

## FRANCHISE DISCLOSURE DOCUMENT

**CrawlSpace Ninja Franchising LLC**  
**A Tennessee Limited Liability Company**  
6011 Ridan Drive  
Knoxville, TN 37909  
865-659-0390  
[franchising@crawlspaceninja.com](mailto:franchising@crawlspaceninja.com)  
[crawlspaceninja.com](http://crawlspaceninja.com)



The franchisee will operate a business that provides crawl space and basement encapsulation such as waterproofing, dehumidification, ventilation, insulation, mold removal and prevention and other associated services. The total investment necessary to begin operation of a Crawl Space Ninja franchise ranges from \$210,500 to \$457,055. This includes \$79,000 to \$89,000 that must be paid to us or our affiliate.

We may, in our discretion, also offer qualified individuals the right to open and operate the franchised business in multiple territories (a minimum of two, and a maximum of three). The total initial investment necessary to operate in two (2) territories ranges from \$299,500 to \$581,055. This includes a multi-territory fee of \$108,000 that must be paid to us or our affiliate. The total initial investment necessary to operate in three (3) territories ranges from \$328,500 to \$610,055. This includes an initial multi-territory fee of \$137,000 that must be paid to us or our 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 the disclosure document at least 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in other formats contact Michael Church at 6011 Ridan Drive Knoxville, TN 37909, 865-659-0390.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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, DC 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 25, 2025

## 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 F.
<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 D 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 Crawl Space Ninja business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement and multi-unit operator 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 Crawl Space franchisee?</b>	Item 20, Exhibit F 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 Franchising 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 designates. These items may be more expensive than similar items you could buy on your 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 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 in order 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 agency information in Exhibit A.

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 Addendum. See the Table of Contents for the location of the State Specific Addendum.

## Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

- 1) **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, or litigation only in Tennessee. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with franchisor in Tennessee than in your own state.
- 2) **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though 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.
- 3) **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements, (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.
- 4) **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.
- 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.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addendum" (if any) to see whether your state requires other risks to be highlighted.

**CRAWLSPACE NINJA FRANCHISING LLC**  
**Franchise Disclosure Document**

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**LIST OF EXHIBITS**

EXHIBIT A: List Of State Franchise Administrators And Agents For Service Of Process  
EXHIBIT B: Franchise Agreement

Attachment 1:	Trademarks
Attachment 2:	Territory
Attachment 3:	Release
Attachment 4:	Collateral Assignment of Lease
Attachment 5:	Statement of Ownership Interests in Franchisee
Attachment 6:	Guaranty
Attachment 7:	Confidentiality and Non-Compete Agreement
Attachment 8:	Internet Advertising, Social Media, Software and Telephone Account Agreement

EXHIBIT C: Multi-Territory Addendum

EXHIBIT D: Financial Statements of Crawlspace Ninja Franchising LLC

EXHIBIT E: Operations Manual Table of Contents

EXHIBIT F: Outlets as of the date of this Disclosure Document

EXHIBIT G: State Addenda

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EXHIBIT I: State Effective Dates

EXHIBIT J: Receipts

**ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means Crawlspace Ninja Franchising LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Crawl Space Ninja franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

The Franchisor was formed as a Limited Liability Company in the state of Tennessee in March of 2018. Our principal business address is 6011 Ridan Drive, Knoxville, TN 37909, and our telephone number is 856-659-0390. We do business under our company name, “Crawl Space Ninja,” and its associated design (the “Marks”). We are also licensed to operate under the names “Basement Ninja” and “Basement Waterproofing Ninja.” In some markets, we offer franchisees the right to operate under the “Basement Ninja” marks. Our affiliate, Crawlspace Ninja IP, LLC., has registered our primary service marks on the Principal Register of the United States Patent and Trademark Office. We have not offered franchises in any other line of business. We began offering franchises in 2018.

The principal business addresses of our agents for service of process are shown on Exhibit A.

**Our Parents, Predecessors and Affiliates**

Our direct parent company is HTI Intermediate, LLC (“Intermediate”), a Delaware limited liability company with a principal place of business at 60 E. 42<sup>nd</sup> Street, Suite 5230, New York, NY 10165. Intermediate’s parent company is HT Investors, LLC, a Delaware limited liability company with a principal place of business at 60 E. 42<sup>nd</sup> Street, Suite 5230, New York, NY 10165. Our parent companies have not offered or sold franchises in any line of business. We have no predecessors.

Our affiliate IAQS Operations, LLC (“IAQSO”), is a Tennessee limited liability company with the same business address as us formed in September 2023. IAQSO owns and operates one (1) business of the type being franchised that commenced operations in January 2006 in Knoxville, Tennessee. IAQSO has not sold franchises in any line of business.

Our affiliate Indoor Air Quality Specialists, LLC (“IAQS”), is a Tennessee limited liability company originally formed in December 2005 with the same business address as us. IAQS was originally incorporated as a Tennessee corporation and later converted to a Tennessee limited liability company in October 2024. IAQS is currently an approved supplier of certain operational inventory for our system franchisees and is the sole approved supplier for certain items you must purchase for the operation of your Franchised Business. IAQS has not sold franchises in any line of business.

Our affiliate Midwest Diversified Technologies U.S., LLC (“MDTUS”) is an Illinois limited liability company that is currently our approved supplier of certain Hydraway© operational equipment and inventory, including but not limited to waterproofing and foundation repair materials, that our System franchisees must purchase and use in the operation of their franchised businesses. MDTUS has not sold franchises in this or in any line of business.

## **The Franchise Offered:**

We offer franchises for the right to operate a business that provides crawl space and basement encapsulation, including waterproofing, dehumidification, ventilation, insulation, mold removal and prevention, air sealing, and door installation, among other things, under the "Crawl Space Ninja" Marks, using our distinctive operating procedures and standards in a limited protected territory and from a single location (the "Franchised Business"). The distinguishing characteristics of a Crawl Space Ninja Franchised Business include, but are not limited to, the Crawl Space Ninja's distinctive trade dress, proprietary designs and techniques, operations methods, inventory, procedures for management, training, advertising, and promotional programs, all of which may be changed, improved or further developed by us at any time (the "System").

## **Multi-Territory Offering**

We may, as we deem appropriate in our discretion, offer qualified parties the right to operate the Franchised Business in multiple Territories. If we extend you an offer to operate in multiple Territories, you must enter into our then-current form of Multi-Territory Addendum attached to this Disclosure Document as Exhibit C (the "Multi-Territory Addendum").

Typically, we will not grant a party the right to operate in more than three (3) Territories under a signed Multi-Territory Addendum. Once you have (i) entered into the Multi-Territory Addendum, (ii) simultaneously entered into a Franchise Agreement for each Territory in which you will operate the Franchised Business, and (iii) completed all pre-opening obligations under the Franchise Agreement for your initial Territory, including attending and completing the Initial Training Program, you may operate your Franchised Business in each of the Territories granted to you under the Multi-Territory Addendum. However, if we grant you the right to operate the Franchised Business in two (2) or more Territories, you will be required to lease or purchase a second service vehicle no later than six (6) months following your execution of the Multi-Territory Addendum.

You will also be required to pay us a multi-territory fee immediately upon execution of your Franchise Agreements and Multi-Territory Addendum (the "Multi-Territory Fee"), which will vary based on the number of Territories in which we grant you the right to operate under that agreement. Please see Item 5 for additional information on how the Multi-Territory Fee is calculated. The Multi-Territory Fee covers the Initial Franchise Fee due under the Franchise Agreement for each Territory in which the Franchised Business will operate.

## **Market and Competition:**

The market for your Crawl Space Ninja Franchised Business is made up of residential and commercial property owners.

The market for crawl space/basement repair and encapsulation services is mature and competitive. You will compete with businesses, including national, regional and local businesses, offering services similar to those offered by your Crawl Space Ninja Franchised Business. There are other basement and crawl space repair franchises, as well as independent businesses throughout the United States, that may offer similar products and services. Your business may also be affected by economic conditions.

## **Industry Specific Regulations:**

You must comply with all local, state and federal laws and regulations that apply to the operation of your Crawl Space Ninja Franchised Business, including, among others,

business operations, land use, insurance, discrimination, employment and workplace safety laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. Depending upon the state in which you operate your franchise, you may require a contractor's license and/or a mold remediation certification. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here.

You are solely responsible for investigating whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

**ITEM 2: BUSINESS EXPERIENCE**

**Managing Member: Michael Church**

Michael Church has been our managing member since our inception, performing his duties in Knoxville, Tennessee. In addition to this role, Mr. Church has served as President of our affiliate, Indoor Air Quality Specialists, Inc., since January 2006, in Knoxville, Tennessee.

**General Manager: Lea Davis**

Lea Davis has served as our Chief Financial Officer since our inception, performing his duties in Knoxville, Tennessee. Mr. Davis now serves as our General Manager and has since April 2025. In addition to this role, Mr. Davis has served as Chief Operating Officer of our affiliate, Indoor Air Quality Specialists, Inc., in Knoxville, Tennessee since April 2018. Prior to these roles, Mr. Davis served as a Division Controller for Tencate Grass NA in Dayton, Tennessee from September 2016 to April 2018.

**Office Ninja & HR Manager: Jane Magee**

Jane Magee has served as our Office Ninja since our inception and now serves as our HR Manager and has since April 2025, performing her duties primarily in Knoxville, Tennessee. In addition to this role, Ms. Magee has also served as Office Ninja at our affiliate, Indoor Air Quality Specialists, Inc. in Knoxville, Tennessee since October 2015.

**Franchise Business Consultant: Brenton Roberts**

Brenton "Brit" Roberts has served as our Franchise Business Consultant since January 2024. In addition to this role, Mr. Roberts has served as a real estate broker at Century 21 Triangle Group since September 2020, and as Commercial and Residential Sales representative at Express Yourself Paint since August 2014, both in Raleigh, North Carolina. Mr. Roberts also served as Regional Development Manager, Senior Coach, and Vice President of Operations at Premium Service Brands in Charlottesville, Virginia from August 2017 to March 2021.

**Corporate Production Trainer: Dominic Zuchowski**

Dominic Zuchowski has served as our Corporate Production Trainer in Knoxville, Tennessee since October 2020. Prior to this role, Dom served as a Team Leader and Production Ninja with us since January 2019.

**ITEM 3: LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4: BANKRUPTCY**

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

**ITEM 5: INITIAL FEES****Initial Franchise Fee**

You must pay us, upon signing the franchise agreement, a \$59,000 initial franchise fee ("Initial Franchise Fee"). This payment is fully earned by us and is due in a lump sum payment when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstances.

***Veteran's Discount***

If you qualify for the VetFran program sponsored by the International Franchise Association and were honorably discharged, we will discount the Initial Franchise Fee by One Thousand Dollars (\$1,000.00) for your initial franchise.

**Multi-Territory Fee**

You must pay us a Multi-Territory Fee immediately upon execution of a Multi-Territory Addendum for the right to operate your Franchised Business in multiple Territories. Your Multi-Territory Fee will vary based on the number of Territories in which you are granted the right to operate under the Multi-Territory Addendum and is calculated as follows: (i) \$59,000 for your initial Territory; plus (ii) \$49,000 for the second Territory, and (iii) \$29,000 for the third and each additional Territory in which you are granted the right to operate.

By way of example, if you enter into a Multi-Territory Addendum for the right to operate in two (2) Territories, then your Multi-Territory Fee will be \$108,000. If you enter into a Multi-Territory Addendum for the right to operate in three (3) Territories, then your Multi-Territory Fee will be \$137,000. The Multi-Territory Fee is deemed fully earned upon payment and is not refundable under any circumstances. Once your Multi-Territory Fee is paid, you will not be required to pay us an Initial Franchise Fee in connection with the Franchised Business you open in accordance with your Franchise Agreements.

**Initial Inventory Package Fee**

You must pay us \$20,000 to \$30,000 for the initial inventory and tools needed for your Franchised Business to encapsulate up to four crawl spaces or basements depending on the size and scope of the work.

There are no other payments to or purchases from us or any affiliate that you must make before you open your business. Unless otherwise specified in this Item, all initial fees described above are uniformly imposed and nonrefundable when paid.

*[Item 6 Continues Below]*

**ITEM 6: OTHER FEES**

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Royalty Fee <sup>2</sup>	The greater of seven percent (7%) of (i) Gross Revenue, or (ii) the Minimum Performance Requirement designated for the applicable year of Franchised Business operations.	Royalties are collected weekly via ACH on Wednesday for the prior week.	You must meet certain Minimum Performance Requirements per territory each year during the term of the Franchise Agreement. We offer qualifying franchisees a Royalty reduction upon the franchisee's achievement of a specified threshold of Gross Revenue per territory. See Note 2.
Brand Development Fund Contribution <sup>3</sup>	Currently, Brand Fund Contribution is one percent (1%) of Gross Revenue. We reserve the right to increase to 2% with prior notice.	Weekly via ACH at the same time as the Royalty.	Payable to us.
Market Cooperative Contribution	Not currently assessed.	Monthly	We have the right to establish local or regional advertising cooperatives. Franchisor owned outlets will have the same voting power as Franchisee owned outlets. The minimum fee to be imposed will be half the local marketing requirement and the maximum fee to be imposed is the full amount of the local marketing requirement.
Technology Fee <sup>4</sup>	One-time \$2,000 setup fee along with weekly charges dependent on operations set up/subscription status, subject to increases as noted in Operations Manual. The weekly fee is subject to increases as noted in the Operations Manual. This can vary based on the number of users/subscriptions.	Weekly	Payable to us and third-party providers. Payments commence upon execution of the Franchise Agreement. There is no cap on the amount the Technology Fee may be increased.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Initial Launch Marketing	Minimum amount of \$15,000 during the first ninety (90) days of operation. If multiple territories, minimum spend should be multiplied by number of territories.	As incurred	We reserve the right to collect this fee and implement the Initial Launch Marketing on your behalf. The \$15,000 Initial Marketing launch is in addition to your local marketing spend.
Local Advertising Marketing and Promotional Expenditures <sup>5</sup>	Required minimum of ten percent (10%) of your annual Minimum Performance Requirement.	As incurred	Local Advertising, Marketing and Promotional expenditures are paid to third parties; however we reserve the right to collect this fee and implement advertising on your behalf. Some promotional expenditures are payable to us as noted in the Operations Manual. Some promotional expenditures are payable to us as noted in the Operations Manual.
Interest	1.5% per month or highest rate allowed by law	As Incurred	Interest is paid to us from the date of nonpayment or underpayment.
Late Charge	\$250 per week	As incurred	If you fail to pay us the Royalty Fee, Brand Fund Fee, or if you fail to submit your required reporting when due, we may charge you \$250 per week for each late submission in addition to interest charges explained below.
Transfer Fee <sup>6</sup>	\$15,000 (per Territory)	As incurred	Payable when you sell or transfer your franchise with our approval.
Insufficient Funds Fee	\$250	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you an Insufficient Funds Fee.
Audit Fee <sup>7</sup>	Costs and Expenses	As incurred	Payable to us.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Initial Training	Initial training of up to three (3) people is included in the Franchise Fee. You pay all travel and other related expenses incurred by all trainees.	Travel and related expenses are due as incurred.	Initial training takes place in Knoxville, TN. You must pay the incidental costs of attendance, which include but are not limited to airfare, transportation, hotel and food costs for all trainees. Incidental costs are payable to third-party suppliers. Fees for additional or replacement trainees are payable to us. See Item 11.
Annual Training Conference	Currently \$500 per person plus expenses incurred. There is a fee of \$2,500 per territory owned for any owner who doesn't attend the conference.	As incurred	If we require it, you must attend an annual business meeting or franchisee conference for up to three (3) days each year at a location we designate. If applicable, it is recommended that your general manager attend the conference.
Additional Training <sup>8</sup>	Currently \$500 per person per day plus expenses incurred for production training onsite.	As incurred	Payable to us.
Business Services/Lead Generation Fee	Currently \$25 per sales appointment booked through our call center.	Weekly	If utilized, the fee associated with the Call Center is up to \$25 per appointment booked. We may reserve the right to change the amount of this fee, but not more than once per year. We reserve the right to remove any franchisee from the call center at our discretion.
Successor Agreement Fee (Renewal Fee) <sup>9</sup>	\$5,000	Upon signing a then current form franchise agreement	The Successor Agreement Fee is paid to us, over and above any Royalties, Brand Fund or any other fees to which we are entitled.
Indemnification <sup>10</sup>	The amount of any claim, liability or loss we incur from your Franchised Business.	As incurred	Payable to us.
Reimbursement of Costs and Expenses <sup>11</sup>	Costs and expenses.	As Incurred	Payable to us.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Management Fee	10% of Gross Sales or \$750 per week, whichever is greater, in the event we must operate franchise due to death, disability, etc.	Weekly	Payable to us. This is in addition to the Royalty and Brand Fund payments.
Post-Termination or Post-Expiration Expenses <sup>12</sup>	Costs and expenses	As incurred	Reimbursement of our post-termination or post-expiration expenses is paid to us.
Testing or Supplier Approval Fee <sup>13</sup>	\$500 plus our actual costs of testing any proposed products or items to be supplied.	Upon request	Testing or Supplier Approval fees are paid to us. In the event we approve the supplier or product you propose for use by the entire system, we will refund you payment to you.
Reimbursement of Legal fees and Expenses	Our costs and expenses, including but not limited to attorneys' fees, incurred for your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.	As Incurred	Payable to us.
Insurance Reimbursement	Amount paid by us for your insurance obligations	As incurred	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.
Taxes	Amount of taxes	When incurred	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.

Notes:

1) The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend pursuant to] the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise

indicated in the chart above, we uniformly impose all fees and expenses listed and they are payable to us and are fully earned upon receipt by us.

2) Royalty payments are due and payable each Wednesday for the previous week. The Minimum Performance Requirements for revenue per year of agreement follow:

	Year 1	Year 2	Year 3	Year 4	Year 5+
Minimum Performance Requirement (Revenue Per Year of Agreement)	\$400,000	\$650,000	\$900,000	\$1,150,000	\$1,400,000

If you fail to meet the minimum performance requirements, we may terminate your franchise agreement. Gross Revenue is defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Revenue does not include sales tax that is collected from customers and transmitted to the appropriate taxing authorities.

If your Franchised Business generates \$3,000,000 or more in Gross Revenue in any one (1) Territory (each a "Qualifying Territory") during the Term, as determined by calculating the total Gross Revenue as of the applicable anniversary date of the opening date of your Franchised Business, then we will reduce your Royalty for the Qualifying Territory to six percent (6%) of Gross Revenue for the subsequent twelve (12) month period for the Qualifying Territory.

3) We require you to contribute one percent (1%) of your weekly Gross Revenue to the Brand Development Fund ("Brand Fund Contribution"). We reserve the right to increase to 2% with proper notice. We will have the right to expend the funds accumulated in the Brand Fund in our sole discretion.

4) You are required to pay a one-time fee of \$2,000 to install performance tracking software within thirty (30) days of signing the Franchise Agreement. Additionally, we require you to use our approved software. You must pay to us all fees for each required license subscription, which are subject to change by their respective third-party vendors. You will typically start with two users for each software program. Weekly payments will begin upon date of signed agreement. We reserve the right to substitute or add different approved technologies, which you must use and which may increase the weekly technology fee.

5) You are required to spend a minimum of 10% of your annual minimum performance requirements on local marketing expenditures. You may be required to allocate all or part of your monthly local advertising spending to advertising via Google Ads, Facebook Ads, or approved local billboards. We reserve the right to increase the minimum expenditure requirement, in our sole discretion. The minimum spend requirements are based on one territory. If multiple territories are owned, then minimum spend must be spent in each territory. We reserve the right to collect your local advertising spending and implement advertising programs, such as pay per click advertisements or billboards, on your behalf. You must submit to us a list of all local marketing completed for each month no later than the 15<sup>th</sup> day of the following month. There are currently no advertising cooperatives in our

System. We reserve the right to create a regional advertising cooperative and to require you to contribute to this advertising cooperative in our sole discretion. Any financial contributions made by you to the advertising cooperative may be credited against your required expenditures for Local Advertising. The minimum fee to be imposed will be half the local marketing requirement and the maximum fee to be imposed is the full amount of the local marketing requirement. If the amount you contribute to a Cooperative is less than your local advertising requirement, you must still spend the difference locally. Company-owned units may be active members of any cooperative and may possess voting power in accordance with the rules of the cooperative as we may determine in our sole discretion.

Except as approved in advance in writing by us, you may not establish or maintain a separate website (includes landing page and domain names), profile, or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Instagram, LinkedIn, Pinterest, Twitter, YouTube, or any other social media and/or networking site. Any such Internet website or presence is considered "advertising" and must be approved by us prior to use. Your expenditures toward social media platforms and associated materials will not count toward your required Local Advertising expenditures.

6) If you wish to transfer your Franchised Business, you will be required to pay us a transfer fee. This fee is to be paid upon application for transfer. We have the right to match any offer to purchase the business, and we can substitute cash for any financing agreement.

7) We have the right to conduct an audit of the books and records of the Franchised Business. If we do so, with an independent auditor or otherwise and it is determined that you underestimated your Gross Revenue in any report by two percent (2%) or less, then you must pay within fifteen (15) days of written notice, the underreported amount plus interest. If it is determined that you underestimated your Gross Revenue in any report by more than two percent (2%), then you must pay within fifteen (15) days of written notice, the underreported amount along with the cost of conducting the audit, including without limitation travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest. If you fail to provide any reports, supporting reports or other information as required and we conduct an audit of the books and records of the Franchised Business, you must pay within fifteen (15) days of written notice, the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest.

8) Initial Training at Corporate for you and up to two other people is included in the franchise fee. We can provide training to additional individuals for you at a rate of \$1,000 per person per program, plus expenses such as travel, room and board, and wages. We may require that you complete additional training, or you may request additional training as well. If we provide you with additional training, we reserve the right to charge you for such training. Additional training will be charged at our then-current rate as stated in the Operations Manual for additional training, which as of the date of this disclosure document is Currently \$500 per person per day plus expenses incurred for production training. You are also responsible, at your own expense, to pay for all travel, room and board and wages for you and your employees during this training.

9) Two successive successor franchise agreements are available to qualified franchisees under certain circumstances and in accordance with the conditions contained in the Franchise Agreement.

10) In addition to the requirement that you reimburse us for amounts of all other claims, liabilities or losses we incur from your Franchised Business, if we elect to enforce the terms

of any Confidentiality, Non-Use and Non-Competition Agreement or the Franchise Agreement against any individual required to execute such agreement, you must reimburse us for our attorneys' fees, expert fees, court costs and all other expenses of litigation in connection with that enforcement.

11) If after notice, you fail to cure any deficiency in the Franchised Business and/or your operation of the Franchised Business, we may in our sole discretion, correct the deficiency. If we elect to correct the deficiency, you will reimburse us for our costs and expenses incurred in correcting the deficiency.

12) Upon expiration or termination of your Franchise Agreement, we may elect in our sole discretion to take steps to modify, alter or de-identify the Franchised Business. If we do so, you must reimburse us for our costs and expenses.

