA 19462, and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”) located at \_\_\_\_\_, who in consideration of the mutual promises set forth below, agree as follows:

**1. Nature and Scope of Agreement**

1.1 **The Franchisor.** We have developed and refined the method of operating a business that provides drain cleaning and sewer inspections, maintenance, repair and replacement work for residential, industrial, and commercial customers. We offer franchises to operate a ZOOM DRAIN Franchised Business using the Marks and the System.

1.2 **The Franchisee.** You recognize the benefits from being identified with and licensed by us and desire a franchise to establish and operate a ZOOM DRAIN Franchised Business using the Marks and System, and we are willing to grant you such a franchise, on the terms and conditions in this Agreement.

**2. Definitions, Representations and Owners’ Guaranty**

2.1 **Definitions.** In addition to such terms as may be defined elsewhere in this Agreement, in this Agreement, the following terms shall have the meanings as set forth below:

2.1.1 **“Affiliates”** means, individually or collectively, all entities controlling, controlled by, or under common ownership with us or you.

2.1.2 **“Commence Operating”** means, with respect to the Franchised Business or any Additional Location, the date you first perform or are able to perform the Services under the Marks to customers in your Territory, which date(s) will be set forth in our notice(s) of approval delivered pursuant to Sections 5.4 and 5.5.

2.1.3 **“Competitive Business”** means any business that engages in, owns, invests in, manages, or controls any business providing drain cleaning and sewer inspections, maintenance, repair and replacement work, that are similar to or the same as the Services (as defined below), other than another ZOOM DRAIN Franchised Business.

2.1.4 **“Confidential Information”** means all trade secrets, equipment and material, methods, techniques, formulas, contracts, customer lists, customer information, suppliers, supplier lists, pricing, marketing, computer programs, products, skills, performance specifications, technical and financial information and results, and other information and know-how relating to the System, or relating to or useful in our business, the Franchised Business or other ZOOM DRAIN Businesses, including the Manual (as hereinafter defined).

2.1.5 **“Franchised Business”** means the ZOOM DRAIN Business that you will operate under the Marks and System and in accordance with the provisions of this Agreement.

2.1.6 **“Manual”** means our Confidential Operations Manual, as amended by us from time to time. The Manual will be in a format determined by us (*i.e.*, in writing, on CD-ROM, via

electronic media through a secure website, etc.) and includes all other supplemental bulletins, notices, revisions, modifications, or supplemental information, either in document or electronic form, concerning the System that are delivered by us or otherwise communicated to you in writing. Also included are any passwords or other digital identifications necessary to access the Manual on a website or extranet. The Manual is confidential and remains our property.

2.1.7 “**Marks**” means the service marks, trademarks, trade dress, trade names and all configurations and derivations thereof, as may presently exist, or which may be modified, changed or acquired by us or our Affiliates in connection with the operation of the Franchised Business contemplated by this Agreement. The Marks currently include, but are not limited to: “ZOOM,” “ZOOM DRAIN” “ZOOM-JETTING” “Fast. Fixed. Zoom,” “Fast. Focused. Fixed,” “ZOOM DRAIN,” “ZOOM SEPTIC,” “ZOOM PUMPING,” “ZOOM CESSPOOL,” and the Zoom Vortex design.

2.1.8 “**National Accounts**” means those accounts with more than one location covered by an agreement for Services that are not all located solely in the territory of one franchisee.

2.1.9 “**Gross Sales**” means the total amount of all sales of products and services sold from, through or in connection with the Franchised Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.

2.1.10 “**Principal Owner**” means you, if you are a sole proprietor, the majority shareholder of you, if you are a corporation, a partner owning a majority interest of you, if you are a partnership, or a member owning the majority interest of you, if you are a limited liability company. In the event there are multiple owners with equal interest in you, then you will designate one of these owners to be the Principal Owner for purposes of this Agreement.

2.1.11 “**Services**” means the types of services that you are permitted and/or required to perform in the operation of the Franchised Business. At the present time, such Services consist of providing drain cleaning and sewer inspections, installation, maintenance, repair, and replacement work as well as drain pumping, grease trap and septic services for residential and commercial customers. We reserve the right to modify, change, and add to the types of Services that may be provided by the Franchised Business, from time to time, and the right to include the sale of certain products in connection with the provision of such Services.

2.1.12 “**System**” means the specially developed method of operating a business that provides drain cleaning and sewer inspections, maintenance, repair, and replacement work for residential and commercial customers under the Marks, using certain business formats, methods, procedures, designs, marketing and sales procedures, standards and specifications, which may be changed, improved, modified, and further developed by us or our Affiliates from time to time.

2.1.13 “**Term**” means, individually or collectively, the Initial Term, any Continuation Term and any Renewal Term of this Agreement.

2.1.14 “**Transfer**” means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift, conveyance, lease or other disposition of an interest in this Agreement, you or the Franchised Business, including: (a) a transfer of any capital stock, partnership interest, limited liability company interest or other ownership interest; (b) a merger, consolidation, reorganization, business combination or other issuance of additional stock or ownership interests; (c) a transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) a transfer to a personal representative upon the disability of, or transfer upon the death

of, a Principal Owner; (e) the grant or creation of any lien or encumbrance on any ownership interest or asset; (f) the grant of any option, call, warrant, conversion rights or rights to acquire any equity or voting interest; (g) an assignment of contract rights; (h) a sale of assets (including the inventory, furniture, fixtures, equipment and other operating assets of the Franchised Business, other than in ordinary course of business); or (i) any change in the or management of the Franchised Business.

2.1.15 “**You**” shall be deemed to include: (a) those persons owning any interest in you if you are a corporation or a limited liability company; (b) all partners owning any partnership interest in you if you are a partnership; (c) the individual who owns you if you are a sole proprietorship; (d) the guarantors of this Agreement; and (e) the Principal Owner. For purposes of determining ownership in you, the interests owned by a husband and wife will be considered one interest, and both husband and wife will be obligated hereunder, regardless of whether the interest is owned by just one spouse or both spouses.

2.1.16 “**Vehicle(s)**” mean any trucks you use in your Franchised Business.

2.1.17 “**ZOOM DRAIN Business**” means any business operating under the Marks and System, whether owned by us or our Affiliates, or the franchisees or licenses of us or our Affiliates.

2.2 ***Representations and Warranties.*** You hereby represent and warrant to us as follows:

2.2.1 You are acquiring this franchise for your own account for the operation of a Franchised Business, and not for the purpose of resale or redistribution or other speculative matter;

2.2.2 All information you provided to us in your application and other documents to induce us to grant this franchise was true, correct, complete and accurate as of the date made, and, as of the date of this Agreement, no material change has occurred in such information;

2.2.3 The execution, delivery, and performance of this Agreement by you, and the Owner’s Guaranty and Assumption of Franchisee’s Obligations (“Owner’s Guaranty”) by the guarantors, do not and will not violate, conflict with or result in the breach of any term, condition or provision of any contract or agreement, or require the consent of any other person or entity;

2.2.4 If you are an entity, you are duly organized and validly existing, are qualified to do business in each state where you are or will conduct business, and are duly authorized to execute and deliver this Agreement and perform your obligations pursuant to this Agreement; and

2.2.5 This Agreement represents a valid, binding obligation of you and each of your Owners (as defined below). Each of your Owners has fully read this Agreement and our Franchise Disclosure Document, and each Owner represents that he/she/they is/are capable of complying with all of the terms of this Agreement and the Owner’s Guaranty provided in **Exhibit 1**.

2.3 ***Owner’s Guaranty/Owner’s Acknowledgment.*** If you are an entity, each of your Owners must execute the (1) Owner’s Guaranty and (2) Agreement to Comply with Certain Undertakings of Franchisee in our favor as provided in **Exhibit 1** and deliver the executed copies to us concurrently with the execution of this Agreement, or if such ownership interest is acquired later, within 10 days after obtaining the interest as an Owner. All Owners also must sign the Owner’s Acknowledgment which follows the signature block of this Agreement.

### 3. Scope of License

#### 3.1 *Grant of Franchise.*

3.1.1 Subject to the provisions of this Agreement, we grant to you the non-exclusive right to use the System and Marks to open and operate one (1) Franchised Business. We will grant you one, two, or three contiguous territories, as set forth in **Exhibit 2** attached hereto, within which you will operate the Franchised Business (each, a “**Territory**”). You will maintain all rights to the Territory subject to the terms and conditions of this Agreement. You hereby accept such grant and agree to operate one Franchised Business in accordance with the System under the Marks at and only at the Approved Location set forth on **Exhibit 2** and to exert continuously your best efforts to promote and enhance the operation of the Franchised Business and the goodwill associated with the Marks. If we consent to a relocation of the Franchised Business (whether of the Approved Location or any Additional Location).

3.1.2 To operate a Franchised Business at locations in addition to the Approved Location in the Territory (each, an “**Additional Location**”), you and we will sign a separate Schedule set forth in **Exhibit 3** (“**Additional Site Schedule**”) for each Additional Location and pay an Additional Location Fee of \$2,000. The term “**Franchised Business**” includes the Approved Location and all Additional Locations, if any. The conditions under which we will execute an Additional Site Schedule are as follows: (i) you are in compliance with the terms of this Agreement; (ii) the Additional Location is within your Territory and does not encroach upon the territory of any other ZOOM DRAIN Business; and (iii) we, in our reasonable judgment, believe you have sufficient financial resources and other ability (including, but not limited to, experience, character, skill, aptitude, attitude, and business acumen sufficient to operate multiple locations) to properly develop and operate the proposed Additional Location. We may consider, among other things, your past performance and financial success of your existing Approved Location and Additional Locations. In order to assist us in making this determination, you agree to provide us the financial and other information we request regarding your existing Approved Location and Additional Locations, as well as information we request relating to the proposed Additional Location. Our approval, however, is not deemed to be a warranty of your financial or other ability to develop and operate the proposed Additional Location.

3.2 ***Territorial Rights And Obligations.*** Provided you are not in default under the terms of this Agreement and subject to Sections 3.3, 3.4 and 3.5 below, neither we nor our Affiliates will operate, nor grant a franchise for the operation of, any ZOOM DRAIN Business within the Territory. You will conduct and operate the Franchised Business and provide Services only to customers located within the Territory(ies) granted under this Agreement. Notwithstanding the foregoing, upon our prior written approval, which approval may be withheld in our sole discretion, you may provide Services to customers situated outside your Territory so long as such customers are not located in the territory of another ZOOM DRAIN Business; however, if you generate more than ten percent (10%) of your Gross Sales from an area outside of your Territory, we may require that you purchase the additional area. You acknowledge that you have no territorial protection to do so. Once a customer outside your Territory is in your database, you may continue to service them if you have a Maintenance Agreement with that customer even if the area is developed later by another ZOOM DRAIN Business. All such sales are subject to your Royalty Fees and Fund Contributions. Otherwise, upon our establishing a ZOOM DRAIN Business in such area, which we are free to do at any time, you must immediately stop servicing such customers located in that area and refer the customer to the new ZOOM DRAIN Business. You are not entitled to receive any compensation for this referral.

3.3 **Minimum Business Growth.** For you to retain the rights to the Territory, beginning in the 3rd year of the Initial Term, and every year thereafter, you must annually achieve at least a 2:1 ratio between Gross Sales and the total population in your Territory (“**Minimum Growth Requirements**”). The total population in your Territory is described in Exhibit 2 attached hereto. If you fail to achieve the Minimum Growth Requirement in any year during the Term (after the 2<sup>nd</sup> year of the Initial Term), we reserve the right to either (a) reduce the size of your Territory, or (b) to terminate this Agreement by written notice to you. If you obtained more than one Territory and are failing to reach the minimum business growth requirement in one of them, we may either terminate that specific Territory or terminate the Franchise Agreement by written notice to you.

3.4 **Reservation Of Rights.** We, on our and our Affiliates’ behalf, reserve all rights not specifically granted to you pursuant to this Agreement, including but not limited to the following:

3.4.1 (i) The right to own or operate, or license others to own or operate, ZOOM DRAIN Businesses anywhere outside of your Territory(ies); (ii) the right to operate or license others the right to operate similar businesses or any other businesses under trademarks or service marks other than the Marks in any location, both inside or outside of your Territory(ies); (iii) the right to operate or license others to operate businesses that are not the same as a ZOOM DRAIN Business under the Marks in any location, both inside or outside of your Territory(ies); and (iv) the right to offer any products or services (including the products and services you offer at your Franchised Business) through other channels of distribution (including the Internet, social media, print catalogues and direct marketing media) both inside and outside of your Territory(ies). We are not required to pay you if we exercise any of the rights specified above inside your Territory(ies);

3.4.2 The right, now or in the future, to purchase, merge, acquire, be acquired or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain’s or business’ facilities, and to operate, franchise or license those businesses under the Marks or any other marks following the purchase, merger, acquisition or affiliation, regardless of the location of these businesses (which you acknowledges may be within the Territory); and

3.4.3 The right to sell ourselves, our assets, the Marks and/or the System to a third party; go public; engage in a private placement of some or all our securities; merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. If we assign our rights in this Agreement, we do not need to remain in this type of business or to offer or sell any products or services to you.

3.5 **National Accounts.** We may develop National Accounts from time to time, and you may develop accounts that may qualify as a National Account. National Accounts obtained by you for Services outside the Territory must be referred to us and shall be treated as a National Account; however, we reserve the right to reject any such account in our sole judgment and discretion. National Accounts will be negotiated solely by us or our Affiliates, even if the National Account was procured by you. All National Accounts will be deemed to be our property and you will have no claim to such National Account. Any information supplied to us by you regarding National Accounts, and supplemental information as may be required by us may be disseminated to other ZOOM DRAIN Businesses that may provide Services to those accounts. You agree that providing account information to such other ZOOM DRAIN Businesses is in the best interest of the System as a whole and for enhancement of opportunities of all within the System.

If one or more locations of a National Account fall within your Territory, we will first offer you the opportunity to provide Services for said locations on the terms and conditions that we have established

with such National Account. You are not required to service a National Account, and if you refuse or fail to accept such offer in the manner and within the time period that we specify, we have the right to service the account ourselves, or to authorize other ZOOM DRAIN Businesses, or our Affiliate-owned businesses, to provide such Services without any compensation to you. However, the decision to accept you as a provider of Services for the National Account will ultimately rest with the National Account. You acknowledge that if the National Account refuses to accept Services from you, then we shall be free to offer the opportunity to provide Services to the National Account within the Territory to other ZOOM DRAIN Businesses or our Affiliate-owned businesses.

#### **4. Term of Franchise Agreement and Renewal**

4.1 **Term.** The initial term of this Agreement will be for a period of ten (10) years from the date of execution of this Agreement, unless sooner terminated in accordance with this Agreement (the “**Initial Term**”).

4.2 **Continuation Term.** If you continue to operate the Franchised Business with our express consent following the expiration of the Initial Term of this Agreement, the continuation will be a month-to-month extension of this Agreement, unless otherwise agreed in writing (“**Continuation Term**”). All provisions of this Agreement will apply while you continue to operate the Franchised Business during the Continuation Term. The Continuation Term of this Agreement will then be terminable by either party on 30 days’ prior written notice to the other party.

4.3 **Your Right To Renew.** Upon expiration of the Initial Term of this Agreement, you have the right to renew up to two (2) times for additional successive terms of five (5) years on each renewal (each a “**Renewal Term**”), subject to the following for each Renewal Term:

4.3.1 You have notified us in writing a minimum of 180 days prior to the expiration of the Initial Term or the then ending Renewal Term (as the case may be) of your desire to renew this Agreement;

4.3.2 You have substantially complied with all provisions of this Agreement, and replace, refurbish, rewrap and/or reequip, any equipment, Vehicles and materials utilized in the operation of the Franchised Business, in compliance with the specifications outlined in the then current franchise agreement and Manual for ZOOM DRAIN Businesses;

4.3.3 You and your owners execute the then-current form of our franchise agreement and any ancillary agreements (with appropriate modifications to reflect the fact that the Agreement relates to the grant of a renewal franchise). The then-current form of the franchise agreement and ancillary agreements may contain significantly different terms than this Agreement;

4.3.4 To the extent permitted by applicable law, you and your owners execute general releases in a form satisfactory to us, of any and all claims against us and our Affiliates, and ours and their owners, officers, directors, employees and agents; and

4.3.5 You pay us our renewal fee, which is \$10,000 per transaction. For example, if you operate in multiple contiguous Territories under this Agreement and wish to renew the Agreement in connection with all Territories at the same time, the total renewal fee will be \$10,000.

## 5. Location and Business Site

5.1 **Location.** You must operate your Franchised Business at and only at the location within the Territory(ies) that is described on **Exhibit 2** (“**Approved Location**”) and any Additional Location. You may operate out of the Principal Owner’s home only if the Principal Owner is in compliance with all zoning regulations and if your facility is significantly separated from the living quarters. Otherwise, you must operate from another owned or leased facility. You may not change the Approved Location or any Additional Location without our prior written approval, which we may grant or withhold in our sole discretion.

5.2 **Site Criteria.** Your business site and its layout, including your communications systems, which are subject to our approval, must meet our criteria described in the Manual. Your business site must comply with local zoning, business, permitting and licensing requirements.

5.3 **Our Approval of Site.** You must submit a proposed site to us for approval. We will have 30 days from receipt of the materials relating to the proposed site to approve or disapprove the site. We will not unreasonably withhold our approval of a proposed site. Our approval of your business site only means that we believe that the business site falls within our then-current criteria. You acknowledge that your selection of a business site is based on your own independent investigation of its suitability and that our approval is not a guarantee or promise of success.

5.4 **Construction/Commencement.** For a newly developed Approved Location or Additional Location, you are solely responsible for obtaining all necessary financing and constructing the business site as a Franchised Business in accordance with the layout and other criteria described in our Manual or in other written communications by us. For any newly developed Approved Location, all construction work must be completed, and the Franchised Business at the Approved Location must Commence Operating within 120 days after this Agreement is signed. For any newly developed Additional Location, all construction work must be completed, and the Franchised Business at the Additional Location must Commence Operating within 120 days after the applicable Additional Site Schedule is signed. You may not Commence Operating your Franchised Business at the Approved Location or any Additional Location until we provide our written notice of approval.

5.5 **Conversion Business.** For an Approved Location or Additional Location which is converted to a Franchised Business, you are solely responsible for obtaining all necessary financing and converting the business site as a Franchised Business in accordance with the layout and other criteria described in our Manual or in other written communications by us. For any converted Franchised Business operated at an Approved Location, all conversion work must be completed, and the Franchised Business at the Approved Location must Commence Operating within 90 days after this Agreement is signed. For any converted Franchised Business operated at an Additional Location, all conversion work must be completed, and the Franchised Business at the Additional Location must Commence Operating within 90 days after the applicable Additional Site Schedule is signed. You may not Commence Operating your Franchised Business at the Approved Location or any Additional Location until we provide our written notice of approval.

5.6 **Existing Business.** In our sole discretion, we may permit you to add the Franchised Business to an existing service business that provides related services we determine might provide strategic advantages. In such event, you will set up an affiliate entity to be the franchisee and sign a “Plus Play Addendum” which is found in **Exhibit 5** of this Franchise Agreement at the same time you sign this Agreement.

5.7 **Maintenance, Appearance and Remodeling.** You must maintain the business site of the Franchised Business and its appearance in accordance with our standards which we will communicate to you from time to time in the Manual, or by other written or electronic communications. We may require you periodically to add new equipment or Vehicles, or replace obsolete equipment or Vehicles, used in the Franchised Business.

## 6. Fees and Payments

6.1 **Initial Franchise Fee.** You must pay us an initial franchise fee (“**Initial Franchise Fee**”) when you sign this Agreement. The amount of your Initial Franchise Fee will be determined by the number of Territories you acquire. If you are acquiring a single territory containing a population of up to 300,000 people, your Initial Franchise Fee is \$49,500. If you are acquiring two Territories, your Initial Franchise Fee is \$89,500. If you are acquiring three Territories, your Initial Franchise Fee is \$119,500. If you are acquiring one or more Territories with a population greater than 300,000, you must pay us an additional \$0.16 per person over 300,000 within each Territory. The Initial Franchise Fee is fully earned when paid and is not refundable under any circumstances. The Initial Franchise Fee owed under this Agreement is \$\_\_\_\_\_.

6.1.1. **Discounts.** If you are an honorably discharged veteran who meets our qualifications for purchase a franchise, we will discount your Initial Franchise Fee by \$5,000.00. You may only apply for one discount and the discount only applies to the purchase of your first Territory.

6.2 **Opening Marketing Fee.** Upon completion of Phase 1 of the Initial Training Program and before the Franchised Business opens, you must spend (a) \$15,000 if you operate in one Territory, or (b) \$30,000 if you operate in two or three Territories on (the “Opening Marketing Fee”), as otherwise set forth in Section 9.3 of this Agreement.

6.3 **Royalty Fee.** You are required to pay us a Royalty Fee, calculated as follows: (i) during the first 12 calendar months of operations, 6% of Gross Sales per Territory per month; and (ii) beginning in 13<sup>th</sup> calendar month of operations and continuing through the duration of the Term, an amount equal to the greater of (a) 6% of Gross Sales per Territory per month, or (2) \$1,000 per Territory per month (“**Royalty Fees**”). If you operate in two Territories, your Royalty Fee would be the greater of (1) 6% of Gross Sales of the two Territories combined, or (ii) \$2,000 per month. If you operate in three (3) Territories, your Royalty Fee would be the greater of (1) 6% of Gross Sales of the three Territories combined, or (ii) \$3,000 per month. The Royalty Fee is payable on the 10th day and 25th day of the month (each a “**Payment Date**”). The Royalty Fee payable on the 10th day of the month is based on the Gross Sales made from the 16th day to through the last day of the prior month, and the Royalty Fee payable on the 25th day of the month based on the Gross Sales made from the first day to the 15th day of that month (each a “**Payment Period**”). We reserve the right from time to time, on not less than 30 days’ written notice to you, to change the Payment Date and Payment Period from time to time.

6.4 **Brand Fund Contribution.** You are required to contribute to our Brand Development Fund (as further defined below) in the amount equal to 2% of Gross Sales per Territory per month (the “**Fund Contribution**”).

6.5 **Technology Fee; Productivity Application Fee.** You must pay us the then-current monthly Technology Fee each month, which is currently \$300 per Franchise Agreement per month (if you operate in contiguous Territories) (“**Technology Fee**”) during the term of the Agreement. You are also required to pay us the then-current fee for a productivity suite such as Google® Workspace or Microsoft 365 (the “**Productivity Application Fee**”). The Productivity Application Fee is currently \$30 per account per month. The Technology Fee and Productivity Application Fee is due on the 20th day of each month

during the term beginning on the first month after you sign this Agreement. We reserve the right to change service providers and/or to require you to pay this fee directly to the designated vendor. If you pay this fee to us, it will be due on the 20<sup>th</sup> day of each month. We will alert you promptly upon our receipt of notice from the vendor of any increases in this fee or of our determination to have you pay the vendor directly, at which point the date on which your payment is due may change depending on the vendor's payment requirements. In addition to the Technology Fee, you are also required to pay the then-current amount to ServiceTitan for use of their software, which is currently \$250 per managed technician per month.

6.6 **Call Center Fee.** Either we, our affiliate, or other third party operate a centralized call center (the "Call Center"). Participation in the Call Center is currently optional; however, we reserve the right to mandate your participation in the Call Center in the future. If you do not participate in the Call Center, then you will be required to engage a service coordinator who will be in charge of answering calls and scheduling appointments. If your close rate falls below our then-current requirement set forth in the Operations Manual, which may be updated from time to time, then you will be required to use the Call Center. Starting upon the opening of the Franchised Business, the Call Center fee is \$1,000 Franchise Agreement per month. Starting in the 13<sup>th</sup> month after opening, the Call Center Fee shall be the greater of (i) 3% of Gross Sales, or (ii) \$1,000 per month. We reserve the right to increase or decrease this amount upon 30 days' prior written notice.

6.7 **Method of Payment.** Royalty Fees, Fund Contributions, Technology Fees, and any other periodic fees we may charge under this Agreement will be paid in the manner, and with the inclusion of such reports and documentation, as we may require, which may include credit card payments or electronic funds transfers ("EFT"). Any payment or report not received by us on or before its due date shall be deemed overdue. You must comply with the procedures specified in the Manual or as otherwise communicated for any EFT program, and you must perform the acts and sign the documents, including authorization forms that we, your bank and our bank may require to provide payment by EFT, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of these fees and other amounts, including interest payable to you. In addition, you must pay all costs associated with utilizing any payment program established by us. You are also responsible for all credit card fees.

6.8 **Taxes and Assessments.** You agree to indemnify and/or reimburse us and our Affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable governmental authority as a result of the conduct of the Franchised Business or the license of any of our or our Affiliates' intangible property to you (whether required to be paid by us or our Affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our Affiliates for these taxes does not extend to income-type taxes which are imposed on us or our Affiliates' income.

6.9 **Past Due Service Charge.** Royalty Fees, Fund Contributions, Technology Fees (if paid to us) and other amounts which you owe to us will bear a service charge after their respective due dates at the lesser of 1½% per month or the highest applicable legal rate in the state in which the Territory is predominantly located. You acknowledge that the foregoing does not constitute our agreement to accept payments after same are due or a commitment by us to extend credit to, or otherwise finance your operation of the Franchised Business. Our right to past due service charge is in addition to any other remedies that we may have.

6.10 **Application Of Payments.** We have the sole discretion to apply any payments by you to any past due indebtedness of yours for Royalty Fees, Fund Contributions, Technology Fees (if paid to us) from us or our Affiliates, past due service charges, interest or any other indebtedness owed by you to us or our Affiliates.

6.11 **No Right Of Offset.** You agree to make prompt payment, without deduction or set-off, of all charges which are properly due, including the Royalty Fees, Fund Contributions, and Technology Fees (if paid to us). You cannot withhold any payment to us or our Affiliates on the grounds of non-performance by us of any of our obligations hereunder.

6.12 **Under-Reporting.** If it is found that you under-reported Gross Sales, you will reimburse us for the amount of the fees set forth above that would have been due had Gross Sales been reported accurately, plus interest. In addition, if the amount of Gross Sales reported for any calendar year are less than 98% of the actual Gross Sales for that period, you agree to reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals and lodging. The foregoing remedies are in addition to all other remedies and rights we have under this Agreement or under applicable law. These obligations survive the termination or expiration of this Agreement.

## 7. Our Obligations

7.1 **Initial Training Program.** Before you Commence Operating the Franchised Business, your Principal Owner must attend and satisfactorily complete our Zoom initial training program. Zoom training is provided in three phases, occurring at your Approved Location and in Plymouth Meeting, PA. In the event you or your owners have an ownership interest in an entity that currently operates another ZOOM DRAIN Business, we will provide such initial training program and on-site training only if we deem it necessary. The Zoom initial training program will be provided at no charge to you and up to 3 additional people. However, you are responsible for any salary, travel and living expenses that your Principal Owner incurs during training. If your Principal Owner fails to satisfactorily complete the initial training program, we may treat such failure as a material default under this Agreement.

7.2 **Subsequent Training.** We may offer refresher programs to you, your Principal Owner or your experienced employees. We reserve the right to designate certain training programs or meetings as mandatory and to treat your failure to have a representative attend as a material breach of this Agreement. We are permitted to charge a reasonable fee for any subsequent training or meetings we may offer or require. You must pay the compensation of the trainees as well as such trainees' travel and living expenses during any subsequent training. You must also pay us \$1,000 per day plus our travel expenses.