13) If you wish to purchase, lease or use any equipment, supplies, or other items from an unapproved supplier, or if you wish to offer services not previously approved by us, you must request our prior written approval. As a condition to our approval, we may require inspection of the proposed supplier's facilities and evaluation and testing of the proposed items. We will charge you \$500 for our review and evaluation, plus our actual cost of any testing. Only in the event that we approve the item or approve the supplier for use by the entire franchise system will we refund any amounts paid.

*[The remainder of this page is intentionally left blank. Item 7 continues below].*

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

**A. Franchise Agreement**

**YOUR ESTIMATED INITIAL INVESTMENT (SINGLE TERRITORY)**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee <sup>1</sup>	\$59,000	Lump sum payment in cash or available funds.	Upon signing the Franchise Agreement.	Payable to us
Design and Architectural Fees <sup>2</sup>	\$0 to \$3,000	As incurred	Before opening	Third-Party Providers
Construction, Leasehold Improvements <sup>2</sup>	\$0 to \$20,000	As incurred	Before opening	Contractor/Third-Party providers
Furniture and Fixtures <sup>2</sup>	\$2,500 to \$10,000	As incurred	Before opening	Third-Party Providers
Equipment (Including Vehicle) <sup>3</sup>	\$60,000 to \$222,555	Lump sum	Before opening	Third-party providers and us
Technology Hardware/Software, Office Equipment, and Supplies <sup>4</sup>	\$4,000 to \$7,500	Lump Sum and as incurred	Before opening	Third-party providers and us
Initial Inventory Package <sup>5</sup>	\$20,000 to \$30,000	As incurred	At or before 1 <sup>st</sup> job is sold	Payable to us
Utility, and Security Deposits <sup>6</sup>	\$500 to \$1,500	As incurred	Before opening	Utility providers
Insurance Deposits and Premiums <sup>7</sup>	\$2,000 to \$8,000	As arranged	Before opening	Insurance company
Pre-opening Travel and Training Expense <sup>8</sup>	\$5,000 to \$10,000	As incurred	Before opening	Airline, hotel, restaurants
Initial Launch Marketing	\$15,000	As incurred	After opening	Third-party approved suppliers. This is in addition to the 10% local marketing requirement.
Professional Fees <sup>9</sup>	\$1,000 to \$8,000	As arranged	Before opening	Attorneys, accountants
Business Permits and Licenses <sup>10</sup>	\$1,500 to \$2,500	As incurred	Before opening	Licensing Authorities
Additional operating funds – 3 Months <sup>11</sup>	\$40,000 to \$60,000	As incurred	After opening	Various
<b>TOTAL<sup>12</sup></b>	<b>\$210,500 to \$457,055</b>			

Notes to Item 7(A) Chart:

1) The initial franchise fee is the same for all similarly situated franchisees. Refer to Item 5 of this Disclosure Document for available discounts.

2) You must obtain commercial office space that is “Google My Business” validated. You are required to have approximately 500 square feet of storage space for equipment and supplies that can be in a public storage unit. The difference in the low and the high improvement cost estimates is due to the difference in size of the location. There are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, type and amount of office furniture purchased, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Your cost for developing your location may be higher or lower than the estimates provided.

3) These figures represent the purchase of the necessary equipment to provide the franchised services, including the vehicle, wrapping of vehicle and other associated costs. You must have a vehicle that meets our minimum specifications as outlined in the Operations Manual. This figure also includes other required equipment. The high end of this estimate includes optional equipment you can purchase for use in your business such as a box truck, soda blaster and sales vehicle. The low estimate assumes that you already have a vehicle that meets our specifications, or you are financing your equipment and vehicle. Third-party financing may be available for qualified candidates for some of the costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart. If you choose to purchase a new vehicle, your cost may be higher than shown.

4) You must obtain the computer hardware and software we designate for your franchised business, as described in more detail in Items 8 and 11 of this disclosure document. The low estimate assumes that you have a general-purpose computer and printing/copying/scanning capability that you can dedicate to the franchise business.

5) This estimate is for the cost of the initial cost of inventory and tools needed for your franchised business to encapsulate up to four crawl spaces/basements such as dehumidifiers, sump pumps, vapor barrier, AVS fan, depending on the size and scope of the work.

6) A credit check may be required by the issuing company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality from which they are being contracted.

7) This estimate is for the cost of deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry.

8) This estimate is for the cost for you or your Operating Principal (defined as the managing shareholder, member or partner of Franchisee if Franchisee is an entity), plus up to two other individuals to attend the initial training program held at our corporate office in Knoxville, Tennessee. We do not charge tuition for training up to three people, but you

will be responsible for all costs associated with attending the initial training program for you and your staff. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). The duration of the training program is approximately four weeks for you or your operating principal and approximately two weeks for your field technicians. This estimate does not include cost of labor.

9) These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Franchised Business.

10) You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business. Your costs may be higher.

11) This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. This estimate includes such items as initial payroll and payroll taxes, Royalties (as described in this disclosure document), Brand Fund Contributions (if any), additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Franchised Business.

12) All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

13) In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Crawl Space Ninja business by our affiliate, and our general knowledge of the industry. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions.

## **B. Multi-Territory Addendum (Three (3) Territories as Example)**

### **YOUR ESTIMATED INITIAL INVESTMENT<sup>1</sup>**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Multi-Territory Fee <sup>2</sup>	\$137,000 (for three territories as shown in this example)	Lump Sum	Upon execution of the Multi-Territory Addendum	Us

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Investment for Your Franchised Business <sup>3</sup>	\$151,500 to \$398,055			See Chart 7(A) above. This total represents the low and high range of Chart 7(A) above, minus the Initial Franchise Fee, which you will not pay if you enter into a Multi-Territory Addendum and pay us a Multi-Territory Fee.
Additional Investment Associated with Second Vehicle	\$40,000 to \$75,000			If you are granted the right to operate the Franchised Business in two (2) or more Territories, you are required to lease or purchase a second service vehicle within six (6) months of the execution of the Multi-Territory Addendum. See Note 3.
<b>TOTAL</b>	<b>\$328,500 - \$610,055</b>			

Explanatory Notes:

- Generally.** The estimates set forth in this Chart 7(B) assume that you will be entering into a Multi-Territory Addendum for the right to operate the Franchised Business in three (3) Territories. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.
- Development Fee.** The Multi-Territory Fee will vary based on the number of Territories in which we grant you the right to operate as described more fully in Item 5 of this Disclosure Document. The Multi-Territory Fee set forth in Chart 7(B) above assumes you will be purchasing the right to operate in a total of three (3) Territories.
- Additional Investment Associated with Second Vehicle.** If you are granted the right to operate in two (2) or more Territories pursuant to the Multi-Territory Addendum, then you must lease or purchase a second vehicle no later than six (6) months following the execution of the Multi-Territory Addendum. The range in this Chart 7(B) assumes that you will purchase the vehicle outright. If you elect to lease and/or obtain financing for your second vehicle, your costs may be lower.
- Initial Investment for Your Franchised Business.** This figure represents the total estimated initial investment required to open your Franchised Business under the Franchise Agreement you must enter into with us contemporaneously with the execution of your Multi-Territory Addendum. This range includes all the estimated fees set forth in Chart 7(A), except for the Initial Franchise Fee because you will not be required to pay an Initial Franchise Fee under any Franchise Agreement you enter into in connection with your Multi-Territory Addendum.

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

We have identified various suppliers, distributors and manufacturers of equipment, inventory, and services that your Franchised Business must use or provide which meets our standards and requirements. You must purchase all items outlined in the Operations Manual, and any equipment or materials bearing the Marks in accordance with our specifications. We maintain written lists of approved items of equipment, inventory and supplies (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items in the Operations Manual. We will update these lists periodically and issue the updated lists to all franchisees. These suppliers can change with notice.

Currently, you must purchase and use for the provision of services from your Franchised Business the following items, which must be acquired from us or our affiliate(s): (a) Cleaning materials and equipment; (b) Drainage pump supplies and equipment; (c) Air filtration systems; (d) Sealant; and (e) Various repair and support equipment.

Currently, you must have the following hardware and software: general purpose Windows-based laptop or desktop computer; all in one printer/copier/scanner/fax; high speed internet access; iPad with cellular capability (recommended); smart phone; approved online accounting software; approved online scheduling and management software; approved iPad-based sales, contracting and estimating software and Microsoft Office 365.

We require that all Crawl Space Ninja vehicles be white or wrapped white.

### Insurance

You must purchase, at your expense, and maintain the types and amounts of insurance that we designate in our Manuals or otherwise in writing, including the following:

- Commercial general liability insurance on an occurrence basis with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate per policy year, including the following minimum sub-limits: \$1,000,000 for personal and advertising injury, \$2,000,000 aggregate for products/completed operations, \$100,000 for damage to rented premises, and \$10,000 for medical expense.
- Contractor's Professional Liability on either occurrence form or claims-made form with limits not less than \$1,000,000 per occurrence/\$1,000,000 aggregate. Upon the sale, transfer, termination, or expiration of your Franchise Agreement and Franchised Business, you must purchase an extended reporting endorsement ("tail insurance") of no less than 24 months.
- Workers Compensation and Employers Liability insurance with minimum limits of no less than \$1,000,000 per accident for bodily injury by accident; \$1,000,000 policy limit by disease; and \$1,000,000 per employee for bodily injury by disease, or higher coverage as required by law in your state.
- Owned, Hired, and Non-Owned Auto Liability coverage not less than \$1,000,000 combined single limit per accident.
- First- and Third-Party Crime coverage with a limit of no less than \$50,000; this requirement may be satisfied with a bond.
- Umbrella Liability with a \$1,000,000 minimum limit to extend over general liability, owned/hired/non-owned liability, and employer's liability.

- Any other insurance not listed here, but required by applicable law, rule, regulation, ordinance, or licensing requirement.
- While not required, we strongly recommend carrying Employment Practices Liability insurance, Cyber Liability insurance, and Sexual & Physical Abuse Liability insurance.

You must obtain your required insurance from our approved supplier. You must add us, and any parties we may designate, to all insurance contracts as additional insureds under your insurance policies. All policies must include a waiver of subrogation in favor of us. In addition to the information listed above, you must carry such insurance as may be required by the lease of your location and by any lender or equipment lessor you select.

We reserve the right to change the types and amounts of insurance required. All insurance companies must carry an A.M. Best's Rating of "A-/Excellent" or better, or be approved by us in writing prior to placement of coverage. You must make timely delivery of certificate of all required insurance to us, each of which must contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days prior written notice to us. If you fail to comply with the minimum insurance requirements set forth in the Franchise Agreement, we have the right to obtain such insurance and keep same in force and effect and you must pay our actual costs in obtaining the required insurance.

#### Alternative Supplier/Product Evaluation

We approve suppliers after careful review of the quality of the products they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. In addition, you must pay all costs and expenses associated with our review of the potential supplier. If the item and/or supplier meet our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will make a good-faith effort to notify you whether we approve or disapprove of the proposed item or supplier within 180 days after we receive all required information to evaluate the product or service. If we do not approve any request within 180 days, it is deemed unapproved. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we may charge for our actual costs of product testing and evaluation.

#### Franchisor's Right to Derive Revenue

We are currently the only approved supplier for certain products. They include but are not limited to spray foam products, sump pump products, tapes, dehumidifiers, vapor barrier and merchandise. For the fiscal year ended December 31, 2024, we derived revenue of \$2,033,573.00, or 61.6% of our total revenue of \$3,303,435.00 from franchisees' required purchases from us or our affiliates.

We estimate that approximately 70% of your expenditures for leases and purchases in establishing your Franchised Business will be for goods and services that must be purchased from us, our Affiliate, an approved supplier, or from another party according to our standards and specifications. We estimate that approximately 25-30% of your expenditures on an ongoing basis will be for goods and services that must be purchased either from us, our Affiliate, an approved supplier or another party according to our standards and specifications.

We currently do not receive any other revenue, rebates, discounts, or other material consideration from any suppliers (collectively, "Allowances") based on your required purchases of products, supplies or equipment from third party vendors; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion. For the fiscal year ended December 31, 2024, neither we nor our affiliates earned any Allowances.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

From time to time, we may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees. As of the date of this Disclosure Document, we have not created any purchasing arrangements with suppliers. Our Managing Member, Michael Church, holds an ownership interest in IAQS, our approved supplier for certain products you must purchase in the course of operating your franchised business. Other than as disclosed above, none of our officers own an interest in any of our approved suppliers.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors will constitute a default of your Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

#### **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 or Article in Franchise Agreement (FA) and Multi-Territory Addendum (MTA)	Item in Franchise Disclosure Document
a. Site Selection and Acquisition	FA: 8.1; MTA: N/A	11
b. Pre-Opening Purchase/Leases	FA: 8.3, 12.1.1, 12.3.1; MTA: 6	7, 11
c. Site Development & other Pre-Opening Requirements	FA: 8.2, 8.3, 12.1.1, 12.1.3; MTA: 6	11
d. Initial and Ongoing Training	FA: Article 7; MTA: 4	11
e. Opening	FA: 8.2.3, 8.3; MTA: 3	11
f. Fees	FA: 5.1, 5.2.7, Article 6, 12.3.7, 12.6, 15.6, 16.4, 18.1.4, 18.1.5, 19.1.5; MTA: 2	5, 6, 7

<b>Obligation</b>	<b>Section or Article in Franchise Agreement (FA) and Multi-Territory Addendum (MTA)</b>	<b>Item in Franchise Disclosure Document</b>
g. Compliance with Standards and Policies/Operating Manual	FA: Article 9, 12.1, 12.1.7, 19.1.1; MTA: N/A	8, 11
h. Trademarks and Proprietary Information	FA: 9.4, Article 14, 19.2, 19.3, 19.4; MTA: N/A	13, 14
i. Restrictions on Products/Services Offered	FA: 12.1.1, 12.1.4, 12.6; MTA: N/A	8
j. Warranty and Customer Service Requirements	FA: N/A; MTA: N/A	None
k. Territorial Development and Sales Quotas	FA: 13.2; MTA: N/A	12
l. Ongoing Product/Service Purchases	FA: 12.1.4, 12.3.5; MTA: N/A	8
m. Maintenance, Appearance and Remodeling Requirements	FA: Article 9, 12.1.2, 12.1.5, 12.1.9; MTA: N/A	None
n. Insurance	FA: Article 15; MTA: N/A	7
o. Advertising	FA: Article 13; MTA: N/A	6, 11
p. Indemnification	FA: 15.4, 15.6, 16.3.6, 21.1; MTA: N/A	14
q. Owner's Participation, Management, Staffing	FA: 11.1, 11.3, 12.1.6; MTA: N/A	11, 15
r. Records /Reports	FA: 12.2; MTA: 5	6
s. Inspections and Audits	FA: 9.2, 12.1.7, 12.2.5; MTA: N/A	6, 11
t. Transfer	FA: Article 16; MTA: 7, 10	17
u. Renewal	FA: Article 5; MTA: 8	17
v. Post-Termination Obligations	FA: Article 18; MTA: N/A	17
w. Non-Competition Covenants	FA: 19.5; MTA: N/A	17
x. Dispute Resolution	FA: Article 20; MTA: 12	17

**ITEM 10: FINANCING**

We do not offer direct or indirect financing. We do not guarantee any 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.**

**1. Pre-Opening Obligations**

Before you open your Franchised Business, we will:

- a. approve the protected territory for your Franchised Business. A protected territory will consist of a minimum population of single-family homes within a geographic radius defined by Zip Codes or other readily ascertainable geographic boundaries. (Franchise Agreement, Sections 8.1.2, 10.1)
- b. loan to you the Crawl Space Ninja Operations Manual and other manuals and training aids we designate for use in the operation of your Crawl Space Ninja Franchise, as they may be revised from time to time. (Franchise Agreement, Section 10.3).
- c. provide a written list of equipment, signage, supplies and products that will be required to open the Franchised Business. We and our affiliates are not obligated to install any of these items (Franchise Agreement, Section 10.5).
- d. provide you and up to two other individuals with initial training at our headquarters in Knoxville, TN or another location we designate. We will determine, in our sole discretion, whether you satisfactorily complete the initial training. (Franchise Agreement, Sections 7.1, 7.2).
- e. review your proposed lease (when applicable) for our required terms only. (Franchise Agreement, Section 8.1)
- f. provide you with a trainer for on-site training, supervision and assistance for three (3) days of production training within sixty (60) days following the opening of your Crawl Space Ninja Franchise. (Franchise Agreement, Section 7.3)

**2. Site Selection**

You must operate from a commercial office space at a site located within your territory that provides secure vehicle and equipment storage. The site must have at least five hundred (500) square feet of storage space, and can be a public storage unit.

Other than the requirements listed above, we will not review or require our approval for any proposed office space you may want to lease for your Crawl Space Ninja Business.

We will, within thirty (30) days of our receipt of your proposed lease, review the lease for our required terms only, and our review and/or approval of any lease does not constitute a representation or guarantee that your Franchised Business will be successful in that

location. The general evaluation criteria we may use to evaluate your proposed lease include, among other things, the condition of the office space or premises, vehicular and pedestrian access, population demographics of the surrounding area, and general suitability. If you have obtained our prior written approval to operate from a home office, and later move to a new home outside of your Territory, you must lease office space within your Territory for your Business.

We generally do not own the premises and lease them to you.

### **3. Time To Open**

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Crawl Space Ninja franchised business is 30 to 90 days. Factors that may affect this time period include your ability to acquire financing or permits; secure storage space; complete vehicle modifications, and complete required training. If you have not opened your Franchised Business within either (i) ninety (90) days after you sign the Franchise Agreement, or (ii) sixty (60) days after you satisfactorily complete the Initial Management Training Program, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.1, 8.3)

### **4. Obligations After Opening**

During the operation of your franchise, we will:

- a. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us for up to five (5) days each year at a location we designate and attend an annual business meeting or franchisee conference for up to three (3) days each year at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. Our current fee for the annual conference is \$500 per person. We reserve the right to change the fee for tuition and/or attendance for all training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.4).
- b. upon your request, or as we determine to be appropriate, provide remedial on-site training and assistance at your premises, subject to our trainers' availability. For any on-site remedial training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging (Franchise Agreement, Section 7.5).
- c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conference, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).

- e. from time to time, as may become available, provide you with samples or camera-ready advertising and promotional materials (Franchise Agreement, Section 10.6).
- f. conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your service to ensure that they meet our standards (Franchise Agreement, Section 10.4).
- g. provide you with any written specifications for required equipment, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.7).
- h. provide guidance on the advertised selling price for products and services for your Crawl Space Ninja business. We do not set minimum or maximum prices that you must charge for products and services in your territory. However, we may suggest recommended pricing for your consideration. We reserve the right to establish regional or national accounts with other companies that want to conduct business with us across multiple franchised or company owned territories. If we establish such accounts, you are required to service them on the terms negotiated, including any pricing terms established for those accounts. If you cannot or are unwilling to do so, we reserve the right to service those accounts or designate another Franchisee to do so (Franchise Agreement, Section 12.5). With the exception of National and Regional accounts, Franchisee shall have the right to provide products and services at any price that Franchisee may determine.
- i. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within ten (10) business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within ten (10) business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6).

## 5. **Advertising**

### **Local Advertising (Franchise Agreement, Sections 13.2 and 13.6)**

We require you to spend at least \$15,000 on Grand Opening advertising and promotional activities during the initial 90-day period following the opening of your Franchised Business in the Territory.

We also require you to spend a minimum of 10% of your annual minimum performance requirement, calculated on a rolling quarterly average basis. You may be required to allocate all or part per month of this spending to advertising through Google Ads or Facebook Ads. We must approve all advertising materials. The minimum spend requirements are based on one territory. If multiple territories are owned, then minimum required ad spend should be spent in each territory. We reserve the right to collect some or all of your initial launch marketing funds and/or your Local Advertising expenditure and implement the initial launch marketing campaign activities and/or Local Advertising on your behalf. We also reserve the right to designate one or more approved suppliers from whom you must purchase local marketing services and/or materials.

You may develop advertising materials for your own use at your own cost, provided they meet the specifications designated in our Brand Guide, and you may use marketing

materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We must approve any non-designated and otherwise unapproved suppliers of marketing services. We will respond to your request for approval within ten (10) business days; however, if we do not respond within ten (10) business days, the proposed advertising or marketing material is deemed disapproved.

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. You must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, you may do cooperative advertising with other Crawl Space Ninja franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site without our prior written approval.

### **Brand Development Fund (Franchise Agreement, Section 13.3)**

You are required to contribute to the Brand Fund one percent (1%) of weekly Gross Revenue. We may increase your required Brand Fund contribution to up to two percent (2%) of Gross Revenue upon notice to you. Each Crawl Space Ninja outlet operated by our affiliate or us may, but is not required to, contribute to the Brand Fund on the same basis as all other franchisees.

Our accounting and marketing personnel administer the Brand Fund. We may use Brand Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Brand Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use Brand Fund contributions to pay our costs (including salaries of our staff engaged in consumer marketing and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Brand Fund.

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include "Franchises Available" or similar language and contact information in advertising produced with Brand Fund contributions.

The Brand Fund collects and expends the Brand Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the Territory where your Franchised Business is located. The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund

An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.

If we spend more or less than the total of all contributions to the Brand Fund in any fiscal year, we may carry-forward any surplus or deficit to the next fiscal year.

During the fiscal year ended December 31, 2024, we collected a total of \$119,510.00 in Brand Fund contributions. The Brand Funds in our 2024 fiscal year were expended as follows: 52% on administration; 28% on advertising and marketing; and 20% on website updates/redesign. Although the Brand Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

#### **Regional Advertising** (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Crawl Space Ninja outlets in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. Each Crawl Space Ninja outlet will have one vote in the cooperative. Franchisor owned outlets will have the same voting power as Franchisee owned outlets. The minimum fee to be imposed will be half the local marketing requirement sales and the maximum fee to be imposed is the full amount of the local marketing requirement. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents.

If we establish a regional advertising fund or cooperative, you must contribute the amounts we require. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund. The minimum fee to be imposed will be half the local marketing requirement and the maximum fee to be imposed is the full amount of the local marketing requirement. If the amount you contribute to a Cooperative is less than your local advertising requirement, you must still spend the difference locally.

#### **Advertising Council** (Franchise Agreement, Section 9.6)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance and profitability. We reserve the right to change or dissolve the council at any time.

#### **6. Computer Systems** (Franchise Agreement, Section 12.3)

You are required to use the hardware, software, system tools and processes as stated in the Operations Manual. Currently, you are required to have the following hardware and software.

Hardware: General purpose Windows-based desktop or laptop computer, All-In-One Printer/Copier/Scanner, High-Speed Internet, iPad with Cellular Capability, Smartphone

Software: Approved Online Accounting Software; Approved Online Scheduling and Management Software; Approved iPad-based Sales, Contracting and Estimating Software; Microsoft Office 365

The total cost for hardware and software ranges from \$4,000 to \$7,500, which includes an initial setup fee of \$2,000. The ongoing weekly cost is currently \$121/week, payable to us. These costs are subject to increase.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. We may in the future modify or establish other sales reporting systems or project design methods, as we deem appropriate, for the accurate and expeditious reporting of Gross Revenue and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense. We are required to be the master administrator for any QuickBooks associated with the franchise.

We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. We cannot estimate the cost of maintaining, updating and upgrading your smart device or computer hardware and software because it will depend on the make and model of your device and computer, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

We reserve the right to have independent access to your sales information and customer data generated by and stored in your system. There are no contractual limitations on our right to have full access to this information. At our option, we may retrieve, download, analyze and store such information and data at any time. Examples of the types of data that will be generated or stored in the systems include customer and sales information, accounting and purchasing information and security camera footage. Upon our request, you must sign any documents we require to allow us to independently and electronically access and retrieve the information stored on the system. We own all customer data stored in your computer system.

## **8. Table of Contents of Operations Manual**

The Table of Contents of our Crawl Space Ninja Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit E. The Operations Manual has a total of 285 pages.

## **9. Training (Franchise Agreement, Article 7)**

You (if the franchisee is an individual) or the managing member (if the franchisee is a business entity) must also complete our Initial Training Program, to our satisfaction, at least two (2) weeks before opening your Franchised Business. We will train you at our Crawl Space Ninja headquarters in Knoxville, Tennessee, and virtually.

TRAINING PROGRAM			
Subject	Hours of Classroom/VirtualTraining	Hours of On-the-Job Training	Location
Pre-Training Videos	16		Franchisee's Location
Pre-Training Learn Sales Methodology, Scripting, and Videos	40		Franchisee's Location
Organization Overview and Franchisee/ Franchisor Relationship	6		Knoxville, TN
HR	2		Knoxville, TN
Marketing	2		Knoxville, TN
Estimating and Sales Procedure	8	16	Knoxville, TN
Technology and Software Training	20		Knoxville, TN/ Franchisee's Location
Office and Management Procedures	8		Knoxville, TN
Encapsulation Install and Service Procedures	8	32 24	Onsite
<b>Total</b>	<b>110</b>	<b>72</b>	

Prior to opening your Crawl Space Ninja business, you and up to two of your employees need to successfully complete our training program, which is conducted at our headquarters in Knoxville, Tennessee, or at another location we designate based on our discretion. The Crawl Space Ninja pre-opening training program lasts for approximately 15 days at our headquarters or virtually. The franchise owner(s) must attend and there is no charge for training a total of up to two additional people as part of your initial fee. You are responsible for costs and expenses associated with travel to Knoxville, Tennessee, as well as any on-site travel for our trainers.

The Operations Manual is the basis of our pre-opening training program in addition to hands on training in "classroom" and field settings.

We provide our training on an "as-needed" basis, approximately 4 to 6 times per year, typically every 8 to 12 weeks. We may change our training program at any time at our discretion. Our training program is conducted by and under the supervision of Brit Roberts, who has at least one (1) year of experience in the subjects taught in our initial training program and has been with us or our affiliates for one (1) year. Training will include standards for operations, management and marketing.

If you do not complete our Pre-Opening Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement.

Within sixty (60) days of the opening of your Crawl Space Ninja Franchise, we will provide a production trainer for on-site training. The on-site training will be for three (3) days at no additional cost to you.

We may conduct mandatory or optional additional training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory training programs that we offer for up to five (5) days each year, and an annual conference or national business meeting for a minimum two (2) days each year, at a location we designate. Failure to attend mandatory training, including an annual conference or business meeting is a default under the Franchise Agreement. The current fee for the annual conference is five hundred dollars (\$500). We reserve the right to modify the fees for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

## **ITEM 12: TERRITORY**

### Franchise Agreement – Territory

Under the Franchise Agreement, you have the right to establish and operate one (1) Crawl Space Ninja outlet within a territory (the "Territory"). You are required to establish an office space located within your territory. The Territory will be based on a particular area surrounding your Crawl Space Ninja office. Your Territory is located in all or a portion of a listed town, city, or county, and is defined based on geographic boundaries, streets, zip codes, or other criteria we deem appropriate in our sole discretion. The Territory is determined on an individual basis, taking into account minimum numbers of households, average home prices, and household incomes, based on the most recent available U.S. Census data at the time the Territory is designated. The Territory will be described in Exhibit "B" to the Franchise Agreement prior to the purchase of a franchise, or in some cases, prior to the execution of a lease agreement.

You are required to maintain the following Minimum Performance Requirements for Total Revenue during the term of your franchise agreement:

#### **Total Gross Revenue**

	Year 1	Year 2	Year 3	Year 4	Year 5+
Minimum Performance Requirements Revenue Per Year of Agreement	\$400,000	\$650,000	\$900,000	\$1,150,000	\$1,400,000

The revenue that makes up your Minimum Performance Requirement must come from within your Territory. If you fail to maintain these Minimum Performance Requirements in each Territory during the term of each Franchise Agreement, then we may terminate the applicable Franchise Agreement.

You are required to implement and follow our proven sales training and methodology. Any sales representative of your Franchised Business will also need to follow our sales system. You are required to have 1 dedicated "Sales Ninja" per territory. You should expect to add another Sales Ninja by Year 3 to meet revenue requirements.

Other than the Minimum Performance Requirements outlined above, there is no other contingency that you must meet to retain your rights to your Territory, but you must comply with your Franchise Agreement, the System and all our requirements.

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another Crawl Space Ninja outlet or grant the right to anyone else to open a Crawl Space Ninja outlet within the Territory. However, notwithstanding this limited protection right we grant to you, we reserve all rights to sell our products and services under the Marks in the Territory through alternative distribution channels, as discussed below.

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.

You may not change the location of your Franchised Business without our written consent, which we may withhold in our sole discretion. If you wish to relocate, you must identify a new location for the Franchised Business that meets our approval, in accordance with our then-current site selection procedures, within 90 days. If you do not identify a site within this time period, we may terminate the Franchise Agreement.

We may, but have no obligation to, consider granting to you the right to establish additional Crawl Space Ninja outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another Crawl Space Ninja outlet in an area and at a location we approve. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

#### Multi-Territory Addendum

During the term of the Multi-Territory Addendum, Franchisor will not open or operate, or license any third party the right to open or operate, any Franchised Business within each of your Territories. You will not have any additional territorial rights within the Territories under the Multi-Territory Addendum other than the rights you were granted within any Territory under a valid and existing Franchise Agreement for that Territory.

In order to exercise your right to operate in any additional Territory pursuant to a Multi-Territory Addendum you enter into with us, you must: (i) sign our then-current form of franchise agreement to govern the Franchised Business's operation in that Territory and comply with the same; (ii) pay the applicable Multi-Territory Fee upon entering into the Multi-Territory Addendum, and (iii) complete, along with any individuals or other personnel required, the Initial Training Program for the Franchised Business.

If we grant you the right to operate in multiple Territories, you will be required to have, at a minimum, one (1) salesperson and one (1) customer service representative per Territory. You must also secure a separate office space located within each Territory. We must approve the location of each Premises from which you will operate the Franchised Business in those additional Territories. If you are granted the right to operate in two (2) or more Territories, then you will be required to lease or purchase a second service vehicle no later than six (6) months following the execution of the Multi-Territory Addendum.

Under the Multi-Territory Addendum, 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.

## Reserved Rights

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate, or authorize others to own or operate Crawl Space Ninja outlets outside of the Territory and may operate other kinds of businesses within the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain, or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

We and our affiliates may sell products and services under the Marks within or outside the Territory through any method of distribution other than a dedicated Crawl Space Ninja outlet location, including, licensing our designs for use in other formats, and sales through such channels of distribution as the Internet ("Alternative Distribution Channels"). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory.

You may not use alternative channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make any sales inside or outside of your Designated Territory.

The Franchise Agreement does not grant you any right to participate in franchises, licensing programs or other business proposals for the sale and distribution of Crawl Space Ninja products or services through Alternate Distribution Channels.

We have not established, and do not presently intend to establish, other franchises or company-owned businesses, except as disclosed in Item 1 of this Franchise Disclosure Document, that offer similar services or products under a trade name or trademark different than the Marks.

## **ITEM 13: TRADEMARKS**

CrawlSpace Ninja IP, LLC ("Licensor") is the owner of the Marks and has granted us the right to use the Marks and license to others the right to use the Marks in the operation of a Crawl Space Ninja outlet in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the Crawl Space Ninja service mark, as described below ("Principal Mark") Licensor has registered the following Mark(s) on the Principal Register of the United States Patent and Trademark Office:

Mark	Registration Number	Registration Date	Register
Crawl Space Ninja	5644742	January 1, 2019	Principal
 <b>crawl space ninja</b>	7080372	June 13, 2023	Principal
 <b>crawl space ninja</b> Encapsulation • Waterproofing • Mold • Insulation	7080375	June 13, 2023	Principal

	7080367	June 13, 2023	Principal
BASEMENT NINJA	5948869	December 31, 2019	Principal
BASEMENT WATERPROOFING NINJA	5948872	December 31, 2019	Principal

Licensor has filed all required affidavits.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Mark or other Marks. Licensor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Mark or other Marks. Licensor and we have the right to control any administrative proceedings or litigation involving the Principal Mark or other Mark licensed by us to you. You must cooperate fully with Licensor and us in defending and/or settling the litigation.

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Mark, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Licensor's right, or our right, to the Principal Mark or other Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Mark or other Marks.

There are no currently effective agreements that significantly limit Licensor's or our rights to use or license the use of the Principal Mark or other Marks in a manner material to the franchise.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

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

We hold no patents and have no pending patent applications that are material to the franchise. We claim copyrights in all artwork and designs used by the System.

We also claim copyrights and proprietary rights on our designs, advertisements, promotional materials and other written materials and the contents of our Manual and website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

Our mutual obligations to protect your rights to use our copyrights are the same as the obligations for Trademarks described in Item 13 of this disclosure document.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of your Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never (during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated) reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Attachment 8).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action, but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

**ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

We require that you personally participate in the operation of your Franchised Business. Under certain conditions and with our prior approval, we may permit you to appoint a General Manager, but you must remain actively involved in overseeing the business. All of the Principal(s) must successfully complete our Initial Training Program and all other training courses we require. In addition, if you appoint a General Manager, they must successfully complete our Initial Training Program and all other training courses we require. Your manager is not required to have an equity interest in the franchisee entity. You must obtain our approval for anyone you hire as a general manager.

Your manager and any other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 7.

If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, you and your spouse must sign our current form of Guaranty, which is attached to our Franchise Agreement as Attachment 6.

## **ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL**

You must offer and sell all services that are part of the System, and all services and products that we incorporate into the System in the future. You may only offer services and products that we have previously approved.

You may not use our Marks for any other business, and you may not conduct any other business from your Franchised Business location without our prior approval. You cannot engage in any other business that competes with your Franchised Business, with our affiliates, or us or with Craw Space Ninja outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe.

## **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 Agreement</b>	<b>Section in Multi-Territory Addendum</b>	<b>Summary</b>
a.	Length of the franchise term	Art. 4	Nothing additional. Term is five years
b.	Renewal or extension of the Term	Sections 5.1 and 5.4	Nothing additional. If you are in good standing and meet certain other requirements as defined below, you can renew for two (2) additional successor terms. The first successor term is for ten (ten) years and the second is for five (5) years.

Provision	Section in Franchise Agreement	Section in Multi-Territory Addendum	Summary	
c.	Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Section 8	<p>Be in full compliance, have no more than three (3) events of default during current term; provide written notice to us at least six months before the end of the term; execute a new franchise agreement; pay us a renewal fee equal of five thousand (\$5,000); continue to maintain the vehicle with proper insurance, current trade dress and other standards; execute a general release; comply with then-current qualifications and training requirements; including completion of additional training.</p> <p>You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.</p>
d.	Termination by franchisee	None	None	You may seek termination on any grounds available by law.
e.	Termination by franchisor without cause	Section 16.7	Nothing additional.	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 6 months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 17	Nothing additional.	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	"Cause" defined – curable defaults	Section 17.3	Nothing additional.	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).

h.	"Cause" defined – non-curable defaults	Sections 17.1 and 17.2	Nothing additional.	<p>The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days.</p> <p>We may terminate the Franchise Agreement upon notice to you if you: do not open the Franchised Business within required time frames; falsify any report to us; cease operations for 5 days or more, unless your vehicle is being repaired/replaced; fail to restore and re-open the Franchised Business within 120 days after a casualty; fail to comply with applicable laws; default under any lease for the premises; understate Gross Revenue two (2) or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material</p>
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Provision	Section in Franchise Agreement	Section in Multi-Territory Addendum	Summary
			or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive two (2) or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; fail to maintain Minimum Performance Requirements in any single year of operation; fail to maintain a minimum four-star rating on Google Reviews; or terminate the Franchise Agreement without cause.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Section in Multi-Territory Addendum</b>	<b>Summary</b>	
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Nothing additional.	Upon termination, you must cease operations; cease to identify yourself as a Crawl Space Ninja franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, software and social media accounts. We also reserve the right to purchase your business vehicle for the lesser of the current market value.
j.	Assignment of contract by franchisor	Section 16.1.1	Section 10	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Nothing additional.	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee		Nothing additional.	No transfer or additional owner is allowed without our consent, which we will not unreasonably withhold.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Section in Multi-Territory Addendum</b>	<b>Summary</b>
m. Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Nothing additional.	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully complete our Initial Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Exhibit C to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; you will indemnify us for a period of 3 years following the transfer; our approval of the material terms and conditions of the transfer; payment of a transfer fee equal \$15,000 (or no payment for a transfer to a spouse, parent or child upon death or permanent disability of the current Franchisee).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	Nothing additional.	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b)we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Section in Multi-Territory Addendum</b>	<b>Summary</b>	
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Nothing additional.	Upon termination of the Franchise Agreement, we have the option to purchase your, equipment, signs, advertising materials, supplies, and inventory at your cost or fair market value, whichever is less. We have the option of purchasing the vehicle for the lesser of its current market value.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	Nothing additional.	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 6 months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	Nothing additional.	You may not: divert, or attempt to divert, customers of any Crawl Space Ninja outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business, induce any person employed by us to leave their employment; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Section in Multi-Territory Addendum</b>	<b>Summary</b>	
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	Nothing additional.	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Crawl Space Ninja outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 25 miles of your former Crawl Space Ninja outlet location or any other Crawl Space Ninja outlet location (franchised or company owned), induce any person employed by us to leave their employment; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 9.4, 14.6, 19.1.4 and 22.4	Nothing additional.	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 21.4	Section 14	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	Section 12	At our option, claims that are not resolved internally may be submitted to arbitration or non-binding mediation only at our headquarters located in Knoxville, TN. (subject to state law)
v.	Choice of forum	Section 20.3	Section 12	Litigation takes place in Tennessee. (subject to state law)
w.	Choice of law	Section 20.3	Section 11	Tennessee law applies. (subject to state law)

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

**ITEM 18: PUBLIC FIGURES**

We do not currently use any public figures to promote our franchise.

**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.

**Historical Financial Performance Representation**

This Item 19 presents certain historical financial performance information about certain of our franchised outlets in the United States, as well as our affiliate-operated outlet, in the 2024 calendar year (the "Measurement Period"), as reported to us by the owners of the outlets. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

As of April 2025, we have franchisees operating in sixteen (16) Territories throughout the United States (our "Franchised Outlets"), each of which operates under our Principal Marks and offers our Approved Products and Approved Services. These sixteen (16) open territories (each an "outlet") are referred to in this Item 19 as the "Reporting Franchised Outlets." Of these sixteen Reporting Franchised Outlets, seven (7) outlets are operated by multi-territory operators; in this Item 19, we refer to these seven (7) outlets as "Reporting Multi-Territory Franchised Outlets."

As of April 2025, we also have two (2) businesses that are owned and operated by our affiliate, in Knoxville, Tennessee and North Georgia, respectively (the "Affiliate-Owned Outlets"). Our "Knoxville Affiliate-Owned Outlet" opened in January 2006, and North Georgia opened in September 2024. Both Outlets operate in a substantially similar manner to our System franchisees; however, our Knoxville Affiliate-Owned Outlet is a mature outlet that services a substantially larger territory than those typically granted to our System franchisees and does not operate under certain territorial restrictions as do our System franchisees. We have excluded from the Item 19 the financial performance of the North Georgia Outlet, because it was not open for the entirety of the Measurement Period.

Part I of this Item 19 discloses (i) certain data from all Reporting Franchised Outlets, including the Total Number of Jobs Sold, Average Number of Jobs Sold Per Outlet, Average Ticket Price, and Average Weekly Revenue, including the lows, highs, medians, and the percentage of Outlets that met or exceed the averages during the Measurement Period (Table 1A); and (ii) certain consolidated information about our top-, middle-, and lower-performing Reporting Franchised Outlets during the Measurement Period (Table 1B).

Part II of this Item 19 discloses the total Gross Revenue, as well as Total Adjusted Gross Revenue and certain Disclosed Operating Expenses for our Knoxville Affiliate-Owned Outlet during the Measurement Period.

## PART I

**Table 1(A)**  
**All Franchised Reporting Outlets**

	Total	Average of Group	Low in Group	High in Group	Median	% That Met or Exceeded the Average
Number of Jobs Sold	1078	90	12	276	75	41.7%
Average Ticket Price	N/A	\$12,685	\$7,380	\$26,068	\$13,956	58.3%
Average Weekly Revenue	N/A	\$21,914	\$4,472	\$63,218	\$21,800	50%

**Table 1(B)**  
**Performance by Tier**

*\*\*Includes All Reporting Franchised Outlets, Including Reporting Multi-Territory Franchised Outlets*

	Top Third (4)	Middle Third (3)	Bottom Third (4)
Average Gross Revenue	\$1,876,215	\$1,047,232	\$519,762
High in Group	\$3,287,354	\$1,188,431	\$708,492
Low in Group	\$1,251,272	\$733,512	\$232,529
Median	\$1,509,330	\$1,133,593	\$519,762
# that Met or Exceeded the Average	1	3	2
Average Adjusted Gross Revenue (Gross Revenue Less Disclosed Labor & Materials)	\$1,062,988	\$653,953	\$305,708
High in Group	\$1,791,786	\$651,364	\$477,909
Low in Group	\$629,507	\$479,396	\$155,839
Median	\$915,330	\$560,570	\$294,543
# that Met or Exceeded the Average	2	2	2
Adjusted Gross Revenue as % of Gross Revenue	57%	55%	62%
Average Revenue Less Disclosed Expenses	\$521,101	\$325,719	\$162,372
High in Group	\$935,945	\$378,704	\$317,705
Low in Group	\$263,489	\$249,969	\$25,322
Median	\$442,484	\$337,102	\$153,231
# that Met or Exceeded the Average	1	2	1

## PART II

**Table 2 – Knoxville Affiliate-Owned Outlet**  
 1/1/2024 – 12/31/2024 (“Measurement Period”)

Knoxville, Tennessee	Original Opening Date of Affiliate-Owned Outlet: January 2006
<b>Total Revenue</b>	<b>\$2,840,030</b>
Total Labor (Production, Sales)	\$746,994
Total Materials	\$685,880
<b>Adjusted Gross Revenue</b>	<b>\$1,407,157</b>
<i>Adjusted Gross Revenue as % of Gross Revenue</i>	50%
<b><u>Disclosed Operating Expenses</u></b>	
Marketing	\$309,457
Payroll Tax	\$88,178
Office Supplies	\$3,191
Vehicle Expense	\$73,485
Bank Fees	\$79,294
Insurance	\$35,557
Rent & Utilities	\$126,362
IT & Telephone	\$43,409
<i>Imputed Royalty Fee</i>	\$198,802
<i>Imputed Brand Fund Contribution</i>	\$28,400
Total Disclosed Expenses	\$986,133
<b>Total Revenue less Disclosed Expenses</b>	<b>\$421,024</b>

### NOTES TO THIS ITEM 19:

- A. **Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**
- B. Unless otherwise indicated, all amounts are rounded to the nearest dollar.
- C. Definitions:

#### Part I

- (i) “Gross Revenue” means the total reported revenues and receipts from the sale of all products and services sold through the Reporting Franchised Outlets, the Reporting Multi-

Territory Franchised Outlets, and Affiliate-Owned Outlet (each a "Reporting Outlet" and collectively, the "Reporting Outlets"), respectively. Gross Revenue does not include sales tax, nor does it include the value of any gift cards or other rebates. In Table 1(A) above, "Average Weekly Revenue" means Gross Revenue as defined above divided by seven (7).

(ii) "Average Adjusted Gross Revenue (Gross Revenue Less Disclosed Labor & Materials)" means the average among the Reporting Franchised Outlets of (i) Gross Sales (as defined above, less (ii) Disclosed Labor (the wages paid to certain personnel of the Reporting Franchised Outlets, including for their performance of the Approved Services and for sales made by the Reporting Franchised Outlets during the Measurement Period, as reported to us by the Reporting Franchised Outlets), and (iii) Disclosed Materials (the reported cost of job materials used in connection with the operation of the Reporting Franchised Outlets during the Measurement Period, as reported to us by the Reporting Franchised Outlets).

(iii) "Average Revenue Less Disclosed Expenses" means the average among the Reporting Franchised Outlets of (i) Gross Sales (as defined above), less (ii) Disclosed Labor (as defined above, (iii) Disclosed Materials (as defined above, (iv) Marketing (the reported costs associated with marketing and promotion that were expended by the indicated Reporting Franchised Outlets during the Measurement Period), (v) Royalties (the total amount of Royalty fees paid by the Reporting Franchised Outlets to us during the Measurement Period), (vi) Brand Fund (the total amount of the Brand Fund contribution paid by the Reporting Franchised Outlets to us during the Measurement Period), (vii) Payroll Tax (the reported cost of payroll taxes expended by the Reporting Franchised Outlets during the Measurement Period), (viii) Office Supplies (the reported cost of general office supplies used in connection with operating the indicated Reporting Franchised Outlets during the Measurement Period), (ix) Vehicle Expenses (the reported cost of gasoline, vehicle repair, and vehicle maintenance associated with the operation of the Reporting Outlet during the Measurement Period), (x) Bank Fees (the reported banking fees expended by the Reporting Franchised Outlets and collected by third-party banking institutions during the Measurement Period), (xi) Insurance (the costs expended by the Reporting Franchised Outlets for their general liability, workers' comp, and automobile insurance policies during the Measurement Period), (xii) Licenses (the reported cost of obtaining and/or maintaining the required business licenses and permits in connection with the operation of the Reporting Franchised Outlets during the Measurement Period), (xiii) Rent & Utilities (the reported cost of rent- and utility-related expenses incurred by the Reporting Franchised Outlets during the Measurement Period), and (xiv) IT & Telephone (the reported costs of telephone and technology support expenses in connection with the operation of the Reporting Franchised Outlets during the Measurement Period).

(iv) Additional Notes to Part I: Not all Reporting Franchised Outlets have signed the same form of franchise agreement; accordingly, the Royalty fees and Brand Fund contributions deducted from Gross Sales and averaged across the Reporting Franchised Outlets in Part I of this Item 19 may not reflect the percentage or amount of Royalty fees we currently collect, nor the amount of Brand Fund contributions we currently require.