7.3 **Continuing Advisory Assistance.** We may make available continuing advisory assistance in the operation of the Franchised Business, rendered in such manner and available from time to time, as we may deem appropriate. If we send our representatives to your Franchised Business to provide assistance, we reserve the right to charge a reasonable fee for this type of assistance.

7.4 **Pricing.** We may from time to time suggest or establish the prices or range of prices, and terms and conditions of sale, for products and Services you offer. You are required, if permitted by applicable law, to follow these suggested or established prices in operating the Franchised Business.

7.5 **Call Center.** We have established and maintain a centralized Call Center for the purpose of accepting telephone, internet and other inquiries from potential customers and forwarding such customer information to the appropriate franchisee. The Call Center may be operated by us, our affiliate(s) or other third party(ies). In the operation of the Call Center, once a customer's call is routed to the Call Center and an assignment is set up, the operator will route that customer's work to you if the customer's location (where the work is to be performed) is within your Territory, unless: (i) we determine that the work is in the nature of an emergency and (a) you do not respond to the work assigned to you within a time period we deem appropriate under the circumstances, or (b) you are not able to perform the required services for the customer within a time period we deem appropriate in our sole discretion; (ii) the work is of such a large

scope and/or commercial nature that we determine, in our sole discretion, that your Franchised Business is not capable of performing the work requested in accordance with our System standards and specifications and/or the prevailing standard of care in the industry for the type of work requested (in which case we may route the work to you and additional franchisees, or other franchisees, or our affiliate, for completion); or (iii) the work is mistakenly routed to another franchisee or affiliate-owned business due to either the customer providing incorrect information to our Call Center representative or an inadvertent error on the part of the Call Center representative when taking the information from the customer; or (iv) you are not operating the Franchised Business in compliance with the Franchise Agreement.

7.6 **Annual Conference.** We may, in our discretion, hold an annual conference at a location to be selected by us (the “Annual Conference”). We shall determine the topics and agenda for such conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and our personnel regarding operations and programs, and recognizing franchisees for their achievements. We require you to attend the Annual Conference and pay our then-current fee, which is currently \$250 per attendee. Attendance is mandatory and the registration fee will be incurred by you whether or not you attend the Annual Conference. All expenses to attend the conference are your sole responsibility. We may use expenditures from the Brand Fund for purposes related to the Annual Conference, including costs related to programs and materials.

## 8. Your Obligations

8.1 **Operation of Business.** You must operate the Franchised Business in conformity with all uniform methods, standards and specifications as we may from time to time prescribe in the Manual or as contained in other written instructions, to ensure that the highest degree of quality and service is uniformly maintained. Among other requirements, we require clean shop locations and adherence to our Manual shop layout and software requirements. You must maintain your Vehicle and all equipment in the highest degree of cleanliness, sanitation and repair in accordance with the Manual. You may not make material alterations, additions, replacements or improvements to your Franchised Business without our consent.

8.2 **Authorized Services.** The reputation and goodwill of ZOOM DRAIN Businesses are based upon, and can be maintained and enhanced only by, the furnishing of high-quality Services. We will provide to you during the Zoom training program and through the Manual with a list of the Services which are required and authorized to be offered by your Franchised Businesses. We have the unlimited right to change the types of required and/or authorized services and/or products that must and may be offered to customers and you will have the obligation to adhere to any such changes. We may add products and additional Services or change products or Services which you may, in our sole discretion, be required to offer. You agree that you will offer all Services required for ZOOM DRAIN Businesses and will not, without our prior written approval, offer any type of service or sell any product or service that we do not authorize for your Franchised Business. We may develop additional programs and services that, upon written notice from us, you must offer.

8.3 **Optional Products and Services.** We may develop new products and services that we deem optional. You may offer your customers such optional products and services in your sole discretion. If you wish to offer such optional services, prior to offering the optional services, you must give us 30 days’ prior written notice and must conform to all standards and specifications set forth in the Manual for such optional services, including taking additional training and possibly purchasing additional equipment.

8.4 **Approved Supplies And Approved Suppliers.** You must purchase products, services, supplies, equipment and materials for the operation of your Franchised Business that meet our specifications. You must purchase all products, services, supplies, equipment and materials required for

the operation of the Franchised Business from manufacturers, suppliers or distributors designated by us, or from other suppliers that we approve who meet our specifications.

Specification of a supplier may be conditioned on requirements relating to, among other things, length of time the supplier has conducted business, quality of products, frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contribution, or other consideration to us, our Affiliates or the Fund, if any, and may be temporary, in each case in our reasonable discretion. We may from time-to-time withhold, condition and/or revoke our approval of particular items or suppliers in our reasonable discretion. We or our Affiliates may receive rebates, commissions and other benefits from suppliers in relation to items purchased by you and other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under this Agreement.

If you wish to purchase or lease any goods, products, equipment, supplies or use suppliers that are not approved by us as meeting our specifications, you must first notify us. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, supplies or suppliers meet our specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. Generally, we will advise you within a 20-day period whether these goods, products, equipment, supplies or suppliers meet our specifications. We may require samples from alternate suppliers or vendors to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay a charge not to exceed the actual cost of the test made by us or by an independent testing laboratory designated by us.

**8.5 Computer System/Office Equipment.** You must acquire and use in the Franchised Business a computer system, including monitors, hardware and software, of a type that we may designate from time to time in the Manuals, that is compatible with the software or other required system designated for use by our franchisees generally from time to time. You must also acquire and use the office equipment and accounting platform that we may designate for use by franchisees from time to time. We will have unrestricted access to your Computer System, including unrestricted access to view and pull reports from your QuickBooks Online account. You must agree to any terms of use or other agreement imposed, and pay any license or maintenance fees that we or an approved supplier of the software may charge, for the use of such software. Currently, you agree to execute the ServiceTitan Acknowledgment attached as **Exhibit 7**. You must implement and have fully operational the software system we may designate by the date you Commence Operating the Franchised Business. At your sole expense, you must maintain and upgrade your computer system, including software, to meet our requirements from time to time. You must periodically check the Manuals for most current computer system requirements.

**8.6 Vehicles.** We have the right to require that your Vehicles be of a certain make, model and/or age and must otherwise meet our current requirements set forth in the Manual. Upon opening the Franchised Business, you must have at least one Vehicle in operation. Throughout the remainder of the term of this Agreement, you must secure enough Vehicles to meet the demand in your Territory(ies). The trucks are to be built and laid out according to the specifications set forth in the Manual or otherwise communicated (including being not more than 7 years old, laid out according to our specifications, free from rust, and are able to accommodate the basic inventory list). You must use the Vehicles when performing all Services for the Franchised Business. We do not represent or warrant that these minimum standards meet applicable legal and safety standards. It is your responsibility to ensure the Vehicles complies with all legal and safety standards at all times. You must properly maintain the Vehicles so that it is, at all times, clean, safe, reliable, and functional for its intended use and purpose and in accordance with applicable law. You must not transfer any Vehicles without first removing all of the Marks.

You are required to have a full vehicle wrap for the Vehicles. You must also incorporate our specified truck designs, including shelving. In order to maintain the high quality of the Marks, logos, designs and wraps associated with the System, you must have the Vehicles re-wrapped, refurbished and maintained, at your expense. You will not have to re-wrap the Vehicles until the 4<sup>th</sup> year after you sign this Agreement (other than as a result of damage to the wrapping beyond normal wear and tear). Otherwise, you will have to re-wrap, refurbish and maintain the Vehicles as we determine in our sole discretion (typically every 2 to 3 years), in order to conform with the then-current signage, logos, design or graphic wrap associated with ZOOM DRAIN Businesses.

**8.7 Specifications, Standards, And Procedures.** We endeavor to maintain high standards of quality and service by all ZOOM DRAIN Businesses. To this end, you agree to cooperate with us by maintaining high standards in the operation of your Franchised Business. You must comply with all of the procedures and systems we institute both now and in the future, including those relating to the Services you offer in connection with the Franchised Business, computer software and hardware requirements, terms and conditions of use of our website, good business practices, advertising and other obligations and restrictions set forth in this Agreement, the Manual (as may be amended from time to time) or otherwise in writing.

**8.8 Compliance With Laws and Good Business Practices.** You must secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchised Business. You must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including but not limited to OSHA, health and sanitation laws and commercial vehicle licensure laws. All of your advertising and promotion by must be completely factual and must conform to the highest standard of ethical advertising. You must, in all dealings with your customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business, or the goodwill associated with the System, the Marks, and other ZOOM DRAIN Businesses.

**8.9 Insurance.** You must purchase, and at all times during the Term of this Agreement, maintain in full force and effect, policies of insurance for and in respect of the Franchised Business in such amounts and with such coverages as we reasonably require as set forth in the Manual, which may include, without limitation, (a) commercial general and product liability insurance, (b) all risk property insurance, including fire and extended coverage, vandalism and malicious mischief insurance for the replacement value of the Franchised Business and its contents, and (c) any other insurance policies, such as business interruption, automobile, cyber liability and data compromise, employment practices liability and unemployment and workers compensation issuance, as we may specify from time to time in the Manual. All such policies must be issued by carriers we approve and contain all the types and minimum coverages, exclusions and maximum deductibles as provided in the Manual. In all such policies of insurance, we and our affiliates must be named as an additional insured and all such policies must provide that we will be sent duplicate copies of all documentation and correspondence from the insurer. You must, at least 14 days prior to the date you Commence Operating the Franchised Business, provide us with a certificate of coverage issued by the insurer indicating that all required insurance is in full force and effect and that it will not be terminated, permitted to lapse, expire or be changed without at least 30 days' prior written notice to us. In the event that you do not maintain such insurance as required, we may obtain such insurance from an insurer we select and keep the same in full force and effect at your sole expense. In such event, you must promptly reimburse us for the cost of such insurance upon receipt of an invoice therefor. At your option and sole cost, you may participate in any group or blanket insurance program which we may establish from time to time for its franchisees.

**8.10 Confidential Operations Manual.** We will provide you, for the duration of the Term, with access to the Manual. You agree that you must comply with the mandatory requirements in the Manual and that such compliance is an essential part of your obligations under this Agreement. You must, at all

times, be responsible for ensuring that your employees and all other persons under your control comply with the mandatory provisions of the Manual in all respects. The Manual will constitute our Confidential Information and shall remain our property. The Manual cannot be photocopied, reproduced or disseminated without our written consent. The Manual may be modified from time to time by us in our sole discretion, and you agree that from time to time we may reasonably change the System. You expressly agree to comply with each modification, addition or deletion of the System or Manual at your sole cost and expense. You acknowledge that such changes may be necessary and may involve the expenditure of substantial sums of money by you. We agree to impose such requirements and changes in a reasonable, non-discriminatory manner among other franchisees. You must at all times ensure your copy of the Manual is always kept current and up to date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us shall be controlling.

Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole discretion and as we may deem to be in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular territory, density of population, business potential, business practice or other condition important to the successful operation of such franchise owner's business. We may grant variations from standard specifications and practices as we determine in our sole discretion, and we shall have no obligation to grant other franchisees like or similar variations.

8.11 ***Innovations.*** All ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials concerning a ZOOM DRAIN Business, whether or not protectable intellectual property and whether created by or for you or your owners, affiliates, employees or representatives, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and works made-for-hire for us. To the extent any such item does not qualify as a "work made-for-hire" for us, you must assign, or must require your owners, affiliates, employees, or representatives to assign, your or their ownership interest of such item to us. You agree to take, or direct your owners, affiliates, employees, or representatives to take, whatever action required by us to document such assignment or to assist us in obtaining any and all intellectual property rights in such item. However, if this provision is found to be invalid or unenforceable, you and your Owners grant to us a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of the idea, concept, technique, innovation, development, improvement, suggestion, or material.

8.12 ***Operating the Franchised Business.*** You agree to Commence Operating the Franchised Business at the Approved Location within 90 days (if your Franchised Business at the Approved Location is converted from another business) or 160 days (if you are starting a new business at the Approved Location) after this Agreement is accepted by us. You agree to Commence Operating the Franchised Business at each Additional Location within 90 days (if your Franchised Business at the Additional Location is converted from another business) or 120 days (if you are starting a new business at the Additional Location) after the applicable Site Selection Addendum is accepted by us. You must not open or close any office nor change the location of any Approved Location or Additional Location without first notifying us. Any relocation of the Approved Location or any Additional Location must be within the Territory.

8.13 ***Use of Name and System.*** You agree that during the Term you will operate, advertise and promote the Franchised Business under the name "ZOOM DRAIN" without prefix or suffix and to adopt or any other Marks we require and use the Marks and System licensed hereunder solely in the manner prescribed by us.

8.14 ***Actual Participation.*** You recognize the importance of the Principal Owner's participation in the management of the Franchised Business and that the Principal Owner's agreement to participate in

the operation of the Franchised Business is a material inducement for us to enter into this Agreement. Therefore, you agree that the Principal Owner who has satisfactorily completed our Zoom training program is required to use his or her best efforts and is personally responsible for the operation of the Franchised Business. We, in our sole discretion, may allow you to hire a qualified manager without ownership interest to operate the day-to-day affairs of the Franchised Business; however, your Principal Owner must remain actively involved in the operations and management of the Franchised Business. If we allow you to hire such qualified manager, both the Principal Owner and the manager must attend our initial training program. In any event, the Principal Owner is required to carefully monitor and be responsible for the performance of anyone else who will provide Services in the operation of the Franchised Business. If there are any supervisory personnel, they are required to sign an agreement regarding confidentiality and covenants not to compete and non-solicitation in a form similar to the form set forth in the Manual.

8.15 **Cooperation For Financial Performance Representations.** You will maintain your books and records in the form and manner we require. If we at any time desire to utilize a financial performance representation or similar document in connection with the sale of franchises, you agree to provide us, at no cost, with such reasonable information as we may require in order to properly prepare such representation and will permit us to utilize such information as we deem necessary.

8.16 **Franchise Advisory Council.** We have established an advisory council of franchisees and our representatives to provide non-binding advice to us ("**Franchise Advisory Council**"). We reserve the right to require you to be a member of the Franchise Advisory Council. We have the right to prepare and amend the by-laws for, or to dissolve, the Franchise Advisory Council.

8.17 **Owners of Franchisee. Exhibit 4** to this Agreement must at all times completely and accurately describe all of your owners and their beneficial ownership interests in you ("**Owner(s)**"). You and your Owners must sign and deliver to us such revised **Exhibit 4** as may be necessary to reflect any permitted changes in the information contained therein within 7 days following the occurrence thereof and to furnish such other information about your organization or formation as we may request.

## 9. Advertising

9.1 **Brand Development Fund.** We have established a Brand Development Fund (the "**Fund**"). You must contribute 2% of Gross Sales per Territory per month to the Fund. We may modify the amount of the Brand Fund Contribution at any time on not less than 30 days' prior Notice to you. We have complete discretion over the expenditure of Brand Fund Contributions contributed to the Fund. The Fund will be used to provide advertising, marketing, and promotional activities we deem beneficial to the System. We agree to use the Brand Fund Contributions received from you for the payment of costs associated with the creation, production, distribution, media placement, maintenance and upgrading of our website, and administration of local, state, regional or national advertising programs we may develop or have developed, and for any taxes incurred on these funds. The Fund may also be for the solicitation and maintenance of National Accounts. The Fund is intended to maximize recognition of the Marks and the patronage of the ZOOM DRAIN Businesses generally. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all ZOOM DRAIN Businesses, we do not ensure that the Fund expenditures in or affecting any geographic area will be proportionate or equivalent to the Brand Fund Contributions by ZOOM DRAIN Businesses operating in that geographic area or that any particular ZOOM DRAIN Business will benefit directly or in proportion to your Brand Fund Contributions. We have the right to determine the type of advertising and the media in which it will appear, as we feel is appropriate. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising, consistent with applicable law. We do not have to spend the fund contributions during any specific time period. Marketing and advertising may be handled by the outside advertising agency which we select.

The Fund is not a trust, and we have no fiduciary obligation to you for administering the Fund. However, we will account for the Fund separately from our other funds and will maintain a separate bank account. We will prepare annual unaudited statements of monies collected and costs incurred by the Fund and furnish the statements to you upon your reasonable written request. If we do not use all of the funds deposited in the Fund in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year's advertising budget. We are entitled to reimbursement from the Fund to cover our administrative and overhead expenses associated with operating the Fund. We have a contractual obligation to hold all Brand Fund Contributions for the benefit of the contributors and to use the contributions only for the purposes described above. We intend for the Fund to be of perpetual duration; however, we may terminate the Fund at any time. If terminated, any unspent Brand Fund Contributions will be used, in our discretion, on marketing, promotion and/or public relations purposes. We may also, at our discretion, distribute any unspent Brand Fund Contributions to our franchisees in proportion to their respective contributions during the previous period we determine in our sole discretion. We will be entitled to reimbursement from the Fund to cover our administrative and overhead expenses associated with operating the Fund.

**9.2 Local Advertising.** In addition to the Brand Fund Contributions, you must spend at least \$1,000 per Territory per month on your own local advertising (the "Local Advertising Requirement"). If you operate in two Territories, you are required to spend \$2,000 in the aggregate between the two Territories each month. If you operate in three Territories, you are required to spend \$3,000 in the aggregate between the three Territories each month. You must provide proof of your advertising and sales promotion expenditures in such form, with such detail and including copies of such advertising and materials and receipts as we request. We must consent to your use of any advertising and sale promotion materials before you use them. You must submit all of your advertising and sale promotion materials to us or our designee at least 20 days prior to use. If we do not reject these materials within 7 days, we will be deemed to have consented to your use of them. In addition to the Local Advertising Requirement, you are also required to use the ServiceTitan Marketing Pro add-on, which will be paid directly to ServiceTitan.

You will not advertise, or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols ("©", "®", "TM" or "SM") as we direct. You are not permitted to use the Marks in any manner that we have not expressly approved in writing. Without limiting this broad restriction, you may not use the Marks (including on any signage) in connection with any political campaign or promotion of a political party or political cause, or for organizations and programs that we have not directly approved. You will not advertise your products or services or use the Marks on the Internet except with our prior consent.

**9.3 Opening Marketing.** Franchisee is obligated to spend an Opening Marketing Fee equal to: (a) \$15,000 if Franchisee operates in one Territory, or (b) \$30,000 if Franchisee operates in two or three contiguous Territories. The Opening Marketing Fee will be spent during the three months prior to opening the Franchised Business. Franchisee must follow Franchisor's opening marketing plan. If Franchisee wishes to change or otherwise modify the opening marketing plan supplied by Franchisor, then Franchisee must submit its opening marketing plan to Franchisor and obtain Franchisor's approval of such plan prior to implementing the opening marketing plan. Franchisor reserves the right to require Franchisee to use the marketing and public relations programs and suppliers as well as the media and advertising materials that Franchisor designates or approves. Upon the conclusion of the three-month period set forth herein, Franchisee must submit to Franchisor all receipts and documents demonstrating Franchisee's compliance with its opening marketing obligations.

**9.4 Internet And Other Electronic Advertising.** We have established an Internet website [www.zoomdrain.com](http://www.zoomdrain.com) which we control. Subject to our right to consent, you may be permitted to create a social media account from which to advertise your Franchised Business on the Internet (such as on

LinkedIn, Facebook or Twitter). Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual, which may restrict the content that you are permitted to post to such social media outlet. We have the right to require a modification of or cease granting you permission to develop, operate or maintain any website, mobile app or social media outlet at any time and to require you to give us administrative control and/or log-in information for any social media site you operate for the promotion of the Franchised Business. Except as otherwise provided in the Manual or otherwise in writing, you may not maintain a presence on the Internet for your Franchised Business. We retain the right to pre-approve your use of linking and framing between your web pages and all other websites. You will, within 7 days after our request, dismantle any frames and links between your web pages and any other websites. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us.

## **10. Accounting, Reports And Financial Statements**

10.1 ***Accounting And Records.*** You will maintain and preserve for at least 7 years from the dates of their preparation, full, complete, and accurate books, records and accounts in the form and manner prescribed by us from time to time. You will send us annual income and expense statements within 60 days of the end of your fiscal year. You will also send us monthly summary reports by the 20th of each month based on the preceding monthly profit and loss statements and any other information or reports, including copies of balance sheets, copies of sales tax returns, as we may reasonably request. All reporting data will be prepared in accordance with generally accepted accounting principles, consistently applied. We also have the right to access and obtain any information which you are required to deliver to us for the Franchised Business pursuant to the terms of this Agreement directly from the systems you establish, and, to the extent we cannot or do not do so, you must transmit to us all information we request in the manner and at the times we specify.

10.2 ***Reports And Tax Returns.*** You must furnish us the following reports and documents:

10.2.1 Within 10 days of their filing, exact copies of all federal or state sales, service or value added tax returns, state financial reports, and portions of your federal and state income tax returns which reflect the operation of the Franchised Business. However, you will not be obligated to disclose confidential tax returns if such disclosure would violate applicable state law; and

10.2.2 Other periodic reports, information and supporting records as we prescribe. All reports, financial statements and information must be on forms we prescribe or approve and must be verified and signed by you.

## **11. Inspections And Audits**

11.1 ***Our Right To Inspect.*** To determine whether you are complying with this Agreement, and/or to determine whether you are complying with all applicable specifications and quality standards in connection with your use of the System and Marks, we or our designated agents, have the right, at any reasonable time and without prior notice to you to, among other things:

11.1.1 Observe you and any employees or agents of the Franchised Business during the performance of any Services;

11.1.2 Inspect any Vehicles displaying any signage, logo, graphic or wrap associated with the Franchised Business; and

11.1.3 Contact and interview any customers of the Franchised Business.

We assume no liability to you or third parties with respect to such inspections, and you understand that the purpose of the inspections is to protect the System, Marks and goodwill arising therefrom, and not to assume any responsibility for any deficiencies or defects, etc. We may require that you furnish your customers with an evaluation form prescribed by us, pre-addressed and postage prepaid, to us. You must fully cooperate with our representatives making any inspection or observing your or any of your employees or agents' work in the Franchised Business.

11.2 ***Our Right To Audit.*** We have the right, at any time during normal business hours, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales, service, value added, and income tax records and returns and other records of the Franchised Business. You must fully cooperate with our representatives and independent accountants hired to conduct any inspection or audit. This provision survives the termination or expiration of this Agreement.

## 12. Marks

12.1 ***Ownership and Goodwill of Marks.*** You acknowledge that the Marks are valid service and/or trademarks, which are licensed to us. You recognize that valuable goodwill is attached to the Marks, and that you will use the Marks only in the manner and to the extent specifically licensed by this Agreement. Any goodwill arising out of your use of the Marks inures to the benefit of us and the owner of the Marks. You further acknowledge that the right to use the Marks and the grant contained in this Agreement is non-exclusive. Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights and the rights of our Affiliates. All provisions of this Agreement applicable to the Marks apply to any additional service marks, trademarks, trade dress, trade names, logos and commercial symbols hereafter authorized for use by, and licensed to, you.

12.2 ***Limitations on Use of Marks.*** You agree to use the Marks as the sole identification of the Franchised Business, provided that you identify yourself as the independent owner in the manner prescribed by us. You must not use any Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Mark in the performance or sale of any unauthorized services or products or in any other manner not expressly authorized in writing by us. You agree to display the Marks prominently and, in the manner prescribed by us on forms authorized by us. All Marks must be displayed in the manner prescribed by us. You agree to give notices of trademark and service mark registrations and copyrights as we specify and to obtain fictitious or assumed name registrations as applicable law requires.

12.3 ***Restrictions on Internet and Website Use.*** You agree not to register any Internet address name under any Internet domain, class or category, or any user or account name, including on any social media website, that contains the phrase "ZOOM DRAIN" or any abbreviation, acronym, or variation of that phrase without our prior written consent or in the manner we approve. We and our Affiliates retain the sole right to determine the content on any website we create.

12.4 ***Notification of Infringements and Claims.*** You will not directly or indirectly contest or aid in contesting the validity of our ownership of the Marks, trade secrets, methods, procedures, and advertising techniques which are part of the System, or contest our or our Affiliates' rights to register, use or license others to use the Marks or the System. You will not at any time (whether during or after the Term of this Agreement) directly or indirectly infringe on our rights to or in the Marks. You agree to promptly notify us of any claim, demand or suit based upon or arising from any attempt by anyone else to use the Marks, or any colorable variation thereof. We and our Affiliates will have the sole discretion to determine if we will defend the use of the Marks, and we are not obligated to defend the Marks. We or our Affiliates have the right to control any administrative proceeding or litigation involving the Marks. You will execute any and all instruments and documents, render assistance and do such acts as may, in the

opinion of our counsel, be necessary or advisable to protect our interests or the interests of our Affiliates in any such litigation or proceedings, or to otherwise protect and maintain our interest or the interest of our Affiliates in the Marks.

12.5 **Modification and Discontinuance of Marks.** We will have the right to modify or discontinue the use of the Marks at any time and for any reason we deem appropriate. You will pay the costs associated with any change in the Marks we make, and you will make these changes promptly.

12.6 **No Use in Business Name.** Except as provided in Section 12.2, you may not use the Marks in connection with your corporate, business organization or trade name, or in connection with any prefix, suffix or other modifying words, terms, designs or symbols (except for those that we license to you) or in any modified form. You may not use the Marks when selling any unauthorized product or service or in any other manner that we have not expressly authorized in writing in advance.

12.7 **Third Party Beneficiary.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Agreement and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.

### 13. Relationship of the Parties/Indemnification

13.1 **Relationship.** We and you are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between you and us. You will conspicuously identify yourself at the premises of the Franchised Business and in all dealings with the public as an independently owned business. Neither we nor you will make any agreements or representations in the name of or on behalf of the other that our relationship is other than franchisor and franchisee.

13.2 **Your Indemnification.** Under no circumstances will we be liable for any of your acts, omissions, debts, or other obligations. You will indemnify, defend, and save harmless us and our employees, agents, officers, directors, parents, subsidiaries, Affiliates, successors and assigns (each an "**Indemnitee**") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable legal fees and expenses) of any kind and nature whatsoever, including damages or injuries suffered by any Indemnitee, which may be imposed on, incurred by or asserted against any Indemnitee in any way arising out of the acts or omissions of you or your employees, agents, officers, directors, parents, subsidiaries, Affiliates, successors and assigns pursuant to or in connection with the operation of the Franchised Business regardless of whether the Indemnitees were negligent or that this negligence was a contributing factor in any Indemnitee's liability (to the extent permitted by applicable law). Notwithstanding anything to the contrary contained herein, you have no obligation to indemnify an Indemnitee to the extent Indemnitee's liability arises from or is related to its own negligence.

### 14. Transfer

14.1 **By Us.** We are free to assign all of our rights and obligations under this Agreement, and upon such assignment we will be relieved of all liability under this Agreement, and all rights and obligations will accrue to our successor or assignee.