## **Part II**

(i) "Total Disclosed Expenses" means those categories of expenses disclosed in the Charts in this Item 19, specifically, Marketing, Payroll Tax, Office Supplies, Vehicle Expense, Bank Fees, Insurance, Rent & Utilities, and IT & Telephone. "Total Disclosed Expenses" does not include or reflect certain additional operating expenses, including but not limited to employee wages, cost of goods sold, equipment costs, and certain other costs that you will incur in operating a Franchised Business. Franchisees or former franchisees listed in Exhibit F to this Disclosure Document may be one source of this information.

(ii) Additional Note to Table 2 Above: The Knoxville Affiliate-Owned Outlet did not pay us the "Imputed Royalty Fee" nor the "Imputed Brand Fund Contribution" during the Measurement Period. The "Imputed Royalty Fee" is defined as 7% of Gross Revenue during the Measurement Period, and the "Imputed Brand Fund Contribution" is defined as 1% of Gross Revenue during the Measurement Period. You will be required to pay a Royalty fee and Brand Fund contribution, as well as all other fees due to us under the Franchise Agreement.

D. The Knoxville Affiliate-Owned Outlet is a mature outlet that opened and commenced operating in January 2006. The Knoxville Affiliate-Owned Outlet operates in a substantially similar manner to our Reporting Franchised Outlets in that the Knoxville Affiliate-Owned Outlet (i) operates under our Principal Marks; (ii) offers and provides all Approved Products and Approved Services; and (iii) utilizes our Principal Marks on its service vehicles and in all advertising and promotional materials. However, as of the issuance date of this disclosure document and as stated above in this Item 19, the Knoxville Affiliate-Owned Outlet operates in a service area that is substantially larger than the size of a typical Territory awarded to our System franchisees.

E. The information in this Item 19 excludes tax liabilities. You will be responsible for all taxes incurred in connection with the operation of your Franchised Business.

F. You should develop your own business plan for your franchise, including capital budgets, financial statements, projections, pro forma financial statements, and other elements appropriate to your circumstances. We will not review or otherwise provide feedback on your business plan, however, we encourage you to consult with your own accounting, business, and legal advisors to assist you in preparing your business plan.

G. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

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 outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michael Church at 6011 Ridan Drive, Knoxville, TN 37909, 865-659-0390, the Federal Trade Commission, and the appropriate state regulatory agencies.

## **ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
System-wide Outlet Summary  
For Years 2022 to 2024**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	17	21	+4
	2023	21	18	-3
	2024	18	16	-2
Company – Owned*	2022	2	1	-1
	2023	1	1	0
	2024	1	2	+1
Total Outlets	2022	19	22	+3
	2023	22	19	-3
	2024	19	18	-1

\* Company-owned outlets are operated by affiliated entities.

**Table No. 2**  
**Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)**  
**For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2022	0
	2023	0
	2024	2

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
AL	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
DE	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
GA	2022	5	0	0	0	0	0	5
	2023	5	0	1	0	0	0	4
	2024	4	0	0	0	0	0	4
KY	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NC	2022	9	0	0	0	0	0	9
	2023	9	2	2	0	0	2	7
	2024	7	0	0	0	0	0	7
OH	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
SC	2022	0	2	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
TN	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	2	0	0	0	0
Total	2022	17	4	0	0	0	0	21
	2023	21	3	3	0	0	3	18
	2024	18	0	2	0	0	0	16

**Table No. 4**  
**Status of Company Owned\* Outlets**  
**For Years 2022 to 2024**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Open ed	Col. 5 Outlets Reacquire d from Franchise es	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchise es	Col. 8 Outlets at End of the Year
AL	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
GA	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
TN	2022	2	0	0	1	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	2	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	1	0	0	0	2

\* Company-owned outlets are operated by affiliated entities.

**Table No. 5**  
**Projected Openings as of December 31, 2024**

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
Total	0	0	0

During the last three (3) fiscal years, certain franchisee(s) have entered into confidentiality provisions that would restrict their ability to speak openly about their experience with the System,

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Exhibit F lists the names, telephone numbers, and addresses of each Crawl Space Ninja franchised outlet in our System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Crawl Space Ninja System.

**ITEM 21: FINANCIAL STATEMENTS**

Our (i) audited financial statements dated December 31, 2024, December 31, 2023, and December 31, 2022, and (ii) unaudited interim financial statements dated March 31, 2025 are included in Exhibit D. Our fiscal year end is December 31.

**ITEM 22: CONTRACTS**

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B and Exhibit C. These include our Franchise Agreement and all amendments to it (Marks, Territory Description, General Release, Statement of Ownership Interests in Franchisee, Lease Addendum, Guaranty, and Confidentiality and Non-Compete Agreement), as well as our Multi-Territory Addendum.

**ITEM 23: RECEIPT**

A receipt in duplicate is attached to this Disclosure Document as Exhibit F. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Michael Church at 6011 Ridan Drive, Knoxville, TN 37909.

## EXHIBIT A

### **AGENCIES/AGENTS FOR SERVICE OF PROCESS**

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 <sup>th</sup> Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**CRAWLSPACE NINJA FRANCHISING LLC  
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this "Agreement") is being entered into on \_\_\_\_\_, (the "Effective Date") by and between Crawlspace Ninja Franchising LLC, a Tennessee Limited Liability Company with its principal place of business at 6011 Ridan Drive, Knoxville, TN 37909, and \_\_\_\_\_, a \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_'s principal(s) \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (collectively, the "Franchisee").

**RECITATIONS**

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a unique and distinctive crawl space encapsulation business, which features, among other things crawl space waterproofing, dehumidification, ventilation, insulation, mold removal and prevention, air sealing, and door installation using Franchisor's designs, and using Franchisor's confidential operations manual ("Manual") of business practices and policies, and Franchisor's distinctive trade dress, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the "System"). Training will occur at Franchisor's headquarters and/or other affiliated outlet currently located in Knoxville, Tennessee, and will be provided consistent with Franchisor's training manuals.

The System is identified by certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the mark "Crawl Space Ninja," and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the "Marks").

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System's high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

- 1. RECITATIONS.** The Recitations set out above form part of this Agreement.
- 2. GRANT OF FRANCHISE.** Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Crawl Space Ninja franchise (the “Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved, and further developed by Franchisor from time to time. This grant applies only to a single location within a territory that is designated in Exhibit “B” attached hereto and incorporated herein (the “Territory”).

### **3. TERRITORY**

- 3.1 Territory.** This Agreement grants Franchisee the right to operate the Franchised Business at a single location within the Territory. Franchisor agrees that Franchisor will not, and Franchisor will not permit any other of our franchisees, to operate a franchised Crawl Space Ninja location in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not expired or been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Crawl Space Ninja franchises around, bordering and adjacent to the Territory. Franchisee will be selling its products and services from a location within the territory, and will provide services to customers within that territory. Franchisee is prohibited from selling and soliciting customers through alternative distribution channels as more fully specified herein.
- 3.2 Reservation of Rights.** Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. Franchisor reserves the right, without limitation, to offer (i) other products or services not offered under the Marks, (ii) other crawl space, basement, and repair concepts under the Marks or other trademarks, including licensing Franchisor’s designs for use in other formats and (iii) products or services through any channel in the Territory other than a dedicated Crawl Space Ninja location, such as the Internet (“Alternate Distribution Channels”). Franchisee will receive no compensation for Franchisor’s sales through Alternate Distribution Channels made within the Territory. Franchisor also reserves the right to acquire, be acquired by or merge with another company. Franchisee agrees that such implementation of Franchisor’s rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee’s rights pursuant to Section 2 hereof.

3.3 Minimum Performance Requirements. In order to maintain the Territory, Franchisee understands and agrees that they must maintain the following Minimum Performance Requirements for Revenue Per Year of Agreement:

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5+</b>
<b>Minimum Performance Requirement</b>	\$400,000	\$650,000	\$900,000	\$1,150,000	\$1,400,000

Franchisee's failure to meet the Minimum Performance Requirements specified herein shall constitute a material default of this Agreement.

**4 TERM.** Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the rights granted to Franchisee hereunder shall commence upon the Effective Date set forth above and terminate on the date that is five (5) years from the Effective Date (the "Term").

**5 RENEWAL OPTIONS.** Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (each a "Renewal Franchise Agreement") for up to (i) one (1) additional ten (10) year term (the "First Renewal Term"), and (ii) one (1) additional five (5) year term (the "Second Renewal Term"). The term of each such Renewal Franchise Agreement shall commence upon the date of expiration of the immediately preceding term.

5.1 Form and Manner of Renewal Franchise Agreement. If Franchisee desires to exercise Franchisee's option to enter into a Renewal Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than six (6) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then current Franchise Disclosure Document (including Franchisor's then current franchise agreement).

5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor's then current Disclosure Document.

5.1.3 The Renewal Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.

5.1.4 If Franchisee fails to perform any of the acts or deliver any of the notices required pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Renewal Franchise Agreement, and such failure shall

cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.

- 5.1.5 Franchisee acknowledges that the Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.
- 5.2 Conditions of Renewal. Franchisee's right to enter into a Renewal Franchise Agreement is conditioned upon the following:
  - 5.2.1 Franchisee shall have remained in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.
  - 5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the Term, whether or not such defaults were cured.
  - 5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.
  - 5.2.4 Franchisee shall have completed any required updates to the Franchised Business location in order to meet system standards.
  - 5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Crawlspace Ninja Franchising LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Exhibit "C". This release will include all claims arising under any federal, state, or local law, rule, or ordinance.
  - 5.2.6 Franchisee performs such remodeling, repairs, replacements, and redecoration as Franchisor may require causing the Franchised Business location, equipment, and trade dress to conform to the plans and specifications being used for new franchised businesses on the renewal date.
  - 5.2.7 Franchisee shall have maintained a minimum four-star rating on Google Reviews at the time of renewal.
  - 5.2.8 Franchisee shall pay the required renewal fee of Five Thousand Dollars (\$5,000) and sign the Renewal Franchise Agreement.
- 5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Crawl Space Ninja franchises, is in the process of revising, amending or renewing Franchisor's form

of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of Renewal Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate renewal term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Renewal Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a Renewal Franchise Agreement as a result of a decision to withdraw from a marketing area or the Territory in which Franchisee's Franchised Business is located.

## 6 FEES

6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Fifty-Nine Thousand Dollars (\$59,000) (the "Initial Fee"). The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances. Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, weekly and throughout the Term, a royalty fee equal to the greater of seven percent (7%) of (i) the Franchisee's Gross Revenue ("Gross Revenue") each month as hereinafter defined, or (ii) the applicable Minimum Performance Requirement (the "Royalty Fee"). The term "Gross Revenue" includes all revenues and income from or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor's methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. It does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, (iii) properly documented promotional discounts (i.e. coupons) or (iv) properly documented employee discounts (limited to 3% of Gross Revenue). Gross Revenue does not include gift card purchases, at the time of purchase, but Gross Revenue does include the redemption amount of purchases made by gift card.

6.1.3 Gross Revenue Reports. Franchisee shall, each Monday for the previous week, furnish Franchisor with a report showing Franchisee's Gross Revenue at or from

the Franchised Business and/or made pursuant to the rights granted hereunder during such period (the “Gross Revenue Report”). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. Franchisor requires the use of a point of sale system (“POS System”), in the operation of the Franchised Business. At Franchisor’s option, Franchisee shall submit the Gross Revenue Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

- 6.1.4 Method of Payment. Franchisee shall pay the Royalty and Brand Fund payment, as defined and more particularly described in Article 13, directly to the Franchisor via ACH each Wednesday for the previous week. At Franchisor’s request, Franchisee must execute documents that allow Franchisor to automatically take the Royalty Fee and Brand Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers. Franchisee’s failure to allow electronic funds transfers on an ongoing basis is a material breach of this Agreement.
- 6.1.5 Qualifying Territory Royalty Reduction. In the event that during the Term of this Agreement Franchisee’s Gross Revenue in the Territory exceeds Three Million Dollars (\$3,000,000) annually (a “Qualifying Territory”), as determined by calculating the total Gross Revenue as of each one-year anniversary date of the opening of the Franchised Business, then Franchisee shall pay Franchisor a reduced royalty fee of six percent (6%) of Gross Revenue for the Qualifying Territory for the subsequent twelve (12) month period (the “Reduced Royalty Fee”). In the event that Franchisee’s Gross Revenue in the Qualifying Territory falls below Three Million Dollars (\$3,000,000) in any one-year period, then Franchisee shall resume paying to Franchisor the Royalty Fee as set forth in Section 6.1.2 commencing upon the day following the applicable anniversary date of the opening of the Franchised Business.
- 6.2. Late Fee. If the Royalty Fee, Brand Fund Contribution, or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Two Hundred and Fifty Dollars (\$250.00) per week, for each week such fee or report is past due. This late fee is reasonably related to Franchisor’s costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee’s failure to pay the Royalty Fee, the Brand Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.
- 6.3. Technology Fee. Franchisee shall pay Franchisor, its affiliate, or a third party, as directed by Franchisor, a recurring fee for certain software licenses and other technology that Franchisor designates for use in connection with the Franchised Business (the “Technology Fee”). In Franchisor’s sole discretion, Franchisor may (i) increase the amount of the Technology Fee or (ii) replace the then-current technology with different technology, developed by Franchisor or a third party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Franchisee shall pay Franchisor or a third party, as directed by Franchisor, an initial fee of Two Thousand Dollars (\$2,000) to install

required software along with weekly charges dependent on operations set up/subscription status, subject to increases as noted in Operations Manual.

- 6.3. Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 18% per annum or at the highest rate permitted by law, whichever is lower.
- 6.4. Insufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Two Hundred and Fifty Dollars (\$250.00) per occurrence. This Insufficient Funds Fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.
- 6.5. Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.
- 6.6. Business Services/Lead Generation Fee. If utilized, Franchisee must pay Franchisor a fee in connection with the use of the Call Center in an amount up to \$25 per appointment booked. Franchisor reserves the right to change the amount of this fee, but not more than once per year. Franchisor reserves the right to remove any franchisee from the call center at its discretion. Franchisee must follow up on all leads provided by the Call Center within one (1) business day. Franchisor may increase or decrease the required response time with written notice to Franchisee. Calls from prospective clients may be routed through the Corporate Call Center to Franchisee. Franchisee is required to pay a fee associated with the Corporate Call Center on a "per appointment booked" basis, as determined in Franchisor's sole discretion ("Business Services/Lead Generation Fee"). Franchisee shall, each Wednesday for the previous week, pay the Business Services Fee directly to Franchisor's designated third-party service provider via ACH.

## 7 TRAINING.

- 7.1 Initial Training Program. Franchisee (specifically including all Franchisee's principals) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial training program ("Initial Training Program") at least two (2) weeks (but no more than six (6) weeks, prior to the opening of the Franchised Business. The Initial Training Program shall be conducted at Franchisor's headquarters in Knoxville, TN. Franchisor reserves the right to designate an alternate location for the course component of the Initial Training Program. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to three (3) people to take the Initial Training Program prior to opening the

Franchised Business (“Initial Trainees”). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.

- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor’s sole discretion, whether the Franchisee has satisfactorily completed the Initial Training Program. If the Initial Training Program is not satisfactorily completed by the franchisee, or if Franchisor, in Franchisor’s reasonable business judgment based upon the performance of the Initial Trainees, determines that Franchisee and Franchisee’s Principal(s) cannot satisfactorily complete the Initial Training Program, Franchisor may terminate this Agreement.
- 7.3. Opening Assistance. Within sixty (60) days of the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. Franchisor will provide up to three (3) days of on-site production assistance to Franchisee at no charge.
- 7.4. Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee’s principals shall participate in the following additional training:
  - (i) on-going training for up to five (5) days per year, at a location designated by Franchisor.
  - (ii) a national business meeting or annual convention for up to three (3) days per year, at a location designated by Franchisor.

Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee’s personnel in connection with additional training or attendance at Franchisor’s national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee’s failure to attend and/or complete mandatory additional training or failure to attend Franchisor’s national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee’s principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee’s principal and Franchisor’s training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor’s training personnel within ten (10) days of Franchisor’s billing thereof to Franchisee.

- 7.5. On-Site Remedial Training. Upon Franchisee’s reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee’s personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System as outlined in the Operations Manual for

the services of such trained representatives, plus their costs of travel, lodging, and meals.

7.6. **Counseling and Assistance.** In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, video conference, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, purchasing and inventory control, bookkeeping and System improvements.

## 8 FRANCHISED LOCATION AND VEHICLE REQUIREMENTS

### 8.1 Location Selection and Vehicle Storage.

8.1.1. Franchisee assumes all cost, liability, expense, and responsibility for obtaining and developing a location for the Franchised Business within the Territory and for securely storing the vehicle(s) and equipment at that site. Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business location or vehicle storage. At all times during the term of this Agreement, Franchisee shall operate the Franchised Business from a commercial office space. Franchisor shall, within thirty (30) days of Franchisor's receipt of Franchisee's proposed lease, review the lease for Franchisor required terms only. Franchisor does not guarantee the success of any location.

8.1.2. Franchisee shall select a site located within Franchisee's territory that provides secure vehicle and equipment storage. Franchisee must have at least five hundred (500) square feet of storage space, which can be a public storage unit. Franchisee's Vehicle must meet minimum specifications as outlined in the Operations Manual.

8.1.3. After a location for the Franchised Business is consented to by Franchisor and acquired by Franchisee pursuant to this Agreement, the location shall be set forth on Exhibit "B" of this Agreement, which location and attachment shall be incorporated herein and made a part hereof.

8.2. **Preparation of Vehicle and Office.** Franchisee shall be responsible for equipping and outfitting their CrawlSpace Ninja vehicle and office as required by the Operations Manual. Franchisor will provide sample layout and specs.

8.3. **Time to Open.** Franchisee acknowledges that time is of the essence in this Agreement. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business and commence business within either: (i) ninety (90) days after Franchisee has signed the Franchise Agreement, or (ii) sixty (60) days after Franchisee has successfully completed the Initial Management Training Program, as set forth in Article 7, unless Franchisee

obtains a written extension of such time period from Franchisor. The date the Franchised Business opens for business to the public shall be defined herein as the “Opening Date”. Prior to the Opening Date, Franchisee shall (i) complete all modifications for the Franchised Business location and vehicle, including installation of equipment and signage, in accordance with System requirements and the plans and specifications consented to by Franchisor, (ii) satisfactorily complete Franchisor’s Initial Training Program, as further set forth in Article 7, (iii) hire and train staff, if required, (iv) obtain all required insurance policies on behalf of the Franchised Business, and (v) obtain all required licenses to operate the Franchised Business. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to terminate this Agreement. Franchisee’s failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within ninety (90) days following the date of this Agreement shall be deemed a material event of default under this Agreement.

8.4. **No Relocation.** Franchisee’s rights to operate the Franchised Business shall be limited to the location set forth in Exhibit B, and no other. Franchisee shall not relocate the Franchised Business at any time without Franchisor’s written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee’s sole expense, and subject to the following:

- 8.4.1. Franchisee shall construct and develop the new premises to conform to Franchisor’s then-current specifications for design, appearance and improvements for new Franchised Businesses.
- 8.4.2. Franchisee shall remove any signs or other property from the original Franchised Business location that identified the original Franchised Business location as part of the System.
- 8.4.3. The parties shall amend Exhibit “B-1” to reflect the address of the new Franchised Business location.
- 8.4.4. If a relocation site acceptable to Franchisor is not identified within ninety (90) days following Franchisee’s request to relocate, either party may terminate this Agreement.

## **9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED LOCATION, VEHICLE AND SYSTEM**

9.1. **Maintenance of Franchised Location and Vehicle.** Franchisee shall equip and maintain the Franchised location and Vehicle to the standards of trade dress, sanitation, repair, and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards, and specifications. Franchisee, at Franchisee’s expense, shall make such additions, alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor’s standards, including, without limitation, periodic repairs, replacement or updating of the location, vehicle or signage as Franchisor may direct.

9.2. **Inspections.** Franchisee shall operate and maintain the Franchised location and vehicle in conformance with best practices for safety, in a manner that will ensure the highest rating possible for businesses of like kind from the governmental authorities that may inspect such businesses in the Territory (should such an inspection be required). Franchisee shall submit to Franchisor a copy of any inspection reports. It shall be a default of this Agreement if, upon inspection, Franchisee does not obtain such rating or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs, and sanitation required by the System, and Franchisor may, at its option, terminate this Agreement.

9.3. **Equipment and Technology Updates.** Franchisee shall make any and all upgrades to equipment, including but not limited to, design, display and storage equipment, POS Systems, and computer hardware and software, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.4. **Trade Dress Modifications.**

9.4.1. Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new designs, new vehicle color schemes, new or modified marks, and new signage (collectively, “Trade Dress Modifications”).

9.4.2. As a condition to renew this Agreement, Franchisee shall refurbish the Franchised Business location or vehicle at Franchisee’s sole expense, as required by Franchisor, to conform to Trade Dress Modifications. This includes, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.4.3. Franchisee will accept use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.5. **No Liability/Waiver of Claims.** Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.6. Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings. Invitation may be based on a franchisee's level of success, superior performance and profitability.

## 10. FRANCHISOR'S OBLIGATIONS

Franchisor and/or its designated representative will provide the services described below:

- 10.1. Territory Selection. Territory selection criteria, as Franchisor may deem advisable. Franchisor shall also approve the Franchised location in accordance with Section **8.1.2**.
- 10.2. Vehicle Prep. Provide to Franchisee criteria and specifications for a Crawl Space Ninja vehicle modification. Such criteria and specifications include, but are not necessarily limited to, signage, color and equipment modifications to your vehicle. Franchisee shall independently, and at Franchisee's expense, have the vehicle modified to follow such criteria and specifications in accordance with Article 8.
- 10.3. Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.
- 10.4. Inspection. Inspection of the Franchised Business and evaluations of the products sold and services rendered therein whenever reasonably determined by Franchisor.
- 10.5. Pre-Opening Requirements. Provide a written list of equipment, fixtures, signage, supplies and/or products that will be required and/or recommended to open the Franchised Business for business.
- 10.6. Advertising Materials. Provide samples or camera-ready artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.
- 10.7. List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees.
- 10.8. Training. The training programs specified in Article 7 herein.
- 10.9. On-Site Assistance. On-site post-opening assistance at the Franchised Business location in accordance with the provisions of Article 7.

10.10. Brand Fund. Administer a Brand Fund in accordance with Section 13.3.

10.11. Technology Platform. Maintain the technology platform for the Franchised Business's intranet and email system, or other technology platforms Franchisor may reasonably require.

## 11. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

11.1. Best Efforts. Franchisee, including each of Franchisee's Principals, covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

11.2. Corporate Representations. If Franchisee is a corporation, partnership, limited liability company or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

11.2.1. Franchisee is duly organized and validly existing under the state law of its formation;

11.2.2. Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;

11.2.3. Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

11.2.4. The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee;

11.2.5. Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, un-liquidated, absolute, contingent or otherwise, that are not reflected as liabilities; and

11.3 If any Franchisee Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Exhibit F hereof. Franchisee Principal and their spouse shall be jointly and severally liable for the obligations under the Guaranty.

#### 11.4. Franchisee's Employees and Managers.

- 11.4.1. Franchisee shall be actively involved in the management of the Franchised Business. Notwithstanding the foregoing, Franchisee may designate and retain at all times a general manager (“General Manager”) to direct the daily operation and management of the Franchised Business. The General Manager may be Franchisee, if Franchisee is an individual, or a Principal. In the event Franchisee elects to designate a General Manager, Franchisee shall designate its General Manager prior to attending the Initial Training Program.
- 11.4.2. Franchisee shall ensure that its agents, employees and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and its Principals; and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals.
- 11.4.3. Franchisee's General Manager, agents, employees and third-party business affiliates shall further:
  - 11.4.3.1. Meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual.
  - 11.4.3.2. Not engage in any other business activity without the Franchisor's consent, which may be withheld in Franchisor's sole discretion.
  - 11.4.3.3. Satisfy the training requirements set forth in Article 7.
- 11.4.4. Franchisee's employees are under Franchisee's sole control. Franchisor is not the employer or joint employer of Franchisee's employees. Franchisor will not exercise direct or indirect control of Franchisee's employee's working conditions. Franchisor does not share or codetermine the terms and conditions of employment of Franchisee's employees or participate in matters relating to the employment relationship between Franchisee and its employees, such as hiring, promotion, demotion, termination, hours or scheduled work, rate of pay, benefits, work assigned, discipline, response to grievances and complaints, or working conditions. Franchisee has sole responsibility and authority for these terms and conditions of employment. Franchisee must notify and communicate clearly with its employees in all dealings, including, without limitation, its written and electronic correspondence, pay-checks, and other materials, that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.

- 11.4.5. Franchisee shall promptly notify Franchisor when any employee, agent or third-party affiliate previously granted access to Franchisor's proprietary or confidential information ceases to be employed or affiliated with Franchisee, so that all access rights to Franchisor proprietary or confidential information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.
- 11.4.6. If the General Manager is not able to continue to serve in such capacity, or no longer qualifies to serve as General Manager in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement (including, but not limited to, completing all training and obtaining all certifications required by Franchisor). Until such replacement is designated, Franchisee shall provide for interim management of the Franchised Business, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. Franchisor, in Franchisor's sole discretion, may provide interim management support and charge Franchisee an interim management support fee until such General Manager is properly trained or certified in accordance with Franchisor's requirements. Such interim management support fee shall be in the amount equal to the greater of (i) ten percent (10%) of Gross Revenue earned at the Franchised Business during the interim management, or (ii) \$750 per week, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, and shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.4.
- 11.5. Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits; certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, fire and police department clearances, Americans With Disability Act compliance, health permits, certificates of occupancy, any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.
- 11.6. Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business office location or vehicle, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor.

Neither Franchisee, Franchisee's employees or anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

- 11.7. Assignment of Numbers and Listings. At Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings; and provide Franchisor with passwords and administrator rights for all email, software, social media or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.
- 11.8. Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.
- 11.9. Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

## 12. FRANCHISEE'S OPERATIONS

- 12.1. Operation of Franchised Business Location. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:
  - 12.1.1. Use only those fixtures, trade dress, equipment, supplies, and signage that conform to Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor;
  - 12.1.2. Maintain and operate the Franchised Business location and vehicle in attractive condition and good repair, using Franchisee's best efforts to maintain a clean, enjoyable and inviting atmosphere therein in accordance with System standards, the Manual and all other directives and requirements

of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;

- 12.1.3. Procure the necessary licenses or permits; and otherwise comply with all applicable governmental laws, ordinances, rules and regulations;
- 12.1.4. Maintain sufficient inventories of merchandise and supplies, as prescribed by Franchisor;
- 12.1.5. Conduct sales in accordance with Franchisor's standards and specification;
- 12.1.6. Employ only qualified individuals who are trained in accordance with Franchisor's standards, including but not limited to the protection of Franchisor's confidential and proprietary information, and who will at all times enhance Franchisor's brand and conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation Franchisee shall use its best efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to customers of the Franchised Business. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;
- 12.1.7. Permit Franchisor or its agents, to inspect the Franchised Business or vehicle and any services, products or equipment, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;
- 12.1.8. Prominently display signs in and upon the Franchised Business location or vehicle using the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to not display in or upon the Franchised Business location, vehicle or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business location, vehicle or elsewhere and remove any objectionable or non-approved signs or advertising media and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;
- 12.1.9. Conduct all advertising programs in a manner consistent with Franchisor's standards and specification, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

## 12.2. Bookkeeping and Reports.

- 12.2.1. Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures specified by Franchisor. Franchisee agrees to purchase the computer systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial performance of Franchisee's Franchised Business may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof.
- 12.2.2. Franchisee shall generate a profit and loss statement monthly based on the Franchisor's required format and process. This statement must be prepared by the twenty-fifth (25<sup>th</sup>) day of each month for the preceding month. Additionally, no later than April 15 during each year of the Term, Franchisee shall furnish Franchisor with a full and complete statement of income and expense and profit and loss statement for the operation of the Franchised Business during the prior calendar year, together with a balance sheet for the Franchised Business. All bookkeeping reports shall be prepared in accordance with generally accepted accounting principles and practices. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct. Notwithstanding the foregoing, Franchisor reserves the right to require Franchisee to submit or otherwise provide Franchisee's financial statements at any frequency Franchisor chooses in its sole discretion. Franchisee must make their accounting data/files available electronically to the Franchisor or a designated third-party vendor at any time requested by Franchisor.
- 12.2.3. The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.
- 12.2.4. Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.
- 12.2.5. Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds any Gross Revenue Report understated by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

## 12.3. Computer Systems.

- 12.3.1. Franchisee, at Franchisee's sole expense, shall install and maintain the computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.
- 12.3.2. Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's POS System, other computer systems and web-based payment processing accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's POS System, other computer systems and web-based payment processing accounts.
- 12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's POS System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.
- 12.3.4. Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.
- 12.3.5. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.
- 12.3.6. Franchisor has established a website that provides information about the System and the products and services offered by the Crawl Space Ninja System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website linking Franchisee's Franchised Business location. Franchisee has no ownership or other proprietary rights to Franchisor's website and Franchisee will lose all rights to such link to Franchisee's location upon expiration or termination of this Agreement for any reason.

12.3.7. In addition to the requirements of Section 6.4, Franchisee shall pay all fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement for operation of the Franchised Business, including but not limited to, the costs of computer hardware and software and applications, installation costs and regularly recurring fees for software and digital menu displays, Internet access, license fees, help desk fees, and licensing or user-based fees.

12.4. Safety and Security of Premises. Franchisee is solely responsible for the safety and security of the Franchised Business location and vehicle(s), Franchisee's personnel, customers, agents and the general public. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

12.5. Prices. Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offered by Franchisee, which may vary depending on geographic and other market conditions. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits. With the exception of National and Regional accounts, Franchisee shall have the right to provide products and services at any price that Franchisee may determine. We reserve the right to establish regional or national accounts across multiple franchised or company owned territories. If we establish such accounts, you are required to service them on the terms negotiated. If you cannot or are unwilling to do so, we reserve the right to service those accounts or designate another Franchisee to do so.

12.6. Volume Rebates. If Franchisor receives any cash rebates, volume discounts, concessions, advertising allowances, or discount bonuses (collectively "Discounts"), whether by way of cash, kind or credit, from any manufacturer or supplier designated by Franchisor, whether or not on account of purchases made (i) by Franchisor for its own account or for Franchisee's account, or franchisees generally, or (ii) by Franchisee directly for its own account, Franchisor may, but shall not be required to, contribute such Discounts into the Brand Fund (as hereinafter defined). Franchisor reserves the right to discontinue these contributions and retain the whole or any partial amount of such Discounts at any time.

12.7. Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. A proposed item/supplier evaluation fee (the "Evaluation Fee") equal to Five Hundred Dollars (\$500.00) plus the actual cost of the inspection and the actual cost of the test shall be paid

by Franchisee. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within one hundred eighty (180) days after Franchisor receives all required information to evaluate the product, service or supplier. Should Franchisor approve Franchisee's proposed item or supplier for use by the entire System, Franchisor will reimburse to Franchisee the Evaluation Fee. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.

- 12.8. External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, mystery shop programs and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.
- 12.9. Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.
- 12.10 Employee Background Check. Franchisee shall conduct a background review of every prospective employee's criminal history and any other histories (such as motor vehicle and/or credit histories) that are required by state and local laws, regulations, and ordinances and/or that Franchisee determines to be necessary and appropriate, prior to hiring. Franchisee shall not hire any prospective employee for any position involving entrance on or into private property if such prospective employee's background review indicates, in Franchisee's sole discretion, a propensity for violence, dishonesty, negligent, reckless, or careless behavior, or a conviction for any crime reasonably related to the prospective employee's employment.

### **13. ADVERTISING, PROMOTIONS AND RELATED FEES**

- 13.1. Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the

collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

### **13.2. Local Advertising.**

13.2.1. In addition to the expenditures set forth in Section 13.2.3 below, Franchisee must expend ten percent (10%) of its Minimum Performance Requirement each month on local advertising. Franchisor reserves the right to require Franchisee to allocate one thousand dollars (\$1,000) of Franchisee's monthly local advertising expenditures to advertising via Google Ads or Facebook Ads. Franchisor must approve all advertising materials. Franchisor reserves the right to increase the minimum expenditure requirement, in Franchisor's sole discretion, provided that Franchisor provides Franchisee thirty (30) days written notice. Franchisor reserves the right to collect Franchisee's local advertising expenditures and implement advertising programs, including, but not limited to, pay per click advertisements and billboards, on Franchisee's behalf. Franchisor may require Franchisee to allocate to a regional advertising cooperative, as described in Section 13.4, up to the full amount of Franchisee's required Local Advertising expenditures. Franchisor reserves the right to collect some or all of Franchisee's Local Advertising expenditure and implement Local Advertising on Franchisee's behalf.

13.2.2. No later than the twenty-fifth (25<sup>th</sup>) day of each month, Franchisee shall provide a monthly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding month. The following costs and expenditures incurred by Franchisee shall **not** be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

13.2.3. Franchisee shall spend at least fifteen thousand dollars (\$15,000.00) on Local Advertising and promotional activities in the Territory in the ninety (90) day period following the opening of the Franchised Business to promote the opening of the Franchised Business ("Grand Opening Advertising"). If Franchisor has multiple territories, minimum spend must be multiplied by number of territories. Franchisor reserves the right to collect these funds from Franchisee and implement the Grand Opening Advertising on Franchisee's behalf. Franchisor reserves the right to collect some or all of Franchisee's grand opening funds and implement grand opening campaign activities on Franchisee's behalf. Franchisor reserves the

right to designate one or more approved suppliers from which Franchisee must purchase local advertising and promotional services.

### **13.3. Brand Development Fund.**

- 13.3.1. Franchisor has established a national fund on behalf of the System for national advertising, marketing, and brand development (the “Brand Fund”). Franchisee is currently required to contribute an amount equal to one percent (1%) of the Gross Revenue generated monthly by Franchisee’s Franchised Business to the Brand Development Fund (“Brand Fund Contribution”). Franchisor reserves the right to increase the required Brand Fund Contribution to up to two percent (2%) of Gross Revenue upon written notice to Franchisee. Payments will be made in the same manner and time as the Royalty Fees. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Brand Fund Contribution payable. Franchisor shall reconcile amounts when Gross Revenues are reported.
- 13.3.2. Franchisor shall direct the Brand Fund and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.
- 13.3.3. Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Crawl Space Ninja outlets operated by Franchisor or Franchisor’s affiliates.
- 13.3.4. Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares).
- 13.3.5. The Brand Fund will not be used to defray any of Franchisor’s general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant

Section 13.3.4. The Brand Fund and its earnings shall not otherwise inure to Franchisor's benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.

- 13.3.6. Franchisor will prepare an unaudited annual statement of the Brand Fund's operations and will make it available to Franchisee upon request. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.
- 13.3.7. Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.
- 13.4. Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts Franchisor requires, in addition to required Brand Fund Contributions.
- 13.5. Directory Listings. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site without Franchisor's prior written approval and in strict accordance with Franchisor's requirements.
- 13.6. Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from

Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Crawlspace Ninja brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

## 14. INTELLECTUAL PROPERTY

### 14.1 Ownership.

- 14.1.1. Franchisee expressly understands and acknowledges that Crawlspace Ninja IP, LLC (“Licensor”) is the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, project designs, advertisements, promotional materials and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor’s trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the “Intellectual Property”.
- 14.1.2. As between Franchisor and Franchisee, Licensor and Franchisor are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.
- 14.2. No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor or Licensor’s rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor’s or Licensor’s service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.
- 14.3. Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee’s use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee’s use of the Intellectual Property.
- 14.4. Validity. Franchisee shall not contest the validity of, or Franchisor or Licensor’s interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor or Licensor’s interest in, the Intellectual Property.
- 14.5. Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor or Licensor’s rights in the Intellectual Property and a material event of default hereunder.

Franchisee shall provide Franchisor or Lessor with all assignments, affidavits, documents, information and assistance Franchisor or Lessor reasonably requests to fully vest in Franchisor or Lessor all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor or Lessor to register, maintain and enforce such rights in the Intellectual Property.

- 14.6. **Substitution.** Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.
- 14.7. **Franchisee's Use of the Intellectual Property.** With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:
  - 14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Crawlspace Ninja Franchising LLC".
  - 14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent Crawl Space Ninja franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.
  - 14.7.3. Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.
  - 14.7.4. Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.
- 14.8. **Claims.** Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate

control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

- 14.9. Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.
- 14.10. Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

## **15. INSURANCE AND INDEMNIFICATION**

- 15.1. Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds and certificate holders, as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

- 15.1.1. Liability. Commercial general liability insurance on an occurrence basis with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate per policy year, including the following minimum sub-limits: \$1,000,000 for personal and advertising injury, \$2,000,000 aggregate for products/completed operations, \$100,000 for damage to rented premises, and \$10,000 for medical expense.

- 15.1.2. Contractor's Professional Liability. Contractor's Professional Liability on either occurrence form or claims-made form with limits not less than \$1,000,000 per occurrence/\$1,000,000 aggregate. Upon the sale, transfer, termination, or expiration of your Franchise Agreement and Franchised

Business, you must purchase an extended reporting endorsement (“tail insurance”) of no less than 24 months.

- 15.1.3. Workers' Compensation and Employer's Liability. Worker's Compensation and Employer's Liability insurance with minimum limits of no less than \$1,000,000 per accident for bodily injury by accident; \$1,000,000 policy limit by disease; and \$1,000,000 per employee for bodily injury by disease, or higher coverage as required by law in your state.
- 15.1.4. Automobile. Owned, Hired, and Non-Owned Auto Liability coverage not less than \$1,000,000 combined single limit per accident.
- 15.1.5. Crime. First- and Third-Party Crime coverage with a limit of no less than \$50,000; this requirement may be satisfied with a bond.
- 15.1.6. Umbrella. Umbrella Liability with a \$1,000,000 minimum limit to extend over general liability, owned/hired/non-owned liability, and employer's liability.
- 15.1.7 Other. Any other insurance required by applicable law, rule, regulation, ordinance, or licensing requirement.

- 15.2. Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverage. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder. Franchisor reserves the right to require Franchisee to purchase all required insurance policies from a supplier designated by Franchisor in writing.
- 15.3. Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with a reasonable fee for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.
- 15.4. Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements, as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.
- 15.5. Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional

insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees. All policies must provide for a waiver of subrogation in favor of Franchisor.

15.6. Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS CRAWLSPACE NINJA FRANCHISING LLC, CRAWLSPACE NINJA HOLDING, LLC, AND ANY OF EITHER'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES (COLLECTIVELY REFERRED TO AS THE "CRAWLSPACE NINJA INDEMNITEES") AS WELL AS THE CRAWLSPACE NINJA INDEMNITEES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES, FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S CRAWL SPACE NINJA FRANCHISE, THE FRANCHISED BUSINESS, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES, REGARDLESS OF WHETHER THE ALLEGED INJURY OR LIABILITY IS CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF THE CRAWLSPACE NINJA INDEMNITEES. FRANCHISEE AGREES TO PAY FOR ALL THE CRAWLSPACE NINJA INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE CRAWLSPACE NINJA INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE CRAWLSPACE NINJA INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE CRAWLSPACE NINJA INDEMNITEES HARMLESS, FRANCHSIEE WILL REIMBURSE THE CRAWLSPACE NINJA INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE CRAWLSPACE NINJA INDEMNITEES.

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## 16. TRANSFERS

### 16.1. Transfers by Franchisor.

16.1.1. Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2. Franchisee agrees that Franchisor has the right, now or 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 operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Crawl Space Ninja franchise during the Term of this Agreement.

16.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the crawl space encapsulation business or to offer or sell any products or services to Franchisee.

16.2. Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principals of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3. Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a “Transfer”), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor’s Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

- 16.3.1. The proposed transferee and all its principals must have the demeanor, and be individuals of good character and otherwise meet Franchisor's then-applicable standards for franchisees.
- 16.3.2. The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;
- 16.3.3. The transferee has agreed to complete Franchisor’s Initial Training Program to Franchisor's satisfaction;
- 16.3.4. Franchisee has paid all amounts owed to Franchisor and third-party creditors;
- 16.3.5. The transferee has executed Franchisor’s then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;
- 16.3.6. Franchisee and the transferee and each of Franchisee’s and the transferee’s Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor’s officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against all claims brought against Franchisor by the transferee for a period of three (3) years following the transfer;
- 16.3.7. Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer

documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;

- 16.3.8. If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and
- 16.3.9. If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.

16.4. Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to Fifteen Thousand Dollars (\$15,000) (the "Transfer Fee"). Franchisee shall not be required to pay the Transfer Fee for (a) transfers of ownership interest among existing shareholders or members, or to add a new shareholder or member, of the Franchisee entity and such transfer does not change management control of the Franchisee entity and (b) for a transfer to Franchisor-approved family members or for a transfer to a spouse, parent or child upon death or permanent disability of Franchisee or Franchise's Principal.

16.5. Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6. Franchisor's Right of First Refusal.

- 16.6.1. If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.
- 16.6.2. Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.
- 16.6.3. Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the

entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (vi) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4. If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7. Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at no less than Franchisor's actual cost, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8. Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9. Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security

interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains a loan (an "SBA Loan") from a lender (the "Lender") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"), Franchisee shall be permitted to grant Lender and/or SBA a senior lien on any Uniform Commercial Code collateral Franchisee uses to secure the SBA Loan, and Franchisor agrees to subordinate its interest in any lien on Franchisee's Uniform Commercial Code collateral to that of the Lender and/or SBA as the case may be.

## **17. DEFAULTS**

17.1. Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2. Defaults With No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1. fails to equip and make operational the Franchised Business location or vehicle, obtain all licenses and permits before opening, or open the Franchised Business within the time and in the manner specified in Article 8.

17.2.2. falsifies any report required to be furnished Franchisor hereunder;

17.2.3. ceases to operate the Franchised Business for a period of five (5) days or more; provided, however, that this provision shall not apply if through no fault of Franchisee, the location or vehicle is damaged or destroyed by a

casualty and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to repair or replace the location or vehicle (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation.

- 17.2.4. loses for any cause whatsoever the right of possession of the real property on which the Franchised Business is located, or loses possession of the Franchised Business vehicle; provided, however, that this provision shall not apply if through no fault of Franchisee, Franchisee loses right of possession and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate the Franchised Business (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such relocation in accordance with Section 8.4 or the Franchisee obtains a replacement vehicle within thirty (30) days.
- 17.2.5. fails to restore the Franchised Business or vehicle to full operation within a reasonable period time but not more than one hundred twenty (120) days from the date the Franchised Business or any casualty renders vehicle inoperable;
- 17.2.6. fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;
- 17.2.7. defaults under any lease, sublease, or purchase agreement for the real property on which the Franchised Business office is located or defaults under any lease, sublease or purchase agreement for the Franchised Business vehicle;
- 17.2.8. understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;
- 17.2.9. fails to comply with the covenants in Article 15;
- 17.2.10. permits a Transfer in violation of the provisions of Article 16 of this Agreement;
- 17.2.11. fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.;
- 17.2.12. has misrepresented or omitted material facts in applying for the Franchise;
- 17.2.13. is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;
- 17.2.14. receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade

practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

- 17.2.15. conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;
- 17.2.16. fails to purchase the supplies Franchisee is required to purchase from Franchisor or Franchisor's affiliates or fails to comply with any other purchasing directives provided in the Operations Manual;
- 17.2.17. creates a threat or danger to public health or safety from the construction, maintenance or operation of the Franchised Business;
- 17.2.18. refuses to permit Franchisor to inspect or audit Franchisee's books or records;
- 17.2.19. makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);
- 17.2.20. fails to comply with the non-competition covenants in Section 19.5;
- 17.2.21. defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;
- 17.2.22. has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;
- 17.2.23. defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement;
- 17.2.24. purports to terminate this Agreement without cause;
- 17.2.25. fails to maintain a minimum four-star rating on Google Reviews; or
- 17.2.26. fails to maintain Minimum Performance Requirements over the course of any single calendar year.

17.3. **Curable Defaults.** Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

- 17.3.1. fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.21 and/or 17.2.22;
- 17.3.2. fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.21.

17.4. Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

- 17.4.1. effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or
- 17.4.2. enter upon the Franchised Business or vehicle and exercise complete authority with respect to the operation thereof until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor the greater of (i) ten percent (10%) of the Gross Revenue generated by the Franchised Business during Franchisor's operation thereof, or (ii) \$750 per week, as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5. Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee to direct suppliers to stop furnishing any and all products and supplies until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

## 18. POST-TERMINATION

- 18.1. Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:
  - 18.1.1. immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Crawl Space Ninja owner, franchisee or licensee;
  - 18.1.2. immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's designs, copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests an association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;
  - 18.1.3. take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;
  - 18.1.4. promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business location at the time of default;
  - 18.1.5. pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;
  - 18.1.6. immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, designs, completed project signs, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law; and

- 18.1.7. comply with the non-disclosure and non-competition covenants contained in Article 19 and.
- 18.1.8 in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average monthly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) months or (ii) the number of months remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

## 18.2. Right to Purchase.

- 18.2.1. Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any computer systems), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less with the exception of the Franchised Business vehicle. Franchisor may purchase the vehicle for fair market value. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

- 18.2.2. With respect to the options described in Sections 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or

assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

- 18.2.3. Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.
- 18.3. Assignment of Telephone Numbers. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.6, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.
- 18.4. Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

## **19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS**

### **19.1. Operations Manual.**

- 19.1.1. Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) is provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

- 19.1.2. Franchisee and any and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principals, if any, shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principals, and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.
- 19.1.3. The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.
- 19.1.4. Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.
- 19.1.5. If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee. The replacement fee as of the date of this Agreement is Five Hundred Dollars (\$500.00).