14.2 **By You.** The rights and duties created by this Agreement are personal to you. We have granted this franchise in reliance upon our perception of the individual and collective character, skill, attitude, and business and marketing abilities of you and your owners. Therefore, there can be no Transfer without our prior written consent. Any consent by us will not operate as a consent to any future Transfer,

and no future Transfer will be valid without our prior written consent to that specific Transfer. Any attempted Transfer in violation of this paragraph is voidable at our option. If we elect not to exercise our right of first refusal pursuant to Section 14.4 below, we will not unreasonably withhold our consent to a Transfer, provided that the following conditions are satisfied:

14.2.1 The Transfer is conducted in compliance with applicable laws, regulations, and licensing requirements;

14.2.2 You have performed your obligations and duties under this Agreement, and you are not in default under this Agreement, or any other agreement with us or our Affiliates;

14.2.3 You have paid all amounts owed to us and our Affiliate, and pay all other outstanding obligations relating to your Franchised Business;

14.2.4 You, including all owners, officers and directors (as well as all guarantors under this Agreement) must execute a general release, in the form approved by us, of any and all claims against us and our Affiliates, and ours and their respective owners, officers, directors, employees and agents;

14.2.5 The transferee meets the established standards for new franchisees, is of good moral character, and has a good credit rating, sufficient financial resources to operate the Franchised Business and competent qualifications. At our option, the transferee must assume all of your obligation under this Agreement and any and all ancillary documents, or execute the most current franchise agreement for the state in which the Franchised Business is located and any and all ancillary documents including the Agreement to Comply with Certain Undertakings of Franchisee;

14.2.6 We are paid our transfer fee, which is currently \$10,000 per transaction (the "Transfer Fee"). For example, if you operate in two Territories and wish to transfer both Territories in a single transaction, the Transfer Fee is \$10,000. However, if you decide to transfer one Territory to one buyer and the other Territory to a different buyer, the Transfer Fee would be \$20,000;

14.2.7 The transferee agrees to assume all liabilities and obligations from the prior operation of the Franchised Business and comply with other reasonable requirements we may impose;

14.2.8 The transferee and the transferee's Principal Owner, successfully completes the Zoom training program;

14.2.9 The transferee updates the equipment and Vehicles used in the Franchised Business to comply with the then-current standards imposed by us;

14.2.10 Although we will not be required to determine the value of business upon a Transfer, if, in our reasonable judgment, the purchase price or terms of the Transfer are not economically feasible to the transferee, we can withhold our consent to such Transfer. Our consent is not, however to be construed as an implication or warranty that the terms of the sale are in fact economically feasible. We may, in good faith, notify you and the transferee, stating the reasons for which we have elected to withhold approval of the proposed Transfer.

14.3 ***Your Death Or Disability.*** Notwithstanding the foregoing restrictions on Transfers, a Transfer to your or your Principal Owner's heirs, personal representatives or conservators, as applicable, in

the event of death or legal incapacity of you or your Principal Owner, is permissible if such heirs, personal representatives or conservators, as applicable, meet our standards for new franchisees; at our option, assume all of your obligations under this Agreement, all ancillary documents and execute a new Owner's Guaranty, or execute the then-current form of franchise agreement and all ancillary documents, including the Owner's Guaranty; and have satisfactorily completed our initial training program at such heir's, personal representative's or conservator's sole cost and expense. No Transfer pursuant to this Subsection shall be subject to the Transfer Fee.

14.4 ***Our Right Of First Refusal.*** Notwithstanding the foregoing paragraphs (other than Section 14.3), if you receive a bona fide, executed, written offer to acquire an interest in this Agreement, you or the Franchised Business from a responsible, fully disclosed third party purchaser, you must submit a copy of the offer to us. You must also provide us with any other information we request to evaluate the offer. We have the right, exercisable by delivering written notice to you within 30 days from the date of last delivery by you of the offer and any other documents we request, to acquire such interest for the price and on the terms and conditions contained in the offer, except that regardless of the terms of the offer we may substitute cash for any form of payment proposed in the offer; require you to include customary warranties and representations in the purchase agreement; and structure the transaction as an "asset purchase," rather than a "stock purchase." We will not be obligated to pay any "finder's" or broker's fees that are a part of the proposed sale and will not be obligated to comply with any part of the offer which directly or indirectly requires payment of any consideration other than a bona fide purchase price for the interest proposed to be transferred (for example, we will not be obligated to pay any earn out or other share of the profits from our operation of the Franchised Business after the Transfer is completed). If we decline to exercise our right of first refusal, you will have 90 days after the earlier of our decline to exercise the right or the expiration of the right, to sell such interest to the bona fide third-party purchaser upon the terms and conditions described in the offer notice submitted to us, subject to compliance with Section 14.2. In the event you fail to complete the sale of such interest to this third party on these terms within this 90-day period, you must again comply with this paragraph and give us the first right to acquire such interest prior to any sale. Our election to not exercise our right of first refusal as to any particular offer will not affect our right of first refusal as to any subsequent offer.

## 15. **Default And Termination**

15.1 ***Termination By Us With 30-Day Opportunity to Cure.*** We may, at our option and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate the Term of this Agreement for "**good cause.**" Without limitation as to other situations, good cause for termination exists if you or any guarantor of this Agreement:

15.1.1 Does not perform all of the lawful terms, conditions and obligations of this Agreement or the mandatory obligations under the Manual; or

15.1.2 Misrepresents Gross Sales; or

15.1.3 Lose any permit or license which is a prerequisite to the operation of the Franchised Business for a period of 5 days; or

15.1.4 Misuse the Marks or Confidential Information, or engage in conduct which, in our sole opinion, reflects unfavorably upon the operation, maintenance, goodwill and/or reputation of the franchise system or the Franchised Business; or

15.1.5 Are adjudged bankrupt, become insolvent or make a general assignment for the benefit of creditors (subject to Section 15.3(d) below); or

15.1.6 Are convicted of, plead guilty or no contest to, or commit any criminal misconduct which materially and adversely affects the operation, maintenance, reputation or goodwill of the Franchised Business or the Zoom Drain Franchise, LLC franchise system (subject to Section 15.3(a) below);

15.1.7 Fail to keep the Franchised Business open for a period of 3 consecutive days without justifiable cause; or

15.1.8 Fail to pay your or their lawful debts and taxes when the same become due; or

15.1.9 Fail to achieve the Minimum Growth Requirements;

15.1.10 Commit any other act which constitutes good cause under applicable state law or court decisions; or

15.1.11 Fail to comply with your Local Advertising Requirement.

Subject to applicable law and except as otherwise provided in this Agreement, we will give you at least 30 days' prior written notice of default (except that, if state law permits, we will have the right to terminate earlier if the "good cause" constitutes a default that is not curable). The notice will state the reason(s) for default and will provide that you have 30 days from the date of the notice to correct any claimed deficiency. If the default is corrected within this period, the notice will be void. If the default is not corrected within this period, we have the right to terminate the Term of this Agreement immediately.

**15.2 Termination By Us With 10 Days Opportunity to Cure.** We may also terminate the Term of this Agreement for non-payment of sums due to us or our Affiliates or suppliers; or your failure to open the Franchised Business for business within the time period required by Section 5.4 or Section 5.5, as applicable. Subject to applicable law and except as otherwise provided in this Agreement, if termination is based on the foregoing, we will give you at least 10 days' prior written notice of such default (except that, if state law permits, we will have the right to terminate earlier if the claimed deficiency constitutes a default that is not curable). The notice will state the reason(s) for default and will provide you with at least 10 days from the date of the notice to correct any claimed deficiency. If the deficiency is corrected within this period of time, the notice will be void. If the deficiency is not corrected within this period of time, then we have the right to terminate the Term of this Agreement effective 10 days after the date we gave you notice of default.

**15.3 Termination By Us Without Opportunity to Cure.** Notwithstanding anything contained herein to the contrary, if state law permits, we will be permitted to terminate the Term of this Agreement immediately and without notice when the basis or grounds for termination is: (a) conviction of a felony or any other criminal misconduct that, in our sole opinion materially and adversely affects the operation, maintenance, reputation or goodwill of the Franchised Business or the System; (b) fraudulent activity that in our sole opinion materially and adversely affects the operation, maintenance, reputation or goodwill of the Franchised Business or the System; (c) abandonment of the Franchised Business; (d) your bankruptcy or insolvency or that of your guarantors; (e) the giving of more than 2 no account or insufficient funds checks to us or our Affiliates within a 12 month period, or our or our Affiliates receipt of any similar notice when utilizing any EFT payment; (f) your making or having made any material misrepresentation or omission in the application for this franchise; (g) repeated failure or refusal to comply with the lawful provisions of this Agreement (*i.e.*, 2 or more times in any 12 month period), whether or not such failures or refusals are corrected after notice and whether or not such failures relate to the same provision; or (h) any other act or omission that permits termination without notice and/or an opportunity to cure under applicable state law.

15.4 ***Consequences of Termination or Expiration.*** Upon termination or expiration of the Term of this Agreement for any reason whatsoever or upon any Transfer, all of your rights hereunder shall terminate, and you must do the following:

15.4.1 Cease to be a franchisee of ours and cease to operate the Franchised Business. You must not thereafter directly or indirectly represent to the public that the former business is or was operated or in any way connected with the System or hold yourself out as a present or former franchisee of ours;

15.4.2 Discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of our business, and return and delete any copyrighted materials that have been provided to you by us, including the Manual and any other materials that contain the Marks;

15.4.3 Pay all amounts due to us, our Affiliates, and suppliers;

15.4.4 Cancel any assumed name registration or equivalent registration obtained by you that contains the Marks and furnish us with evidence satisfactory to us of compliance with this obligation within 5 days of the termination or expiration of the Term of the Agreement or the Transfer. Thereafter, you must not do business under any name using any Mark (or any abbreviation or derivation thereof, or substantially similar thereto);

15.4.5 Immediately cease providing services to all customers and forfeit all rights you have to the customer accounts and any and all information about the customers. Upon our request, you will assign us any or all of your customer contracts, and we will have the right to either service the accounts or assign the servicing of the accounts to others. In such event, you will provide us with all records, files and information on each customer upon our request; and

15.4.6 Comply with all post-term covenant obligations, including without limitation the Confidential Information, non-competition, non-solicitation, and indemnification provisions.

15.5 ***No Relief From Your Obligations.*** Neither a Transfer nor the termination or expiration of the Term of this Agreement will relieve you of any of your obligations to us or our Affiliates existing at the time of such Transfer, termination, or expiration, or terminate your obligations that, by their nature, survive a Transfer, or the termination or expiration of the Term of this Agreement. Furthermore, a Transfer or the termination or expiration of the Term of this Agreement will be without prejudice to our rights against you; and in the event of a termination that is the result of your material breach or default under this Agreement, we will, in addition to our rights set forth above, also be entitled to all rights and remedies available at law or in equity.

## 16. **Confidential Information/Restrictive Covenants**

16.1 ***Non-Disclosure of Confidential Information.*** In consideration of our granting you a franchise, and in recognition by you that the Confidential Information constitutes valuable and unique assets owned by or in the custody of us, you hereby agree and covenant that you will not use or disclose the Confidential Information or any part of the Confidential Information in any manner or for any purpose other than in the performance of your obligations pursuant to this Agreement and your operation of the Franchised Business, now and in the future. You must hold all the Confidential Information in the strictest confidence and not use it, reproduce it, distribute it, or disclose it to anyone without our prior written consent or as required by law during the Term of this Agreement and thereafter. You may disclose the Confidential Information only to owners, officers, directors, members, partners, employees, agents and managers only to the extent necessary to operate the Franchised Business in accordance with this Agreement. You agree

that the disclosure or use by one of your partners, shareholders, members or owners, or any spouse or member of the immediate family of the foregoing, of any Confidential Information other than in the operation of the Franchised Business, shall be deemed a breach and default by you of this Section. You further acknowledge that it would be an unfair method of competition for you or such partner, shareholder, member, owner, spouse or family member to use, duplicate or disclose any of the Confidential Information or knowledge, know-how or expertise received from us for any use other than the operation of the Franchised Business in accordance with this Agreement.

**16.2 *Competing Business During the Term of This Agreement.*** You acknowledge the uniqueness of the System and that we are making our knowledge, know-how, and expertise available to you for the purpose of operating the Franchised Business strictly and solely within the Territory. You agree that it would be an unfair method of competition to use or duplicate or to allow others to use or duplicate, any of the knowledge, know-how or expertise you receive from us or our Affiliates for any reason other than for the operation of the Franchised Business under this Agreement. You further recognize the importance of devoting substantial time and energy to the Franchised Business. Therefore, you warrant that during the Term of this Agreement, unless you have our prior written consent, neither you nor any of the guarantors of this Agreement will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, or have any interest based on profits or revenues of any Competitive Business except as a duly licensed franchisee of ours (except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). You may engage in other non-Competitive Business activities during the Term of this Agreement.

**16.3 *Competing Business After the Term of This Agreement.*** For two (2) years after a Transfer, the termination or expiration of the Term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, neither you nor any guarantor of this Agreement will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to or have any interest based on profits or revenues of any Competitive Business (except for other outlets franchised from us to you or your owners, and except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). The geographical scope of this restriction will cover the area within (a) the Territory; (b) a 25-mile radius of the location of your former Franchised Business; (c) a 50-mile radius surrounding the Territory; (d) within the Territory of any other ZOOM DRAIN Business; (e) at the location of any other ZOOM DRAIN Business; or (f) within a 50-mile radius of the Territory of any other ZOOM DRAIN Business, whether or not established, being constructed or subject to an executed Franchise Agreement at the time this restriction begins to be enforced.

**16.4 *Non-Solicitation.*** For a period of 2 years after any Transfer, or the expiration or termination of the Term of this Agreement, whether for any reason or no reason, voluntary or involuntary, or for cause or without cause, you will not, directly or indirectly, solicit or accept any business from, and will not directly or indirectly contact any existing customers or identified prospective customers with whom you or your employees or other agents have had direct or indirect contact or about whom you or your employees or other agents have learned Confidential Information by virtue of the operation of the Franchised Business (“Customers”), other than Customers with whom you have had no contact within the 2 years preceding such termination, expiration, or Transfer.

**16.5 *Reasonableness Of Restrictions.*** You and the guarantors of this Agreement acknowledge and confirm that the length of the term and geographical restrictions contained in this Section 16 are fair and reasonable and not the result of overreaching, duress, or coercion of any kind. You acknowledge and confirm that your and their full, uninhibited, and faithful observance of each of the covenants contained in Section 16 will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Section 16 will not impair your or their ability to obtain employment

commensurate with their respective abilities and on terms fully acceptable to you or them, or otherwise to obtain income required for your or their comfortable support and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

You acknowledge that to disregard the provisions of this Section 16 would effectively prevent us from selling other franchises and you could be unjustly enriched and unfairly derive benefit from the goodwill of and training you receive from us. Moreover, our franchisees and the ZOOM DRAIN Businesses could be severely disadvantaged if you compete against them using the Marks or other Confidential Information. We intend to restrict your activities under Section 16 of this Agreement only to the extent necessary for the protection of our, our Affiliates', and our franchisees' legitimate business interests. Each of the foregoing covenants will be construed as severable and independent and will be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction will determine the business, time, or geographic limitations contained in this Agreement are illegal, invalid, or unenforceable, then the court so holding will reduce the limitation necessary to render such restriction enforceable by the court. We will have the right to reduce the scope of any covenant contained in Section 16, without your consent, effective immediately upon receipt by you of our written notice; and you will comply with any reduced covenant. In addition to any other remedies available at law or equity, we will have the right to injunctive relief for your violation or threatened violation of any covenant described in Section 16. The terms of this non-compete are assignable by us and will inure to our benefit, as well as our successors and assigns. In the event of any assignment, sale, merger or change in our ownership or structure, the resulting entity will step into our place, without any additional consent of or notice to you, as if the terms “we”, “us”, or “our” were defined in this Agreement to include such entity.

## 17. Dispute Resolution

17.1 **Mediation.** We and you acknowledge that during the Term of this Agreement or thereafter, certain disputes may arise between the parties that the parties are unable to resolve by negotiation, but that may be resolved through mediation. To facilitate the resolution of any dispute that may arise between you and us, we agree that before commencing any legal proceeding against the other party, the dispute will first be submitted to non-binding mediation (the “**Mediation**”) in Plymouth Meeting, Pennsylvania, unless the parties mutually agree to another location. The Mediation shall be conducted under the then current Center for Public Resources (“**CPR**”) Procedure for Resolution of Franchise Disputes (the “**CPR Mediation Rules**”) except to the extent the CPR Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. You and we will select the mediator from the CPR Panel of Neutrals (unless the parties mutually agree to the selection of another mediator). If the parties cannot agree on the selection of a mediator, CPR will make the selection. The cost of the mediation, including the mediator's fee and expenses, shall be split equally between you and us. All negotiations and mediation proceedings (including all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. Notwithstanding the foregoing, the obligation of Section 17.1 to mediate will not be binding with respect to claims brought by us relating to our trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by either party for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by litigation of the actual dispute between the parties.

17.2 **Venue.** Except as otherwise provided in this Agreement, all controversies, disputes or claims between Franchisor and Franchisee arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the state or federal courts of general jurisdiction for Montgomery, PA. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the application of Pennsylvania law. In the event that the federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

### 17.3 **Arbitration.**

17.3.1 In the event that the federal court described above does not have subject matter jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in Plymouth Meeting, Pennsylvania (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then current CPR Procedure for Non-Administered Arbitration of Franchise Disputes (“CPR Arbitration Rules”), except to the extent the CPR Arbitration Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted under the CPR. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party will be limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section 17.3, if any dispute that names, involves or includes us, our respective affiliates, owners, officers, managers, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

17.3.2 The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section 17.3, including but not limited to, any claim that all or any part of this Section 17.3 is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified, or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, we may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not we were a party) will not be binding on us in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

17.3.3 The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, you, your guarantors and we will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the Term of this Agreement.

Except as provided in subsection 17.3.1 above, the arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

17.4 **Limitations Period.** Except for claims arising from your non-payment or underpayment of amounts you owe us, any and all claims arising out of or relating to this Agreement, or any agreement related to this Agreement or executed concurrently herewith or the relationship of the parties hereto, shall be barred unless a judicial proceeding is commenced within 1 year from the date the complaining party knew or should have known of the facts giving rise to such claim.

17.5 **Franchisee's Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

17.6 **No Jury Trial.** THE PARTIES, INCLUDING OWNERS AND GUARANTORS HEREBY IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

17.7 **Attorneys' Fees.** The prevailing party in any litigation arising out of or relating to this Agreement shall be entitled to recover from the other party all damages, costs, and expenses, including court costs and reasonable attorneys' fees, incurred by the prevailing party in successfully enforcing any provision of this Agreement.

## 18. Enforcement

18.1 **Severability and Substitution of Valid Provisions.** Except as expressly provided to the contrary, each section, paragraph, term and provision of this Agreement, and any portion thereof, is considered severable. To the extent that any part of this Agreement is deemed unenforceable by virtue of its scope in terms of area, time or business activity prohibited, but could be enforceable by reducing any or all provisions, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of the Term of this Agreement or refusal to renew this Agreement than is required in this Agreement, or the taking of some other action not required in this Agreement, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by the law or rule shall be substituted for the comparable provisions.

18.2 **No Waiver.** Neither our waiver of a breach or default by you, nor our delay or failure to exercise any right upon your breach or default, nor our acceptance of any payment from you, will be deemed a waiver, nor will it impair our rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice will not prevent our assertion of other defaults or breaches. We may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular franchisee or any particular ZOOM DRAIN Business, but the waiver in favor of any other franchisee or ZOOM DRAIN Business will not prevent us from enforcing the requirements against you, all other franchisees, and all other ZOOM DRAIN Businesses.

18.3 **Obligations Absolute.** You agree that your obligations to make any payments as specified in this Agreement, and any other agreement entered into with us or any of our Affiliates with respect to the Franchised Business, and the rights of us and our Affiliates to receive such payments, are absolute and unconditional and are not subject to any abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims that you have or may have against us and any of our Affiliates or against any other person for any reason whatsoever.

18.4 **Day-To-Day Control.** You have the sole right and responsibility for the manner and means by which the day-to-day operation of the Franchised Business is determined and conducted and for achieving your business objectives. Subject to any approval, inspection and enforcement rights reserved to us, your rights and responsibilities include the employment, supervision, setting the conditions of employment and discharge for employees at the Franchised Business, daily maintenance, safety concerns, and the achievement of conformity with the System, notwithstanding anything contained herein or in the Manual to the contrary. We expressly disclaim any responsibility or undertaking to ensure your compliance with the satisfactory and legal operation of the Franchised Business, and we will not in any way be liable to you or any third parties for your failure to comply with any of the terms of this Agreement or your failure to comply with any of our standards or suggestions, it being the understanding of the parties that you and you alone are responsible for the day-to-day operations of the Franchised Business.

18.5 **Governing Law.** You acknowledge that this Agreement was accepted in the State of Pennsylvania. You further acknowledge that you have and will continue to develop a substantial and continuing relationship with us at our principal offices in Pennsylvania, where our decision-making authority is vested, and franchise operations are conducted and supervised. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. § 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of Pennsylvania without regard to principles of conflicts of law. If however any provision of this Agreement would not be enforceable under the laws of Pennsylvania, and if the Territory is located outside of Pennsylvania and the provision would be enforceable under the laws of the state in which the Territory is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the state where the Territory is located. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement in **Exhibit 6**. We will not, however, be precluded from contesting the validity, enforceability, or applicability or such regulator's required amendment in any action relating to this Agreement or to its rescission or termination.

18.6 **Binding Effect.** This Agreement is binding upon the parties and their respective executors, administrators, heirs, permitted assigns and successors in interest, and shall not be modified except by written agreement signed by both you and us.

18.7 **Representative Capacity.** In all of their dealings with you, our officers, directors, employees and agents act only in their representative capacity for us, and not in any individual capacity or on behalf of us or our Affiliates or agents.

18.8 **Timing.** Time is of the essence of this Agreement. It will be a material breach of this Agreement for you to fail to perform any of your obligation within the time required or permitted by this Agreement.

18.9 **Approvals.** Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing and signed by us. We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent, or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request.

18.10 **Cumulative Rights and Remedies.** In addition to any other remedies in law or in equity to which it may be entitled, we will be entitled, without bond, to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement, in the event you actually or anticipatorily breach this Agreement. If we incur attorneys' fees or other expenses in seeking enforcement of this Agreement, you will be required to reimburse us for our reasonable costs and expenses (including attorneys' fees). No right or remedy conferred upon us is intended to be exclusive, and every right or remedy granted in this Agreement will be cumulative and in addition to any other rights or remedies available under this Agreement, or otherwise. For purposes of this Agreement, a termination will include a termination for any reason, expiration, cancellation, failure to renew, assignment or Transfer.

18.11 **Construction.** The headings of the several sections and paragraphs are for convenience only and do not define, limit, or construe the contents of the sections or paragraphs. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If you are comprised of 2 or more persons, the obligations and liabilities to us of each of these persons will be joint and several. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. This Agreement is executed in multiple copies, each of which is deemed an original.

18.12 **Notices.** All notices required under this Agreement will be in writing and will be deemed given: (i) if hand delivered, on the day of delivery; (ii) 4 days after placement in the United States Mail by registered or certified mail, postage prepaid; or (iii) the day after placement with a courier guaranteeing overnight delivery, in each case addressed to the address listed in the opening paragraph of this Agreement or at such other address as either party will specify in a notice to the other party.

## 19. Additional Warranties And Representations

19.1 **Compliance with Laws.** You and your Owners understand the requirements of, and will abide by, all United States government economic sanctions requirements. You represent and warrant that neither you nor any of your direct or indirect Owners, employees or agents is a person subject to trade restrictions under United States law, including (without limitation) the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., or any Executive Orders or regulations promulgated thereunder (including Executive Order 13224 of September 24, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, and the Specially Designated Nationals and Blocked Persons List) ("**Anti-Terrorism Laws**"). You and your Owners may not engage in any activity that would expose us to a risk of criminal or civil penalties under applicable United States law. Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of yours or your Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

## 20. General

20.1 **No Class Actions.** Any disagreement between you and us (and our affiliates and owners) will be considered unique as to its facts and must not be brought as a class action, and you waive any right to proceed against us (and our affiliates, stockholders, officers, directors, employees, agents, successors, and assigns) by way of class action, or by way of a multi-plaintiff, consolidated or collective action.

20.2 **Non-Liability of Our Affiliates.** We are the only company obligated to you under this Agreement. You may not look to or any other Affiliate of us, or related companies, other business entities or individuals for performance of this Agreement.

20.3 **Force Majeure.** Neither party shall be liable to the other for non-performance or delay in performance occasioned by any causes beyond its control (other than lack of funds) including, without limitation, acts or omissions of the other party, acts of civil or military authority, strikes, lockouts, embargoes, insurrections, acts of God, epidemics, or other public health emergencies of local, national or international concern. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt Notice of any such delay; provided, however, that if the delay exceeds 75 days, we have the right to terminate this Agreement or to require you to move to a new location approved by us within an additional period of 120 days.

20.4 **Survival.** All obligations which expressly or by their nature survive termination or expiration or Transfer of this Agreement shall continue in full force and effect subsequent to and notwithstanding such termination or expiration or transfer and until they are satisfied or by their nature expire.

20.5 **No Third-Party Beneficiaries.** Except as otherwise expressly provided herein, this Agreement is exclusively for the benefit of the parties hereto and shall not confer a benefit on, or give rise to liability to, a third party. No agreement between us and a third party is for your benefit.

20.6 **Entire Agreement.** You and we each acknowledge and warrant to each other that you and we each wish to have all terms of our business relationship defined in this Agreement. Neither you nor we wish to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between us or anyone acting on our behalf and you or anyone acting on your behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and you and we each agree that we each have placed, and will place, no reliance on any such discussion; provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document furnished to you. This Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto or incorporated herein by reference, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise rights or offer of franchise rights have been promised to you and no such franchise rights or offer of franchise rights shall come into existence, except by means of a separate writing, executed by one of our officers or such other entity granting the franchise rights and specifically identified as a modification of this Agreement.

20.7 **Amendments.** No change, modification, amendment, or waiver of any of the provisions hereof, including by custom, usage of trade, or course of dealing or performance, shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto and signed by a duly authorized representative of both parties.

20.8 **Execution and Electronic Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Agreement. The counterparts of this Agreement and all related documents may be executed and delivered by facsimile or other electronic signature method by any of the parties to any other party and each will be deemed original signatures. Electronic copies of this document shall constitute and be deemed an original copy of this document for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this document. The receiving party may rely on the receipt of such document so executed and delivered by facsimile or other electronic means as if the original had been received.

**[SIGNATURE PAGE TO FOLLOW]**

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

Franchisor:

ZOOM DRAIN FRANCHISE, LLC

Franchisee:

(If Franchisee is a corporation or limited liability Company)

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

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

\_\_\_\_\_  
Name of corporation or limited liability company

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

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

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

## Owners' Acknowledgment

Each following party is mentioned in this Agreement as having certain rights and/or duties as an owner of the Franchisee. Each following party is signing this Acknowledgment, not as a party, but only to the extent necessary to indicate its, his or her acceptance of, and agreement to be bound by, the specific rights and duties of an owner mentioned in this Agreement.

Owner:

Owner:

\_\_\_\_\_

\_\_\_\_\_

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

Print name: \_\_\_\_\_

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

Its: \_\_\_\_\_

Owner:

Owner:

\_\_\_\_\_

\_\_\_\_\_

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

Print name: \_\_\_\_\_

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

Its: \_\_\_\_\_

## Exhibit 1

### OWNER'S GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution by ZOOM DRAIN FRANCHISE, LLC, ("Franchisor") of a franchise agreement of even date herewith (the "Agreement") between Franchisor and \_\_\_\_\_, a(n)

\_\_\_\_\_ (state of formation) \_\_\_\_\_ (type of entity: LLC, LLP, corporation, etc.) (the "Business Entity Franchisee"), each of the undersigned hereby personally and unconditionally, jointly and severally:

1. guarantees to Franchisor, its affiliates, and each of their successors and assigns, for the term of the Agreement, and for any renewal/successor franchise term, and thereafter as provided in the Agreement, that the Business Entity Franchisee will punctually pay and perform, each and every undertaking, agreement and covenant set forth in the Agreement, as currently set forth and as amended and/or otherwise changed in the future, including any successor franchise agreement;

2. agrees to be personally bound by, and personally liable for, the breach of, each and every provision in the Agreement (including all confidentiality, non-competition, indemnity, and post-termination provisions), as currently set forth and as amended or otherwise changed in the future, including any successor franchise agreement; and

3. agrees to be personally bound by, and personally liable for, each past, current and/or future obligation of the Business Entity Franchisee to Franchisor, its affiliates, and each of their successors and assigns.