19.2. Confidential Information. Franchisee along with its Principals acknowledge and accept that during the term of this Agreement Franchisee and any Principal will

have access to Franchisor's trade secrets, including, but not limited to, designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

- 19.3. Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.
- 19.4. New Concepts. If Franchisee or any Principal develops any new concept, process, product, design, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, design or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.
- 19.5. Noncompetition Covenants. Franchisee and each Principal, if any, specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal, if any, will receive valuable training, trade secrets and Confidential Information of

the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee's managers and employees. Franchisee and each Principal, if any, acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and each Principal, if any, are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal, if any, covenant that, except as otherwise approved in writing by Franchisor:

- 19.5.1. During the term of this Agreement, Franchisee and each Principal, if any, shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any crawl space or basement service business similar to the System; or (iii) seek to employ any person who is at that time employed by Franchisor or otherwise induce such person to leave his or her employment; or (iv) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (v) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Crawl Space Ninja franchisees or Franchisor-affiliated outlets.
- 19.5.2. Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals, if any, shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any crawl space or basement service business within twenty-five (25) miles of the Territory or any Crawl Space Ninja location; or (iii) seek to employ any person who is at that time employed by Franchisor or otherwise induce such person to leave his or her employment or (iv) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (v) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Crawl Space Ninja franchisees.
- 19.6. Reasonableness of Restrictions. Franchisee and each Principal, if any, acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principals, if any, since Franchisee or Principals, as the case may be, have other considerable skills, experience and education which afford

Franchisee or Principals, as the case may be, the opportunity to derive income from other endeavors.

- 19.7. Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.
- 19.8. Injunctive Relief. Franchisee and each Principal, if any, acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal, if any, hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.
- 19.9. No Defense. Franchisee and each Principal, if any, expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.
- 19.10. Covenants of Employees, Agents and third persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons that will have access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Exhibit "G" as revised and updated from time to time and contained in the Manual.

## **20. DISPUTE RESOLUTION**

- 20.1. Internal Dispute Resolution. The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Accordingly, Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President and/or Chief Executive Officer, after providing notice as set forth in 21.7 of this Agreement, and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

20.2. Mediation. Other than an Excluded Claim brought by Franchisor or a Franchisor Related Party (as defined herein), and with the exception of injunctive relief or specific performance actions, before the filing of any arbitration, Franchisee and Franchisor agree to mediate any dispute, controversy or claim between Franchisor and/or any of Franchisor's affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisor Related Party"), on the one hand, and Franchisee and/or any of Franchisee's affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisee Related Party"), including without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; or (c) the events occurring prior to the entry into this Agreement. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement. This agreement to first attempt resolution of disputes internally and through mediation shall survive termination or expiration of this Agreement.

Mediation will be conducted in Knoxville, Tennessee (or, if Franchisor's corporate headquarters is no longer in Knoxville, Tennessee, the county where Franchisor's corporate headquarters is then-located). Persons authorized to settle the dispute must attend each mediation session in person. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Mediation Notice"). The Mediation Notice must specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other such relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. Upon receipt of the Mediation Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Mediation Notice. If the parties have been unable to resolve any such dispute within thirty (30) days after the date the Mediation Notice is provided by the Initiating Party to the other party, either party may initiate a mediation procedure in accordance with this provision. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible, within sixty (60) days of the notice from the party seeking to initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section.

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the authorized person designated by each party an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the authorized persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep

confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party.

The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert, or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual, or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view, or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view, or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

- 20.3. Arbitration. With the exception of "Excluded Claims" (as defined below), and if not resolved by the negotiation and mediation procedures set forth in Sections 20.1 and 20.2 above, any dispute, controversy or claim between Franchisee and/or any Franchisee Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement, (b) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Designated Territory, (e) the scope or validity of the arbitration obligation under this Agreement, (f) any System standard; and/or (g) any claim based in tort or any theory of negligence shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures.

Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action,

associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts.

The arbitration must take place in Knoxville, Tennessee (or, if our corporate headquarters is no longer in Knoxville, Tennessee, the county where our corporate headquarters is then-located). The arbitration will be heard before one arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in Knoxville, Tennessee.

In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; (3) certify a class or a consolidated action; or (4) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator shall have the right to make a determination as to any procedural matters that a court of competent jurisdiction would be permitted to make in the state in which our main office is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether Sections 20.1, 20.2, or 20.3 is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

The arbitrator shall have subpoena powers limited only by the laws of the State of Tennessee. The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of Tennessee. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of Tennessee.

Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished Franchisor's right to seek recovery of those costs against Franchisee.

**Exceptions to Mediation and/or Arbitration (the "Excluded Claims")**

Notwithstanding Section 20.2 or 20.3, the parties agree that the following claims will not be subject to internal dispute resolution, mediation, or arbitration:

- (a) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;
- (b) any action in ejectment or for possession of any interest in real or personal property; or
- (c) any claim by Franchisor and/or any Franchisor Related Party: (a) relating to Franchisee's failure to pay any fee due to Franchisor and/or its affiliates under this Agreement or any other agreement; (b) relating to Franchisee's or any Franchisee Related Party's failure to comply with the confidentiality and non-competition covenants set forth in this Agreement; (c) relating to Franchisee's indemnification obligations under this Agreement; and/or (d) relating to Franchisee's use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

20.4. **Governing Law and Venue.** This Agreement is made in, and shall be substantially performed in, the state of Tennessee. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the state of Tennessee. Franchisee and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Tennessee. Franchisee and its Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

20.5. **Mutual Benefit.** Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.4 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of

Franchisee, Principals, if any, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

- 20.6. Waiver of Certain Damages. Franchisee and each Principal, if any, hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principals, if any, agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.
- 20.7. Limitations of Claims. Any and all claims arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.
- 20.8. Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

## **21. GENERAL**

- 21.1. Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner that may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of any allegation of an agent, partner or employment relationship.
- 21.2. Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee

or Principals, if any, in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

- 21.3. Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.
- 21.4. Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.
- 21.5. Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principals shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.
- 21.6. Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.
- 21.7. Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.
- 21.8. Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than at the Franchised Business location shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Franchised Business location.

21.9. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

21.10. Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transaction Act, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Addenda, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

21.11. Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.12. Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

## **22. ACKNOWLEDGMENTS**

Franchisee shall acknowledge the truthfulness of the statements contained in Attachment 1 hereto. Franchisee's acknowledgments are an inducement for Franchisor to enter into this Agreement. Franchisee shall immediately notify Franchisor, prior to acknowledgment, if any statement in Attachment 1 is incomplete or incorrect.

FRANCHISOR:

CRAWLSPACE NINJA FRANCHISING LLC

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

Michael Church, President

FRANCHISEE

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

\_\_\_\_\_,  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_  
\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_  
\_\_\_\_\_  
(Print Name)

**ATTACHMENT 1**  
**FRANCHISEE ACKNOWLEDGMENT STATEMENT**

**DO NOT COMPLETE OR SIGN THIS ACKNOWLEDGMENT STATEMENT IF  
YOU RESIDE IN, OR 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**

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

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Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

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Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

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Initial

7. Franchisee acknowledges that it has received the Crawl Space Ninja Franchising, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

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Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

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Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

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Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

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Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that

Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THIS AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE CRAWLSPACE NINJA FRANCHISING LLC, CRAWLSPACE NINJA HOLDING, LLC, THE CRAWLSPACE NINJA INDEMNITEES, AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

Initial

FRANCHISEE:

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

\_\_\_\_\_,  
(Print Name, Title)

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

PRINCIPAL:

---

(Print Name)

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

PRINCIPAL:

---

(Print Name)

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

**Attachment 2**

**TERRITORY DESCRIPTION AND  
FRANCHISED BUSINESS LOCATION**

Territory (insert map and/or define by Zip Codes):

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Franchised Business Office Address:

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## Attachment 3

## GENERAL RELEASE

\_\_\_\_\_  
principal(s): \_\_\_\_\_ (“Franchisee”) and its

(collectively, “Franchisee’s Principal(s)”), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the “Franchisee Releasees”), hereby release, discharge and hold harmless Crawlspace Ninja Franchising LLC (“Franchisor”), Crawlspace Ninja Holding, LLC, their affiliates, and each of their respective officers, directors, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the “Franchisor Releasees”) from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated

between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasees now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the “Franchisee Released Claims”).

FRANCHISEE AND FRANCHISEE'S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee

Released Claim, and Franchisee and Franchisee's Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Executed as of \_\_\_\_\_, 20 \_\_\_\_.

FRANCHISEE:

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

\_\_\_\_\_, \_\_\_\_\_  
(Name, Title)

FRANCHISEE'S PRINCIPAL:

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

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

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

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

## Attachment 4

THIS COLLATERAL ASSIGNMENT OF LEASE AGREEMENT (this or the "Agreement") made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between \_\_\_\_\_ (hereinafter referred to as "Landlord"), \_\_\_\_\_ (hereinafter referred to as "Tenant"); and Crawlspace Ninja Franchising LLC, a Tennessee limited liability company (hereinafter referred to as "Franchisor").

Landlord has leased to Tenant certain premises known as \_\_\_\_\_ (the "Premises"), under the terms of a Lease executed concurrently herewith, (the "Lease"), for Tenant's use of the same as a CrawlSpace Ninja location pursuant to a franchise agreement between Franchisor and Tenant, as franchisee (the "Franchise Agreement").

This Agreement is entered into in consideration of and in connection with Franchisor's approval of the Premises as a Crawl Space Ninja location and the grant of a franchise to Tenant. This Agreement is intended to provide Franchisor and with the opportunity to preserve the continued use of the Premises as a Crawl Space Ninja location under circumstances hereinafter set forth. In consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

### SECTION I GRANT OF OPTION

1.1. Landlord grants to Franchisor the options to lease the Premises pursuant to the terms, covenants and conditions hereinafter set forth (each an "Option" and collectively the "Options"). Tenant recognizes the Options and acknowledges that its rights as tenant under and pursuant to the Lease are under and subject to the Options.

1.2. Upon default of Tenant under Lease. Landlord shall send Franchisor copies of all default notices, warning and termination letters and notices it gives to Tenant concurrently with giving such notices to Tenant. If Tenant fails to cure any defaults within the period specified in the Lease and Landlord intends to terminate the Lease and/or Tenant's right of possession of the Premises, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults Tenant has failed to cure and shall offer Franchisor, without any conditions other than those set forth in this Collateral Assignment of Lease, the Option to assume the Tenant's interests, or former interests, in the Lease. Franchisor shall exercise the Option, if at all, by written notice to Landlord and Tenant within thirty (30) days after receipt of Landlord's notice.

1.3. Upon Termination of the Franchise Agreement. If the Franchise Agreement is terminated for any reason during the term of the Lease, or any extension or removal thereof, Franchisor shall have the Option to assume the Tenant's interest in the Lease. Franchisor shall exercise the Option, if at all, by Franchisor's written notice thereof to Landlord and Tenant, whereupon Tenant shall be deemed to have assigned its interest to Franchisor.

1.4. Upon Non-Renewal of the Lease Term. If the Lease contains term renewal or extension rights and the term is allowed to expire by Tenant without exercising said rights, Landlord shall promptly give written notice thereof to Franchisor, but in no event later than thirty (30) days following expiration of the renewal or extension option and Franchisor shall have an Option, for an additional thirty (30) days after receipt thereof, to exercise the Tenant's renewal rights on the same terms and conditions as contained in the Lease. If Franchisor elects to exercise such right to renew or extend the term of the Lease, Franchisor shall so notify Landlord in writing, whereupon

Landlord shall promptly execute and deliver to Franchisor an acceptance of Franchisor as successor to Tenant and shall deliver possession of the Premises to Franchisor at the commencement of the extended or renewed term of the Lease. Any restriction or prohibition on the exercise of any such term renewal or extension rights shall not be applicable as to Franchisor. In the event the term of the Lease is renewed or extended by Franchisor pursuant hereto, the Tenant shall not be liable in connection with the extended or renewed term of the Lease.

## **SECTION II TENANT'S COVENANTS**

2.1. Upon the exercise by Franchisor of any Option provided for herein, Tenant shall, within ten (10) days after written demand by Franchisor, execute and deliver to Franchisor a written assignment prepared by Franchisor of all of its right, title and interest in and to the Lease to Franchisor. If Tenant fails to do so within said ten (10) days, Tenant hereby designates Franchisor as its agent to execute any and all documents, agreements and to take all action as may be necessary or desirable to effectuate the assignment of the Lease and the relinquishment of any and all of Tenant's rights thereunder. Landlord hereby consents to such assignment without regard to any prohibitions, conditions, terms, covenants or provisions relating to the same as provided in the Lease. Tenant further agrees to immediately and peaceably vacate the Premises and remove its personal property, excluding trade furniture, fixtures, equipment, supplies and inventory, upon the receipt of any notice that Franchisor's has exercised any Option hereunder. Any property not so removed by Tenant within ten (10) days following receipt of such written notice shall be deemed abandoned by Tenant.

2.2. Tenant agrees that termination of the Franchise Agreement and/or failure of Tenant to assign its interests in the Lease to Franchisor as set forth herein, shall be a non-curable default under the Lease which will entitle Landlord or Franchisor to employ legal remedies available in summary process or otherwise, to evict Tenant from the Premises.

2.3. Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment thereof to Franchisor.

## **SECTION III DELIVERY OF POSSESSION OF THE PREMISES**

3.1. Upon receipt of any notice that Franchisor's has exercised any Option hereunder, Tenant shall vacate the Premises prior to the date that Franchisor shall assume the Lease and failing to do, as soon as possible, Landlord shall evict Tenant from the Premises by diligent pursuit of summary process or by other and appropriate legal remedies, and shall deliver possession of the Premises to Franchisor free and clear of the possessory rights of Tenant or any third party.

3.2. Franchisor shall not be required to begin paying rent until Landlord delivers valid possession of the Premises to Franchisor. If Landlord is unable to deliver valid possession to Franchisor within six (6) full calendar months after the date Landlord receives Franchisor's written exercise of an Option, Franchisor shall thereupon have the right at any time until Landlord delivers valid possession of the Premises to rescind the Option exercise by written notice to Landlord.

## **SECTION IV FRANCHISOR'S LEASE RIGHTS AND OBLIGATIONS**

4.1. Franchisor, upon taking possession, shall execute and deliver to Landlord its assumption of the Tenant's rights and obligations under the Lease effective as of the date of such possession.

Franchisor shall cure any non-monetary defaults of Tenant within thirty (30) days (or such longer time if reasonably required) of taking possession. Franchisor shall pay, perform and be bound by all of the duties and obligations of the Lease applicable to Tenant, effective as of the date of such Possession except that Franchisor shall not be required (a) to cure any monetary defaults of Tenant or (b) to assume or be bound by the terms of any amendment to the Lease executed by Tenant without obtaining Franchisor prior written approval thereof.

4.2. After Franchisor assumes Tenant's interests under the Lease, Franchisor may, at any time, and without the necessity of obtaining Landlord's prior consent, assign such interests or sublet the Premises to a franchisee of Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee franchisee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of the Tenant to be performed under the Lease, Franchisor shall have no further liability to Landlord as assignee, tenant or otherwise. Any and all conditions, prohibitions, restrictions, fees or requirements for consent or approval shall not be applicable with respect to any assignment or subleasing by Franchisor to any franchisee of Franchisor. Without limiting the generality of any provision hereof, under no circumstances shall there be any restriction on, nor shall Landlord have any right to share in, the amount of rent or any other charge which Franchisor may charge to any franchisee of Franchisor with respect to any sublease or any assignment of the Lease and no provision of the Lease prohibiting the sale or transfer of any stock in the tenant under the Lease shall apply to Franchisor in the event either succeeds to the Tenant's interest in the Lease.

## **SECTION V DE-IDENTIFICATION AS A FRANCHISED BUSINESS**

5.1. If the Lease or Franchise Agreement is terminated and Franchisor fails to exercise the Option herein contained, Tenant agrees to de-identify the Premises as a Franchised Business and to promptly remove signs, decor and other items which Franchisor reasonably requests be removed as being distinctive and indicative of a Crawl Space Ninja location. Franchisor may enter upon the Premises without being guilty of trespass or any other crime or tort to effect such de-identification if Tenant fails to effect de-identification within ten (10) days after receipt of written demand from Franchisor, following termination of the Franchise Agreement or Lease. Tenant shall pay Franchisor for its reasonable costs and expenses in effecting de-identification.

## **SECTION VI ADDITIONAL PROVISIONS**

6.1. This Agreement shall run with the land and be binding upon the parties hereto and their heirs, successors, assigns, executors and administrators and representatives. The rights and obligations herein contained shall continue, notwithstanding changes in the persons or entity that may hold any leasehold or ownership in the land or building of which the Premises forms a part.

6.2. Franchisor may assign its rights under this Agreement, without the consent of Landlord, in connection with any transfer of its rights as franchisor of the Crawl Space Ninja franchise system.

6.3. Franchisor or its designee may (but is not required to) enter the Premises to make any modification or alteration necessary to protect its system and the proprietary trademarks (including, but not limited to, removal of signs and materials which contain the proprietary trademarks or the name, logos or colors of Franchisor) or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort.

6.4. Tenant shall not assign the Lease or renew or extend the term of the Lease without Franchisor' prior written consent.

6.5. The terms of this Collateral Assignment of Lease Agreement will supersede any conflicting terms of the Lease.

6.6. Landlord and Tenant shall not amend or otherwise modify the Lease without Franchisor's prior written consent.

6.7. At the request of Landlord or Tenant, Franchisor's rights hereunder may be subordinated to the lien of any mortgage or deed of trust hereinafter placed upon the Premises, provided that the mortgagee or trustee shall agree in writing not to disturb Franchisor's right to exercise any of the Options and assume the Lease as set forth herein.

6.8. Any party hereto may seek equitable relief or injunctive relief including, without limitation, specific performance for actual or threatened violation or non-performance of this Agreement by any other party. Such remedies shall be in addition to all other rights provided for in this Agreement or by law.

6.9. Any notice which any party hereto may desire or may be required to give to any other party hereto shall be in writing, and shall be deemed to have been given for all purposes when presented personally to such party or upon receipt or rejection after having been sent by a nationally recognized commercial overnight, next business day delivery service, addressed to such party at its address set forth below:

To: Tenant:

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To: Landlord:

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To: Franchisor:

Crawlspace Ninja Franchising LLC  
6011 Ridan Dr.,  
Knoxville, TN 37909  
Attention: Michael Church

6.10. This Agreement may be executed by the parties hereto in separate counterpart signature pages. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Premises are located.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE CAUSED THIS COLLATERAL ASSIGNMENT OF LEASE AGREEMENT TO BE EXECUTED AS OF THE DATE FIRST ABOVE WRITTEN.

**LANDLORD:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TENANT:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISOR: Crawlspace Ninja Franchising LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Attachment 5**

**STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE**

**Name**

**Percentage of Ownership**

## Attachment 6

### GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on \_\_\_\_\_, 20\_\_\_\_ to Crawlspace Ninja Franchising LLC, a Tennessee Limited Liability Company (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the “Franchisee Agreement”) with \_\_\_\_\_, a(n) \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

IN WITNESS WHEREOF, Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

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

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

**Attachment 7**  
**CONFIDENTIALITY AND NON-COMPETE AGREEMENT**

This Confidentiality and Non-Compete Agreement (the "Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, a(n) \_\_\_\_\_ ("Franchisee"), a franchisee of Crawlspace Ninja Franchising LLC, a Tennessee Limited Liability Company ("Franchisor"), and \_\_\_\_\_, an individual ("Covenantor") in connection with an Franchise Agreement dated.

**WHEREAS**, Franchisee and Franchisor are parties to a franchise agreement dated \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement"), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the **registered** trademark "CrawlSpace Ninja" and design mark, and certain proprietary products, services, promotions and methods (the "System") for the establishment and operation of Franchised Business outlets;

**WHEREAS**, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Crawl Space Ninja operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as "Confidential Information");

**WHEREAS**, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

**WHEREAS**, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

**WHEREAS**, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

**1. Confidentiality Agreement.**

**a.** Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

**b.** Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

**c.** Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

**d.** Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

**2. Covenants Not to Compete.**

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Crawl Space Ninja system or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any crawl space or basement service business substantially similar to the System, or

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the Crawl Space Ninja System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational or supervisory capacity in any crawl space or basement service business within the within twenty-five (25) miles of Franchisee's Territory or any Crawl Space Ninja location, or

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

**3. General.**

- a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.
- b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.
- c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.
- d. Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.
- e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TENNESSEE, WITHOUT REFERENCE TO TENNESSEE CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF TENNESSEE. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TENNESSEE OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN TENNESSEE; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.
- f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.
- g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.
- h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. Only a duly authorized writing executed by all parties may modify this Agreement.

i. All notices and demands required hereunder shall be in writing, and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

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If directed to Covenantor:

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Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

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By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

COVENANTOR:

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

**Attachment 8**

**INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND  
TELEPHONE ACCOUNT AGREEMENT**

**THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND  
TELEPHONE ACCOUNT AGREEMENT** (the “Agreement”) is made and entered into  
this day of \_\_\_\_\_ (the “Effective Date”) by and between Crawlspace Ninja  
Franchising LLC, a Tennessee limited liability company (the “Franchisor”), and \_\_\_\_\_  
\_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business  
located at \_\_\_\_\_ and \_\_\_\_\_ ‘s  
principal(s) \_\_\_\_\_, an individual residing at \_\_\_\_\_  
\_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_  
\_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be collectively referred  
to in this Agreement as the “Franchisee”.

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor  
for a Crawl Space Ninja business (“Franchise Agreement”) which will allow Franchisee to  
conduct internet-based advertising, maintain social media and software accounts, and use  
telephone listings linked to the Crawl Space Ninja brand.

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without  
Franchisee’s agreement to enter into, comply with, and be bound by all the terms and  
provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual  
promises and covenants contained herein, and in further consideration of the Franchise  
Agreement and the mutual promises and covenants contained therein, and for other good  
and valuable consideration, the receipt and sufficiency of which are hereby acknowledged,  
the parties hereto agree as follows:

**1. Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings  
set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall  
include, but shall not be limited to, the voluntary termination, involuntary termination, or  
natural expiration thereof.

**2. Internet Advertising and Telephone Accounts**

**2.1 Interest in Websites, Social Media and Software Accounts and Other  
Electronic Listings**. Franchisee may acquire (whether in accordance with or in violation of  
the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or  
interest in and to certain domain names, social media accounts, software accounts,  
hypertext markup language, uniform resource locator addresses, access to corresponding  
internet websites, and the right to hyperlink to certain websites and listings on various  
internet search engines (collectively, “Electronic Advertising”) related to the Franchised  
Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media and software companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee’s interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Tennessee, without regard to the application of Tennessee conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

CRAWLSPACE NINJA FRANCHISING, LLC

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**EXHIBIT C**  
**MULTI-TERRITORY ADDENDUM**

## **MULTI-TERRITORY ADDENDUM TO FRANCHISE AGREEMENT**

**THIS MULTI-TERRITORY ADDENDUM TO FRANCHISE AGREEMENT** (the “Addendum”) is made and entered into on \_\_\_\_\_ (the “Effective Date”) by and between: (i) Crawlspace Ninja Franchising, LLC, a Tennessee limited liability company with a business address at 6011 Ridan Drive, Knoxville, Tennessee 37909 (“Franchisor”); and (ii) \_\_\_\_\_, a \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (the “Franchisee”).