The undersigned, intending that the guarantees and other obligations herein be unqualifiedly general and without limitation in scope, nature and/or effect. Franchisor, and/or its affiliates, and each of their successors and assigns, need not bring suit first against the undersigned in order to enforce this guarantee and may enforce this guarantee against any or all of the undersigned as it chooses in its/their sole and absolute discretion.

Each of the undersigned waives: presentment, demand, notice of demand, dishonor, protest, nonpayment, default and all other notices whatsoever, including (without limitation): acceptance and notice of acceptance, notice of any contracts and/or commitments, notice of the creation and/or existence of any liabilities under the Agreement or otherwise and of the amounts, terms or otherwise thereof; notice of any defaults, disputes or controversies between the Franchisor and the Business Entity Franchisee or otherwise, and any settlement, compromise or adjustment thereof; any right the undersigned may have to require that an action be brought against Franchisor, Business Entity Franchisee or any other person as a condition of liability, and any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

- a. his or her direct and immediate liability under this guaranty will be joint and several;
- b. he and/or she will render any payment or performance required under the Agreement on demand if the Business Entity Franchisee fails or refuses to do so punctually;
- c. such liability will not be contingent or conditioned on pursuit by Franchisor or otherwise of any remedies against the Business Entity Franchisee or any other person;
- d. such liability will not be diminished, relieved, or otherwise affected by any extension of time, credit or other indulgence which Franchisor or otherwise may from time-to- time grant to the Business Entity

Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement and any renewal/successor franchise term;

- e. the liabilities and obligations of the undersigned, whether under this document or otherwise, will not be diminished or otherwise affected by the termination, rescission, expiration, renewal, award of a successor franchise, modification or otherwise of the Agreement;
- f. terms not defined in this document shall have the meanings assigned in the Agreement; and
- g. the provisions of Articles 17 through 20 of the Agreement are incorporated in and will apply to this document as if fully set forth herein and shall apply to any dispute involving the Franchisor, its affiliates, and each of their successors and assigns and any of the undersigned.

In connection with such guarantee and the Franchisor either (a) not requiring that the Franchise be initially awarded in the name of one or more of the Guarantors and/or (b) not requiring the payment of a full transfer fee in connection with any related transfer from the undersigned to the Business Entity Franchisee, each of the undersigned hereby grants a General Release of any and all claims, liabilities and/or obligations, of any nature whatsoever, however arising, known or unknown, against the Franchisor, its affiliates, and each of their successors and assigns.

For purposes of this guarantee, “General Release” means that the undersigned release Franchisor from any and all claims, liabilities and/or obligations, of any nature whatsoever, including those existing as of, and/or arising before, the date of any such release, however arising, known or unknown, whether against Franchisor and/or any or all of its affiliates or related entities, shareholders, officers, directors, employees, agents, successors, assigns, the Fund, and whether by the undersigned, the Business Entity Franchisee and/or any affiliate of any of the foregoing.

*[The remainder of this page is intentionally left blank.]*

**IN WITNESS WHEREOF**, each of the undersigned has here unto affixed his or her signature on the same day and year as the Agreement was executed.

**GUARANTOR(S)**

**PERCENTAGE OF OWNERSHIP OF  
BUSINESS ENTITY FRANCHISEE**

\_\_\_\_\_

\_\_\_\_\_ %

\_\_\_\_\_

\_\_\_\_\_ %

\_\_\_\_\_

\_\_\_\_\_ %

\_\_\_\_\_

\_\_\_\_\_ %

**Business Entity Franchisee:**

\_\_\_\_\_, a \_\_\_\_\_ corporation/LLC/LP.

By \_\_\_\_\_

Its \_\_\_\_\_

**AGREEMENT TO COMPLY WITH CERTAIN UNDERTAKINGS OF FRANCHISEE**

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Franchise Agreement"), by Zoom Drain Franchise, LLC ("us", "we", or "our") in favor of \_\_\_\_\_ ("FRANCHISEE"), the undersigned ("UNDERSIGNED") agrees to personally comply with and abide by the following section of the Franchise Agreement: Confidential Information/ Restrictive Covenants (Section 16) to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned shall survive any expiration, termination, non-renewal, or transfer of the Franchise Agreement or this Agreement to Comply with Certain Undertakings of Franchisee ("Undertakings Agreement").

The obligations of the UNDERSIGNED hereunder are not contingent or conditioned upon our pursuit of any remedies against FRANCHISEE or any other person; nor will such obligations be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may from time to time grant to FRANCHISEE or to any other person, including, without limitation, the acceptance of any partial performance or the compromise or release of any claims, none of which will in any way modify or amend this Undertakings Agreement, which will be continuing and irrevocable during the term of the Franchise Agreement and thereafter.

If we or any of our affiliates are required to enforce this Undertakings Agreement in any judicial proceeding or appeal thereof, the UNDERSIGNED shall reimburse us and our affiliates for our and/or their costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Undertakings Agreement. Further, UNDERSIGNED hereby consents to the applicability of the venue, governing law and jurisdiction provisions in the Franchise Agreement.

The terms contained in the Franchise Agreement and this Undertakings Agreement constitute the entire agreement between the parties, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein.

IN WITNESS WHEREOF, each of the UNDERSIGNED has affixed his or her signature on the same day and year as the Agreement was executed.

UNDERSIGNED:

Print Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Print Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_  
Address: \_\_\_\_\_

**Exhibit 2**  
**BUSINESS TERMS**

Your business name,  
address, phone number,  
facsimile and e-mail address:

Expiration Date of this Agreement:

Approved Location of Franchised Business:

Territory #1 and its Population:

Territory #2 and its Population (if applicable):

Territory #3 and its Population (if applicable):

### Exhibit 3

#### ADDITIONAL SITE SCHEDULE

This Additional Site Schedule (this “**Schedule**”), entered into on \_\_\_\_\_ (the “Effective Date”), by and between ZOOM DRAIN FRANCHISE, LLC (“**us**”, “**our**” or “**we**”), and \_\_\_\_\_, a \_\_\_\_\_ (“**you**” or “**your**”) amends and modifies the Franchise Agreement between us and you dated \_\_\_\_\_, as amended (“**Franchise Agreement**”).

WHEREAS, you are operating a Franchised Business at an Approved Location and such other “Additional Locations” previously approved (if any) pursuant to the terms of the Franchise Agreement;

WHEREAS, you would like to operate the Franchised Business using the System and Marks at an additional location (hereinafter referred to as an “**Additional Location**”);

WHEREAS, we are willing to consent to your operating an Additional Location under the terms and conditions set forth herein;

NOW, THEREFORE, we and you agree as follows:

1. Grant of License. Subject to the terms and conditions herein, we hereby grant to you and you hereby accept from us, a non-exclusive right to use the System and Marks to open and operate an Additional Location within the Territory located at \_\_\_\_\_ under the terms and conditions set forth under the Franchise Agreement as amended herein. This Additional Location will be operated as part of the Franchised Business. All terms of the Franchise Agreement regarding the Approved Location are equally applicable to the Additional Location except as otherwise provided herein.
2. Additional Location Fee. You must pay us an Additional Location Fee of \$2,000 upon execution of this Additional Site Schedule. This fee is fully earned when paid and is not refundable under any circumstances.
3. Site Selection. The site of the Additional Location is selected by you, subject to our consent. We will advise you whether the proposed Additional Location site is acceptable in accordance with the terms and conditions of Section 5.3 of the Franchise Agreement. We are not responsible for and do not make any warranty regarding the suitability of the Additional Location site, and our consent to an Additional Location site means only that the location meets our minimum standards for an acceptable location. You are primarily responsible for investigating the Additional Location and having any leases or sale contract for the site reviewed and approved by your attorney.
4. Commencing Operation of the Additional Location. You shall Commence Operating the Additional Location within 90 days (if your Franchised Business at the Additional Location is converted from another business) or 120 days (if you are starting a new business at the Additional Location) from the execution of this Schedule.
5. Construction of the Additional Location. You are solely responsible for obtaining all necessary financing and constructing the Additional Location in accordance with the layout and other criteria described in our Manual or in other written communications by us. You may not Commence Operating the Additional Location until we provide our written notice of approval.
6. Maintenance, Appearance and Remodeling. You must maintain the Additional Location and its

appearance in accordance with our standards which we will communicate to you from time to time in the Manual, or by other written or electronic communications.

7. All other Terms in Effect. Except as modified by this Additional Site Schedule, all of the terms of the Franchise Agreement and the Agreement to Comply with Certain Undertakings of Franchisee shall remain in full force and effect. The Guarantors hereby ratify and affirm their personal guarantees under the Agreement to Comply with Certain Undertakings of Franchisee by signing this Schedule. This Schedule hereby forms a part of and is incorporated into the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Addendum.

Franchisor:

ZOOM DRAIN FRANCHISE, LLC

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

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

Franchisee:

(If Franchisee is a corporation or limited liability Company)

\_\_\_\_\_  
Name of corporation or limited liability company

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

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

Guarantors:

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

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

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**Exhibit 4**

**OWNERS OF FRANCHISEE**

<b>Name of Owner</b>	<b>Nature of Interest</b>	<b>Beneficial Interest in Franchisee</b>
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
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_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
<b>Totals</b>		<b>100%</b>

## Exhibit 5

### PLUS PLAY ADDENDUM TO THE FRANCHISE AGREEMENT

This Plus Play Addendum (“**Plus Play Addendum**”) is entered into on \_\_\_\_\_ (the “Effective Date”), by and between ZOOM DRAIN FRANCHISE, LLC (“**us**”, “**our**” or “**we**”), and \_\_\_\_\_, a \_\_\_\_\_ (“**you**” or “**your**”).

WHEREAS, you and we entered into that certain Franchise Agreement dated of even date herewith (the “**Franchise Agreement**”), for the operation of a ZOOM DRAIN Business; and

WHEREAS, you have an existing service business, \_\_\_\_\_ (the “**Existing Business**”) which we believe is complimentary to the ZOOM DRAIN Business, and you and we agree that operating the Existing Business in concert with your ZOOM DRAIN Business will provide strategic advantages; and

WHEREAS, the parties wish to modify the Franchise Agreement consistent herewith.

THEREFORE, the parties agree as follows:

1. **Creation of Section 16.6.** A new Section 16.6 is hereby added as follows:

“16.6 ***Existing Business.*** Notwithstanding anything to the contrary in this Sections 16, it shall not be a violation of the covenants contained in Sections 16.2, 16.3 or 16.4 for you or your Owners to continue to solicit or accept business from, or to contact, any customer that is either (i) a customer from the existing business operated by your affiliate, \_\_\_\_\_ [name of the Existing Business] (the “**Existing Business**”) as set forth on **Attachment A** attached hereto and incorporated herein; or (ii) is a customer that is identified as an Existing Business referral in your Zoom Customer database (collectively “**EB Customers**”). A customer shall be considered to have originated from the Existing Business if its first interaction with either the Existing Business or your Franchised Business is scheduling an appointment or otherwise requesting drain cleaning services from the Existing Business (e.g., they call the phone number for the Existing Business instead of the phone number for your Franchised Business). The parties intend for drain cleaning services, including those for EB Customers, will be provided by your Franchised Business, but it shall also not be a violation of the covenants contained in Sections 16.2, 16.3 or 16.4 for you or your Owners to provide any drain cleaning services for drains 2 inches or less through the Existing Business.”

2. **Right to Audit.** A new Section 11.2 is hereby added as follows:

We have the right, at any time during normal business hours, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales, service, value added, and income tax records and returns and other records of the Franchised Business or its affiliates, parents, predecessors, successors and assignees. You must fully cooperate with our representatives and independent accountants hired to conduct any inspection or audit. This provision survives the termination or expiration of this Agreement.

3. **Effectiveness of Agreement.** Except as modified by this Plus Play Addendum to the Franchise Agreement, all of the terms of the Franchise Agreement and the Agreement to Comply with Certain Undertakings of Franchisee shall remain in full force and effect. The Guarantors hereby ratify and affirm their personal guarantees under the Agreement to Comply with Certain Undertakings of Franchisee by

signing this Schedule. This Plus Play Addendum to the Franchise Agreement hereby forms a part of and is incorporated into the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Plus Play Addendum as of the day and year first above written.

Franchisor:

ZOOM DRAIN FRANCHISE, LLC

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

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

Franchisee:

(If Franchisee is a corporation or limited liability Company)

\_\_\_\_\_  
Name of corporation or limited liability company

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

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

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**ATTACHMENT A**

**CUSTOMERS OF THE EXISTING BUSINESS AS OF THE EFFECTIVE DATE OF THIS  
AGREEMENT**

**Exhibit 6**

*State Addenda*

*Please see corresponding exhibit in the FDD.*

**Exhibit 7**

**SERVICETITAN ACKNOWLEDGMENT**

**FRANCHISEE ACKNOWLEDGEMENT**

By your signature below, you agree and acknowledge that Zoom Drain Franchise Company, LLC (“**franchisor**”) may request from ServiceTitan, Inc. access to information that you input into the ServiceTitan system (the “**system**”) or develop on the system in or with respect to accounts related to your ZOOM DRAIN franchised business(es), including, but not limited to customer data, transaction data and operational and financial data about your ZOOM DRAIN franchised business(es) (the “**data**”). Such access may be in individual or aggregated and may take place with or without notice to you. You consent to this disclosure by ServiceTitan of any and all data to franchisor and its affiliates and agree to indemnify and hold harmless ServiceTitan and its subsidiaries, affiliates, officers, agents, and employees, for any damages, expenses, losses or liabilities suffered by you in connection with any such disclosure whether such damages are under contract or tort or under any other theory of liability.

Further, franchisor may request to be granted administrative access to your ServiceTitan user account(s) related to your ZOOM DRAIN franchised business(es), to export, transfer or grant access to your account or to data associated with such account(s) or your ZOOM DRAIN franchised business(es), to suspend such account(s) or your access to the system for your ZOOM DRAIN franchised business(es) or, in connection with a termination of our ZOOM DRAIN franchise agreement(s) with franchisor, to terminate or delete your ServiceTitan account(s) related to your ZOOM DRAIN franchised business(es). You consent to all such access and actions by franchisor and agree that you will not seek any mass export of your data with respect to your ZOOM DRAIN franchised business(es) without the written consent of franchisor. Further, you agree to indemnify and hold harmless ServiceTitan and its subsidiaries, affiliates, officers, agents, and employees, for any damages, expenses, losses or liabilities suffered by you in connection with any such actions of franchisor whether such damages are under contract or tort or under any other theory of liability. Franchisor reserves the right to collect the ServiceTitan fee on behalf of ServiceTitan and charge you directly.

You agree that you will at all times comply with the terms of use with respect to the system which are accessible at <http://www.servicetitan.com/termsofservice>. For the purposes of the terms of use, you consent to the disclosure and access rights granted to franchisor hereby. ServiceTitan, Inc. is an intended third-party beneficiary to this agreement.

Franchisee’s Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Exhibit 8

### FRANCHISEE DISCLOSURE QUESTIONNAIRE

**NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE):**

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE SHOULD NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, ZOOM DRAIN FRANCHISE, LLC (the “**Franchisor**”) and you are preparing to enter into a Franchise Agreement for the operation of a ZOOM DRAIN Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit and schedule attached to it? Yes \_\_\_\_ No \_\_\_\_
2. Have you received and personally reviewed the Franchisor’s Franchise Disclosure Document (the “**FDD**”) that Franchisor provided to you? Yes \_\_\_\_ No \_\_\_\_
3. Did you sign a receipt for the FDD indicating the date you received it? Yes \_\_\_\_ No \_\_\_\_
4. Date on which you received the FDD and related Exhibits explaining the ZOOM DRAIN Business: \_\_\_\_\_, 20\_\_\_\_.  
(month, day)
5. Date on which you received a completed copy, other than signatures, of the Franchise Agreement: \_\_\_\_\_, 20\_\_\_\_.  
(month, day)
6. Date on which you signed the Franchise Agreement: \_\_\_\_\_, 20\_\_\_\_.  
(month, day)
7. Were you given the opportunity to discuss the benefits and risks of operating a ZOOM DRAIN Business with an attorney, accountant or other professional advisor, and do you understand those risks? Yes \_\_\_\_ No \_\_\_\_
8. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn or that any of Franchisor’s franchisees or company-owned or affiliate-owned businesses earn in operating the business other than what is discussed in Item 19 of the FDD? Yes \_\_\_\_ No \_\_\_\_
9. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the business? Yes \_\_\_\_ No \_\_\_\_

10. Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD? Yes \_\_\_\_ No \_\_\_\_
11. You understand that the Franchisor is not giving any legal or insurance advice regarding the operation and structure, etc. of the business and we are relying on our own independent counsel with respect to legal and insurance matters. Yes \_\_\_\_ No \_\_\_\_
12. You understand that this franchise business may be impacted by other risks, including those outside your or our control such as economic, political or social disruption, including pandemics. In addition, you understand that the aforementioned risks and any preventative or protective actions that federal, state, and local governments may take in response to a pandemic may result in a period of business disruption, reduced customer demand, and reduced operations for a ZOOM DRAIN Business. Yes \_\_\_\_ No \_\_\_\_

\* \* \*

Please understand that your responses to these questions are important to the Franchisor and that it will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. You are also representing that you have reviewed all of these questions and the answers with the other owners of the business and any of your representatives who had discussions with the Franchisor or any of its officers, agents, or employees. The responses from those people are also included by you above.

Dated on \_\_\_\_\_, 20\_\_.

Franchise Applicant

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

Signature: \_\_\_\_\_

**Exhibit 9**  
**SBA ADDENDUM**

**EXHIBIT A-2**  
**DEVELOPMENT AGREEMENT**

## **DEVELOPMENT AGREEMENT**

This Development Agreement (“Agreement”) entered into on \_\_\_\_\_ (the “Effective Date”), between: (i) Zoom Drain Franchise, LLC, a Delaware limited liability company with its principal place of business at 500 Davis Drive, Plymouth Meeting, PA 19462 (the “Franchisor”); and (ii) \_\_\_\_\_, a (resident of) (corporation organized in) (limited liability company organized in) \_\_\_\_\_ with a business address at \_\_\_\_\_ (the “Developer”).

### **BACKGROUND**

A. Franchisor and its affiliate/principals, as a result of the expenditure of time, skill, effort, and money, have developed and own a unique system (the “System”) related to the establishment, development, opening, and operation of a business (each, a “Business”) that provides drain cleaning and sewer inspections, maintenance, repair and replacement work for residential and commercial customers, and related products or services that Franchisor designates or otherwise approves (collectively, the “Approved Products” and “Approved Services”).

B. Franchisor’s System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operation of a Business; specifications for the design and layout of the Business and related vehicle(s); standards and specifications for the furniture, fixtures and equipment located within a Business; established relationships with approved or designated suppliers for certain products and services; and standards and specifications for sales techniques, merchandising, marketing, advertising, inventory management systems, advertising, bookkeeping, sales and other aspects of operating a Business. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Developer hereby acknowledges and agrees that: (i) while the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential.

C. The Businesses are identified by the then-current proprietary marks that Franchisor designates for use and licensing in connection with the System, including the current primary mark ZOOM DRAIN as well as certain other trade names, trademarks, service marks and trade dress, all of which Franchisor may modify, update, supplement or substitute in the future (collectively, the “Proprietary Marks”). The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.

D. Franchisor grants qualified third parties the non-exclusive right to develop a certain number of Businesses within a development area (the “Development Area”) in accordance with the terms of this Agreement to which Developer must strictly adhere, with each Business within the Development Area being opened and operated utilizing the Proprietary Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor’s then-current form of franchise agreement (each, a “Franchise Agreement”).

E. Developer recognizes the benefits from receiving the right to operate a Business utilizing the System and desires to: (i) become a multi-unit developer subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

F. Developer has applied for the right to open and operate a certain number of Businesses within the Development Area as set forth in this Agreement (each, a “Franchised Business”), and Franchisor has approved such application in reliance on Developer’s representations made therein.

G. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor’s operations manual and other System standards and specifications, are essential to the operation of all Businesses and the System as a whole.

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### **AGREEMENT**

1. **Development Area; Development Schedule and Obligations.** Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish \_\_\_\_\_ Franchised Businesses within the Development Area defined in the Data Sheet attached hereto as Exhibit A (the “Data Sheet”), provided Developer opens and commences operations of such Franchised Businesses in strict accordance with the mandatory development schedule also set forth in the Data Sheet (the “Development Schedule”) and otherwise subject to the terms and conditions set forth herein. The parties agree and acknowledge that Developer shall not have any exclusive territorial rights within the Development Area.

2. **Franchise Fee.** Developer shall pay Franchisor an initial franchise fee equal to \$\_\_\_\_\_ (the “Franchise Fee”) for the right to develop the foregoing Franchised Businesses within the Development Area under this Agreement, which is: (i) deemed fully earned upon payment and is not refundable under any circumstances; and (ii) payable in accordance with the schedule set forth in this Section 3 below. Developer must pay Franchisor the full Franchise Fee upon execution of this Agreement. The Franchise Fee is deemed fully earned and non-refundable upon payment.

3. **Initial Franchise Agreement.** Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor’s current form of Franchise Agreement for the Initial Franchised Business that Developer is required to open within the Development Area. In the event Developer is a business entity of any kind, then Developer’s principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 4 of this Agreement.

4. **Additional Franchise Agreements.** Developer agrees and acknowledges that it must: (i) enter into Franchisor’s then-current form of Franchise Agreement for each additional Franchised Business that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements at such times that are required for Developer to timely meet, and strictly adhere to, its obligations under the agreed upon Development Schedule.

5. **Development Obligations.** Developer must ensure that, at a minimum, Developer: (i) opens and commences operations of the number of new Franchised Businesses during each of the development periods defined in the Development Schedule (each, a “Development Period”); and (ii) has the minimum cumulative number of Franchised Businesses open and operating at the expiration of each such Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that Developer’s failure to comply with the Development Schedule in any manner with respect to any Development Period is grounds for immediate termination of this Agreement if not timely cured as set forth in Section 6.2 of this Agreement (and any future development rights granted hereunder). The parties agree and acknowledge that if there is more than one developer or franchisee looking

to secure a site for a Business within the Development Area, the parties will follow the Franchisor's prescribed process and procedure for how sites will be reviewed and offered to such franchisees/developers (including Developer) within the Development Area, as Franchisor sets forth in its confidential operations manual(s) or otherwise.

## 6. **Term and Termination.**

6.1 This Agreement will commence as of the date it is fully executed and, unless earlier terminated by Franchisor, will expire on the earlier of: (i) the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule; or (ii) the date Developer actually opens the last Franchised Business that Developer is granted the right to open under this Agreement. Upon expiration or termination of this Agreement for any reason, Developer will not have any territorial rights other than those that might be granted in connection with a "Designated Territory" associated with a Franchised Business that Developer has opened and commenced operating as of the date this Agreement is terminated or expires (if and as such rights are granted by Franchisor under the respective Franchise Agreement(s) that Developer entered into for such Franchised Business(es)).

6.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an objective intent by Developer to discontinue development of the Franchised Businesses within the Development Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer fails to meet its development obligations under the Development Schedule for any single Development Period, and fails to cure such default within 30 days of receiving notice thereof; and (iv) if any Franchise Agreement that is entered into in order to fulfill Developer's development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

7. **Reservation of Rights.** Except as provided in Section 1 of this Agreement, the parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that Franchisor and its affiliates reserve all other rights not expressly granted to Developer herein.

8. **Sale or Assignment.** Developer's rights under this Agreement are personal and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in Developer's initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

9. **Post-Term Non-Competition Covenant.** Developer acknowledges that, as a participant in Franchisor's System, Developer will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that Franchisor has developed. As such, Developer agrees to the covenants in this Section to protect Franchisor, the System, Proprietary Marks and Franchisor's franchisees.

9.1 For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Developer, its principals, owners and guarantors, nor any member of the immediate family of

Developer, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

- a. Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, or have any interest in or involvement with a business providing drain cleaning and sewer inspections, maintenance, repair and replacement work that are similar or the same as the Approved Services (each, a “Competing Business”) within the Development Area;
- b. Solicit business from customers of Developer’s former Franchised Business or contact any of Franchisor’s suppliers or vendors for any competitive business purpose; or
- c. Subject to applicable law, solicit any of Franchisor’s other employees, or the employees of Franchisor’s affiliates or any other System franchisee to discontinue employment.

10. **Acknowledgment.** Developer acknowledges that this Agreement is not a Franchise Agreement and does not confer upon Developer any rights to use the Franchisor’s Proprietary Marks or System.

11. **Notices.** All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight mail via recognized courier such as UPS or FedEx, or certified mail, return receipt requested, prepaid, to the addresses set forth above (which may be changed by written notice).

12. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without reference to this state’s conflict of laws principles.

13. **Internal Dispute Resolution.** Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor’s management, after providing Franchisor with notice of and a reasonable opportunity to cure an alleged breach hereunder. Developer must exhaust this internal dispute resolution procedure before bringing a dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

14. **Mediation.** At Franchisor’s option, all claims or disputes between Franchisor and Developer or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Developer or its affiliates, or any of the parties’ respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 12 above, must be submitted first to non-binding mediation, in or near Franchisor’s headquarters, under the auspices of the American Arbitration Association (“AAA”), in accordance with AAA’s Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor’s rights to mediation, as set forth herein, may be specifically enforced by Franchisor.

14.1 The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 13 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any confidential/proprietary information of Franchisor (as such information is defined more fully in the Franchise Agreements); (ii) any of the restrictive covenants contained in this Agreement or any other Franchise Agreements executed in connection with the Franchised Businesses opened within the Development Area; or (iii) any of Developer's payment obligations under this Agreement or any such Franchise Agreement.

14.2 This agreement to mediate will survive any termination or expiration of this Agreement. The parties agree that there will be no class action mediation and that any mediation proceeding involving Franchisor and Developer or its principals that arises out of or relates to this Agreement in any manner must be mediated in a proceeding that does not involve any other third party, including any other franchisee or licensee of Franchisor's franchise system.

15. **Injunctive Relief.** Developer acknowledges and agrees that irreparable harm could be caused to Franchisor by Developer's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Developer's use of the Proprietary Marks and Franchisor's confidential information; (ii) Developer's covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement or any Franchise Agreement with Franchisor; (iii) Developer's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Proprietary Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) prohibiting any act or omission by Developer or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Developer's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Developer waives all damage claims if the injunction is wrongfully issued.

16. **Jurisdiction and Venue.** Except for those claims described in Section 14 of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to our then-current headquarters or, if appropriate, the United States District Court for the Eastern District of Pennsylvania unless settled by the parties after such action is initiated). Developer acknowledges that Franchisor may bring an action in any other court of competent jurisdiction to seek and obtain injunctive relief as set forth in Section 14 above. Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts described in this Section.

17. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, including without limitation, the right to specifically utilize and exhaust the mediation procedure with respect to any and all claims asserted against such person(s) by Developer or its principals.

18. **JURY TRIAL WAIVER.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR DEVELOPER'S PURCHASE FROM FRANCHISOR OF THE DEVELOPMENT RIGHTS DESCRIBED HEREIN.