### **BACKGROUND**

A. Contemporaneous with the execution of this Addendum, Franchisee and Franchisor entered into a franchise agreement (the “Franchise Agreement”) pursuant to which Franchisee obtained the right and undertook the obligation to operate a franchised business (the “Franchised Business”) using Franchisor’s proprietary marks (the “Proprietary Marks”) within a defined geographical area as set forth more fully therein (“Territory”).

B. Franchisee has requested the right to acquire one (1) or more additional geographical areas described in Schedule 1 to this Addendum (each, an “Additional Territory,” and collectively with the initial Territory, the “Territories”) wherein Franchisee will acquire the right and obligation to actively operate the Franchised Business and solicit prospective clientele.

C. Consistent with Franchisor’s current franchise disclosure document (“FDD”), Franchisor is willing to award an Additional Territory or multiple Additional Territories to Franchisee, conditioned upon (i) Franchisee’s entering into a separate Franchise Agreement for each Additional Territory in which it will operate pursuant to this Addendum, and (ii) the other terms and conditions set forth in this Addendum.

D. Franchisor and Franchisee now wish to memorialize the foregoing, subject to the terms and conditions set forth in this Addendum.

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

### **AGREEMENT**

#### **1. Background; Definitions; Acknowledgement.**

a. The parties agree and acknowledge that the Background portion of this Addendum, including all definitions, agreements, acknowledgements, representations and other provisions set forth therein, is hereby incorporated by reference as if set forth in this Section.

b. For purposes of this Addendum, if a capitalized term in this Addendum is not specifically defined herein, that term will be given the same definition that the term is afforded in the Franchise Agreement, as applicable.

c. The parties agree and acknowledge that the term of this Addendum will expire at the same time as the Franchise Agreement.

2. **Multi-Territory Fee.** Upon execution of this Addendum, Franchisee shall pay Franchisor a fee in the total amount of \$\_\_\_\_\_ (the “Multi-Territory Fee”). The Multi-Territory Fee will be due and payable in a lump sum immediately upon execution of this Addendum. The parties agree that the fee described in this Section is deemed fully earned upon payment and is not refundable under any circumstances.

**3. Right to Operate within Additional Territory(ies).** Subject to (i) Franchisee's payment of the Multi-Territory Fee, and (ii) Franchisee's and Franchisor's execution of a separate Franchise Agreement for each Additional Territory granted hereunder, Franchisee will have the right to operate the Franchised Business within all Territories set forth and/or demarcated in Schedule 1 to this Addendum. Except as provided in this Addendum and/or Franchisor's then-current Manuals, Franchisee will have the right and obligation to commence operations of the Franchised Business within the Territories detailed in Schedule 1: (i) immediately upon execution of this Addendum and all applicable Franchise Agreements if the Franchised Business has already commenced operations; or (ii) if the Franchised Business has not yet commenced operations as of the date this Addendum is signed, immediately upon Franchisee's (a) completion of all pre-opening obligations under the Franchise Agreements, and (b) the subsequent launch of the Franchised Business in accordance with the terms of said agreements.

**4. Initial Training Program Obligations.** The parties agree and acknowledge that: (i) Franchisee is only required to attend and complete Franchisor's Initial Training Program described more fully in the Franchise Agreement(s) once in connection with the Franchised Business governed by this Addendum; and (ii) Franchisor is not obligated to provide such Initial Training Program to Franchisee once Franchisee or its operating principal has completed such initial training. In the event Franchisee determines to utilize a General Manager in connection with the operation of the Franchised Business in any Territory, including any Additional Territory awarded hereunder, then Franchisee must ensure that said General Manager completes all required initial training prior to that individual undertaking any management responsibilities in connection with the operation of the Franchised Business. All other provisions regarding Franchisee's training obligations in the Franchise Agreements are hereby ratified and confirmed and shall apply to all Territories in which the Franchised Business operates.

**5. Reporting Obligations.** Franchisee agrees and acknowledges that its operation of the Franchised Business within all Territories granted hereunder will require Franchisee to report its Gross Sales and other client information in a manner that allows Franchisor to determine which Territory such Gross Sales and client project were generated/located, utilizing Franchisor's prescribed reporting forms and Required Software.

**6. Additional Approved Vehicle Requirement for Multi-Territory Operation.** Notwithstanding anything to the contrary in either the Franchise Agreement(s) or this Addendum, in the event that Franchisee has acquired the right to operate the Franchised Business in two (2) or more Territories pursuant to this Addendum, then Franchisee shall purchase, lease, or otherwise secure at least one (1) additional approved service vehicle within six (6) months of the Effective Date of this Addendum. Franchisee agrees and acknowledges that (i) the additional approved service vehicle must meet all technical specifications required by Franchisor pursuant to the Franchise Agreements, and (ii) the additional approved service vehicle must be wrapped and branded pursuant to Franchisor's required specifications as described in the Franchise Agreements.

**7. Transfer Fee.** Franchisor and Franchisee agree and acknowledge that if Franchisee wishes to sell or otherwise transfer its right to operate in any Territory, then Franchisee will be required to pay the transfer fee of Fifteen Thousand Dollars (\$15,000) (the "Transfer Fee") in connection with each Territory it wishes to sell or transfer to a third party approved by Franchisor and according to the terms and conditions of the applicable Franchise Agreement.

**8. Renewal Fee.** Franchisor and Franchisee agree and acknowledge that if Franchisee wishes to renew its right to operate in any Territory, then Franchisee will be required to pay the renewal fee of Five Thousand Dollars (\$5,000) (the "Renewal Fee") and meet all other renewal requirements in connection with each Territory it wishes to renew in accordance with the terms of the applicable Franchise Agreement.

9. **Default / Termination with Regards to a Specific Territory.** In the event the terms and conditions of the Franchise Agreements or this Addendum are violated or breached via Franchisee's operations of the Franchised Business within a given Additional Territory but not in other Territories, Franchisor will have the option and right to terminate Franchisee's rights hereunder with respect to such Territory(ies) that is, or subsequently becomes, grounds for termination under these agreements in lieu of terminating the applicable Franchise Agreement and this Addendum in its entirety.

10. **Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Addendum in Franchisor's sole discretion. Franchisee may not transfer its rights under this Addendum without complying with all transfer terms and conditions set forth in the Franchise Agreement(s). The parties further agree and acknowledge that Franchisor may disapprove of any rights awarded under this Addendum to any party that is not also acquiring the Franchised Business and rights under the Franchise Agreement(s).

11. **Governing Law.** Franchisor and Franchisee agree and acknowledge that the governing law provisions of the Franchise Agreement(s) shall also apply to this Addendum.

12. **Venue; Forum; Jurisdiction; Dispute Resolution.** Franchisor and Franchisee agree and acknowledge that the venue, forum, jurisdiction, dispute resolution and all other enforcement-related provisions of the Franchise Agreement(s) shall also apply to this Addendum.

13. **Ratification of Franchise Agreements.** Except as amended by this Addendum, any and all other terms and conditions set forth in the Franchise Agreement(s) are hereby ratified and confirmed as if fully restated herein.

14. **Entire Agreement.** The Franchise Agreement(s) and this Addendum constitute the entire, full, and complete agreement between the parties concerning the subject matter set forth herein and supersede any and all prior agreements. In the event of a conflict between the terms of the Franchise Agreement(s) and the terms of this Addendum, the terms of this Addendum shall control.

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Addendum on the date and year first written above.

*[The next page is the signature page]*

**FRANCHISOR:**

**CRAWLSPACE NINJA FRANCHISING,  
LLC**

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

Print Name:

Title:

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

**GUARANTORS**

\_\_\_\_\_

\_\_\_\_\_

**SCHEDULE 1**  
**ALL TERRITORIES**

<b>Additional Territory No. 1</b>	<b>Description or Map:</b>
<b>Additional Territory No. 2</b>	<b>Description or Map:</b>
<b>Additional Territory No. 3</b>	<b>Description or Map:</b>

**EXHIBIT D**  
**FINANCIAL STATEMENTS**

# **Crawlspace Ninja Franchising LLC**

## **Financial Statements**

*As of December 31, 2024 and 2023  
and for the years ended December 31, 2024, 2023 and 2022*

Crawlspace Ninja Franchising LLC

Financial Statements

As of December 31, 2024 and 2023  
and for the years ended December 31, 2024, 2023 and 2022

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### Independent Auditor's Report

To the Member  
Crawlspace Ninja Franchising LLC  
Knoxville, Tennessee

#### **Report on the Financial Statements**

##### ***Opinion***

We have audited the financial statements of Crawlspace Ninja Franchising LLC (a Tennessee limited liability company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in member's equity (deficit) and cash flows for the years ended December 31, 2024, 2023 and 2022, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations, changes in member's equity (deficit) and cash flows for the years ended December 31, 2024, 2023 and 2022 in conformity with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crawlspace Ninja Franchising LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Crawlspace Ninja Franchising LLC ability to continue as a going concern within one year from the date the financial statements are issued.

##### ***Auditor's 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 auditor's 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness Crawlspace Ninja Franchising 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 Crawlspace Ninja Franchising 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.

**A+G LLP**

A&G, LLP  
Dallas, Texas  
April 25, 2025

**Balance Sheets**

As of December 31,

**2024****2023****Assets**

## Current assets:

Cash and cash equivalents	\$ 22,254	\$ 61,886
Restricted cash	30,358	28,592
Accounts receivable, net	217,117	188,841
Due from affiliate	255,448	-
Prepaid expenses	5,920	16,801
Note receivable	-	29,584
Deferred costs	36,547	43,198
Total current assets	567,644	368,902
Property and equipment, net	757	2,055
Equipment held for resale	25,814	25,814
Deferred costs, net	201,477	272,062
<b>Total assets</b>	<b>\$ 795,692</b>	<b>\$ 668,833</b>

**Liabilities and Member's Equity**

## Current liabilities:

Accounts payable and accrued expenses	\$ 1,595	\$ 2,249
Brand development fund payable	30,358	28,592
Due to affiliate	14,935	10,000
Deferred revenue	75,590	70,346
Total current liabilities	122,478	111,187

## Long-term liabilities:

Deferred revenue, net	325,975	459,165
Member's equity	347,239	98,481
<b>Total liabilities and member's equity</b>	<b>\$ 795,692</b>	<b>\$ 668,833</b>

**Statements of Operations**

For the years ended December 31,

	<b>2024</b>	2023	2022
<b>Revenues:</b>			
Franchise fee revenue	\$ 172,946	\$ 260,886	\$ 97,218
Royalty revenue	830,133	801,263	662,081
Product revenue	2,033,573	2,318,902	2,018,249
Brand development fund revenue	139,510	134,657	113,996
Other revenues	127,273	140,518	136,922
<b>Total revenues</b>	<b>3,303,435</b>	3,656,226	3,028,466
<b>Costs of goods sold:</b>			
Product costs	1,525,013	1,693,056	1,396,151
Shipping costs	143,765	191,028	144,953
Other costs	137,802	130,219	86,425
<b>Total costs of goods sold</b>	<b>1,806,580</b>	2,014,303	1,627,529
<b>Gross profit</b>	<b>1,496,855</b>	1,641,923	1,400,937
<b>General and administrative expenses:</b>			
Depreciation	1,298	1,297	541
Advertising and marketing	20,000	25,818	67,899
Brand development fund expense	139,510	134,212	113,996
Personnel cost	162,599	493,037	690,803
Commissions	77,236	138,550	50,367
Professional fees	78,895	140,568	65,919
Facilities costs	72,886	94,398	126,292
Management fee	600,000	276,664	240,000
Other general and administrative expenses	96,527	91,375	79,832
<b>Total general and administrative expenses</b>	<b>1,248,951</b>	1,395,919	1,435,649
<b>Income (loss) from operations</b>	<b>247,904</b>	246,004	(34,712)
<b>Other income:</b>			
Other income	854	808	39
<b>Net income (loss)</b>	<b>\$ 248,758</b>	\$ 246,812	\$ (34,673)

**Statements of Changes in Member's Equity (Deficit)**

For the years ended December 31,

	<b>2024</b>	2023	2022
Balance at beginning of year	\$ 98,481	\$ (74,331)	\$ 192,785
Net income (loss)	<b>248,758</b>	246,812	(34,673)
Distributions to member	-	(74,000)	(232,443)
<b>Balance at end of year</b>	<b>\$ 347,239</b>	\$ 98,481	\$ (74,331)

**Statements of Cash Flows**

For the years ended December 31,

	2024	2023	2022
<b>Operating Activities</b>			
Net income (loss)	\$ 248,758	\$ 246,812	\$ (34,673)
Adjustment to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,298	1,297	541
Changes in operating assets and liabilities:			
Restricted cash	(1,766)	(28,592)	-
Accounts receivable	(28,276)	19,317	(137,484)
Prepaid expenses	10,881	(2,153)	(14,648)
Deferred costs	77,236	138,550	(4,133)
Accounts payable and accrued expenses	(654)	1,021	(1,881)
Brand development fund payable	1,766	28,592	-
Due to franchisees	-	-	(2,923)
Deferred revenue	(127,946)	(176,886)	(37,618)
Net advances from (to) affiliate	(255,448)	(441,096)	425,747
Net cash provided (used) by operating activities	<u>(74,151)</u>	<u>(213,138)</u>	<u>192,928</u>
<b>Investing Activities</b>			
Purchases of property and equipment	-	-	(3,893)
Purchase of equipment held for resale	-	-	(186,879)
Proceeds from sale of equipment held for resale	-	-	161,065
Issuance of note receivable	-	(40,000)	-
Collections on note receivable	29,584	10,416	-
Net cash provided (used) by investing activities	<u>29,584</u>	<u>(29,584)</u>	<u>(29,707)</u>
<b>Financing Activities</b>			
Net advances from (to) affiliate	4,935	60,674	(12,274)
Distributions to member	-	(74,000)	(232,443)
Net cash provided (used) by financing activities	<u>4,935</u>	<u>(13,326)</u>	<u>(244,717)</u>
Net decrease in cash and cash equivalents	(39,632)	(256,048)	(81,496)
Cash and cash equivalents, beginning of year	61,886	317,934	399,430
Cash and cash equivalents, end of year	<u>\$ 22,254</u>	<u>\$ 61,886</u>	<u>\$ 317,934</u>

**NOTES TO FINANCIAL STATEMENTS**

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**1. Organization and Operations**

**Description of Business**

CrawlSpace Ninja Franchising LLC is a limited liability company formed under the laws of the State of Tennessee on March 19, 2018. References in these financial statement footnotes to "Company", "CNF", "we", "us", and "our" refer to the business of CrawlSpace Ninja Franchising LLC.

For the period from inception (March 19, 2018) through October 2024 the Company was a wholly owned subsidiary of CrawlSpace Ninja Holdings LLC ("CNH"), a Tennessee limited liability company. In October 2024 HTI Intermediate, LLC ("Parent" or "HTII"), a Delaware limited liability company, acquired 100% of the outstanding membership interest of the Company. HTII is a wholly owned subsidiary of HT Investors, LLC ("Ultimate Parent" or "HTI"), a Delaware limited liability company.

The Company was formed for the purpose of granting franchises for the establishment of businesses that specialize in providing crawl space encapsulation, including waterproofing, dehumidification, ventilation, insulation, mold removal and preventions, air sealing, and door installation (the "Franchised Business"). The company operates under the "Crawl Space Ninja", "CrawlSpaceNinja", "BASEMENT NINJA" AND "BASEMENT WATERPROOFING NINJA" trade names and their associated designs (the "Marks"). CrawlSpace Ninja IP, LLC ("CNIP"), an affiliate of the Company, has granted the Company the right to use the Marks and license them to franchisees of the Company in the United States.

The Company is a limited liability company, and therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

The table below reflects the status and changes in franchised outlets and affiliate-owned outlets for the years ended December 31, 2024, 2023 and 2022:

<b>Franchised Outlets</b>				
<u>Year</u>	<u>Start of Year</u>	<u>Opened</u>	<u>Closed or Ceased Operations – Other reasons</u>	<u>End of Year</u>
2022	17	4	0	21
2023	21	3	6	18
2024	18	0	2	16

  

<b>Affiliate-owned Outlets</b>				
<u>Year</u>	<u>Start of Year</u>	<u>Opened</u>	<u>Closed or Ceased Operations – Other reasons</u>	<u>End of Year</u>
2022	2	0	1	1
2023	1	0	0	1
2024	1	1	0	2

**Going Concern**

Management has evaluated our ability to continue as a going concern as of December 31, 2024. Due to the positive net income for the year ended December 31, 2024 and the liquidity position of the Company at December 31, 2024, we have concluded that there is not significant doubt about our ability to continue as a going concern.

**NOTES TO FINANCIAL STATEMENTS**

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**2. Significant Accounting Policies**

**Basis of Accounting**

The Company uses the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States ("U.S. GAAP"). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

**Use of Estimates**

The preparation of the financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates are used for the following, among others: revenue recognition, allowance for credit losses, and useful lives for depreciation of long-lived assets. Actual results could differ from those estimates.

**Comparative Financial Statements**

Certain prior period amounts have been reclassified to conform to current year presentation.

**Fair Value of Financial Instruments**

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, restricted cash, accounts receivable, and accrued expenses. The carrying values of cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued expenses are considered to be representative of their respective fair values due to the short-term nature of these instruments. Based on interest rates currently available to the Company for investments with similar terms, the carrying value of note receivable approximates fair value.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

**Level 1:** Quoted market prices in active markets for identical assets and liabilities.

**Level 2:** Observable market-based inputs or unobservable inputs that are corroborated by market data.

**Level 3:** Unobservable inputs that are not corroborated by market data

Non-recurring fair value measurements include the assessment of property and equipment for impairment. As there is no corroborating market activity to support the assumptions used, the Company has designated these estimates as Level 3.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

**Restricted Cash**

Restricted cash consists of funds related to the Brand Development Fund. Funds collected by the Company for the Brand Development Fund is maintained in separate restricted cash account to cover the expenditures required to be made under the Brand Development Fund program and are not available to be used for the normal recurring operations of the Company.

**NOTES TO FINANCIAL STATEMENTS**

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**2. Significant Accounting Policies (continued)**

**Accounts Receivable**

The balance in accounts receivable consists of royalties and other fees due from franchisees and are stated at the amount the Company expects to collect. The Company maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Past due balance over 90 days and other higher risk amounts are reviewed individually for collectability. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to an allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses.

**Note Receivable**

Note receivable consists of amount due from a franchisee, less an allowance for credit losses for estimated losses resulting from franchise's failure to make note payments in accordance with the terms of the respective loan agreement. Management determines the allowance for credit losses by identifying troubled accounts and by using historical experience. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to an allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses.

**Deferred costs**

The Company capitalizes incremental contract costs associated with obtaining franchise contracts which include broker fees, sales commissions and general fees that would not have been incurred had the franchise sale not occurred. These balances are reported as deferred costs on the balance sheets and are amortized over the term of the related franchise agreements. Amortization is included as commissions in the statements of operations.

**Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset:

	<u>Estimated Useful Life</u>
Office equipment	3 Years

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

**Equipment held for resale**

Equipment held for resale includes equipment purchased from a franchisee and is stated at the lower value of its carrying amount or fair value net of selling costs.

**NOTES TO FINANCIAL STATEMENTS**

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**2. Significant Accounting Policies (continued)**

**Impairment of Long-Lived Assets**

The Company assesses potential impairment of its long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset. During the years ended December 31, 2024, 2023 and 2022, no impairment charges were recognized related to long-lived assets.

**Revenue Recognition**

**Franchise fee revenue**

The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") ASC 606-10-25, *Revenue from Contracts with Customers*. In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The Company has adopted ASU 2021-02 and implemented the guidance on its revenue recognition policy.

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a monthly basis based upon a percentage of franchisees gross sales. A franchise agreement establishes a Franchised Business developed in one or multiple defined geographic area and provides for a five-year initial term with the option to renew for an additional ten-year term and then two additional five-year terms. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by either existing or new franchisee, and the existing franchise agreement is terminated. A new franchise agreement is signed with the new franchisee with no franchise fee required.

Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as site selections, operational materials and functional training courses, and ongoing services, such as management of the brand development fund. The Company considers certain pre-opening activities and the franchise rights and related ongoing services to represent two separate performance obligations. The franchise fee revenue has been allocated to the two separate performance obligations using a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services. Revenue allocated to preopening activities is recognized when (or as) these services are performed, no later than the opening date. Revenue allocated to franchise rights and ongoing services is recognized on a straight-line basis over the contractual term of the franchise agreement as this ensures that revenue recognition aligns with the customer's access to the franchise right. Renewal fees are recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees are recognized over the contractual term of the franchise agreement.

**NOTES TO FINANCIAL STATEMENTS**

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**2. Significant Accounting Policies (continued)**

**Revenue Recognition (continued)**

**Royalty revenue**

Royalties from franchised businesses are based on the greater of seven percent of gross revenues or the minimum performance requirement of the franchised businesses and are recognized as earned.

**Product revenue**

Product revenue is comprised of sales of products to its franchisees and related shipping revenue. Revenue from product sales is recognized when the products are shipped.

**Brand development fund revenue**

The Company maintains a brand development fund to promote general brand recognition of the franchise system and services. Funds are collected from franchisees based on an agreed-upon percentage of franchisee's monthly gross sales and used to pay costs of, or associated with, conducting market research, preparing advertising, promotion, and marketing materials, and costs to administer the brand development fund. Although brand development fund revenue is not a separate performance obligation distinct from the underlying franchise right, the Company acts as the principal as it is primarily responsible for the fulfillment and control of the marketing services. As a result, the Company records brand development fund contributions in revenue and related brand development fund expenditures in expenses in the statements of operations. When brand development fund revenue exceeds the related brand development fund expenses in a reporting period, brand development fund expenses are accrued up to the amount of the brand development fund revenue recognized. Brand development fund revenue is contributed by franchisees based on one percent of franchised businesses' gross sales and is recognized as earned.

**Other revenues**

Other revenues consist primarily of technology fee and other fee revenue and are recognized when earned.

**Advertising and Marketing**

All costs associated with advertising and marketing are expensed in the period incurred.

**Income Taxes**

The Company is a single-member limited liability company, and therefore a disregarded entity for federal income tax purposes and therefore does not file an income tax return separate and apart from its ultimate parent. The Company's assets, liabilities, and items of income, deduction and credit are combined with and included in the income tax return of its ultimate parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

For the years and period prior to October 2024 the Company was taxed as a sole proprietorship and was included the income tax returns of CNH's sole member. For the period subsequent to October 2024 the Company was taxed as a partnership and included in the income tax return of its ultimate parent HTI. The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2021.