19. **WAIVER OF CLASS ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN DEVELOPER, DEVELOPER'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

20. **Waiver of Punitive Damages.** Developer waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

21. **Attorneys' Fees.** If either party institutes any judicial or mediation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, Developer will be liable to Franchisor for all costs, including reasonable attorneys' fees and court costs, incurred in connection with such proceeding.

22. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

23. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

24. **Construction of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

25. **Successors.** References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 8 of this Agreement.

26. **Additional Documentation.** Developer must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with

the provisions of this Section, Developer hereby appoints Franchisor as Developer's attorney-in-fact to execute any and all documents on Developer's behalf, as reasonably necessary to effectuate the transactions contemplated herein.

27. **No Right to Offset.** Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

28. **Entire Agreement.** This Agreement contains the entire agreement between the parties concerning Developer's development rights within the Development Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in the Agreement or in any related agreement is intended to disclaim any of the representations in the Franchise Disclosure Document.

***THE REST OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK  
SIGNATURES ON THE FOLLOWING PAGE***

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**ZOOM DRAIN FRANCHISE, LLC**

\_\_\_\_\_

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

Date: \_\_\_\_\_

**DEVELOPER:**

\_\_\_\_\_

**IF AN INDIVIDUAL:**

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

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

Date: \_\_\_\_\_

Spouse Signature: \_\_\_\_\_

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

Date: \_\_\_\_\_

**IF A PARTNERSHIP, CORPORATION, OR OTHER ENTITY:**

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

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

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

Date: \_\_\_\_\_

Owner Signature: \_\_\_\_\_

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

Date: \_\_\_\_\_

Owner Signature: \_\_\_\_\_

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

Date: \_\_\_\_\_

**EXHIBIT A to DEVELOPMENT AGREEMENT**

**DATA SHEET**

1. **Development Area.** The Development Area, as referred to in Section 1 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

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2. **Development Schedule.** The Development Schedule referred to in Section 5 of the Development Agreement is as follows:

<b>Expiration of Development Period (each, a “Development Period”)</b>	<b># of New Franchised Businesses Opened Within Development Period</b>	<b>Cumulative # of Franchised Businesses that Must Be Open and Operating</b>
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		
___ Months from Effective Date		

**APPROVED AND ACCEPTED BY:**

**DEVELOPER**

**ZOOM DRAIN FRANCHISE, LLC**

\_\_\_\_\_  
(Individual, Partnership or Corporation Name)

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

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

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B**

**TABLE OF CONTENTS OF MANUALS**

**Total Pages: 449 pages**

## **Zoom Drain Operations Manuals Table of Contents**

### **Accounts Payable**

1. The Role of Accounts Payable and What the Company Expects
  - Your Role and Responsibilities
  - What the Company Expects
2. Accuracy and Tracking of Material Purchase Procedures
  - Material Purchase Procedures
3. Processing Bills From Our Suppliers (Vendors), Subcontractors and Other Payables
  - Before Entering Bills for Received Items
  - Entering Bills/Invoices
  - Entering Credits from Invoices/Bills or Pick-up Tickets
  - Entering Credit Card Charges/Receipts or Credits
4. Paying Bills
5. Reconcile & Paying American Express Credit Card Bill
6. Reconcile Bank Accounts
7. Petty Cash/Receipt Procedures
8. Permit & Filing Fees
9. Referral/Commission Checks Procedure
  - Intuit Field Service Management Procedures
  - Quickbooks Procedures
10. Entering Voided Checks
11. Checking Employee Hours/Time Card Procedures
12. Payroll Procedures
  - Pay Periods & Paydays
  - Quickbooks Procedures
13. Quickbooks Bonus Payroll
14. Paying Payroll Liabilities
  - Processing Weekly Liabilities
  - Processing Quarterly Tax Liabilities
  - Processing a Final Paycheck for an Employee
15. Reimbursement for Justified Business Expenses
16. Monthly Vendor Statement Review
17. Financial Reporting
18. Credit Applications From Vendors

### **Accounts Receivable**

1. The Role of Accounts Receivable and What the Company Expects
2. Understanding the Role of the Technician and Dispatcher
3. Field Service Management, Invoice Procedures
4. Quickbooks, Syncing Invoices Procedure
5. Quickbooks, Deposit Payments Received on the Job
6. Quickbooks, Printing Invoices to be Mailed
7. Quickbooks, Receive Payments From the Mail
8. Quickbooks, Deposit Payments Received in the Mail

9. Quickbooks, Process Online Payments
10. Quickbooks, Merchant Service Deposits
11. Deposit Conflict Procedures
12. Bounced Check Procedures
13. Declined Credit Cards and Chargebacks
14. Monthly Statements
15. Invoice or Job Ticket Printouts for Customers
16. Discounts, Finance Charges, Invoice Adjustments
17. Past Due Accounts
18. Customer Record Account Status
19. Extending Customer Credit
20. Extending Credit for Install and Major Service Work
21. Statement or Job Ticket Printouts for Customers
22. Customer Requests for W-9 Information
23. Service & Install Bonus Procedures
24. Financial Reporting

### **Commercial Sales Agent**

1. Primary Role in our Company
2. What Zoom Expects From You
3. Acceptable Attire for Commercial Sales Agents
4. Achieving Customer Respect by Our Appearance
5. Achieving Customer Respect by Our Caring for Their Business's Cleanliness
6. Demonstrating Our Professionalism, Integrity and Respect
7. General Sales Guidelines for Commercial Sales Agents
8. Defining Qualified New Commercial Sales Leads and Sales
9. Assigning New Sales Leads
10. General Sales Call Procedure
11. Handling Price Objections
12. Why We Sell Commercial Service Agreements
13. Follow-up Procedure
14. General Installation and Repair Work that Our Company Offers
15. Telemarketing
16. Commercial Sales Agent Script
17. Additional Position Requirements

### **Customer Service Representative**

1. General Job Responsibility
2. What the Company Expects
3. Characteristics of a Great CSR
4. The Value of a Phone Call
5. Types of Services We Offer
6. Company Phone Standards
7. Phone Scripts
  - Greeting

- Gathering Information
  - Scheduling Service
  - Closing the Call
8. Creating a New Customer in the Computer System
  9. Entering a New Work Order in the Computer System
  10. Preferred Customer Classification
  11. Service Call Scheduling
  12. Probing Questions Checklist
  13. Understanding Menu Pricing & Request for Prices Over the Phone
    - Handling Price Requests
  14. Pricing & Payment Guidelines
  15. Callbacks, Warranties Calls & Customer Complaints
    - Definition of a Callback
    - Scheduling a Return Visit
    - Handling Customer Complaints
  16. Work Orders on Which to Take Action
    - Flagged Work Orders
    - Needs to be Scheduled Work Orders
    - Waiting on Acceptance Work Orders
  17. Price Quotes for Install Jobs or Major Service
    - Prescreening Calls Requesting a Price Quote
    - Scheduling a Price Quote
  18. Outbound Calls
    - Recommended Service Follow-up
    - Unsold Service or Install Work & PM Proposals
    - Un-Enrolled Commercial Customers
    - Commercial Customers with Unsigned Enrollment Form
    - Commercial Customer Mailing Follow-up
    - Direct Mail Follow-up Calls
  19. Handling Signed & Unsigned Service Agreements
  20. On-Call Service
  21. Customer Survey and Testimonials
  22. People to Contact for Technical Assistance
  23. Customer Supplied Parts
  24. Information About the Company Location
  25. Job Applicants
  26. Solicitations
  27. Daily Phone System Check
  28. Phone System Responsibilities
  29. CSR Scorecards
  30. Office Closing Procedures
  31. Lead CSR Responsibilities
    - Preventative Maintenance
    - RootX Mailings
    - Managing CSR Scorecard Reports
    - Monthly Marketing Checklist

- Plumber/Contractor Referral Program
- Ordering Office Supplies

### **Dispatching Service Representative**

1. General Job Responsibility
2. Service Dispatcher Authority
3. First Call Assignments
4. Selecting a Work Order to Dispatch
  - Priority for Dispatching Work Orders
5. Assigning a Work Order
6. Job History/Previous Work Orders
7. Delaying Service Calls
  - When Running Late
  - Lost Call Script
8. Work Order Progress
  - Dispatch Board Legend
9. Work Order Completion
  - Pausing a Work Order
  - Putting a Work Order On Hold
  - Reopening a Work Order
10. Following Up on Work Orders
11. Daily Review of the Status of Work Orders
12. Work Orders Created Through the WON (Work Order Network)
13. Dispatcher End of Day Procedures
14. Dispatch Hand-Off Procedures
15. Work Order/Invoice Procedures
  - What Service Tech Does in Field
  - What Dispatcher Does in Office
16. Time Card Procedures
17. Contacting Technicians
18. People to Contact for Technical Assistance
19. Getting Parts or Equipment to Technicians in the Field
20. Follow-Up Calls to Billing Customers
21. On-Call Service
22. Pricing Guidelines
  - Price Authorizations Prior to Starting Work
  - Payment Guidelines
23. Callbacks, Warranty Calls and Customer Complaints
  - Definition of a Callback
  - Scheduling a Return Visit
  - Handling Customer Complaints
24. Technicians in The Office or at The Shop

### **Financial Manager**

1. General Description of Position
2. Duties of Position
3. Impact on Operations
4. Typical Workday Schedule
5. Time Tracking Sheet
6. Training Checklist

### **Office Manager**

1. General Description of Position
2. General Duties of Position
3. Overview of Regular Reporting
  - Weekly
  - Monthly
  - Year End
4. Human Resources Duties
5. Impact on Sales & Marketing
6. Typical Workday Schedule
7. Time Tracking Sheet
8. Training Checklist

### **Install Field Supervisor**

1. Primary Responsibilities
2. Suggested Typical Work Day
  - Typical Work Day Schedule
3. Time Tracking Sheet
4. Requirements to Remain an Install Field Supervisor
  - What You Must Demonstrate
  - Ongoing Selection Process
  - Introductory Period
  - Expectations
5. Compensation, Tools & Benefits
6. Personnel Moves & Disciplinary Procedures
7. Field Supervisor Management Training
8. Apprenticeship Programs
9. Proper Use of Digital Cameras
10. Upholding & Improving Workmanship Standards
11. Safety Manuals
12. New Tools, Materials & Customer Satisfaction Procedures
13. Ride-Along Training
14. Evaluating Candidates for Hire
15. Existing Technician Ride-Along Training Checklist
16. Orientation Procedure for New Installers/Apprentices

17. Attire for Install Field Supervisors
18. Checklist to Remain an Install Field Supervisor
19. Quarterly Checklist for Team Managed
20. Training Checklist

### **Service Field Supervisor**

1. General Job Description
2. Position Expectations
3. Requirements to Remain Field Supervisor
4. Ongoing Selection Process
5. Orientation Period
6. Compensation, Tools & Benefits
7. Personnel Moves & Disciplinary Procedures
8. Field Supervisor Management Training
9. Apprenticeship Programs
10. Proper Use of Digital Cameras
11. Upholding & Improving Workmanship Standards
12. Coaching Sales, Efficiency & Conversion Rates
13. On Call Schedule
14. Marketing
15. Menu Pricing Guide, Trade Manual & Service Technician Manuals
16. New Tools, Materials & Customer Satisfaction Procedures
17. Ride-Along Training
  - Sample Technician Report
18. Evaluating Candidates for Hire
19. Orientation Procedure for New Service Technicians/Apprentices
20. Attire for Field Supervisors
21. Field Supervisor Role in Sales
  - Review of Program
  - Second Opinion Expertise
  - Price Quotes on Install or Major Service Jobs
  - Attendance at the Install Meeting
22. Delivery of Price Quote to a Client
  - Handling Price Objections
  - Script for Handling Price Objections
  - Scheduling Future Work
23. Working with our Technicians to Generate Quality Sales
24. General Sales Call Procedure
  - Meeting the Customer/Providing Quote
  - Preparing to Provide Service
  - Executing the Service and Concluding the Transaction

### **Human Resources Manager**

1. The Role of Human Resources and What the Company Expects
  - Your Role and Responsibilities
  - What the Company Expects

2. Manage Simple IRA Benefits
3. Manage Health Insurance Benefits
4. New Hire Processing
5. Work Related Injury
6. Employee Vacation & Benefits
7. Bonus & Comp Plan Administration
8. Maintaining Accurate Personnel Records

### **Marketing Manager**

1. Company Name
2. Tag Line
3. Logo
4. Marketing Overview & Goal
5. Primary Areas of Responsibility
6. Mission
7. Target Audience
8. Unique Selling Proposition
9. Our Current Service Area
  - What Service Area Would We Like to Increase Our Market Share?
10. Marketing Budget
11. Marketing Allocation
12. Marketing Statistics
13. Marketing Calendar
14. General Installation & Service Work Zoom Does
15. Current Marketing Drivers
  - E-Marketing
  - SEO (Search Engine Optimization)
  - SEM (Search Engine Marketing)
  - Social Media
  - E-Zines & E-Mail Blasts
  - ZOOM Website
  - Print Media
  - Signage
  - Trade Shows/Presentations/Events
  - Literature
  - Direct Mail
  - Referral Marketing
  - Customer Giveaways
  - Radio/TV
  - Special Projects
  - Graphics/Design
  - Testimonials
  - Acquisition
16. Marketing Campaigns
  - Residential Customers
  - Food Industry – Restaurants

- Property & Facility Managers
  - Plumbing & Mechanical Contractors
  - Existing Customers
17. Working With our Marketing Vendor
  18. How to Best Handle the Marketing Recurring Responsibilities

### **Sales Manager**

1. What Does our Company Do to Help the Sales Manager
2. Expectations for This Position
3. Types of Services We Offer
4. General Installation & Service Work that our Company Offers
  - Sewer & Drain Cleaning
  - Service Agreements
5. Zoom Marketing Overview
6. Sales Manager's Typical Workday Schedule
7. Sales Manager Time Tracking Sheet
8. Training Checklist

### **System Engineer**

1. Primary Role in our Company
2. Acceptable Attire for System Engineers
3. Achieving Customer Respect by our Appearance
4. Achieving Customer Respect by Caring for their Home or Business Cleanliness
5. Demonstrating our Professionalism, Integrity & Respect
6. General Sales Guidelines for System Engineers
7. Assigning New Leads
8. General Information for Price Quotes on Install or Major Service Jobs
9. Proposals for Install or Major Service Work
  - Qualifying the Lead
10. General Sales Call Procedure
  - Meeting the Customer/Providing a Quote
  - Preparing to Provide Service
  - Executing the Service and Concluding the Transaction
  - Handling Price Objections
  - Delivery of Proposal to a New or Prospective Customer
  - Scheduling Future Work
11. When Emergency Install or Major Service Work is Required
12. Procedure for Securing Material & Rental Equipment
13. Additional Repairs or Replacement Suggestions
14. Follow-Ups with Customers for Job Satisfaction & Testimonials
15. Service & Repair Agreements Defined
16. Install Job Process Checklist Defined
17. General Warranty Notes
  - Drain, Sewer or Water Service
  - Pumps, Fixtures & Miscellaneous Plumbing

- Residential Drain Cleaning
  - Commercial Drain Cleaning
18. Why We Sell Preventative Maintenance Agreements
  19. Permits
  20. Financing of Install or Major Service
  21. Working with our Technicians to Generate More Quality Sales
  22. Minimizing Callbacks

### **Service Manager Manual**

1. Responsibilities of Position
2. Tracking & Posting Responsibilities
3. Advanced Training & Responsibilities
4. Requirements for Remaining a Service Manager
5. Apprenticeship Programs
6. On Call Schedule
7. Quarterly Review
8. Authority of the Service Manager
9. Bonus & Spiff Plan
10. Inclement Weather/Emergency Protocol
11. Typical Workday Schedule
12. Time Tracking Sheet
13. Training Checklist

### **Drain & Excavation**

1. Who is Qualified to Do Which Tasks?
2. General Guidelines
3. Arriving at a Service Call or Job Site
4. General Procedure when Quoting Prices
5. Discounts
6. General Payment Policy
7. General Warranty Notes
  - Drain, Sewer or Water Service
  - Pumps, Fixtures & Miscellaneous Plumbing
  - Residential Drain Cleaning
  - Commercial Drain Cleaning
8. General Procedure to Follow Before Beginning Work
9. General Procedure to Follow After Completion of Work
10. General Terms & Terminology
11. General Information for Price Quotes on Install Jobs or Major Service
  - Examples of Install Jobs
  - Examples of Major Service
12. Lead Turnover Process
13. General Procedures for Working with Subcontractors
14. Drain & Sewer Line Cleaning
  - Safety
  - Drain, Sewer & Plumbing Systems Overview

- Diagnosing & Troubleshooting Blockages in DWV Systems
  - General Guidelines when Working on Stoppages
15. Power Snaking Drains & Sewers
- General Guidelines When Powersnaking
  - Kitchen Sink Drain Stoppage
  - Dishwasher Drain Stoppage
  - Laundry Sink Drain Stoppage
  - Washing Machine Drain Stoppage
  - Bathroom Sink Drain Stoppage
  - Tub & Shower Stoppages
  - Cuspidor Drain Stoppage
  - Drinking Fountain Drain Stoppage
  - Triple Tray/Commercial Sink Stoppages
  - Floor Drain Stoppages
  - Urinal Stoppage
  - Removal & Reset of a Urinal
  - Toilet Stoppage
  - Removal & Reset of a Toilet
  - Removal & Reset of a Wall Mounted Toilet
  - Cutting Into a Pipe for Drain Cleaning Access
  - Installing a Repair Plate or Plug
  - Branch Drain Stoppage
  - Vent & Stack Line Stoppage
  - Main Drain Stoppage
  - Vent & Stack Line Stoppage in Multi-Story Building
  - Main Drain Stoppage in Multi-Story Building
16. Water Jetting Drains & Sewers
- General Guidelines when Water Jetting
  - Main Drain Water Jetting
  - Floor Drain & Branch Line Jetting
  - Vent & Stack Line Water Jetting
  - Vent & Stack Line Water Jetting Multi-Story Buildings
  - Sewer Main Water Jetting
17. Grease Traps & Interceptors
- Indoor Grease Trap/Interceptor Cleaning
  - Outdoor Grease Trap/Interceptor Cleaning
  - Installing Grease Traps/Interceptors
18. Drain Products We Use
- Bio Clean
  - Root X
  - Citra Jet
19. Drain & Sewer Line Inspections
- Video Inspections
  - Locating a Sonde
  - Locating a Buried Cleanout
  - Drain & Sewer Dye Testing

- Crawler Camera Sewer Inspections
  - Underground Pipe Locating
  - Electronic Leak Detection
  - Sewer Odor/Smoke Testing
  - Air & Static Water Testing
20. Conventional Drain & Sewer Line Repairs
- General Procedures for Excavations
  - Excavating for Section Repair or Access Pits
  - Outside Cleanout Install or Up to 10' Section Repair
  - Excavating for Full Drain Replacement
  - Outside Full Drain Replacement or Over 10' Section Repair
  - Inside Cleanout Install or Up to 10' Section Repair
  - Inside Full Drain Replacement or Over 10' Section Repair
21. Trenchless Relining Drain & Sewer Repairs
- Relining Materials Needed
  - General Relining Procedures
22. Trenchless Pipe Bursting & Sewer Repairs
- General Procedure for Pipe Bursting
23. Water Service Repairs and Replacement
- General Procedure for Water Service Repairs
  - Shutting Water Service Off at Curb – Residential
  - Shutting Water Service Off at Curb – Commercial
  - Conventional Water Service Repair or Replacement
  - Trenchless Water Service Repair or Replacement
24. General Fixture & Drain Repairs
- Kitchen Sink Drain & Disposal Kit Repair
  - Sink Basket Strainer Replacement
  - Garbage Disposal Repair
  - Garbage Disposal Installation
  - Bathtub Waste & Overflow Assembly Replacement
  - Dye Test Procedure for Testing a Toilet For Leakage
  - Toilet Tank Repair Both Minor & Major
  - Toilet Seat Replacement
  - Flushometer Repair and Replacement
  - Toilet Replacement
  - Urinal Replacement
  - Closet Flange Repair
  - Removing & Replacing Closet Flange
  - Installing a Cleanout on Soil, Waste or Vent Pipe
  - Replacing Soil, Waste or Vent Pipe
  - Installing Backwater Valves
  - Shutting Water Service Off at Meter – Residential
  - Shutting Water Off at Meter – Commercial
25. Pump Repair & Replacement
- General Procedure for Pump Repair & Replacement
  - Drain Pump Repair & Replacement

- Drain Pump New Installation
- Sump Pump Repair & Replacement
- Sump Pump New Installation
- Sewage Pump Repair & Replacement
- Sewage Pump New Installation
- Grinder Pump Repair & Replacement
- Grinder Pump New Installation

### **Service Technician Operations**

1. General Work Description
2. Transportation to Work
3. Work Schedule
4. Time Records
5. Attendance & Punctuality
6. Time Off
7. Weekly Meeting
8. Work Clothes for Technicians & General Grooming
  - Work Clothing Supplied
  - Special Notes
  - Technician's Responsibility for Maintaining the Company Provided Clothing
  - General Grooming & Personal Care
9. Work Day Procedures
  - Morning Truck Inspection
  - First Call Assignments
  - Technicians in the Office
10. Field Service Management
  - Seeing Your Service Requests
  - Traveling to and Arriving at a Service Call
  - Picking Up a Service Request
  - Price Authorizations
  - Invoicing Field Service Management Mobile Platform
  - Flagging a Service Request
  - Pausing a Service Request
11. Accepting Payment for Work
  - General Payment Policy
  - Accepting Credit Cards for the Work
  - Accepting Checks
  - Pricing Guidelines
  - Discounts
12. General Warranty Notes
13. Hold Harmless Agreement
14. If a Follow-up Call is Needed
15. Additional Work
16. Callbacks, Warranty Calls & Customer Complaints
  - Definition of a Callback

- Scheduling a Return Visit
  - Handling Customer Complaints
17. Awareness of What Might Become an Insurance Claim
  18. Getting Materials to the Technicians in the Field
  19. People to Contact for Technical Assistance
  20. Handling After Hours Calls
  21. Priority Calls
  22. Professional Attitude
  23. Unplugging Appliances and/or Shutting Off Equipment
  24. Cleaning Up Debris Around the Work Area
  25. Floor & Wall Protection
  26. Parking on Customer's Property
  27. Customer's Help on a Job
  28. Definition of a Residential System
  29. Definition of a Commercial System
  30. Tools & Equipment
    - Specific Return Procedure for Section Cable/Electric Eel
    - Personal Tools
    - Spot-Checks of Tools
    - Diagnostic Tool Bag Contents
    - Truck Inventory
    - Truck Restocking
    - Winterizing for PTO Water Jet Truck
    - Winterizing for Lombardini Water Jet Truck
  31. General Safety Basics & Personal Protection
    - Shoes
    - Eye Wear
    - Contact Lens Use
    - Ear Protection
    - Face Masks
    - Latex Gloves
    - Work Gloves
    - Work Lighting
    - Hard Hats
    - Shoring
    - Clothing
    - Smoking
    - Lifting
    - Red Floor Protector
    - Equipment Safety Guards
    - Power Equipment
    - Ladders
    - Fire Extinguishers
    - Asbestos
    - Material Safety Data Sheets
  32. Road-Safety & Vehicle Procedures

- Use of Seatbelts
  - Use of Electronic Devices While Driving
  - Fire Extinguisher
  - Flat Tire Procedure
  - Reflectors
  - Back Up Alarm
  - First Aid Kits
  - Warning Lights
  - “Water in Oil” Light for Diesel Trucks
  - Responsibility for Vehicle Safety Equipment
  - Responsibility for Checking the Fluid Levels of Zoom Sewer Service Vehicles
  - Handling a Leak From a Vehicle
  - Procedure to Follow in Case of a Vehicle Accident
  - Use of the Vehicle Fuel Card
  - Roadside Assistance/Tow Truck After Office Hours
  - Truck Condition
  - End of Day Repairs
  - Driving During Inclement Weather
  - Passing School Buses
  - Railroad Crossing
  - Hitchhikers & Riders
  - Stolen Vehicle
  - Stolen Property from Within Vehicle
33. Technician End of Day Check-in Procedure
34. Downtime Activities Between Jobs or Before End of Shift
35. Technical Information
- Definition
  - Technician’s Responsibility
  - Collection of Technical Information
  - Attending Classes or Training Sessions

### **Warehouse & Purchasing Manager**

1. Job Description
2. Procedure for Adding New Parts or Changing Items Stocked on Trucks
3. Typical Workday Schedule
4. Time Tracking Sheet
5. Training Checklist
6. Purchasing
  - Working With our Primary Vendor
  - Purchasing Typical Workday Items to Cover
  - Training Checklist

### **Employee Handbook**

1. Receipt for Employee Handbook
2. Introduction

3. Equal Employment Opportunity
4. Policy Prohibiting Discrimination & Harassment
5. Anti-Retaliation Policy
6. Reporting Harassment
7. Investigation & Response Procedure
8. Conflict of Interest
9. Confidentiality of Company Information
10. Copyright Materials
11. Electronic Communications Policy
12. Code of Ethics
13. Workplace Policies
  - Initial Employment Period
  - Employee Classifications
  - Employee Categories
  - Pay Period & Paydays
  - Pay Rates
  - Payroll Deductions
  - Overtime
14. Work Schedule
  - Technician Regular Shift
  - Technician Alternate Shift
  - Technician On Call Shift
  - Holiday Shift
  - Shift Schedule Changes
  - Inclement Weather/Emergency Protocol
  - Office Hours
15. Time Records
16. Meal & Rest Periods
17. Attendance & Punctuality
18. Absent or Late Policy
19. Uniform & Jewelry
20. Maintaining Accurate Personnel Records
21. Re-Employment
22. Hiring Relatives
23. Corrective Action Policy
24. Termination of Employment
  - Resignation/Retirement
  - Dismissal
  - Layoff
  - Termination Processing Procedures
  - Benefits After Termination
25. On the Job
  - Performance Criteria
  - Performance Reviews & Salary Reviews
  - Solicitation & Distribution
  - Customer Complaints and/or Problems

- Fraudulent Condemnation of Equipment or Systems
- Company Issued Vehicles
- Company Issued Mobile Phones
- Open Door Policy
- Smoking Policy
- Theft
- Violence in the Workplace
- Security Checks
- Reimbursement for Justified Business Expenses
- Required Reading
- Telephone/Fax/Photocopy Usage

#### 26. Safety Policies

- First Aid Kits
- Eye Wash
- Oxygen
- Workplace Injuries
- Procedure
- Chest Pains
- Emergency Room Visits
- Minor Injuries
- Procedure Reporting Back to Work
- Elective Surgery
- Drug & Alcohol Policy
- Drug Testing
- Alcohol Testing

#### 27. Employee Benefits & Time Off

- General Benefits
- Group Medical Insurance
- Continuation of Coverage
- Vacation
- Paid Holidays
- Paid Sick Days
- Retirement Plan Benefits
- Maternity Benefits
- Bereavement/Funeral Benefits

#### 28. Leaves of Absence

- Family & Medical Leave
- Military Leave
- Jury Duty Leave
- Work Related Disability

#### 29. Conclusion

**EXHIBIT C**

**STATE SPECIFIC ADDENDA TO FDD, FRANCHISE AGREEMENT, AND DEVELOPMENT  
AGREEMENT**

## **CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

Notwithstanding anything contained in the Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the California Investment Law shall apply to any franchise or franchisee located in the State of California, which shall control to the extent of any inconsistency:

Item 3 of the FDD is supplemented to include the following:

Neither we nor any person identified in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 78a *et seq.*, suspending or expelling such person from membership in such association or exchange.