**NOTES TO FINANCIAL STATEMENTS**

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**2. Significant Accounting Policies (continued)**

**Income Taxes (continued)**

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2024 and 2023.

**Recent Accounting Pronouncements**

We reviewed significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

**Subsequent Events**

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through April 25, 2025, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**3. Certain Significant Risks and Uncertainties**

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash or cash equivalents. The Company maintains its deposits in one financial institution.

**4. Revenue and Related Contract Balances**

**Disaggregation of Revenue**

The following table disaggregates revenue by source for the years ended December 31:

	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Point in time:</b>			
Franchise fee revenue	\$ 106,263	\$ 178,459	\$ 16,000
Royalty revenue	830,133	801,263	662,081
Product revenue	2,033,573	2,318,902	2,018,249
Brand development fund revenue	139,510	134,657	113,996
Other revenues	127,273	140,518	136,922
Total point in time	\$ 3,236,752	\$ 3,573,799	\$ 2,947,248
<b>Over time:</b>			
Franchise fee revenue	66,683	82,427	81,218
Total revenues	<b>\$ 3,303,435</b>	<b>\$ 3,656,226</b>	<b>\$ 3,028,466</b>

**NOTES TO FINANCIAL STATEMENTS**

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**4. Revenue Recognition (continued)**

**Contract Costs**

Contract costs consist of deferred costs resulting from broker fees and commissions incurred when the franchise rights are sold to franchisees. The Company classifies these contract assets as deferred costs on the balance sheets. The following table reflects the change in contract assets for the years ended December 31:

	<b>2024</b>	<b>2023</b>
Deferred costs – beginning of year	\$ 315,260	\$ 453,810
Expense recognized during the year	(77,236)	(138,550)
New deferrals	-	-
Deferred costs – end of year	<b>\$ 238,024</b>	<b>\$ 315,260</b>

The following table illustrates estimated expenses expected to be recognized over the remaining term of the associated franchise agreements as of December 31, 2024:

2025	\$ 36,547
2026	36,547
2027	36,547
2028	36,547
2028	36,165
Thereafter	55,671
Total	<b>\$ 238,024</b>

**Contract Liabilities**

Contract liabilities consist of deferred revenue resulting from initial franchise fees, renewal fees and transfer fees paid by franchisees and deferred conference fees which are recognized upon the occurrence of the conference. The Company classifies these contract liabilities as deferred revenue on the balance sheets. The following table reflects the change in contract liabilities for the years ended December 31:

	<b>2024</b>	<b>2023</b>
Deferred revenue – beginning of year	\$ 529,511	\$ 706,397
Revenue recognized during the year	(172,946)	(260,886)
New deferrals	45,000	84,000
Deferred revenue – end of year	<b>\$ 401,565</b>	<b>\$ 529,511</b>

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, 2024:

2025	\$ 75,590
2026	60,590
2027	60,590
2028	60,590
2029	56,920
Thereafter	87,285
Total	<b>\$ 401,565</b>

**NOTES TO FINANCIAL STATEMENTS**

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**5. Accounts Receivable**

Accounts receivable consisted of the following at December 31:

	<b>2024</b>	<b>2023</b>
Accounts receivable	\$ 217,117	\$ 188,841
Less: allowance for credit losses	-	-
Accounts receivable, net	<b>\$ 217,117</b>	<b>\$ 188,841</b>

For the years ended December 31, 2024, 2023 and 2022, the Company recognized \$0 credit loss expense related to accounts receivable.

**6. Notes Receivable**

The Company holds a note receivable from a franchisee. The note is payable based on the terms and conditions agreed to at the time of sale. The note has a term of 60 weeks and bears interest at 7.25% per annum. The note was paid off in October 2024. The Company recognizes interest income from the note in the period earned.

Note receivable consists of the following at December 31:

	<b>2024</b>	<b>2023</b>
Note receivable	\$ -	\$ 29,584
Less: allowance for credit losses	-	-
Less: current portion of notes receivable	-	(29,584)
Note receivable, net	<b>\$ -</b>	<b>\$ -</b>

For the years ended December 31, 2024, 2023 and 2022, the Company recognized \$854, \$808 and \$0, respectively, in interest income related to the note receivable.

**7. Property and Equipment**

The property and equipment consisted of the following at December 31:

	<b>2024</b>	<b>2023</b>
Office equipment	\$ 3,893	\$ 3,893
Less: accumulated depreciation	(3,136)	(1,838)
Property and equipment, net	<b>\$ 757</b>	<b>\$ 2,055</b>

For the years ended December 31, 2024, 2023 and 2022, depreciation expense was \$1,298, \$1,297 and \$541, respectively.

**8. Related Party Transactions**

**Crawlspace Ninja Finance LLC**

The Company and its affiliate, Crawlspace Ninja Finance LLC ("CNF"), frequently advance and repay funds to one another. As of December 31, 2024 and 2023, the Company had a balance due to CNF in the amount of \$14,935 and \$10,000, respectively. The amount due to CNF is unsecured, bears no interest, and is due on demand. The amount is classified as current based on its expected repayment.

## NOTES TO FINANCIAL STATEMENTS

**8. Related Party Transactions (continued)****Indoor Air Quality Specialists, Inc.**

The Company and its affiliate, Indoor Air Quality Specialists, LLC. ("IAQS"), frequently advance funds and pay expenses on behalf of one another for payment of general and administrative expenses. As of December 31, 2024 and 2023, the Company had an amount due from its affiliate of \$255,448 and \$0, respectively. The amount is classified as current based on its expected repayment.

The Company incurs product costs, shipping costs and other costs of revenue with IAQS. For the years ended December 31, 2024, 2023 and 2022, the product costs, shipping costs and other costs of revenue associated with IAQS were as follows:

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Product costs	\$ 1,525,013	\$ 1,693,056	\$ 1,396,151
Shipping costs	143,765	191,028	144,953
Other costs of revenue	128,095	110,396	81,925
<b>Total</b>	<b>\$ 1,796,873</b>	<b>\$ 1,994,480</b>	<b>\$ 1,623,029</b>

IAQS allocates a portion of its monthly expenses to the Company. The Company's expenses allocated from its affiliate for the years ended December 31, 2024, 2023 and 2022 are included in the following table:

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Personnel costs	\$ 162,599	\$ 493,037	\$ 690,803
Facilities costs	72,886	94,398	126,292
Management fee	600,000	276,664	240,000
Other general and administrative expenses	38,074	72,389	75,207
<b>Total</b>	<b>\$ 873,559</b>	<b>\$ 936,488</b>	<b>\$ 1,132,302</b>

**9. Credit Risk and Customer Concentrations****Credit risk**

Receivables consist primarily of amounts due from franchisees. The financial condition of these franchisees is largely dependent upon the underlying business trends of the Company's brand. This concentration of credit risk is mitigated by the short-term nature of the receivables.

**Customer Concentrations**

For the years ended December 31, 2024, 2023 and 2022, concentration of total revenue and accounts receivable were as follow:

<b>For the years ended December 31,</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Number of franchisees greater than 10%	1	4	2
Percentage of total revenue	22%	52%	27%
Number of franchisees greater than 10%	3	4	5
Percentage of accounts receivable	53%	65%	56%

**10. Commitments and Contingencies****Litigation**

Various legal actions and claims which may arise in the normal course of business may be pending against the Company from time to time. It is the opinion of management, based on consultation with counsel, that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

**THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT.  
PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED  
THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE  
FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

# Crawlspace Ninja Franchising LLC

## Balance Sheet

As of March 31, 2025

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1099 - Cash in Bank - Top Side	-30,357.61
First US Bank Checking	133,538.42
<b>Total Bank Accounts</b>	<b>\$103,180.81</b>
Accounts Receivable	
Accounts Receivable (A/R)	177,477.38
<b>Total Accounts Receivable</b>	<b>\$177,477.38</b>
Other Current Assets	
1098 - Restricted Cash - Top Side	30,357.61
1405 - Intercompany - Corporate	625,430.53
1505 - Deferred Commissions - Current	27,409.45
1705 Due from Affiliate	0.00
2406 - Intercompany - CSN Finance	-14,934.95
AR Adjustment	0.00
Intercompany Loan Receivable	0.00
Inventory Asset	3,444.40
Note Receivable	0.00
Prepaid Expenses	31,653.67
Prepaid IRS Taxes	0.00
Uncategorized Asset	0.00
Undeposited Funds	9,537.38
<b>Total Other Current Assets</b>	<b>\$712,898.09</b>
<b>Total Current Assets</b>	<b>\$993,556.28</b>
Fixed Assets	
Accumulated Depreciation	-3,136.30
Marketing Video Equipment	3,893.33
<b>Total Fixed Assets</b>	<b>\$757.03</b>
Other Assets	
Asset Held for Sale	25,813.72
Deferred commissions, net	
1550 - Deferred Commissions	238,023.86
1599 - Less Current Portion - Deferred Commissions	-36,547.45
<b>Total Deferred commissions, net</b>	<b>201,476.41</b>
Equipment	0.00
Goodwill	0.00
Vehicles	0.00
<b>Total Other Assets</b>	<b>\$227,290.13</b>
<b>TOTAL ASSETS</b>	<b>\$1,221,603.44</b>

# Crawlspace Ninja Franchising LLC

## Balance Sheet

As of March 31, 2025

	TOTAL
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 - Accounts Payable (A/P)	255,927.63
<b>Total Accounts Payable</b>	<b>\$255,927.63</b>
Credit Cards	
Huntsville LLC Loan (0105) - 5	0.00
Loan Clinton Hwy S2 (9266) - 5	0.00
Loan Ridan S1 (8643) - 5	0.00
<b>Total Credit Cards</b>	<b>\$0.00</b>
Other Current Liabilities	
2005 - Accrued Expenses	50.00
2006 - Payroll Accrual	4,524.21
2007 - Accrued Bonus	4,500.00
2105 - Brand Fund Payable	30,357.61
2405 - Intercompany - Corporate	0.00
2505 - Deferred Revenue - Current	45,443.00
2506 Deferred Revenue - Conference Income	15,000.00
Due to Franchisees	0.00
Out Of Scope Agency Payable	0.00
Sales Tax Payable	0.00
Tennessee Department of Revenue Payable	24.98
<b>Total Other Current Liabilities</b>	<b>\$99,899.80</b>
<b>Total Current Liabilities</b>	<b>\$355,827.43</b>
Long-Term Liabilities	
Deferred revenue, net	
2550 - Deferred Revenue	386,565.28
2599 - Less Current Portion Deferred Rev	-60,590.00
<b>Total Deferred revenue, net</b>	<b>325,975.28</b>
<b>Total Long-Term Liabilities</b>	<b>\$325,975.28</b>
<b>Total Liabilities</b>	<b>\$681,802.71</b>
Equity	
3005 - Opening Balance Equity	24,999.48
Owner's Pay & Personal Expenses	-386,443.00
Retained Earnings	711,149.38
Net Income	190,094.87
<b>Total Equity</b>	<b>\$539,800.73</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$1,221,603.44</b>

# Crawlspace Ninja Franchising LLC

## Profit and Loss

January - March, 2025

	TOTAL
Income	
4000 - Sales of Production Material	462,263.38
4100 - Sales of Marketing Product	1,050.10
4200 - Royalty Revenue	207,627.30
4300 - Brand Development Fund Revenue	35,305.32
4400 - Franchise Fee Revenue	15,147.00
4500 - Service/Miscellaneous Income	2,052.86
4600 - Technology fee revenue	23,800.88
4800 - Discounts Given	-135.00
4900 - Franchise Conference Fee	19,950.00
Late Fee	855.32
Sales of Product Income	0.00
<b>Total Income</b>	<b>\$767,917.16</b>
Cost of Goods Sold	
5000 - COGS - Materials	374,350.41
5100 - COGS - Supplies/PPE	853.52
5200 - COGS - Tools	58.00
5300 - COGS - Marketing	180.00
5400 - COGS - Apparel	147.49
Cost of Goods Sold	4,958.30
<b>Total Cost of Goods Sold</b>	<b>\$380,547.72</b>
<b>GROSS PROFIT</b>	<b>\$387,369.44</b>
Expenses	
6000 - Commission Expense	9,138.00
6050 - Brand Development Fund Expenses	2,929.98
6100 - Personnel Costs	
6110 - G&A Wages	47,430.02
6120 - Payroll Taxes	5,013.76
6130 - Health Insurance	1,854.56
6140 - Workers Comp	594.92
6150 - Corporate Bonuses	4,500.00
<b>Total 6100 - Personnel Costs</b>	<b>59,393.26</b>
6200 - Meals, Entertainment & Travel	393.40
6400 - Administrative Supplies Expense	1,287.50
6410 - Office Supplies Expense	800.79
6420 - Warehouse Supplies Expense	874.40
6430 - Technology Expenses	31,645.86
6450 - Liability Insurance	9,452.69
<b>Total 6400 - Administrative Supplies Expense</b>	<b>44,061.24</b>

# Crawlspace Ninja Franchising LLC

## Profit and Loss

January - March, 2025

	TOTAL
6500 - Professional Services	-815.54
6530 - Legal Fees	6,642.34
<b>Total 6500 - Professional Services</b>	<b>5,826.80</b>
6600 - Rent Expense	19,250.00
6700 - Advertising & Marketing	29,000.00
6800 - Utilities	3,360.51
6810 - Waste Disposal	198.18
6900 - Other Business Expenses	
6910 - Quickbooks & Bank Fees	294.64
6920 - Franchise Conference Expenses	21,309.77
6940 - Marketing Service Expenses	198.00
6950 - Shipping expense	1,339.03
6960 - Sales Tax Expense	-299.06
6980 - Telephone Expense	805.82
6990 - Repairs & Maintenance	75.00
<b>Total 6900 - Other Business Expenses</b>	<b>23,723.20</b>
<b>Total Expenses</b>	<b>\$197,274.57</b>
NET OPERATING INCOME	\$190,094.87
<b>NET INCOME</b>	<b>\$190,094.87</b>

## **EXHIBIT E**

### **CRAWLSPACE NINJA FRANCHISE OPERATIONS MANUAL**

# Crawl Space Ninjas Franchise Operations Manual

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## EXHIBIT F

### OUTLETS AS OF December 31, 2024

Crawl Space Ninja of Columbus GA  
Dustin Klinger  
4721 Milgen Rd  
Columbus, GA 31907  
706.587.8448

Crawl Space Ninja - Lexington KY  
KY Home Solutions  
Phil McCoy  
128 Gay Rd  
Paris, Kentucky 40361

Crawl Space Ninja of Raleigh  
Chris Jackson  
180 Newspaper Way UNIT 1067  
Holly Springs, North Carolina, 27540  
(919) 533-5666

Crawl Space Ninja of Charlotte  
Doug Daniel  
3040 Rockridge Pass  
Matthews, North Carolina, 28104  
(980) 228-1840

Crawl Space Ninja of Wilmington  
Schuyler M. Witt and Andrew T. Davis  
308 Old Dairy Rd Unit 150  
Wilmington, NC 28405  
(910) 599-1775

Crawl Space Ninja - Greenville SC  
GUIDON MJE INC.  
Al Harris  
1138 White Horse Rd  
Greenville, SC 29605

Crawl Space Ninja - Columbia SC  
GUIDON MJE INC.  
Al Harris  
1410 St. Andrews Rd, Ste 220  
Columbia, SC 29223

Crawl Space Ninja of Alpharetta  
Mike Balboa  
1815 Hembree Rd Unit 216  
Alpharetta, GA 30009  
(470) 287-9018

Crawl Space Ninja of Athens  
Al Harris  
168 Commerce Blvd Suite B  
Athens, GA 30606  
(706) 850-0650

Crawl Space Ninja of Augusta  
Al Harris  
472 Flowing Wells Rd  
Augusta, GA 30907  
(706) 850-0650

Crawl Space Ninja - Charleston SC  
KAIROS INVESTMENTS L.L.C  
Schuyler Witt & Andrew Davis  
308 Old Dairy Road, Suite 150  
Wilmington, NC 28405

Crawl Space Ninja - Asheville NC  
Asheville Empire Improvement Co, LLC  
Paul Monroe  
2129 Hendersonville Rd Suite B  
Arden, NC 28704  
(828)567-3375

#### Franchisees Signed but Not Yet Opened

None.

#### Franchisees who Have Left the System in the Last Fiscal Year

Name	Address	City/State/ZIP	Phone
CC and Mimi Chapman	1015 West Kirkland Ave, Suite 103	Nashville, TN 37216	(615) 580-7744
Robert Hughes+	1815 Hembree Rd Unit 216 Alpharetta, GA	Alpharetta, GA, 30009	(404) 354-9075
Ryan White+	2129 Hendersonville Rd Suite B Arden, NC	Asheville, NC, 28704	(510) 913-4745

\*These franchisees operated in two (2) total territories.

+These franchisees transferred their Territories in 2024.

**EXHIBIT G**  
**STATE SPECIFIC ADDENDA**

**INDIANA ADDENDUM TO THE FRANCHISE DISCLOSURE  
DOCUMENT, FRANCHISE AGREEMENT, AND RELATED  
AGREEMENTS**

Neither Crawlspace Ninja Franchising, LLC, its Affiliate(s), nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the ten (10) year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under Indiana law.

Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

Indiana law prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

No statement, questionnaire, or acknowledgement 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.

Section 19.8 of the Franchise Agreement is hereby modified to provide that Franchisor is entitled to seek (rather than obtain) restraining orders or injunctive relief in accordance with the terms of this Section without the necessity of posting a bond.

Section 17 of the Franchise Agreement is hereby modified by adding the following subsection after the last subsection thereof:

Indiana Law. The conditions under which this Agreement can be terminated may be affected by Indiana law [IC Stat. Sec. 23-2-2.5 and 23-2-2.7] which provides Franchisee with certain termination rights.

Section 20.2 of the Franchise Agreement is hereby modified such that Franchisor agrees to select as the place for mediation a location within the State of Indiana and the laws of the State of Indiana shall apply to the mediation proceedings.

Section 20.6 of the Franchise Agreement is hereby modified by deleting everything in the first sentence thereof after the words "commenced within" and replacing the deleted portion with "two (2) years after the violation of IC Stat. 23-2 and, with respect to other claims, three (3) years after discovery by the Franchisee/Developer of the facts constituting the violation."

Any covenant not to compete in the Franchise Agreement which extends beyond the termination of such agreement (whichever are applicable) may not be enforceable under Indiana law.

Notwithstanding anything to the contrary in Section 20.3 of the Franchise Agreement, the laws of the State of Indiana shall govern the construction and enforcement of these agreements.

**MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, AND RELATED AGREEMENTS**

For franchises and franchisees subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces, supplements and/or otherwise amends, as the case may be, the corresponding disclosures in the main body of the text of the Crawlspace Ninja Franchising, LLC Franchise Disclosure Document, Franchise Agreement, and related agreements, as indicated:

The Franchise Disclosure Document is hereby amended to include the following: No statement, questionnaire, or acknowledgement 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.

**Item 17.**

The general release required as a condition to renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

With respect to this Item's discussion of our right to terminate you upon your bankruptcy, this provision in the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).

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

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of a franchise.

**Exhibit H**

With respect to the Acknowledgment Statement, all representations requiring prospective franchisees to assent to a release, estoppel or waiver of any 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.

The Acknowledgment Statement attached as Exhibit H to the Franchise Disclosure Document is hereby deleted. If you are a resident of, or intend to operate the franchised business in, the State of Maryland, do not complete or sign the Acknowledgment Statement attached to the Franchise Disclosure Document as Exhibit H.

**Franchise Agreement and Multi-Territory Addendum**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Crawlspace Ninja Franchising, LLC Franchise Agreement and Multi-Territory Addendum agree as follows:

1. Section 17.1 of the Franchise Agreement is hereby supplemented and amended as follows:

The termination of this Agreement for reasons of bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 et. seq.).

2. Sections 5.2.5 of the Franchise Agreement is hereby supplemented and amended as follows:

The general release required as a condition to renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 20.6 of the Franchise Agreement is hereby supplemented and amended as follows:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. The Franchise Agreement is hereby supplemented and amended as follows:

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.

5. The Franchise Agreement is hereby amended to include the following: "No statement, questionnaire, or acknowledgement 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."

6. The Franchise Agreement and Multi-Territory Addendum are hereby amended to include the following: 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. In addition, all development (multi-territory) fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

(Signature Page Follows)

*(Signature Page to Maryland Addendum)*

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_  
20\_\_\_\_\_.

FRANCHISOR

FRANCHISEE

**VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, AND RELATED AGREEMENTS**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Crawlspace Ninja Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17h:

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.

No statement, questionnaire, or acknowledgement 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.

**WASHINGTON STATE ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, AND RELATED AGREEMENTS**

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

RCW 19.100.180 may supersede the franchise agreement 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 of proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Investment Protection Act, in Washington.

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, 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 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 undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_  
20\_\_\_\_\_.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

FRANCHISOR

FRANCHISEE

## **EXHIBIT H**

### **CRAWL SPACE NINJA ACKNOWLEDGMENT STATEMENT**

**DO NOT COMPLETE OR SIGN THIS ACKNOWLEDGEMENT STATEMENT IF  
YOU RESIDE IN, OR 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**

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the

Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the Crawl Space Ninja Franchising, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's

obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THIS AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE CRAWLSPACE NINJA FRANCHISING LLC, CRAWLSPACE NINJA HOLDING, LLC, THE CRAWLSPACE NINJA INDEMNITEES, AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

Initial

FRANCHISEE:

---

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

\_\_\_\_\_,  
(Print Name, Title)

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

PRINCIPAL:

---

\_\_\_\_\_  
(Print Name)

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

PRINCIPAL:

---

---

(Print Name)

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

**EXHIBIT I**  
**STATE EFFECTIVE DATES**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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 states below:

<b>State</b>	<b>Effective Date</b>
California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Pending
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Pending
Wisconsin	Not Registered

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 J**  
**RECEIPTS**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Crawlspace Ninja Franchising 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.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Crawlspace Ninja Franchising 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, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Michael Church 6011 Ridan Dr. Knoxville, TN 37909 865-659-0390		
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Issuance Date: April 25, 2025

I received a Disclosure Document dated April 25, 2025, that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process  
EXHIBIT B: Franchise Agreement with Attachments  
EXHIBIT C: Multi-Territory Addendum  
EXHIBIT D: Financial Statements of Crawlspace Ninja Franchising LLC  
EXHIBIT E: Operations Manual Table of Contents  
EXHIBIT F: Outlets as of the date of this Disclosure Document  
EXHIBIT G: State Addenda  
EXHIBIT H: Crawl Space Ninja Acknowledgement Statement  
EXHIBIT I: State Effective Dates  
EXHIBIT J: Receipts

Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

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

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

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

Please return signed receipt to Crawlspace Ninja Franchising LLC,  
6011 Ridan Dr. Knoxville, TN 37909

## RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

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Date Received: \_\_\_\_\_  
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DATE: \_\_\_\_\_

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

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

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

## KEEP FOR YOUR RECORDS