Item 6 of the FDD shall be supplemented to include the following:

In California, the highest interest rate allowed is 10% annually.

Item 17 of the FDD shall be supplemented to include the following:

California Business & Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination or transfer of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a provision requiring you to sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31312 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 through 31516).

The Franchise Agreement requires application of the law of the State of Pennsylvania. This provision may not be enforceable under California law.

Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business Professions Code 2000 through 20043).

California law requires that you obtain a contractor's license of the California Contractors State License Board (CSLB) if the total cost (labor and materials) of one or more contracts on the project is \$500 or more. Licenses may be issued to individuals, partnerships, corporations, or joint ventures. The CSLB does not issue licenses to Limited Liability Companies (LLCs).

Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk if your franchise fails.

**OUR WEBSITE IS WWW.ZOOMDRAIN.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPL.CA.GOV.**

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

**Registration of the Franchise Disclosure Document does not constitute approval, recommendation, or endorsement by the commissioner.**

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement and Franchise Disclosure Document shall remain in full force and effect, except to the extent specifically modified herein.

Dated on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

ZOOM DRAIN FRANCHISE, LLC

FRANCHISEE: \_\_\_\_\_

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

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

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

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

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

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

**ILLINOIS ADDENDUM  
TO FRANCHISE DISCLOSURE DOCUMENT**

Illinois law governs the Franchise Agreement(s) and Development Agreement

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

“National Accounts” exist in this franchise system. A National Account customer is a customer with businesses in more than one location. The Franchisor has the exclusive right to negotiate and enter into agreements to provide services to National Account customers. You may be offered the opportunity to service a National Account. If you decline the opportunity, the Franchisor, an affiliate, or another Zoom Drain business may provide the service (even if the service is provided within your exclusive territory) with no compensation paid to you.

No statement, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**ILLINOIS ADDENDUM  
TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT**

**The Franchise Agreement and Development Agreement is specifically amended as follows:**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987 (as amended), the parties to the attached Franchise Agreement and Development Agreement (“**Agreement**”) agree as follows:

Illinois law shall apply and govern the Franchise Agreement and Development Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee’s rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

“National Accounts” exist in this franchise system. A National Account customer is a customer with businesses in more than one location. The Franchisor has the exclusive right to negotiate and enter into agreements to provide services to National Account customers. You may be offered the opportunity to service a National Account. If you decline the opportunity, the Franchisor, an affiliate, or another Zoom Drain business may provide the service (even if the service is provided within your exclusive territory) with no compensation paid to you.

No statement, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

ZOOM DRAIN FRANCHISE, LLC

FRANCHISEE: \_\_\_\_\_

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

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

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

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

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

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

**INDIANA ADDENDUM  
TO FRANCHISE AGREEMENT**

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement or Pennsylvania law if such provisions are in conflict with Indiana law. The Franchise Agreement will be governed by Indiana law, rather than Pennsylvania law, as stated in Section 18.5 of the Franchise Agreement.
2. Venue for litigation will not be limited to Pennsylvania, as specified in Section 17.2 of the Franchise Agreement.
3. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the franchise agreement, will supersede the provisions of Article 15 of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
4. No release language set forth in the Franchise Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
5. Section 12.04 of the Franchise Agreement ("Competing Business After the Term of This Agreement") will not apply to franchises offered and sold in the State of Indiana.
6. Section 12.04 of the Franchise Agreement is revised to limit the geographical extent of the post-term covenant not to compete to Franchisee's Territory for all franchises sold in the State of Indiana.
7. Notwithstanding the terms of Section 13.2 of the Franchise Agreement ("Indemnification"), Franchisee will not be required to indemnify Franchisor and the other Indemnitees for any liability caused by Franchisee's proper reliance on or use of procedures or materials provided by Franchisor or caused by Franchisor's negligence.

**ZOOM DRAIN FRANCHISE, LLC**

**FRANCHISEE:** \_\_\_\_\_

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

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

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

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

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

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

**MARYLAND ADDENDUM  
TO DISCLOSURE DOCUMENT**

1. The following sentence is added to Item 5:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is open.

2. The "**Provision**" section of Item 17(c) entitled **Requirements for franchise to renew or extend**, and the "**Provision**" section of Item 17(m) entitled **Conditions for franchisor approval of transfer**, are amended by adding the following:

Any general release you sign shall not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law.

3. The "**Provision**" section of Item 17(h) entitled "**Cause**" defined – **non-curable defaults**, is amended by adding the following:

The Franchise Agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

4. The following are added to the end of the chart in Item 17:

Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **MARYLAND ADDENDUM TO FRANCHISE AGREEMENT**

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document or Franchise Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

1. The laws of the State of Maryland may supersede the Franchise Agreement, including the areas of termination and renewal of the Franchise.
2. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the Franchise.
3. Section 18.5 of the Franchise Agreement requires venue to be limited to Pennsylvania. This provision is deleted from all Franchise Agreements for residents of the State of Maryland and/or franchises to be operated in the State of Maryland.
4. The following sentences are added at the end of the last paragraph of Section 3.4 of the Franchise Agreement (“Reservation of Rights”):

"The waivers and releases in this paragraph are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. The waivers and releases in this paragraph will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law."

5. The following sentence is added at the end of Section 14.2 of the Franchise Agreement (“Transfer by You”):

“The release of claims required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

6. The following language is added to the last sentence of Section 20.07 of the Franchise Agreement (“Entire Agreement”): “provided, however, that the previous language is not intended to, nor will it, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”
7. The following sentence is added at the end of Section 20.8 of the Franchise Agreement (“Amendments”): “This Section is not intended to, nor will it, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”
8. Sections of the Franchise Agreement following the requirement the Franchisee executes a General Release is amended to state that "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."
9. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

10. The following sentence is added to Section 6.1 of the Franchise Agreement:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is open.

11. The following is hereby added to the Franchise Agreement:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

12. The Franchisee Disclosure Questionnaire does not apply to Maryland franchisees and should not be signed by Maryland franchisees.

**ZOOM DRAIN FRANCHISE, LLC**

**FRANCHISEE:** \_\_\_\_\_

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

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

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

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

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

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

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

1. Item 13 **Trademarks** is amended by adding the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any of your costs incurred in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and are given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Item 17 **Renewal, Termination, Transfer and Dispute Resolution** is amended by adding the following:

- A. **Renewal and Termination**

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

- B. **Choice of Forum**

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- C. **Releases**

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.

These franchises have been registered under the Minnesota Franchise Act, registration does not constitute approval, recommendation, or endorsement by the Commissioner of Commerce of Minnesota or a finding by the Commissioner that the information provided herein is true, complete, and not misleading.

The Minnesota Franchise Act makes it unlawful to offer or sell any franchise in this state which is subject to registration without first providing to the franchisee, at least 7 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 7 days prior to the payment of any consideration, by the franchisee, whichever occurs first, a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the franchise. This Disclosure Document contains a summary only of certain material provisions of the Franchise Agreement. The contract or agreement should be referred to for an understanding of all rights and obligations of both the franchisor and the franchisee.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchisee.

## **MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT**

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. The following language will appear at the end of Section 29.04 of the Franchise Agreement (“Venue”): "Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction."
2. No release language set forth in the Franchise Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.
3. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement.
4. Franchisor will protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. Section 16.3 of the Franchise Agreement (“Competing Business After the Term of this Agreement”) is amended to read as follows:

“Accordingly, you consent to the seeking of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete set forth in this Agreement.”

6. The Franchise Agreement is amended to read as follows:

“You therefore agree that if you engage in this non-compliance, or unauthorized and/or improper use of the System or Proprietary Marks, during or after the period of this Agreement, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law. You consent to the seeking of these temporary and permanent injunctions.”

7. Any claims arising under Minnesota Statutes, Chapter 80C must be brought within three years after the cause of action accrues.
8. The following language is added to the Franchise Agreement:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any

claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

**ZOOM DRAIN FRANCHISE, LLC**

**FRANCHISEE:** \_\_\_\_\_

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

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

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

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

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

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

## **NEW YORK ADDENDUM TO FRANCHISE AGREEMENT**

Notwithstanding anything contained in the Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the New York State Franchise Act shall apply to any franchise or franchisee located in the State of New York, which shall control to the extent of any inconsistency:

Item 3 shall be supplemented by the following:

A. Neither the franchisor, its predecessor, a person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal trademark has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations. Nor do we, any predecessor, any person identified in Item 2, or any affiliate offering franchises under the franchisor's principal trademark have any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Neither the franchisor, its predecessor, a person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Neither the franchisor, its predecessor, a person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4 shall be supplemented by the following:

Neither the franchisor nor any of its affiliates, predecessors, officers, or general partner, during the 10-year period immediately before the date of the offering circular, has: (a) filed as a debtor (or had filed against it, him or her) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its, his or her debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 17 and the Franchise Agreement shall be supplemented by the following:

1. Any provision of the Franchise Agreement and Paragraph "d" under Item 17 of the FDD titled “Termination by franchisee”, shall be supplemented to state that the franchisee may terminate the agreement on any grounds available by applicable law.

2. Any provision of the Franchise Agreement and Paragraph "j" under Item 17 of the FDD titled "Assignment of contract by franchisor", shall be supplemented as follows:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the agreement.

3. The Franchise Agreement and Paragraph "w" under Item 17 of the FDD, are supplemented by the following provision:

Any choice of law provision shall not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by the provisions of Article 33 of the New York State General Business Law.

All other terms and provisions contained in the Franchise Agreement and FDD shall remain in full force and effect, except to the extent specifically modified herein.

Dated on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**ZOOM DRAIN FRANCHISE, LLC**

**FRANCHISEE:** \_\_\_\_\_

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

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

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

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

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

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

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

1. The following language is added to the “Provision” section of Item 17(c) entitled **Requirements for franchisee to renew or extend** and Item 17(m) entitled **Conditions for franchisor approval of a transfer:**

The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

2. The applicable portion of the “Provision” section of Item 17(i) entitled **Franchisee’s obligations on termination/non-renewal** is amended to read as follows:

If we prevail in any enforcement action, you will pay all damages and costs we incur in enforcing the termination provisions of the Franchise Agreement

3. The following is added to the “Provision” section of Item 17(u) entitled **Dispute resolution by arbitration or mediation:**

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree and may not be remote from the franchisee’s place of business.

4. The following is added to the “Provision” section of Item 17(r) entitled **Non-competition covenants after the franchise is terminated or expires:**

Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

5. The following is added to the “Summary” section of Item 17(v) entitled **Choice of forum:**

However, to the extent allowed by the North Dakota Franchise Investment Law, you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of North Dakota.

6. The “Summary” section Item 17(w) entitled **Choice of law** is deleted and replaced with the following:

North Dakota law applies.

## **NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT**

Notwithstanding anything to the contrary set forth in the Franchise Agreement and/or Development Agreement, the following provisions will supersede and apply:

1. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, Development Agreement, or Pennsylvania law if such provisions are in conflict with North Dakota law. The Franchise Agreement will be governed by North Dakota law, rather than Pennsylvania law, as stated in Section 18.5 of the Franchise Agreement or Section 12 of the Development Agreement (“Governing Law”).
2. Any provision in the Franchise Agreement or Development Agreement (Sections 14 and 16) which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from Franchise Agreements issued in the State of North Dakota. The site of any arbitration will be agreeable to all parties and may not be remote from the franchisee’s place of business.
3. No release language set forth in the Franchise Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.
4. Any provision requiring the execution of a general release upon renewal is deleted from all Franchise Agreements used in the State of North Dakota.
5. Covenants restricting competition in the State of North Dakota, such as those found in Section 16.3 of the Franchise Agreement (“Competing Business After the Term of this Agreement”) or Section 9 of the Development Agreement, may be subject to Section 9-08-06 of the North Dakota Century Code. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.
6. Section 17 of the Franchise Agreement shall be supplemented by the following language:

Provided, however, that this limitation of claims shall not act to reduce the applicable statute of limitations afforded franchisee for bringing a claim under the applicable laws of North Dakota.
7. Section 17.2 of the Franchise Agreement (“Venue”) and Section 16 of the Development Agreement requires that the franchisee consent to the jurisdiction of courts in Pennsylvania. This requirement is deleted from all Franchise Agreements used in the State of North Dakota.
8. Section 29.05 of the Franchise Agreement (“Waiver of Jury Trial and Punitive Damages”) and Section 18 of the Development Agreement requires the franchisee to consent to a waiver of trial by jury. This requirement is deleted from all Franchise Agreements and Development Agreements used in the State of North Dakota.
9. This requirement consenting to waiver of exemplary and punitive damages is deleted from all Franchise Agreements and Development Agreements (Section 20) used in the State of North Dakota.

ZOOM DRAIN FRANCHISE, LLC

FRANCHISEE: \_\_\_\_\_

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

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

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

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

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

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

## **RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

For franchises and franchisees subject to the Rhode Island statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the ZOOM DRAIN FRANCHISE, LLC Franchise Disclosure Document.

1. The following language is added to Item 17(v) entitled **Choice of forum:**  
  
    , except as otherwise required by the Rhode Island Franchise Investment Act
  
2. The Rhode Island Franchise Investment Act requires a franchisor to deliver a copy of a disclosure document reflecting all material changes together with a copy of all proposed agreements relating to the sale of the franchise at the earlier of: (i) the prospective franchisee's first personal business meeting with the franchisor which is held for the purpose of discussing the sale or possible sale of the franchise, or (ii) ten business days prior to the execution of an agreement or payment of any consideration relating to the franchise relationship.

**RHODE ISLAND ADDENDUM  
TO FRANCHISE AGREEMENT**

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

- 1. Any provision in the Franchise Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted from Franchise Agreements issued in the State of Rhode Island.
  
- 2. Section 19-28.1.-14 of the Rhode Island Franchise Investment Act, as amended by laws of 1993, provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**ZOOM DRAIN FRANCHISE, LLC**

**FRANCHISEE:** \_\_\_\_\_

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

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

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

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

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

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

**VIRGINIA ADDENDUM  
TO DISCLOSURE DOCUMENT**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for ZOOM DRAIN FRANCHISE, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following statement is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause”, as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

## **WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT**

In recognition of the requirements of the Washington Franchise Investment Protection Act (RCW 19.100.180), the Franchise Disclosure Document is revised as follows:

The following disclosure is added to Item 5:

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

The following paragraphs are added at the end of Item 17:

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

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii)

soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The “**Summary**” section of Item 17(c) entitled **Requirements for renewal or extension of term** is amended by adding the following:

Any general release you sign shall not apply to the extent prohibited by applicable Washington state law.

The “**Summary**” section of Item 17(d) entitled **Termination by franchisee** is amended by adding the following:

Franchisee may terminate the franchise agreement under any grounds permitted by applicable Washington state law.

The “**Summary**” section of Item 17(o) entitled **Franchisor’s option to purchase franchisee’s business** is amended by adding the following:

Pursuant to RCW 19.100.180(2)(i) and (j), Franchisor may be required to: (i) compensate franchisee for the fair market value of the franchise upon expiration in the event Franchisor refuses to renew the franchise; and (ii) purchase from franchisee at fair market value certain of franchisee’s inventory and supplies required by law. To the extent required by law, RCW 19.100.180(2)(i) and (j) will supersede contrary terms in the Franchise Agreement.

The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.

## **WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, DEVELOPMENT AGREEMENT, FRANCHISEE DISCLOSURE QUESTIONNAIRE, AND RELATED AGREEMENTS**

In recognition of the requirements of the Washington Franchise Investment Protection Act (RCW 19.100.180), the parties to the attached Franchise Agreement and/or Development Agreement agree as follows:

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Development Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

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

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_

\_\_\_\_\_

**ZOOM DRAIN FRANCHISE, LLC**

**FRANCHISEE**

**This addendum may also be used as a rider to the Franchise Disclosure Document.**

**WISCONSIN ADDENDUM  
TO DISCLOSURE DOCUMENT**

For franchises and Franchisees subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the ZOOM DRAIN FRANCHISE, LLC Wisconsin Franchise Disclosure Document.

Item 17.

For Wisconsin Franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and Franchisee inconsistent with the Law.

**WISCONSIN ADDENDUM  
TO FRANCHISE AGREEMENT**

Notwithstanding anything to the contrary set forth in the Franchise Agreement, the following provisions will supersede and apply:

1. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 will apply to and govern the provisions of the Franchise Agreement.
  
2. That Act's requirement, including the requirements that, in certain circumstances, a franchisee receives ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, will supersede the default and termination requirements of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

**ZOOM DRAIN FRANCHISE, LLC**

**FRANCHISEE:** \_\_\_\_\_

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

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

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

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

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

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

**RIDER TO STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, AND DEVELOPMENT AGREEMENT**

**FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA,  
MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND,  
SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN (EACH A “REGULATED  
STATE” AND COLLECTIVELY, THE “REGULATED STATES”)**

This Rider to State Addendum to the Franchise Disclosure Document and Franchise Agreement (“Rider”) is entered into by and between (i) Zoom Drain Franchise, LLC (“Franchisor”), and (ii) \_\_\_\_\_, a (individual/limited liability company/corporation) with an address at \_\_\_\_\_ (“Franchisee”).

- A. Concurrently with the execution of this Rider, Franchisor and Franchisee are entering into a franchise agreement (the “Franchise Agreement,”) and development agreement (as applicable) (“Development Agreement”), pursuant to which Franchisee will acquire the right and undertake the obligation to own and operate a franchised business (the “Franchised Business”) that may be located in, or subject to the regulations of, one of the Regulated States (the “Applicable Franchise Registration State”).
- B. Franchisor and Franchisee wish to amend the Franchise Agreement and Development Agreement (as applicable) as provided in this Rider.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Franchise Agreement and Development Agreement (as applicable) are hereby amended as follows:

1. **NASAA SOP Acknowledgment.** Franchisee and Franchisor hereby acknowledge that the Statement of Policy regarding the use of franchise questionnaires and acknowledgments issued by the North American Securities Administrators Association, Inc. (“NASAA”), which went into effect on January 1, 2023, provides that questionnaires and acknowledgments that are used as contractual disclaimers that release or waive a franchisee’s rights under a state franchise law violate the anti-fraud and/or anti-waiver provisions of the statutes of the Regulated States. Accordingly, while the SOP remains in effect, or until such time as the regulations in the Regulated States are modified to adopt the restrictions on the use of acknowledgements and questionnaires as set forth in the SOP, for prospective franchisees that reside in or are looking to operate a Franchised Business in any Regulated State, the Franchise Agreement and Development Agreement (as applicable) will be amended to include the following provision:

“No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving and claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

2. Except as provided in this Rider, the Franchise Agreement and Development Agreement (as applicable) remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

**FRANCHISOR**

**ZOOM DRAIN FRANCHISE, LLC**

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

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

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

Date: \_\_\_\_\_

**FRANCHISEE**

[NAME]

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

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

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

Date: \_\_\_\_\_

## EXHIBIT D

### LIST OF FRANCHISEES AS OF DECEMBER 31, 2023

#### Franchised Outlets

ZD Alabama  
DSRA Holdings Corp. (3 Territories)  
1161 Gadsden Highway  
Birmingham, AL 35235  
(256) 520-1621

ZD Mobile, AL (3 Territories)  
Zoom Drain Gulf Coast LLC  
85 North Sage Avenue  
Mobile, AL 36607  
(251) 709-2468  
(251) 216-9226

ZD Auburn, AL (1 Territory)  
Tigerfin LLC  
2985 Wyndham Industrial Dr, Unit 6  
Opelika, AL 36804  
(205) 821-7868  
(334) 758-6162

Zoom Drain San Diego (7 Territories)  
Driven Drains  
101 N Glover Ave, Suite A  
Chula Vista, CA 91910  
(619) 806-6819

ZD Orange County  
SoCal ZD LLC (1 Territory)  
15530 Rockfield Blvd., B-1  
Irvine, CA 92618  
949-668-5300  
(949) 484-6764

ZD Sacramento  
ZD Sacramento, LLC (2 Territories)  
965 Dutton Drive  
Tracy, CA 95391  
(415) 779-2887

ZD Denver South, CO (3 Territories)  
BALEPS LLC  
7808 East Cherry Creek Dr Suite 115  
Denver, CO 80231  
(303) 589-1314

FDD Ex. F-1

ZD Denver (1 Territory)  
Korsgarden Services LLC  
13551 West 43rd Dr Unit H  
Golden CO 80403  
(303) 901-6451

Zoom Drain Connecticut (3 Territories)  
ZDCT, LLC.  
130 Lenox Ave  
Stamford, CT 06906  
(917) 903-4863

ZD Delaware (3 Territories)  
Delaware Drain & Sewer LLC  
310 Ruthar Drive, Unit 6  
Newark, DE 19711  
(571) 235-7811  
(302) 212-4228

ZD Jacksonville  
Beach Zeke Unlimited LLC (4 Territories)  
845 Whitlock Ave Unit 906  
Jacksonville, FL 32211  
(904) 403-6821

Zoom Drain Ft. Lauderdale & Miami (7 Territories)  
Drainco, LLC.  
20815 Northeast 16th, Unit B44  
Miami, FL 33179  
(214) 616-8987

ZD Sarasota, FL (3 Territories)  
Hiser Contracting Corp  
1899 Porter Lake Dr, Suite 101  
Sarasota, FL 34240  
(719) 354-7522

ZD SouthWest Florida (3 Territories)  
17041 Alico Commerce Ct #1  
Fort Myers, FL 33967  
(207) 807-4752  
(207) 807-4747

ZD Atlanta North  
Drain Sum, LLC (3 Territories)  
8601 Dunwoody Place, Suite 590  
Sandy Springs, GA 30350  
(602) 321-6555

Zoom Drain Boise (2 Territories)  
Ridgeline Industries, LLC.  
601 E 44th St. Unit #4  
Garden City, ID 83714  
(503) 332-4499

ZD North Shore  
Zoom K Corp (1 Territory)  
1979 N Lake Terrace  
Glenview, IL 60026  
(847) 804-4263

ZD Indianapolis, IN (3 Territories)  
Lucky Crew Corp  
208 Gradle Dr  
Carmel, IN 46032  
(770) 362-4736  
(317) 537-0277

Zoom Drain Lexington (2 Territories)  
TKL Drain Service, LLC.  
2205 Lexington Road, Suite 2205  
Nicholasville, KY 40356  
(859) 443-0939  
(606) 271-6633

ZD New England  
Zoom Logos, Inc. (1 Territory)  
39 Immersion Drive, Suite 1  
Scarborough, ME 04074  
(207) 807-4752  
(207) 807-4747

ZD Maryland  
410 Plumber Sewer & Drain, Inc. (1 Territory)  
8063 Parkhaven Road  
Dundalk, MD 21222  
(443) 503-9409

ZD South Shore Massachusetts (2 Territories)  
Arvy SN, LLC.  
373 Crescent Street  
West Bridgewater, MA 02379  
(508) 942-9103

ZD NW Detroit (3 Territories)  
Investmentland LLC  
7818 Andersonville Road  
Clarkson, MI 48346  
267-218-2780

ZD St. Louis, MO (3 Territories)  
STL Drain and Sewer LLC  
1461 Larkin Williams Rd.  
Fenton, MO 63026  
(636) 402-8287  
(636) 549-7377

ZD Kansas City  
Missouri Drain and Sewer, LLC (5 Territories)  
3500 Manchester Trafficway  
Kansas City, MO 64129  
(913) 954-1917

ZD Omaha  
Zoomaha, LLC (1 Territory)  
6215 Grover Street  
Omaha, NE 68106  
(402) 306-9221

ZD North Jersey  
DBTNJ, LLC (3 Territories)  
411 River Road, Unit 10  
Clifton, NJ 07014  
(201) 522-4846  
(908) 963-5061

ZD NW Jersey  
NW Jersey Sewer and Drain, LLC (4 Territories)  
4 Naughtright Rd  
Hackettstown, NJ 07840  
(201) 787-5698

Zoom Drain Ocean County Jersey (2 Territories)  
1745 Lakewood Road, Unit 10  
Toms River, NJ 08755  
(732) 859-7811  
(732) 233-7286

ZD South Jersey  
Campbell Drain Services, LLC (1 Territory)  
1049 Kings Highway  
West Deptford, NJ 08086  
(856) 272-7700

ZD Long Island  
Better Jetter LLC (1 Territory)  
1560 Locust Avenue  
Bohemia, NY 11716  
(516) 592-1234

ZD Rochester  
ZDRO, LLC (2 Territories)  
3680 Buffalo Rd., Building 10  
Rochester, NY 14624  
(585) 500-8208

ZD Lake Norman  
Lake Norman Drain & Sewer, LLC (3 Territories)  
114 Eastbend Court, Suite 2  
 Mooresville, NC 28117  
(704) 650-7589

ZD Raleigh Northwest, NC (4 Territories)  
HiltCorp Inc.  
510 Pylon Dr.  
Raleigh, NC 27606  
{513} 377-2219  
(919) 999-8123

ZD Raleigh Southeast, NC (2 Territories)  
A Squared Technologies  
3262 S Brightleaf Blvd.  
Smithfield, NC 27577  
(406) 261-5421  
(984) 355-1633

Zoom Drain Cincinnati (3 Territories)  
Mag Brand Services, LLC.  
7897 State RT 73  
Hillsboro, OH 45133  
(937) 509-5670

ZD Pittsburgh, PA (3 Territories)  
ZD Pittsburgh LLC  
119 Ormsby Ave  
Pittsburgh, PA 15210  
(412) 298-9942  
(412) 219-3292

Zoom Drain Rhode Island (3 Territories)  
200 Putnam Pike  
Johnston, RI 02919  
(781) 603-2122

ZD South, LLC (2 Territories)  
3180 Industry Dr, Unit E  
North Charleston, SC 29418  
(423) 863-7095

Zoom Drain Houston (3 Territories)  
Houston Drain Cleaning Experts, Inc.  
3336 Spring Stuebner Rd  
Spring, TX 77389  
(614) 260-6877

ZD Central TX (3 Territories)  
Juste 5 LLC  
1220 Satterwhite Road, Suite 1104  
Buda, TX 78610  
(512) 850-3855  
(737) 334-3155

ZD Galveston, TX (3 Territories)  
Gallagher Drain and Sewer  
1750 B Dickinson Ave  
Dickinson, TX 77539  
(713) 819-9946  
(281) 249-9300

ZD Austin  
Mays Drain, LLC (5 Territories)  
1700 Bryant Drive, Suite 207  
Round Rock, TX 78664  
(210) 601-5551

ZD Utah  
Knighton Plumbing, Inc. (1 Territory)  
1510 Whispering Meadow Lane  
Kaysville, UT 84037  
(801) 540-0154  
(801) 540-0164

Zoom Drain Richmond  
C&H Management, LLC. (3 Territories)  
3514 Mayland Court  
Richmond, VA 23233  
(516) 238-5744

Zoom Seattle LLC (2 Territory)  
8004 Mukilteo Speedway Suite 1  
Mukilteo, WA 98275  
(206) 947-8259  
(206) 309-5645

**Affiliate-Owned Outlets:**

Zoom Drain Philadelphia, LLC (2 Territories)  
500 Davis Drive  
Plymouth Meeting, PA 19462  
(610) 650-0555

Zoom Drain Charlotte, LLC  
2725 Westinghouse Blvd., Suite 500  
Charlotte, NC 28273  
(610) 650-0555

**Franchisees That Left the System in 2023**

EPS Subsidiary II LLC (1 Territory)  
55 E. Monroe Street Suite 3800  
Chicago, IL 60603  
(312) 929-4711  
(773) 245-1853

Pace Industries, Inc. (4 Territories)  
624 Haggard St  
Suite 709  
Plano, TX 75074  
(972) 427-3277  
(972) 427-3277

ZD Atlanta South  
Clay Legacy Holdings, Inc. (3 Territories)  
5020 S Atlanta Road SE, Suite 8  
Atlanta, GA 30080  
(404) 441-9179

**Franchisees That Transferred to New Owners in 2023**

Elrio Integrated Inc. (3 Territories)  
6985 NW 82nd Ave  
Miami, FL 33166  
(786) 301-5423  
(305) 290-1234

Unclogged Michigan Inc. (3 Territories)  
7818 Andersonville Road  
Clarkston, MI 48346  
(267) 218-2780  
(248) 800-6535

**Franchisees With Signed Franchise Agreements, But Were Not Open As of December 31, 2023**

ZD Phoenix East Valley (4 Territories)  
Arizona ZD LLC  
1428 N Horne St Suite 110  
Gilbert, AZ 85233  
(480) 868-7500  
(623) 232-3120

ZD Phoenix, AZ (3 Territories)  
JOTE I LLC  
1705 W University Dr. #103  
Tempe, AZ 85281  
(480) 282-3072  
(602) 428-1344

ZD San Diego, CA (3 Territories)  
SurgeXP Corporation  
1317 Simpson Way suite b  
Escondido, CA 92029  
(858) 242-6765  
(858) 326-3368

ZD Broward County, FL (3 Territories)  
Sunshine Drain Services LLC  
12075 NW 40th Street, Unit #3  
Coral Springs, FL 33065  
954-856-9272

ZD Northeast Florida, FL (2 Territories)  
Deep Value Holdings LLC  
114 Allgood Circle  
St. Augustine, FL 32086

ZDMN Minnesota (3 Territories)  
Newlands Holdings LLC  
860 Quaker Ave  
Jordan, MN 55352  
(507) 779-5118

ZD Las Vegas, NV (3 Territories)  
Vegas Sewer & Drain, Inc  
4310 Cameron St  
Las Vegas, NV 89103  
408-832-6927

ZDNM Albuquerque, New Mexico (2 Territories)  
High Desert Drain, Inc.  
No Address  
505-417-7203

ZD Knoxville, TN (3 Territories)  
Smoky Mountain Sewer and Drain  
130 Perimeter Park Rd Unit H/I  
Knoxville, TN 37931  
937-631-9861

ZD Katy, TX (4 Territories)  
Space City Sewer and Drains LLC  
1304 Langham Creek Drive Suite 466  
Houston, TX 77084  
(281) 734-6386  
(832) 800-3119

ZD Olympia, Washington (2 Territories)  
Bech Equity, Inc.  
13716 Canyon Rd E  
Puyallup, WA 98373  
206-948-9114

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**EXHIBIT E**  
**FINANCIAL STATEMENTS**

FDD Ex. F-10

**ZOOM DRAIN FRANCHISE, LLC**  
**FINANCIAL STATEMENTS**  
**Years Ended December 31, 2023 and 2022**  
**with**  
**Independent Auditors' Report**

**ZOOM DRAIN FRANCHISE, LLC**  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Member of  
Zoom Drain Franchise, LLC

### **Opinion**

We have audited the accompanying financial statements of Zoom Drain Franchise, LLC (the "Company") (a subsidiary of Zoom Drain Holdco, LLC), which comprise the balance sheet as of December 31, 2023, and the related statement of operations, changes in member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The financial statements of Zoom Drain Franchise, LLC as of December 31, 2022, and for the year then ended were audited by other auditors whose report dated April 18, 2023, expressed an unmodified opinion on those statements.

### **Restatement of 2022 Financial Statements**

As part of our audit of the 2023 financial statements, we also audited the adjustment described in Note 3 that was applied to restate the 2022 financial statements. In our opinion, the adjustment is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the Company other than with respect to this adjustment, and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Huseltin, Morgan + Maultsby, P.C.*

Dallas, Texas  
April 23, 2024

**ZOOM DRAIN FRANCHISE, LLC**  
**BALANCE SHEETS**  
**December 31, 2023 and 2022**

	<b>ASSETS</b>	
	2023	2022
Current assets:		
Cash and cash equivalents	\$ 577,491	\$ 1,806,038
Accounts receivable, net	223,663	542,794
Accounts receivable, related party	4,848	303,431
Prepaid expenses	52,942	50,695
Deferred costs, current	293,605	-
Inventory	31,108	72,431
Total current assets	1,183,657	2,775,389
Property and equipment, net	18,694	23,033
Other assets:		
Intangibles, net	3,479,500	3,747,500
Deferred costs, net of current	2,252,602	2,118,921
Notes receivable	146,054	-
Finance lease right-of-use assets, net	42,158	59,120
Operating lease right-of-use assets, net	366,269	462,421
Total other assets	6,286,583	6,387,962
Total assets	\$ 7,488,934	\$ 9,186,384

(Continued)

**See accompanying notes to the financial statements.**

**ZOOM DRAIN FRANCHISE, LLC**  
**BALANCE SHEETS**  
**December 31, 2023 and 2022**

**LIABILITIES AND MEMBER'S EQUITY**

	2023	2022
Current liabilities:		
Accounts payable	\$ 74,596	\$ 147,614
Accounts payable, related party	74,548	100,517
Credit cards payable	-	166,259
Accrued expenses	54,195	297,022
Deferred revenue, current	451,903	325,157
Deferred marketing fees	-	172,647
Operating lease liabilities, current	113,029	102,666
Finance lease liabilities, current	17,208	16,289
Total current liabilities	785,479	1,328,171
Deferred revenue, net of current	3,307,839	2,696,290
Finance lease liabilities, net of current	27,480	44,014
Operating lease liabilities, net of current	295,517	408,837
Total liabilities	4,416,315	4,477,312
Member's equity	3,072,619	4,709,072
Total liabilities and member's equity	\$ 7,488,934	\$ 9,186,384

See accompanying notes to the financial statements.

**ZOOM DRAIN FRANCHISE, LLC**  
**STATEMENTS OF OPERATIONS**  
**Years Ended December 31, 2023 and 2022**

	2023	2022
Operating revenues:		
Franchise fees	\$ 1,151,292	\$ 433,163
Technology and marketing fees	533,390	519,260
Brand fund revenue	756,309	449,934
Royalty fees	2,466,422	2,108,966
Truck and equipment fees	1,399,800	318,959
Other	117,380	-
Total operating revenues	6,424,593	3,830,282
Operating expenses:		
Salaries, wages, and benefits	1,105,069	680,277
Commissions	787,367	172,068
Truck stocking	1,195,865	291,453
Brand fund	680,465	479,237
Technology services	562,452	279,146
Advertising	534,847	644,051
Depreciation and amortization	291,596	290,607
Professional fees	418,383	111,104
Travel and entertainment	280,174	293,270
Other expense	226,190	238,801
Insurance	35,218	29,013
Office expense	218,227	204,900
Management fee	20,003	22,503
Total operating expenses	6,355,856	3,736,430
Net income from operations	68,737	93,852
Other income (expense):		
Other income	51,874	32,683
Interest expense	(4,104)	(2,730)
Total other income	47,770	29,953
Net income	\$ 116,507	\$ 123,805

**See accompanying notes to the financial statements.**

**ZOOM DRAIN FRANCHISE, LLC**  
**STATEMENTS OF CHANGES IN MEMBER'S EQUITY**  
**Years Ended December 31, 2023 and 2022**

Balance at January 1, 2022	\$	4,585,267
Net income		123,805
Balance at December 31, 2022		4,709,072
Cumulative change in accounting principle (Note 2)		(48,885)
Balance at January 1, 2023 (as adjusted for change in accounting principle)		4,660,187
Distributions		(1,704,075)
Net income		116,507
Balance at December 31, 2023	\$	3,072,619

**See accompanying notes to the financial statements.**

**ZOOM DRAIN FRANCHISE, LLC**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2023 and 2022**

	2023	2022
Cash flows from operating activities:		
Net income	\$ 116,507	\$ 123,805
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	274,634	290,607
Amortization of finance lease right-of-use assets	16,962	-
Amortization of operating lease right-of-use assets	96,152	49,082
Bad debt expense	36,553	67,000
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	233,693	(475,030)
Accounts receivable, related party	298,583	(228,529)
Prepaid expenses	(2,247)	(33,885)
Inventory	41,323	(72,431)
Deferred costs	(427,286)	(2,118,921)
Notes receivable	(146,054)	-
(Decrease) increase in:		
Accounts payable	(73,018)	146,439
Accounts payable, related party	(25,969)	89,270
Credit cards payable	(166,259)	125,160
Accrued expenses	(242,827)	210,029
Deferred revenue	738,295	2,839,970
Deferred marketing fees	(172,647)	-
Operating lease liabilities	(102,957)	-
Net cash provided by operating activities	493,438	1,012,566
Cash flows from investing activities:		
Purchase of property and equipment	(2,295)	(18,298)
Net cash used by investing activities	(2,295)	(18,298)
Cash flows from financing activities:		
Reduction of finance lease liabilities	(15,615)	(9,946)
Distributions to members	(1,704,075)	-
Net cash used by financing activities	(1,719,690)	(9,946)
Net (decrease) increase in cash and cash equivalents	(1,228,547)	984,322
Cash and cash equivalents, beginning of year	1,806,038	821,716
Cash and cash equivalents, end of year	\$ 577,491	\$ 1,806,038

(Continued)

See accompanying notes to the financial statements.

**ZOOM DRAIN FRANCHISE, LLC**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2023 and 2022**

**Supplemental Disclosures**

Cash paid during the year for interest	\$ 4,101	\$ 2,730
<u>Non-cash investing and financing activities:</u>		
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ -	\$ 70,249
Right-of-use assets obtained in exchange for an operating lease liability	\$ -	\$ 533,380

**See accompanying notes to the financial statements.**

**ZOOM DRAIN FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

1. NATURE OF OPERATIONS

Zoom Drain Franchise, LLC (the “Company”) is a wholly owned subsidiary of ZD Holdco, LLC. The Company is a Delaware limited liability company and was created in January of 2021. On February 12, 2021, ZD Holdco, LLC acquired the assets and liabilities of Zoom Franchise Company, LLC along with those of other related companies. The assets and liabilities of Zoom Franchise Company, LLC were contributed to the Company by ZD Holdco, LLC. The Company sells the right to operate a Zoom Sewer and Drain Cleaning franchise that provides drain cleaning and sewer inspections, maintenance, repair, and replacement work for residual and commercial customers through the purchase of individual franchises throughout the United States. The Franchisees will be focused exclusively on drain and sewer work.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

*Recently Adopted Accounting Pronouncements*

On January 1, 2022, the Company adopted the Accounting Standards Update (“ASU”) No. 2016-02, *Leases*, which supersedes the previous lease requirements in Accounting Standards Codification 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases are classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. The Company adopted the standard using the modified retrospective approach and utilized all of the available practical expedients.

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“CECL”). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected.

On January 1, 2023, the Company adopted ASU 2016-13 using the modified retrospective method. The Company recognized the cumulative effect of initially applying this standard to its accounts receivables by recording an adjustment to the opening balance of members’ equity. Results for the reporting period beginning January 1, 2023, are presented under ASC 326. The comparative information has not been restated and continues to be reported under the accounting standards in effect in that reporting period.

Upon adoption, the Company conducted a thorough review of its approach to estimating the allowance for doubtful accounts. As of January 1, 2023, the allowance for doubtful accounts was increased by \$48,885 with a corresponding decrease to member’s equity. This adjustment was made to accurately reflect the refined estimation of expected credit losses on accounts receivable.

### Use of Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used for financial reporting purposes.

### Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### Fair Value of Financial Instruments

The Company's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses. Management estimates that the fair value of all financial instruments as of December 31, 2023 and 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated financial statements.

### Concentrations of Credit Risk

Financial instruments that potentially subject the Company to a concentration of a credit risk principally consist of cash and trade receivables. The Company's franchisees operate throughout the United States. To reduce credit risk, the Company performs ongoing credit evaluations of its franchisees' financial condition.

In the normal course of business, the Company may have bank account balances in excess of federally insured limits. If cash balances exceed the amounts covered by insurance provided by the Federal Deposit Insurance Corporation, the excess balances could be at risk of loss. The Company's amount at risk of loss at risk of loss at December 31, 2023, is \$347,188.

### Accounts Receivable and Allowance for Credit Losses

The Company's accounts receivable are primarily due from franchisees for monthly royalty fees. As previously mentioned, the Company adopted ASU 2016-13. Before adoption, the allowance for doubtful accounts was based on the Company's estimate of potential accounts receivable write-offs associated with recognized revenue based on historical trends and factors surrounding the credit risk of specific franchisees. After adoption, the allowance for doubtful accounts is referred to as the allowance for credit losses. Additionally, the allowance for credit losses is also based on the credit losses expected to arise over the life of the accounts receivable while also giving consideration to current conditions and reasonable and supportable forecasts. The Company writes off accounts receivable when franchises have resold or are terminated and other means for collection have been exhausted and the potential for recovery is considered remote. Payments subsequently collected are credited back to the provision for doubtful accounts in the period the payments are received.

### Inventory

Inventory consists of truck uplifting equipment and service parts for the purposes of providing to new franchise partners. Inventory is stated at lower of cost (specific identification method) and net realizable value.

### Costs to Obtain Contracts with Customers

The Company capitalizes incremental contract cost associated with obtaining franchise contracts which include broker fees and general fees that would not have been incurred had the franchise sale not occurred. These costs are reported as deferred costs (assets) and are expensed pro-rata similarly to franchise fee revenue with a portion being recognized as a pre-opening services cost and the remaining on a straight-line basis over the term of the underlying franchise agreement. Amortization of deferred costs is included in commission expenses in the Statements of Operations.

### Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

### Property and Equipment

Property and equipment are stated at cost. The Company capitalizes assets with useful lives greater than one year and a value of more than \$2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets. The estimated useful lives range from three to five years. Repairs and maintenance costs that do not substantially increase the useful lives of the property and equipment are expensed as incurred.

### Intangible Assets

Intangible assets are recorded at their estimated fair values as of the date of acquisition. Intangible assets with definite lives consist of franchise contracts acquired and are amortized on a straight-line basis over their economic useful lives. The Company assesses the recoverability of its definite lived intangible assets primarily based on its current and anticipated future undiscounted cash flows. Intangible assets with indefinite lives consist of the Company's trade name.

### Income Taxes

Under existing provisions of the Internal Revenue Code, the income or loss of a limited liability company is recognized by the individual member for federal income tax purposes. Accordingly, no provision for federal income tax has been provided for in the accompanying financial statements. However, the Company remains liable for state income taxes.

Management has evaluated the Company's tax positions and has not identified any material uncertain tax positions that would not be sustained in a federal or state income tax examination. Accordingly, no provision for uncertainties in income taxes has been made in the accompanying financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### Advertising

Advertising and promotion expenses related directly to franchisees are expensed as incurred and are included in brand fund expenses in the Statement of Operations. All general advertising and promotion costs of the Company are allocated as operating expenses in the Statements of Operations. Advertising expenses that were directly related to franchisees for the years ended December 31, 2023 and 2022, totals \$680,465 and \$479,237, respectively. General advertising and promotion expenses for the years ended December 31, 2023 and 2022, totals \$534,847 and \$644,051, respectively.

### Reclassification

Certain reclassifications have been made to the presentation of the financial statements for the year ended December 31, 2022, to correspond with the current year's financial statement format. Total member's equity and net loss are unchanged due to these classifications.

### 3. PRIOR PERIOD ADJUSTMENT

The Company determined that previously issued financial statements for December 31, 2022 and 2021, included certain errors related to the improper amortization of the tradename. This intangible asset has an indefinite life, therefore is not amortized. The effect of the correction increased member's equity by \$137,375 for the year ended December 31, 2021.

The effect of the correction on the balance sheet, statement of member's equity, statement of operations, and cash flow for the year ended December 31, 2022, are as follows:

Balance Sheet and Statement of Member's Equity			
As of December 31, 2022			
	As previously reported:	As restated	Change
Intangible assets, net	\$ 3,453,125	\$ 3,747,500	\$ 294,375
Member's equity	\$ 4,414,697	\$ 4,709,072	\$ 294,375
Statement of Operations			
For the Year Ended December 31, 2022			
	As previously reported:	As restated	Change
Depreciation and amortization	\$ 447,607	\$ 290,607	\$ (157,000)
Statement of Cash Flows			
For the Year Ended December 31, 2022			
	As previously reported:	As restated	Change
Depreciation and amortization	\$ 447,607	\$ 290,607	\$ (157,000)

### 4. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable by major classification and the related allowance for credit losses (allowance for doubtful accounts in 2022) at December 31, 2023 and 2022:

	2023	2022
Franchisee royalties and fees	\$ 323,654	\$ 639,794
Accrued revenue	4,955	-
Other receivables	(90)	-
Less: allowance for credit losses	(129,600)	-
Less: allowance for doubtful accounts	-	(97,000)
Total	\$ 198,919	\$ 542,794

Bad debt expense for the years ended December 31, 2023 and 2022 totals \$36,553 and \$149,412, respectively. Changes in the allowance for credit losses during the year were as follows:

Balance, beginning of year	\$ (97,000)
Adoption of CECL	(48,885)
Bad debt expense	(36,553)
Write-offs	51,838
Recoveries	1,000
Balance, end of year	<u>\$ (129,600)</u>

#### 5. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment by major classification and the related accumulated depreciation and at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 30,058	\$ 28,019
	30,058	28,019
Less: accumulated depreciation	<u>(11,364)</u>	<u>(4,986)</u>
Total	<u>\$ 18,694</u>	<u>\$ 23,033</u>

Depreciation expense for the years ended December 31, 2023 and 2022 totals \$6,378 and \$4,394, respectively.

#### 6. INTANGIBLE ASSETS

The following is a summary of intangible assets and related accumulated amortization as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Franchise contracts acquired	\$ 2,680,000	\$ 2,680,000
Less: accumulated amortization	<u>(770,500)</u>	<u>(502,500)</u>
Total amortizable intangibles	1,909,500	2,177,500
Trade name	<u>\$ 1,570,000</u>	<u>\$ 1,570,000</u>
Total	<u>\$ 3,479,500</u>	<u>\$ 3,747,500</u>

Amortization expense for intangible assets for the years ended December 31, 2023 and 2022 totals \$268,000 and \$286,212, respectively. Remaining amortization expense over the next five years and thereafter is as follows:

	<u>Franchise Contracts</u>
2024	\$ 268,000
2025	268,000
2026	268,000
2027	268,000
2028	268,000
Thereafter	<u>569,500</u>
	<u>\$ 1,909,500</u>

## 7. REVENUE RECOGNITION

The Company generates franchise revenues through royalties, initial and successor franchise fees, transfer fees, and other fees. The Company's primary performance obligations under the franchise license is providing certain pre-operating services and granting certain rights to use the Company's intellectual property. All other services the Company provides under the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for as a single performance obligation, which is satisfied by granting certain rights to use intellectual property over the term of each franchise agreement.

The Company has elected not to adjust consideration for the effects of financing which is allowable under a practical expedient when the period between the receipt of payment and the transfer of the goods or services to the customer is one year or less.

The Company does not believe the contracts contain any terms that would result in variable consideration that should be considered in the transaction price. Thus, the transaction price for financial reporting purposes is the total value of the franchise agreement, excluding royalty fees, brand fund fees, and tech fees.

### Royalties

Royalties, including franchisee contributions to national advertising funds, are calculated as a percentage of franchise monthly dues and annual fees over the term of the franchise agreement. The franchise royalties represent sales-based royalties that are related entirely to the performance obligation under the franchise agreement and are recognized as the underlying sales occur at the franchisee-level. Additionally, contributions to national advertising funds are due monthly and are recognized in income when earned.

### Franchise Licenses

Initial and successor franchise fees are payable by the franchisee upon signing a new franchise agreement or successor franchise agreement, and transfer fees are paid to the Company when one franchisee transfers a franchise agreement to a different franchisee. The Company has elected the practical expedient available for the recognition of income related to franchise licenses. The guidance allows for all pre-operation service obligations to be bundled and considered on single performance obligation rather than each pre-operation service (training, quality control, information technology, etc.) being a standalone performance obligation. Accordingly, franchise licenses revenue recognition includes two performance obligations: 1) pre-operation services, 2) ongoing assistance and continued access to the brand's intellectual property provided to that franchisee through the term of the franchise agreement. Pre-operation services revenue is recognized once the services have been provided and the franchisee commences business operations. The Company recognizes franchise fee revenue of \$29,624 for pre-operation services based on an estimate of the cost of specific goods and services provided. The remaining franchisee fee revenue is amortized on a straight-line basis over the term of the franchise agreement.

Franchise fee revenue disaggregated by type for the year ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Pre-operating revenue	\$ 622,104	\$ 266,616
Ongoing revenue	<u>529,188</u>	<u>166,547</u>
	<u>\$ 1,151,292</u>	<u>\$ 433,163</u>

Contract assets consist of deferred costs related to obtaining franchise contracts, such as broker fees, sales commissions, and general fees. The following table reflects the change in contract assets:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 2,118,921	\$ -
Increase	1,214,653	2,290,989
Expense recognized	<u>(787,367)</u>	<u>(172,068)</u>
Ending balance	<u>\$ 2,546,207</u>	<u>\$ 2,118,921</u>

The following table illustrates estimated costs expected to be expensed in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2023:

2024	\$ 293,594
2025	280,824
2026	280,824
2027	280,824
2028	280,824
Thereafter	<u>1,129,317</u>
Total	<u>\$ 2,546,207</u>

Contract liabilities consist of deferred revenue resulting from initial and successor franchise fees, as well as transfer fees. The following table reflects the change in contract liabilities:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 3,021,447	\$ 181,477
Increase	1,889,587	3,273,133
Revenue recognized	<u>(1,151,292)</u>	<u>(433,163)</u>
Ending balance	<u>\$ 3,759,742</u>	<u>\$ 3,021,447</u>

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2023. The Company has elected to exclude short term contracts, sales and usage-based royalties and any other variable consideration recognized on an "as invoiced" basis.

2024	\$	461,382
2025		434,920
2026		433,795
2027		432,857
2028		425,797
Thereafter		<u>1,570,991</u>
Total	\$	<u><u>3,759,742</u></u>

Franchise Trucks and Equipment

The Company charges franchise partners for vehicles, equipment, tools, and parts that are fitted onto the franchisee's vehicles during the franchise partner training and orientation. This revenue is recognized by the Company when the franchise partner completes training and orientation and takes possession of the new vehicle.

8. RETIREMENT PLAN

The Company has established a defined contribution retirement plan that covers all employees who have met certain employment requirements in accordance with the plan document. The plan is funded by employer matching contributions and voluntary employee contributions. The retirement plan expenses as of December 31, 2023 and 2022, were \$18,313 and \$10,542, respectively.

9. RELATED PARTY TRANSACTIONS

The Company provides franchise services to entities under common ownership. Total sales to the related entities totaled \$1,138,841 and \$1,173,579 for the years ended December 31, 2023 and 2022, respectively.

In the ordinary course of business, the Company transacts with related parties. The following is a summary of accounts receivable, related parties, at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Zoom Drain Philadelphia, LLC	\$ -	\$ 231,995
Zoom Drain Holdco, LLC	-	13,195
Zoom Drain Charlotte, LLC	<u>4,848</u>	<u>58,241</u>
Total	<u><u>\$ 4,848</u></u>	<u><u>\$ 303,431</u></u>

In the ordinary course of business, the Company transacts with related parties. The following is a summary of accounts payable, related party, at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Zoom Drain Philadelphia, LLC	\$ 74,548	\$ 99,375
Zoom Drain Charlotte, LLC	<u>-</u>	<u>1,142</u>
Total	<u><u>\$ 74,548</u></u>	<u><u>\$ 100,517</u></u>

ZD Holdco, LLC, a related company, participates in a management agreement with an affiliated entity. The agreement calls for \$25,000 quarterly payments, totaling \$100,000 annually, as part of the compensation consideration to be paid under the agreement. A portion of these payment obligations are allocated to the Company. The Company was allocated \$20,000 and \$22,503 for these services for the years ended December 31, 2023 and 2022, respectively. These expenses are reported as management fee in the accompanying Statements of Operations.

#### 10. LEASES

The Company entered into a lease agreement dated February 28, 2022, to lease office space located in Pennsylvania. The lease has an initial termination date of February 2027 and provides a renewal option for an additional 5 years. The Company does not expect to exercise the renewal option. The Company also entered into various finance lease agreements for computer equipment during 2022. The lease agreements are for the term of 48 months. Amortization of finance leased assets is included with depreciation expense.

The following is a summary of operating and finance leases as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating leases:		
Operating lease right-of-use assets	<u>\$ 366,269</u>	<u>\$ 462,421</u>
Operating lease liabilities, current	113,029	102,666
Operating lease liabilities, net of current	<u>295,517</u>	<u>408,837</u>
Total operating lease liabilities	<u>\$ 408,546</u>	<u>\$ 511,503</u>
Finance leases:		
Finance lease right-of-use assets	<u>\$ 42,158</u>	<u>\$ 59,120</u>
Finance lease liabilities, current	17,208	16,289
Finance lease liabilities, net of current	<u>27,480</u>	<u>408,837</u>
Total finance lease liabilities	<u>\$ 44,688</u>	<u>\$ 425,126</u>
Weighted average remaining lease terms:		
Finance leases	2.5 years	3.4 years
Operating leases	3.3 years	4.2 years
Weighted average discount rates:		
Finance leases	7.9 percent	7.2 percent
Operating leases	6 percent	6 percent

The following are the lease components of lease expenses for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 125,200	\$ 173,064
Non-component lease cost	-	-
Total operating lease cost	<u>\$ 125,200</u>	<u>\$ 173,064</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 17,218	\$ 11,129
Interest on lease liabilities	<u>4,101</u>	<u>2,730</u>
Total finance lease cost	<u>\$ 21,319</u>	<u>\$ 13,859</u>

Cash flow information related to leases for the year ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 125,200</u>	<u>\$ 173,064</u>
Operating cash flows from finance leases	<u>\$ 4,101</u>	<u>\$ 2,730</u>
Financing cash flows from finance leases	<u>\$ 15,803</u>	<u>\$ 9,946</u>

Right-of-use assets obtained in exchange for lease obligations:

Operating leases	<u>\$ -</u>	<u>\$ 533,380</u>
Finance leases	<u>\$ -</u>	<u>\$ 70,249</u>

Below is a schedule of future minimum lease payments for these leases:

	<u>Finance Lease</u>	<u>Operating Lease</u>
2024	\$ 20,008	\$ 133,846
2025	20,008	137,862
2026	9,000	141,998
2027	-	35,847
2028	-	-
Thereafter	<u>-</u>	<u>-</u>
Principal lease payments	49,016	449,553
Less: Present value discount	<u>(4,328)</u>	<u>(41,007)</u>
Total	<u>\$ 44,688</u>	<u>\$ 408,546</u>

11. COMMITMENTS AND CONTINGENCIES

When a franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in training personnel, implementation of an accounting system, and design of quality control.

12. SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the balance sheet date through April 23, 2024, the date at which the financial statements were available to be issued, and determined there are no items to disclose.

**ZOOM DRAIN FRANCHISE, LLC**

**FINANCIAL STATEMENTS**

*Period February 12, 2021 to December 31, 2021*

**ZOOM DRAIN FRANCHISE, LLC**  
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PERIOD FEBRUARY 12, 2021 TO DECEMBER 31, 2021

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## ***Independent Auditors' Report***

To the Board of Directors  
Zoom Drain Franchise, LLC  
Norristown, Pennsylvania

### ***Opinion***

We have audited the financial statements of Zoom Drain Franchise, LLC, which comprise the balance sheet as of December 31, 2021, and the related statements of income and member's equity, and cash flows for the period February 12, 2021 to December 31, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Zoom Drain Franchise, LLC as of December 31, 2021, and the results of its operations and its cash flows for the period February 12, 2021 to December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Zoom Drain Franchise, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Zoom Drain Franchise, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

To the Board of Directors  
Zoom Drain Franchise, LLC  
Norristown, Pennsylvania

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Zoom Drain Franchise, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Zoom Drain Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Information Included in the Franchise Disclosure Document***

Management is responsible for the other information included in the Franchise Disclosure Document. The other information comprises the information for prospective franchisee with information about the franchisor and does include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Board of Directors  
Zoom Drain Franchise, LLC  
Norristown, Pennsylvania

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Maille LLP*

Limerick, Pennsylvania  
March 14, 2022

# ZOOM DRAIN FRANCHISE, LLC

## BALANCE SHEET

DECEMBER 31, 2021

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### ASSETS

#### CURRENT ASSETS

Cash	\$	821,716
Accounts receivable, net		134,764
Accounts receivable, related party		74,902
Prepaid expenses		16,810
TOTAL CURRENT ASSETS		<u>1,048,192</u>

#### PROPERTY AND EQUIPMENT

Computers and office equipment		9,721
Accumulated depreciation		(591)
		<u>9,130</u>

INTANGIBLE ASSETS, net 3,885,208

TOTAL ASSETS \$ 4,942,530

### LIABILITIES AND MEMBER'S EQUITY

#### CURRENT LIABILITIES

Accounts payable	\$	1,175
Credit cards payable		41,099
Due to related parties		11,247
Deferred franchise contract revenue, current portion		47,766
Accrued liabilities		86,993
TOTAL CURRENT LIABILITIES		<u>188,280</u>

#### LONG TERM LIABILITIES

Deferred franchise contract revenue, less current portion 306,358

MEMBER'S EQUITY 4,447,892

TOTAL LIABILITIES AND MEMBER'S EQUITY \$ 4,942,530

See accompanying notes.

# ZOOM DRAIN FRANCHISE, LLC

## STATEMENT OF INCOME AND MEMBER'S EQUITY PERIOD FEBRUARY 12, 2021 TO DECEMBER 31, 2021

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### REVENUES

Franchise fees	\$	82,168
Franchise fees - website, technology and marketing		303,987
Royalties		<u>1,401,337</u>
TOTAL REVENUES		<u>1,787,492</u>

### OPERATING EXPENSES

Selling Expenses		
Franchise development		85,513
Franchise marketing and technology		277,780
Administrative Expenses		
Bad debt		30,000
Bank and credit card fees		11,785
Computer and telephone		25,324
Depreciation and amortization		373,883
Franchisee coaching and support		69,096
Insurance		28,777
Office		18,572
Outside services		2,181
Payroll		290,081
Payroll taxes		26,283
Pension and retirement		5,069
Professional fees		152,626
Recruiting and hiring		23,100
Travel		<u>38,095</u>
TOTAL OPERATING EXPENSES		<u>1,458,165</u>

NET INCOME 329,327

### MEMBER'S EQUITY AT BEGINNING OF THE PERIOD

Member contributions 4,118,565

MEMBER'S EQUITY AT END OF THE PERIOD \$ 4,447,892

*See accompanying notes.*

# ZOOM DRAIN FRANCHISE, LLC

## STATEMENTS OF CASH FLOWS

PERIOD FEBRUARY 12, 2021 TO DECEMBER 31, 2021

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### CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 329,327
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	373,883
Bad debts	30,000
Increase in	
Accounts receivable	(92,147)
Accounts receivable, related party	(74,902)
Prepaid expenses	(16,810)
Increase (decrease) in	
Accounts payable	734
Credit cards payable	3,780
Due to related parties	11,247
Deferred franchise contract revenue	(12,168)
Accrued liabilities	86,993
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>639,937</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of intangible assets	(8,500)
Purchase of property and equipment	(9,721)
NET CASH USED BY INVESTING ACTIVITIES	<u>(18,221)</u>

### CASH FLOWS FROM FINANCING ACTIVITIES

Member contributions	<u>200,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>200,000</u>

NET INCREASE IN CASH 821,716

CASH AT BEGINNING OF THE PERIOD -

CASH AT END OF THE PERIOD \$ 821,716

*See accompanying notes.*

**ZOOM DRAIN FRANCHISE, LLC**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**NOTE A - NATURE OF BUSINESS**

Zoom Drain Franchise, LLC (wholly owned subsidiary of ZD Holdco, LLC) is a Delaware limited liability company. The Company was created in January 2021. On February 12, 2021, ZD Holdco, LLC acquired the assets and liabilities of Zoom Franchise Company, LLC along with those of other related companies. The assets and liabilities of Zoom Franchise Company, LLC were contributed to the Company by ZD Holdco, LLC. There was no activity in the Company from the date of creation through the date of the acquisition. The Company sells the right to operate a Zoom Sewer and Drain Cleaning franchise that provides drain cleaning and sewer inspections, maintenance, repair and replacement work for residential and commercial customers through the purchase of individual franchises throughout the United States. The franchisees will be focused exclusively on drain and sewer work.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Cash and Cash Equivalents**

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are uncollateralized franchisee obligations for royalties and services due under normal trade terms. Payment terms are 30 days from the invoice date.

Accounts receivable are stated at the amount billed to the franchisee. Franchisee account balances with invoices over 30 days past the due date are considered delinquent. It is not the Company's practice to charge interest on unpaid accounts receivable that are delinquent.

Payments of accounts receivable are allocated to the specific invoices identified on the franchisee's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects the management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that are delinquent and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Management has estimated the allowance for doubtful accounts was \$30,000 at December 31, 2021.

**ZOOM DRAIN FRANCHISE, LLC**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Computers and office equipment	5

**Intangible Assets**

The Company's intangibles consist of Trademarks, Existing Customer Relationships and Software associated with an asset purchase agreement. Trademarks, Existing Customer Relationships and Software were valued at fair market of \$1,570,000, \$2,680,000, and \$8,500, respectively. Trademarks, Existing Customer Relationships and Software will be amortized on a straight-line basis over a period of ten years.

**Revenue Recognition**

Revenue from franchising agreements with customers is recognized over the duration of the contract in conjunction with different performance obligations established in each franchise agreement. Revenue is recognized under these performance obligations as follows:

*Franchise Fees*

A franchisee pays the Company a franchise fee for initial training services provided to the franchise location as well as for the ongoing relationship and use of intangible assets that the franchise location will have with the Company. A portion of the franchise fee is allocated to the performance of the initial training services, based on management's estimation of the standalone market value of these services, and is recognized when these services are performed. The remainder of the franchise fee is recognized ratably over the duration of the franchise agreement, which is typically ten years.

*Royalty Fees*

The franchise agreement allows the Company to collect royalties from the franchisee based on the net sales of each franchise location. This royalty is typically 5% of each month's net sales and is recognized by the Company on a monthly basis after the royalties have been earned.

*Website, Technology and Marketing*

The Company charges a flat fee to franchisee for website creation, maintenance and basic website marketing services. This revenue is recognized by the Company on a monthly basis when charges are billed to the franchisee.

The Company records a liability for the portion of franchise fees that have been received by the Company that relate to service obligations owed to the franchisee and not yet completed by the Company.

**ZOOM DRAIN FRANCHISE, LLC**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

As a limited liability company, the Company's taxable income or loss is allocated to the member in accordance with the member's respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Date of Management's Review**

Management has evaluated subsequent events through March 14, 2022, the date which the financial statements were available to be issued.

**NOTE C - CONCENTRATION OF CREDIT RISK**

The Company has concentrated its credit risk for cash by maintaining deposits in financial institutions which may, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). As of December 31, 2021, cash balances in excess of FDIC coverage were \$612,188.

**NOTE D - INTANGIBLE ASSETS**

	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	<u>Net Amount</u>
Trademarks	\$ 1,570,000	\$ (137,375)	\$ 1,432,625
Existing customer relationships	2,680,000	(234,500)	2,445,500
Software	<u>8,500</u>	<u>(1,417)</u>	<u>7,083</u>
Total intangible assets	<u>\$ 4,258,500</u>	<u>\$ (373,292)</u>	<u>\$ 3,885,208</u>

The aggregate amount of amortization expense for the period February 12, 2021 to December 31, 2021 was \$373,292. Amortization expense is estimated to be \$425,000 each year through 2031.

**ZOOM DRAIN FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**NOTE E - REVENUE RECOGNITION OF FRANCHISE AGREEMENTS**

**Performance Obligations and Significant Judgments**

Revenue is recognized when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of products or services. The Company satisfies performance obligations either over time or at a point in time as discussed in further detail below. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services.

Under the franchise agreement, franchisees are granted the right to operate using the Company's system and branding which in most cases is for a period of 10 years. The franchisees pay an initial fee to purchase a franchise and then subsequently pay royalties to the Company based upon a set percentage of the sales of the franchisee.

The disaggregation of the timing of recognizing revenue for the period ended December 31, 2021 is as follows:

	<u>Products and Services Transferred:</u>	
	<u>Point in Time</u>	<u>Over Time</u>
Initial franchise fee amortization	\$ -	\$ 82,168
Franchise fees - website, technology and marketing	-	303,987
Royalties	<u>1,401,337</u>	<u>-</u>
	<u>\$ 1,401,337</u>	<u>\$ 386,155</u>

**Contract Assets and Liabilities**

Contract assets arise when the Company recognizes expenses for amounts that used to obtain of fulfill a contract with a customer. The Company does not have any material contract assets as of December 31, 2021.

Contract liabilities arise when the Company receives payments from customers in advance of recognizing revenue. The Company has contract liabilities as of December 31, 2021 in the amounts of \$354,124, and are included under the balance sheet caption " deferred franchise contract revenue" as detailed below.

Current portion	\$ 47,766
Long-term portion	<u>306,358</u>
	<u>\$ 354,124</u>

**ZOOM DRAIN FRANCHISE, LLC**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**NOTE F - SUMMARY OF FRANCHISE OUTLETS**

The following is a summary of the franchise outlets during the period December 31, 2021:

	<u>2021</u>
Franchised outlets	
In operation, beginning of the period	-
Franchised outlets acquired during the period	17 *
New franchises sold during the period	-
Franchises terminated during the period	<u>(1)</u>
In operation, end of the period	<u><u>16</u></u> *

*\* Includes two units owned by a related party of the Company*

**NOTE G - RETIREMENT PLAN**

The Company has established a defined contribution retirement plan that covers all employees who have met certain employment requirements in accordance with the plan document. The plan is funded by employer matching contributions and voluntary employee contributions. The retirement plan expenses for the period February 12, 2021 through December 31, 2021 were \$5,069.

**NOTE H - RELATED PARTY TRANSACTIONS**

The Company provides franchise services to entities under common ownership. Total sales to the related entities were \$644,230 for the period February 12, 2021 to December 31, 2021. The total balances due from and due to related parties were \$74,902 and \$11,247 as of December 31, 2021, respectively.

**NOTE I - COMMITMENTS**

When a franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of quality control.

**ZOOM DRAIN FRANCHISE, LLC**

**FINANCIAL STATEMENT**

*As of February 12, 2021*

# ZOOM DRAIN FRANCHISE, LLC

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AS OF FEBRUARY 12, 2021

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## ***Independent Auditors' Report***

To the Board of Directors  
Zoom Drain Franchise, LLC  
Audubon, Pennsylvania

### ***Report on the Financial Statements***

We have audited the accompanying balance sheet of Zoom Drain Franchise, LLC as of February 12, 2021, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors  
Zoom Drain Franchise, LLC  
Audubon, Pennsylvania

***Opinion***

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of Zoom Drain Franchise, LLC as of February 12, 2021, in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note E, the spread of the COVID-19 coronavirus is affecting the United States and global economies and may have an impact on Zoom Drain Franchise, LLC 's operational and financial performance. At this point, Zoom Drain Franchise, LLC cannot reasonably estimate the impact on its operations or financial results. Our opinion/conclusion is not modified with respect to this matter.

*Maille LLP*

Limerick, Pennsylvania  
June 2, 2021

# ZOOM DRAIN FRANCHISE, LLC

## BALANCE SHEET

FEBRUARY 12, 2021

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### ASSETS

#### CURRENT ASSETS

Cash	\$	200,000
Accounts receivable		<u>72,617</u>
TOTAL CURRENT ASSETS		<u>272,617</u>

#### INTANGIBLE ASSETS

4,250,000

#### TOTAL ASSETS

\$ 4,522,617

### LIABILITIES AND MEMBER EQUITY

#### CURRENT LIABILITIES

Accounts payable	\$	441
Credit card payable		37,319
Deferred franchise contract revenue		<u>44,750</u>
TOTAL CURRENT LIABILITIES		<u>82,510</u>

#### LONG TERM LIABILITIES

Deferred franchise contract revenue , less current portion		<u>321,542</u>
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#### MEMBER EQUITY

4,118,565

#### TOTAL LIABILITIES AND MEMBER EQUITY

\$ 4,522,617

*See accompanying notes.*

**ZOOM DRAIN FRANCHISE, LLC**  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 12, 2021

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

Zoom Drain Franchise, LLC (wholly owned subsidiary of ZD Holdco, LLC) is a Pennsylvania limited liability company. The Company was created in January 2021. On February 12, 2021, ZD Holdco, LLC acquired the assets and liabilities of Zoom Franchise Company, LLC along with those of other related companies. The assets and liabilities of Zoom Franchise Company, LLC were contributed to the Company by ZD Holdco, LLC. There was no activity in the Company from the date of creation through the date of the acquisition. The Company sells the right to operate a Zoom Sewer and Drain Cleaning franchise that provides drain cleaning and sewer inspections, maintenance, repair and replacement work for residential and commercial customers through the purchase of individual franchises throughout the United States. The franchisees will be focused exclusively on drain and sewer work.

**Revenue Recognition**

Revenue from franchising agreements with customers is recognized over the duration of the contract in conjunction with different performance obligations established in each franchise agreement. Revenue is recognized under these performance obligations as follows:

*Franchise Fees*

A franchisee pays the Company a franchise fee for initial training services provided to the franchise location as well as for the ongoing relationship and use of intangible assets that the franchise location will have with the Company. A portion of the franchise fee is allocated to the performance of the initial training services, based on management's estimation of the standalone market value of these services, and is recognized when these services are performed. The remainder of the franchise fee is recognized ratably over the duration of the franchise agreement, which is typically ten years.

*Royalty Fees*

The franchise agreement allows the Company to collect royalties from the franchisee based on the net sales of each franchise location. This royalty is typically 5% of each month's net sales and is recognized by the Company on a monthly basis after the royalties have been earned.

The Company records a liability for the portion of franchise fees that have been received by the Company that relate to service obligations owed to the franchisee and not yet completed by the Company.

**Cash and Cash Equivalents**

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable**

Accounts receivable are uncollateralized franchisee obligations for royalties and services due under normal trade terms. Payment terms are 30 days from the invoice date.

Accounts receivable are stated at the amount billed to the franchisee. Franchisee account balances with invoices over 30 days past the due date are considered delinquent. It is not the Company's practice to charge interest on unpaid accounts receivable that are delinquent.

Payments of accounts receivable are allocated to the specific invoices identified on the franchisee's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects the management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that are delinquent and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Management has estimated that any uncollectible accounts will be immaterial at year-end.

**Intangible Assets**

The Company's intangibles consist of Trademarks and Existing Customer Relationships associated with an asset purchase agreement. Trademarks and Existing Customer Relationships were valued at fair market of \$1,570,000 and \$2,680,000, respectively. Trademarks and Existing Customer Relationships will be amortized on a straight-line basis over a period of ten years.

**Income taxes**

As a limited liability company, the Company's taxable income or loss is allocated to the member in accordance with the member's respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Date of Management's Review**

Management has evaluated subsequent events through June 2, 2021, the date which the financial statements were available to be issued.

**ZOOM DRAIN FRANCHISE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FEBRUARY 12, 2021**

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**NOTE B - INTANGIBLE ASSETS**

	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	<u>Net Amount</u>
Trademarks	\$ 1,570,000	\$ -	\$ 1,570,000
Existing customer relationships	<u>2,680,000</u>	<u>-</u>	<u>2,680,000</u>
Total intangible assets	<u>\$ 4,250,000</u>	<u>\$ -</u>	<u>\$ 4,250,000</u>

Future estimated amortization expense is as follows for the years ending December 31:

2021	\$ 371,875
2022	425,000
2023	425,000
2024	425,000
2025	425,000
Thereafter	<u>2,178,125</u>
	<u>\$ 4,250,000</u>

**NOTE C - DEFERRED FRANCHISE CONTRACT REVENUE**

Franchise fees received by the Company relating to performance obligations not yet completed were \$366,292 as of February 12, 2021.

Current portion	\$ 44,750
Long-term portion	<u>321,542</u>
	<u>\$ 366,292</u>

**NOTE D - COMMITMENTS**

When a franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, training personnel, implementation of an accounting system, and design of quality control.

**ZOOM DRAIN FRANCHISE, LLC**  
NOTES TO FINANCIAL STATEMENTS  
FEBRUARY 12, 2021

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**NOTE E - RISKS AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the novel coronavirus ("COVID-19") outbreak a pandemic which has impacted the global economy. The COVID-19 pandemic is still on-going and the duration and extent of the related financial impact on the Company's financial position, operations and cash flows is uncertain and cannot be reasonably estimated at this time.

**EXHIBIT F**  
**LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

NOTE: SOME STATES REQUIRE THAT THE FRANCHISE BE REGISTERED WITH A STATE AGENCY. WE DO NOT OFFER OR SELL FRANCHISES IN ANY OF THOSE STATES UNLESS WE ARE REGISTERED, AND THE LISTING OF A STATE BELOW DOES NOT MEAN THAT WE ARE SO REGISTERED.

**California**

Department of Financial  
Protection and Innovation  
One Sansome Street, Suite 600  
San Francisco, CA 94104  
(415) 557-3787  
(866) 275-2677

**Florida**

Department of Agriculture and  
Consumer Services  
Division of Consumer Services  
227 N. Bronough Street  
City Centre Building, 7th Floor  
Tallahassee, FL 32301  
(904) 922-2770

**Hawaii**

Department of Commerce and  
Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
(808) 586-2722

**Illinois**

Office of Attorney General  
Franchise Division  
500 South Second Street  
Springfield, IL 62706  
(217) 782-4465

**Indiana**

Indiana Secretary of State  
Securities Division  
302 West Washington Street  
Room E-111  
Indianapolis, IN 46204  
(317) 232-6681

**Maryland**

Office of Attorney General  
Maryland Division of Securities  
200 St. Paul Place  
Baltimore, MD 21202-2020  
(410) 576-6360

**Michigan**

Attorney General

Consumer Protection Division  
Antitrust and Franchise Unit  
525 W. Ottawa Street  
G. Mennen Williams Bldg. 1<sup>st</sup> Fl  
Lansing, MI 48913  
(517) 373-7117

**Minnesota**

Department of Commerce  
Securities Unit  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, MN 55101  
(651) 539-1600

**Nebraska**

Department of Banking and  
Finance  
1526 K Street, Suite 300  
P.O. Box 95006  
Lincoln, NE 68508  
(402) 471-3445

**New York**

NY State Attorney General  
Division of Economic Justice  
Investor Protection Bureau  
28 Liberty Street  
New York, NY 10005  
(212) 416-8236 Phone

**North Dakota**

North Dakota Securities  
Department  
600 East Boulevard, State  
Capitol, 5th Floor, Dept. 414  
Bismarck, ND 58505-0510  
(701) 328-4712

**Oregon**

Dept. of Ins. and Finance  
Corporate Securities Section  
Labor and Industries Building  
Salem, OR 97310  
(503) 378-4387

**Rhode Island**

Dept. of Business Regulation  
Division of Securities  
233 Richmond Street, Suite 232  
FDD Ex. F-11

Providence, RI 02903  
(401) 222-3048

**South Dakota**

Division of Insurance  
Securities Regulation  
124 S Euclid, Suite 104  
Pierre, South Dakota 57501  
(605) 773-3563

**Texas**

Secretary of State  
Statutory Document Section  
P.O. Box 13563  
Austin, TX 78711  
(512) 475-1769

**Virginia**

State Corporation Commission  
Division of Securities and  
Retail Franchising  
1300 E. Main Street, 9th Floor  
Richmond, VA 23219  
(804) 371-9051

**Washington**

Securities Administrator  
Department of Financial  
Institutions  
Securities Division  
P.O. Box 9033  
Olympia, WA 98507-9033  
(360) 902-8760

**Wisconsin**

Department of Financial  
Institutions Div. of Securities  
345 W. Washington Ave., 4<sup>th</sup> FL  
Madison, WI 53703  
(608) 261-9555

## **Agents for Service of Process**

### **California**

Commissioner of the Dept. of Financial Protection and Innovation  
California Dept. of Corporations  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013-2344  
(213) 576-7500  
(866) 275-2677

### **Hawaii**

Commissioner of Securities  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
(808) 586-2722

### **Illinois**

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-1090

### **Indiana**

Indiana Secretary of State  
201 State House  
200 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6531

### **Maryland**

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
(410) 576-6360

### **Michigan**

Department of Commerce,  
Corporations and Securities Bureau  
6546 Mercantile Way  
Lansing, Michigan 48910  
(517) 334-6212

### **Minnesota**

Commissioner of Commerce  
Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

### **New York**

Attention: New York Secretary of State  
New York Department of State  
One Commerce Plaza  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, New York 12231-0001  
(518) 473-2492

### **North Dakota**

North Dakota Securities Department  
600 East Boulevard, State Capitol  
5th Floor, Dept. 414  
Bismarck, ND 58505-0510  
(701) 328-4712

### **Oregon**

Director of Oregon  
Department of Insurance and Finance  
700 Summer Street, N.E., Suite 120  
Salem, Oregon 97310  
(503) 378-4387

### **Rhode Island**

Director of Rhode Island  
Department of Business Regulation  
233 Richmond Street, Suite 232  
Providence, Rhode Island 02903-4232  
(401) 222-3048

### **South Dakota**

Director of South Dakota Division of Insurance  
124 S Euclid, Suite 104  
Pierre, South Dakota 57501  
(605) 773-3563

### **Virginia**

Clerk of the State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, Virginia 23219  
(804) 371-9733

### **Washington**

Securities Administrator  
Department of Financial Institutions  
150 Israel Rd.  
Tumwater, Washington 98501  
(360) 902-8760

### **Wisconsin**

Wisconsin Commissioner of Securities  
345 W. Washington Ave., 4th Floor  
Madison, Wisconsin 53703  
(608) 261-9555

**EXHIBIT G**

**RELEASE**

FDD Ex. G-1

## GENERAL RELEASE

**THIS GENERAL RELEASE** (the “**General Release**”) is made by the undersigned (hereinafter “**Releasor(s)**”) for the benefit of Zoom Drain Franchise, LLC, a Delaware limited liability company (hereinafter, “**Franchisor**”), on \_\_\_\_\_ (the “**Effective Date**”).

### RECITALS:

**WHEREAS**, Releasor is a ZOOM DRAIN franchisee and operates a ZOOM DRAIN franchised business (the “**Franchised Business**”) pursuant to that certain franchise agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”);

**WHEREAS**, Releasor desires to renew its franchise with Franchisor or desires Franchisor’s consent to \_\_\_\_\_ in connection with the Franchise Agreement; and

**WHEREAS**, certain states require certain changes be made to this General Release specific to such state.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys’ fees, accounting fees or experts’ fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this General Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under any state franchise law which governs this Release.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor’s past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term “Releasor” shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor’s past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

**IN WITNESS WHEREOF**, each Releasor party hereto has executed this General Release effective as the day and year first above written.

RELEASOR:

\_\_\_\_\_

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

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

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## EXHIBIT H

### STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Pending Registration
Hawaii	Not registered
Illinois	Pending Registration
Indiana	May 1, 2024
Maryland	Pending Registration
Michigan	June 29, 2023
Minnesota	Pending Registration
New York	Pending Registration
North Dakota	Pending Registration
Rhode Island	Pending Registration
South Dakota	Pending Registration
Virginia	Pending Registration
Washington	Pending Registration
Wisconsin	Pending Registration

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT I**  
**RECEIPTS**  
**(YOUR COPY)**

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Zoom Drain Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, Zoom Drain Franchise, LLC must provide this disclosure document to you at the earlier of our first personal meeting to discuss the franchise or 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sales. Under Michigan law, if applicable, Zoom Drain Franchise, LLC must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, Zoom Drain Franchise, LLC must provide you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sales.

If Zoom Drain Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified in **Exhibit F**.

The name, principal business address and telephone number of each franchise seller offering the franchise: Joseph Schneeweis and James Criniti, Zoom Drain Franchise, LLC, 500 Davis Drive, Plymouth Meeting, PA 19462, 215-259-8050; Grace Donnelly and Jessica McLean, Franchise Fastlane, 16934 Frances Street #105, Omaha, NE 68154; (531) 333-3278.

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Date of Issuance: April 26, 2024.

See **Exhibit F** for our registered agents authorized to receive service of process.

I have received a disclosure document dated April 26, 2024, that included the following Exhibits:

- |  |   |
|--|---|
| A-1. Franchise Agreement                                 | E. Financial Statements                                 |
| A-2. Development Agreement                               | F. List of State Agencies/Agents for Service of Process |
| B. Table of Contents of Manuals                          | G. Release  |
| C. State Specific Addenda to FDD and Franchise Agreement | H. State Effective Dates                                |
| D. List of Franchisees                                   | I. Receipts   |

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Date

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Signature

---

Printed Name

---

Date

---

Signature

---

Printed Name

**RECEIPTS  
(OUR COPY)**

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If Zoom Drain Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, Zoom Drain Franchise, LLC must provide this disclosure document to you at the earlier of our first personal meeting to discuss the franchise or 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sales. Under Michigan law, if applicable, Zoom Drain Franchise, LLC must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, Zoom Drain Franchise, LLC must provide you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sales.

If Zoom Drain Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified in **Exhibit F**.

The name, principal business address and telephone number of each franchise seller offering the franchise: Ellen Rohr and James Criniti, Zoom Drain Franchise, LLC, 500 Davis Drive, Plymouth Meeting, PA 19462, 215-259-8050; Grace Donnelly and Jen Cain, Franchise Fastlane, 16934 Frances Street #105, Omaha, NE 68154; (531) 333-3278.

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Date of Issuance: April 26, 2024.

See **Exhibit F** for our registered agents authorized to receive service of process.

I have received a disclosure document dated April 26, 2024, that included the following Exhibits:

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|--|---|
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| A-2. Development Agreement                               | F. List of State Agencies/Agents for Service of Process |
| B. Table of Contents of Manuals                          | G. Release  |
| C. State Specific Addenda to FDD and Franchise Agreement | H. State Effective Dates                                |
| D. List of Franchisees                                   | I. Receipts   |

---

Date

---

Signature

---

Printed Name

---

Date

---

Signature

---

Printed Name

Please sign this copy of the receipt, date your signature, and return it to Zoom Drain Franchise, LLC, 500 Davis Drive, Plymouth Meeting, PA 19462 and to [jim@zoomdrain.com](mailto:jim@zoomdrain.com).